

**PUBLIC BUDGETING AND POVERTY
REDUCTION IN NIGERIA**

BY

EGBIDE BEN-CALEB

CUGP070187

JANUARY, 2015

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**A THESIS IN THE DEPARTMENT OF ACCOUNTING,
SUBMITTED TO THE SCHOOL OF POSTGRADUATE
STUDIES
COVENANT UNIVERSITY,
OTA, OGUN STATE**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE AWARD OF THE DEGREE OF DOCTOR OF
PHILOSOPHY (Ph.D) IN ACCOUNTING**

JANUARY, 2015

DECLARATION

I, **Ben-Caleb, Egbide hereby** declare that this Ph.D thesis titled ‘Public Budgeting and Poverty Reduction in Nigeria’ is my original work undertaken in the Department of Accounting, School of Business, College of Development Studies, Covenant University, Ota. To the best of my knowledge, all information sources used in the study have been duly acknowledged. Also, the thesis has not been presented, either whole or in part, for the award of any other degree either in this or any other university.

.....

Signature
BEN-CALEB, Egbide

.....

Date

DEDICATION

This thesis is humbly and wholeheartedly dedicated to the Almighty God, the custodian of all Knowledge and Wisdom and Whose exceeding Grace was sufficient to complete this work.

CERTIFICATION

We the undersigned, certify that we have read and hereby recommend for acceptance by Covenant University a dissertation/thesis titled: “Public Budgeting and Poverty Reduction in Nigeria” in partial fulfilment of the requirements for the award the Degree of Doctor of Philosophy (PhD) in Accounting of Covenant University, Ota, Nigeria.

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Abstract

Public budgeting is reckoned as the most rational, logical, legal, and acceptable basis for the mobilisation and allocation of resources to government strategic areas of national priorities, of which poverty reduction is principal. However, the increasing trend of the population in poverty in Nigeria negates this expectation, contradicts conventional wisdom and suggests the existence of infractions in the budget process and management. Hence, this study was envisioned and preoccupied with the objective of establishing the relationships between the attributes of sound budgeting namely: allocative efficiency, operational efficiency, budget discipline and budget reforms and poverty reduction in Nigeria. To achieve these objectives, explanatory research design was adopted employing both primary and secondary data. The primary data were obtained from the administration of 400 copies of questionnaire to two sampled groups, namely, government agencies and non-governmental organisations. Secondary data were obtained from official government publications sourced from Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS). The data were analysed using Partial correlation (PC), Ordinary Least Square (OLS) Regression, Paired sample T-test as well as Mann-Whitney U Test. In addition, the long-term relationship of the predictor and the outcome variables were gauged using the Johansen cointegration technique. The outcome of the analyses reveals that budgetary allocation is negatively and significantly associated with poverty index (Long-run coefficient of LPBAKS -1.499277, T-statistic -3.51487) while budget discipline does not have a strong influence on poverty incidence in Nigeria (long-run coefficient LBDISC - 0.123401, T-statistic -1.71511). Also, the relationship between the incidence of poverty and operational efficiency of the budgetary process was found to be significant (Long-run coefficient of LEDEXP and LTDSERV 0.158931, T-statistic 5.98782 and -0.211144. T-statistic -10.3891 respectively). It was also found that budget-related reforms namely MTEF (POI/MTEF, $t = 1.680$, $\text{sig} = 0.168$) and FRA (POI/FRA, $t = -3.830$, $\text{sig} = 0.62$) had not had any significant impact on poverty reduction in Nigeria. The research also found the existence of peculiar budgeting problems in Nigeria, including budget indiscipline/corruption (rank value 4.63/5), fiscal impropriety (rank value 4.35/5), allocative inefficiency (rank value 3.51/5) and poor budget governance (rank value 2.97/5) among others. The study recommended that government should, as a deliberate policy, increase allocation to the economic and social sectors, such as: education, agriculture, health, transport and communication, in view of their direct impact on the poor. The enforcement of budget discipline in all its three dimensions was also recommended to ensure that allocations are not misdirected. It was recommended that budgetary institutions be strengthened through participative budgeting and adherence to the provisions of the Fiscal Responsibility Act (FRA) and enforcing other budget-related reforms to enhance their impact on the budget management and poverty reduction. These and other recommendations made in this study have the potential to transform the federal budget from just an annual ritual to a concrete instrument for economic transformation, as well as a practical tool in the hand of government for winning the war against poverty in Nigeria.