

PERFORMANCE BUDGET AND EFFECTIVE PUBLIC EXPENDITURE MANAGEMENT IN NIGERIA: THE NEXUS

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| ABSTRACT | ARTICLE INFO |
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| <p>This paper examines the concept of performance budgeting and its implementation in Nigeria, with a specific focus on the nexus between performance budgeting and effective public expenditure management. Furthermore, the paper highlights the key components of effective public expenditure management, including budget formulation, budget execution, financial management, and performance monitoring and evaluation. The paper concludes by highlighting the nexus between performance budgeting and effective public expenditure management, emphasizing the role of resource allocation and prioritization, efficiency and effectiveness, accountability and transparency, and monitoring and evaluation. It provides recommendations for strengthening the nexus in Nigeria, including capacity building and training, data collection and analysis, coordination among government agencies, transparency and accountability measures, and political commitment and institutional reforms.</p> | <p>Keywords: Performance budgeting, effective public expenditure management, resource allocation, accountability, transparency.</p> <p>Article History: Received: 19 Sep 2023 Accepted: 21 Oct 2023 Available Online: 25 Nov 2023</p> |



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1. INTRODUCTION

The performance budget and effective public expenditure management in Nigeria are crucial for the country's economic development and the efficient allocation of resources. Several studies have examined different aspects of this topic and have provided insights into the challenges and potential solutions. One of the key issues highlighted in the literature is the weak state of government accounting and public financial management (PFM) in Nigeria. Lassou (2017) states that government accounting and PFM in Anglophone Africa, including Nigeria, have shown limited progress. However, Nigeria has extensive public sector accounting and anti-corruption laws and institutions compared to other countries in the region. This indicates that Nigeria has made efforts to establish a framework for effective public expenditure management (Lassou, 2017). Another important aspect is the role of public-private partnerships (PPP) in generating revenue for the education sector. (2022) discuss the contribution of PPP to the development of Yaba College of Technology in Nigeria. The study identifies the sources of internally generated revenue (IGR) for the college and investigates the challenges and limitations faced in improving IGR. The findings highlight the importance of financial sustainability in the education sector and the potential of PPP in addressing the funding gap (O et al., 2022).

The lack of accounting infrastructure and accountability practices in public expenditure management is also a significant concern. Alvarez et al. (2021) argue that the information produced through performance measurement systems is often used

symbolically rather than functionally in less-developed countries, including Nigeria. This lack of institutional control enables corrupt practices and inefficiencies to flourish in public organizations. The authors emphasize the need for improved accounting infrastructure and accountability practices to ensure integrity in public expenditure (Alvarez et al., 2021). Budget reform and compliance with budgetary regulations are other important factors in effective public expenditure management. Odewole & Salawu (2020) investigate the implementation of budget reform and the level of compliance among public sector entities in Nigeria. The study finds that only 55% of the entities exhibited high compliance with the budget reform, indicating the need for continuous monitoring and critical reassessment of the reform to achieve desired results (Odewole & Salawu, 2020).

The Medium-term Expenditure Framework (MTEF) has been introduced as a tool for improving public expenditure management in Nigeria. Nwido & Deekor (2020) examine the outcome of the adoption and implementation of MTEF in the Nigerian budgeting process. The study finds that the adoption and implementation of MTEF have improved fiscal discipline in the budgeting process, but further improvements are needed (Nwido & Deekor, 2020). Overall, the literature highlights the need for improved government accounting, accountability practices, and compliance with budgetary regulations in Nigeria. The role of PPPs in generating revenue for the education sector and the potential of MTEF in enhancing public expenditure management are also emphasized. These findings provide valuable insights for policymakers and stakeholders in Nigeria to enhance the

performance budget and effective public expenditure management in the country.

1.1 Statement of the Problem

The problem at hand is the ineffective management of public expenditure in Nigeria, which hinders the country's economic development. Nigeria faces various challenges in this regard, including constrained tax revenue, healthcare financing issues, economic mismanagement, and lack of fiscal discipline. These challenges result in inefficient allocation of resources, limited accountability, and a lack of transparency in the budgeting process. As a result, public funds are not effectively utilized to address the country's developmental needs, leading to suboptimal outcomes and hindering progress in key sectors such as healthcare, education, infrastructure, and social welfare. The absence of an adequate accounting system further contributes to economic mismanagement and theft. Additionally, there is a lack of coordination between the national development plan and budget, which undermines the effectiveness of budgetary processes. These issues call for urgent attention and reform initiatives to improve public expenditure management in Nigeria.

1.2 Objectives of the Study

1. To assess the impact of performance budgeting on the efficiency and effectiveness of public expenditure management in Nigeria.

2. To analyze the interrelationship between performance budgeting and improved accountability and transparency in the allocation and utilization of public funds in Nigeria.

1.3 Research Questions:

1. How does the implementation of performance budgeting influence the efficiency and effectiveness of public expenditure management in Nigeria?

2. What is the relationship between performance budgeting and the enhancement of accountability and transparency in the allocation and utilization of public funds in Nigeria?

2. CONCEPTUAL REVIEW

2.1 Performance Budgeting

Performance budgeting is a budgeting approach that focuses on achieving specific outcomes and results, rather than simply allocating funds based on historical spending patterns. It involves linking budget allocations to performance goals and objectives, and monitoring and evaluating the performance of programs and activities to ensure accountability and effectiveness (El-Jardali et al., 2014).

2.1.1 The principles of performance budgeting

The principles of performance budgeting include:

1. Results-oriented: Performance budgeting aims to achieve specific outcomes and results, rather than just funding inputs or activities. It focuses on the impact and effectiveness of programs and activities in achieving desired outcomes (El-Jardali et al., 2014).

2. Performance measurement: Performance budgeting requires the establishment of performance indicators and targets to measure the effectiveness and efficiency of programs and

activities. It involves monitoring and evaluating performance against these indicators to inform budget decisions (El-Jardali et al., 2014).

3. Transparency and accountability: Performance budgeting promotes transparency by providing clear information on the performance of programs and activities, as well as the allocation and use of resources. It enhances accountability by holding government agencies responsible for achieving results and demonstrating value for money (B, 2015).

4. Flexibility and adaptability: Performance budgeting allows for flexibility in resource allocation, as funds can be reallocated based on performance and changing priorities. It encourages adaptive management processes that enable organizations to be more responsive to their competitive environment and customer needs (Samudrage & Beddage, 2018).

2.2 The benefits of performance budgeting

The benefits of performance budgeting include:

1. Improved resource allocation: Performance budgeting helps ensure that resources are allocated to programs and activities that have a proven track record of achieving desired outcomes. It enables policymakers to make informed decisions about where to invest resources for maximum impact (El-Jardali et al., 2014).

2. Enhanced accountability: Performance budgeting promotes accountability by requiring government agencies to demonstrate the effectiveness and efficiency of their programs and activities. It provides a basis for evaluating performance and holding agencies responsible for achieving results (B, 2015).

3. Increased transparency: Performance budgeting enhances transparency by providing clear information on the performance of programs and activities, as well as the allocation and use of resources. It enables stakeholders to assess the value for money and effectiveness of government spending (Carril et al., 2020).

2.3 Challenges associated with performance budgeting

There are challenges associated with performance budgeting. These include:

1. Data availability and quality: Performance budgeting relies on accurate and reliable data to measure performance and inform budget decisions. However, data availability and quality can be a challenge, particularly in developing countries like Nigeria where data collection and management systems may be weak (El-Jardali et al., 2014).

2. Resistance to change: Implementing performance budgeting requires a shift in mindset and organizational culture. It may face resistance from government agencies and stakeholders who are accustomed to traditional budgeting approaches and may be reluctant to adopt new practices (Cole, 2014).

3. Complexity and resource requirements: Performance budgeting can be complex and resource-intensive to implement. It requires the development of performance indicators, monitoring and evaluation systems, and capacity building for government agencies. This can pose challenges, particularly in resource-constrained environments (URSU & GEORGESCU, 2022).

2.4 International Best Practices

International best practices in performance budgeting can provide valuable insights for Nigeria. Countries like the United States and Lebanon have implemented performance budgeting systems and have achieved positive outcomes in terms of improved resource allocation, accountability, and transparency (El-Jardali et al., 2014). Nigeria can learn from their experiences and adapt best practices to its own context. In Nigeria, the adoption and implementation of performance budgeting have been ongoing. The government has made efforts to establish a framework for effective public expenditure management, including the introduction of the Medium-term Expenditure Framework (MTEF). However, there are still challenges to overcome, such as improving government accounting and accountability practices, ensuring compliance with budgetary regulations, and addressing data availability and quality issues.

2.5 Public Expenditure Management

Generally, public expenditure is the means through which recurrent and capital needs of the nations are addressed. It usually takes the form of recurrent expenditure which deals with government expenditure outlays fundamental for its day-to-day running. The second form that public expenditure takes is capital expenditure which refers to investment outlays of the government aimed at increasing the country's capital stock (Ukah, 2009). Over the years, the scope of government business has expanded and become complex, thus, increasing the expenditure of government and the cost of governance. For instance, the cost of governance became so much that the Obasanjo Civilian led administration in Nigeria (1999-2007), sought to reduce the cost of governance through far reaching reforms in the country's public personnel structure by rightsizing and embarking on the monetization of the fringe benefits of public servants (Agba, 2006 & Agba, Achimugu, Chukwurah & Agboni, 2011). In the face of this reality and the decline in government revenue as a result of the fall in crude oil price in the international market, the management of government expenditure has become imperative to promote the accomplishment of three desired outcomes: aggregate fiscal discipline; allocative efficiency and operational efficiency (Campos, 2001:1). Within this background, public expenditure management is seen as a fundamental instrument of government policy to distribute and make use of available resources productively, effectively and sensitively. In specific terms, public expenditure management include among others such activities like allocation of resources through budgetary processes; managing budget implementation in a prudent and transparent manner; accounting, reporting and auditing aimed at ensuring fiscal transparency and performance measurement and evaluation. Behind, every successful and effective public expenditure management is the building of human and institutional capacity. Human resource management lies at the heart of improving social service delivery by means of public expenditure management.

2.6 Effective public expenditure management

Effective public expenditure management is crucial for economic development in Nigeria. The country faces various challenges in this regard, including constrained tax revenue, equity and efficiency problems associated with contributory schemes, and a high burden of health expenditures (Alawode &

Adewole, 2021). The absence of an adequate accounting system further contributes to economic mismanagement and theft (Kamaldeen et al., 2022). The Medium-Term Expenditure Framework (MTEF) is seen as central to public expenditure reforms, as it provides a link between policy priorities and the budget (Ogujiuba & Sola, 2013). However, there are challenges undermining the effective operation of the budgetary processes, such as lack of citizen participation, bureaucratic inefficiency, corruption, and lack of coordination between the national development plan and budget (Ogujiuba & Sola, 2013).

Public expenditure plays a significant role in economic growth. Government spending can be utilized as a policy instrument to promote economic growth, according to Keynesian philosophy (Idris & Bakar, 2017). Empirical evidence from Nigeria suggests a positive and significant relationship between public spending and economic growth (Idris & Bakar, 2017). However, fiscal discipline is essential for effective budgeting and budgetary control. The Fiscal Responsibility Act (FRA) in Nigeria emphasizes the need for prudence, transparency, and accountability in public expenditure management (Adekunle et al., 2022). In the healthcare sector, Nigeria faces challenges in healthcare financing. The high level of out-of-pocket spending and the lack of insurance mechanisms to pool and manage risk pose major challenges (Alawode & Adewole, 2021). Excessive health expenditures have been shown to lead to impoverishment (Onwujekwe et al., 2012). Furthermore, the implementation of accrual accounting reforms in the public sector can contribute to improved governance and accountability (Mbelwa et al., 2019). To address these challenges, reform initiatives are needed. These may include enhancing tax revenue collection, improving the efficiency and transparency of public expenditure management systems, strengthening accountability mechanisms, and promoting citizen participation in the budgeting process (Ogujiuba & Sola, 2013). Additionally, there is a need for proper coordination between the national development plan and budget, as well as reforms in key budget areas such as execution, monitoring, and reporting (Ogujiuba & Sola, 2013). Effective public expenditure management is crucial for economic development in Nigeria. The country faces challenges such as constrained tax revenue, healthcare financing issues, economic mismanagement, and lack of fiscal discipline. Reform initiatives are needed to address these challenges and improve public expenditure management. These initiatives may include enhancing tax revenue collection, improving accounting systems, strengthening accountability mechanisms, and promoting citizen participation in the budgeting process.

2.7 Theoretical Review

New Public Management" (NPM) theory, Christopher Hood and Michael Barzelay (1991)

The discussion of the impact of performance budgeting on public expenditure management, as well as its relationship with accountability and transparency, can be linked to the "New Public Management" (NPM) theory. NPM is a public administration and management theory that gained prominence in the late 20th century, with proponents like Christopher Hood and Michael Barzelay. Christopher Hood's influential work, "A New Public Management for All Seasons?" published in 1991, discusses the

core principles of NPM. The NPM theory advocates for a shift from traditional, bureaucratic, and input-focused government management to a more results-oriented, performance-driven, and output-focused approach. It emphasizes market-oriented reforms, managerialism, and a focus on efficiency, effectiveness, and accountability in the public sector. Michael Barzelay, in his book "Breaking Through Bureaucracy: A New Vision for Managing in Government" published in 1992, also contributed to the NPM discourse. He argued that government organizations should adopt more business-like management practices, including performance measurement, performance budgeting, and results-oriented accountability mechanisms, to improve public service delivery.

NPM theory aligns with the discuss, as it promotes the use of performance-based budgeting as a means to improve the efficiency and effectiveness of public expenditure management. It also emphasizes the importance of transparency and accountability, which are key elements of performance budgeting, in the allocation and utilization of public funds. The proponents of NPM argue that by applying business principles and focusing on outcomes, governments can achieve better results and enhance public sector performance. The findings related to the impact of performance budgeting in Nigeria align with the NPM theory's core principles and objectives.

2.8 Government Accounting and Public Financial Management Systems

Weaknesses in Government Accounting and PFM Systems

Government accounting and public financial management (PFM) systems in Nigeria face several weaknesses that hinder effective public expenditure management. These weaknesses have been identified in various studies and reports. One of the weaknesses is the lack of transparency and accountability in government accounting practices. This includes issues such as inadequate financial reporting, lack of timely and accurate financial information, and limited disclosure of financial transactions (Alfarizi & Ngatindriatun, 2022). These weaknesses make it difficult to track and monitor public expenditure, leading to potential mismanagement and corruption. Another weakness is the limited capacity and skills of government accountants and financial managers. Studies have highlighted the need for improved training and professional development programs to enhance the technical skills and knowledge of government accountants (Alfarizi & Ngatindriatun, 2022). Insufficient capacity in government accounting can result in errors, inefficiencies, and inadequate financial controls. Additionally, there are challenges related to the legal and regulatory framework governing government accounting and PFM in Nigeria. The existing laws and regulations may be outdated, fragmented, or not effectively enforced (Olarinmoye, 2013). This can create loopholes and opportunities for financial mismanagement and irregularities.

Furthermore, the lack of integration and coordination between different government agencies and departments is a weakness in government accounting and PFM systems. This can lead to duplication of efforts, inefficiencies, and difficulties in consolidating financial information (Okore et al., 2022). The fragmented nature of government accounting systems hinders the ability to have a comprehensive view of public expenditure.

2.9 Legal and Institutional Framework in Nigeria

The legal and institutional framework in Nigeria plays a crucial role in shaping government accounting and PFM systems. The effectiveness of these systems is influenced by the laws, regulations, and institutions in place. Nigeria has made efforts to establish a legal and institutional framework for effective public expenditure management. The country has enacted laws and established institutions to promote transparency, accountability, and good governance in public financial management (Olarinmoye, 2013). These include laws such as the Fiscal Responsibility Act and the Public Procurement Act, as well as institutions like the Office of the Auditor General and the Economic and Financial Crimes Commission (Olarinmoye, 2013). However, despite these efforts, challenges remain in the implementation and enforcement of the legal framework. Studies have highlighted inconsistencies and inadequacies in the enabling legislations for ensuring accountability in the use of funds by faith-based organizations and international agencies (Olarinmoye, 2013). This indicates the need for continuous review and improvement of the legal framework to address emerging issues and strengthen accountability mechanisms. Institutional capacity and effectiveness are also important factors in the success of government accounting and PFM systems. The presence of competent and independent institutions, such as audit committees and regulatory bodies, is crucial for ensuring transparency and accountability (Carcello et al., 2006). However, the effectiveness of these institutions can be influenced by factors such as political interference, inadequate resources, and lack of autonomy (Olarinmoye, 2013).

The weaknesses in government accounting and PFM systems in Nigeria, such as lack of transparency, limited capacity, and fragmented coordination, pose challenges to effective public expenditure management. The legal and institutional framework plays a significant role in addressing these weaknesses and promoting transparency and accountability. However, there is a need for continuous efforts to strengthen the legal framework, enhance institutional capacity, and improve coordination among government agencies to ensure effective public financial management.

2.10 Challenges in the Budget Process

2.10.1 Annual Ritual of the Budget

One of the challenges in the budget process in Nigeria is the perception that it has become an annual ritual rather than an effective tool for resource allocation and public expenditure management. The budget process is often characterized by delays, lack of proper planning, and inadequate implementation. This undermines the effectiveness of the budget as a tool for achieving development goals and addressing the needs of the population. The annual ritual of the budget is often marked by last-minute preparations, rushed approvals, and limited stakeholder engagement. This hampers the ability to conduct thorough analysis, prioritize spending, and ensure the alignment of budget allocations with national development priorities. As a result, the budget may not effectively address the needs of the population or contribute to sustainable development. To address this challenge, there is a need for reforms in the budget process to ensure that it

is more strategic, inclusive, and evidence-based. This includes improving the planning and preparation stages of the budget, enhancing stakeholder engagement, and strengthening the capacity of budgetary institutions to conduct rigorous analysis and evaluation.

2.10.2 Legislative Barriers and Lack of Accountability

Another challenge in the budget process in Nigeria is the presence of legislative barriers and a lack of accountability. The budget process involves the interaction between the executive and legislative branches of government, and the effectiveness of this interaction is crucial for ensuring transparency, oversight, and accountability. Legislative barriers can arise from conflicts between the executive and legislative branches, resulting in delays, amendments, and sometimes even the rejection of budget proposals. These conflicts can hinder the timely passage and implementation of the budget, leading to disruptions in public expenditure management. Furthermore, there may be a lack of accountability in the budget process, with limited mechanisms for monitoring and evaluating the use of public funds. This can result in mismanagement, corruption, and the diversion of funds away from their intended purposes. The lack of accountability undermines public trust and confidence in the budget process and can have negative implications for development outcomes. To address these challenges, it is important to strengthen the relationship between the executive and legislative branches, promote dialogue and cooperation, and establish clear mechanisms for oversight and accountability in the budget process. This includes enhancing the capacity of legislative bodies to effectively review and scrutinize budget proposals, as well as improving transparency and public participation in the budget process.

2.11 The Nexus

Performance budgeting plays a crucial role in ensuring effective public expenditure management. It establishes a nexus between resource allocation, prioritization, efficiency, effectiveness, accountability, transparency, monitoring, evaluation, and a results-oriented approach. Resource allocation and prioritization are key components of performance budgeting. It involves allocating resources based on the expected outcomes and performance indicators. This approach ensures that resources are directed towards programs and projects that are likely to yield the desired results. By prioritizing spending based on performance, governments can maximize the impact of public expenditure on economic development. Efficiency and effectiveness are also important considerations in performance budgeting. Efficiency refers to the ability to achieve desired outcomes with the least amount of resources. Effectiveness, on the other hand, focuses on achieving the intended goals and objectives. Performance budgeting encourages governments to identify and eliminate inefficiencies in public expenditure, leading to better utilization of resources. It also promotes evidence-based decision-making, as performance indicators are used to assess the effectiveness of programs and projects. Accountability and transparency are fundamental principles of performance budgeting. By linking budget allocations to performance outcomes, performance budgeting enhances accountability by holding government agencies responsible for achieving their

targets. Transparency is promoted through the disclosure of performance information, allowing citizens and stakeholders to assess the efficiency and effectiveness of public expenditure.

Monitoring and evaluation are integral components of performance budgeting. Regular monitoring of performance indicators allows for timely identification of issues and the implementation of corrective measures. Evaluation provides an opportunity to assess the impact of public expenditure on desired outcomes and make informed decisions for future resource allocation. A results-oriented approach is at the core of performance budgeting. It shifts the focus from inputs and activities to outcomes and impacts. By setting clear performance targets and measuring progress towards those targets, performance budgeting ensures that public expenditure is aligned with the desired results. This approach enables governments to demonstrate the value and impact of their spending to citizens and stakeholders. Performance budgeting is a critical tool for effective public expenditure management. It establishes a nexus between resource allocation, prioritization, efficiency, effectiveness, accountability, transparency, monitoring, evaluation, and a results-oriented approach. By incorporating these elements, performance budgeting enhances the efficiency, effectiveness, and accountability of public expenditure, ultimately contributing to economic development.

2.12 Successful Implementation in Other Countries

Several case studies have demonstrated successful implementation of various practices in different countries. For example, in the field of contaminated land management, policy transfer has been successful in countries such as the United Kingdom and Australia (Sam, 2022). These countries have implemented effective legislation and policies that can serve as models for Nigeria. Similarly, countries like India, Brazil, the Philippines, and Estonia have successfully implemented e-voting systems during general elections (Risnanto et al., 2022). Lessons learned from these countries can inform the implementation of e-voting in Nigeria. In the healthcare sector, countries like Canada and Australia have implemented successful knowledge translation strategies to improve clinical practice guidelines (Kalu et al., 2018). These strategies can be adapted and implemented in Nigeria to ensure the effective translation of evidence-based practices into healthcare settings. Additionally, in the context of humanitarian and fragile settings, various self-care interventions have been successfully implemented in countries such as Afghanistan, Bangladesh, and Ethiopia (Dawson et al., 2022). These experiences can provide insights into the implementation of self-care interventions in Nigeria's healthcare system.

2.12.1 Lessons Learned for Nigeria

From the case studies and best practices in other countries, several lessons can be learned for Nigeria. Firstly, it is important to consider the unique characteristics and contextual differences between countries when transferring policies or practices. Socio-cultural, economic, and environmental factors should be taken into account to ensure the successful implementation of policies (Sam, 2022). Additionally, political commitment and institutional reforms are crucial for the effective implementation of practices. Strong leadership and support from policymakers are essential to drive change and sustain implementation (Okoroiwu et al., 2021).

Capacity building and training play a vital role in successful implementation. Providing training programs and equipping government officials with the necessary skills and knowledge can enhance the implementation of practices. Furthermore, data collection and analysis are critical for evidence-based decision-making. Establishing robust systems for data collection and analysis can provide valuable insights and inform policy and practice (Peters et al., 2020). Transparency, accountability, and stakeholder engagement are key principles that should be integrated into the implementation process. Ensuring transparency in budgeting and expenditure management, involving stakeholders in decision-making, and promoting accountability can enhance the effectiveness and legitimacy of practices (Octavianingrum, 2021).

Case studies and best practices from other countries provide valuable insights for Nigeria. Lessons learned include considering contextual differences, ensuring political commitment and institutional reforms, investing in capacity building and training, prioritizing data collection and analysis, and promoting transparency and accountability. By incorporating these lessons, Nigeria can enhance the implementation of various practices and improve public expenditure management, healthcare delivery, and other sectors, ultimately contributing to sustainable development.

Strengthen the nexus between performance budget and effective public expenditure management in Nigeria

2.13 Capacity Building and Training

To strengthen the nexus between performance budgeting and effective public expenditure management in Nigeria, capacity building and training programs should be prioritized. Government officials involved in budgeting and expenditure management should receive training on performance measurement, data analysis, results-based budgeting, and other relevant skills. This will enhance their understanding and ability to implement performance budgeting practices effectively. Additionally, training programs can focus on building leadership and management skills to ensure effective implementation and sustainability of reforms.

3. DATA COLLECTION AND ANALYSIS

Improving data collection and analysis is crucial for evidence-based decision-making and effective public expenditure management. Nigeria should establish robust systems for collecting, analyzing, and reporting performance data. This includes developing performance indicators, setting targets, and regularly monitoring and evaluating performance. Accurate and reliable data will provide valuable insights into the effectiveness of public expenditure and inform resource allocation decisions. Furthermore, investing in data management systems and technologies will enhance the efficiency and accuracy of data collection and analysis processes.

3.1 Coordination among Government Agencies

Effective coordination among government agencies is essential to ensure coherence and alignment in budgeting and expenditure management. Nigeria should establish mechanisms for information sharing, collaboration, and joint decision-making. This will help avoid duplication of efforts, promote efficiency, and

ensure that resources are allocated based on strategic priorities. Interagency coordination committees or task forces can be established to facilitate communication and coordination among relevant stakeholders.

3.2 Transparency and Accountability Measures

Transparency and accountability are fundamental principles that should be integrated into public expenditure management in Nigeria. Enhancing the disclosure of budget information, performance reports, and audit findings will promote transparency. Citizens and stakeholders should have access to this information to hold the government accountable for its spending decisions. Additionally, mechanisms for citizen participation and feedback should be established to ensure that public expenditure reflects the needs and priorities of the population. Strengthening internal control mechanisms and establishing independent oversight bodies will further enhance accountability in public expenditure management.

3.3 Political Commitment and Institutional Reforms

Political commitment and institutional reforms are crucial for the successful implementation of performance budgeting and effective public expenditure management. Strong leadership and support from policymakers are essential to drive change and sustain implementation. Nigeria should prioritize political will to improve public expenditure management and allocate resources to support the necessary reforms. Institutional reforms may include revising legal frameworks, establishing independent oversight bodies, and strengthening internal control mechanisms. These reforms will create an enabling environment for effective performance budgeting and ensure its sustainability. By implementing these measures, Nigeria can strengthen the nexus between performance budgeting and effective public expenditure management. Capacity building and training, data collection and analysis, coordination among government agencies, transparency and accountability measures, and political commitment and institutional reforms are all essential components of a comprehensive approach to improving public expenditure management in Nigeria.

4. DISCUSSION AND FINDINGS

1. Impact of Performance Budgeting on Public Expenditure Management:

The study's findings indicate a significant impact of performance budgeting on the efficiency and effectiveness of public expenditure management in Nigeria. The implementation of performance budgeting has led to improved resource allocation and utilization. It allows for a more targeted allocation of funds to projects and programs that align with the government's strategic goals and priorities. This has resulted in better resource allocation decisions, reduced wastage of resources, and improved project outcomes. Moreover, the transparency and accountability inherent in performance budgeting have promoted a more rigorous evaluation of programs and projects, leading to the optimization of public expenditure. These findings suggest that performance budgeting is a valuable tool for enhancing the management of public finances in Nigeria.

2. Relationship between Performance Budgeting and Accountability and Transparency:

The study's findings reveal a strong relationship between performance budgeting and the enhancement of accountability and transparency in the allocation and utilization of public funds in Nigeria. The introduction of performance-based budgeting has necessitated the establishment of clear performance indicators and targets for government programs and projects. This transparency in setting performance expectations has made it easier for stakeholders, including citizens, to monitor and evaluate the government's performance. As a result, accountability mechanisms have been strengthened, and instances of corruption and misappropriation of public funds have decreased. The requirement to report on the achievement of performance targets has also enhanced the overall transparency in government financial management. These findings underscore the role of performance budgeting in promoting accountability and transparency in public expenditure management in Nigeria. In summary, the study's findings support the notion that performance budgeting has a positive impact on public expenditure management in Nigeria by improving resource allocation and utilization while also enhancing accountability and transparency in the process. These outcomes suggest that the adoption and continued refinement of performance budgeting practices are essential for effective and efficient management of public finances in the country.

4.1 Recommendations

Based on the findings, the following recommendations are proposed for future action in Nigeria:

1. Strengthen capacity building and training programs: Enhance the skills and knowledge of government officials involved in budgeting and expenditure management through targeted training programs. This will enable them to effectively implement performance budgeting practices and make informed decisions regarding resource allocation.

2. Improve data collection and analysis: Establish robust systems for collecting, analyzing, and reporting performance data. This will provide accurate and reliable information for evidence-based decision-making and assessing the effectiveness of public expenditure.

4.2 Conclusion

In conclusion, effective public expenditure management is crucial for economic development in Nigeria. Performance budgeting serves as a key tool in enhancing public expenditure management by linking resource allocation, prioritization, efficiency, effectiveness, accountability, transparency, monitoring, evaluation, and a results-oriented approach. Nigeria faces challenges in public expenditure management, but with the implementation of recommended actions, it can overcome these challenges and improve its budgeting processes for the benefit of its citizens and the overall development of the country.

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