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RESEARCH ARTICLE

BUDGETING PROCESSES AND ECONOMIC INSTABILITY IN NIGERIA: A STUDY OF BUHARI'S SECOND TERM ADMINISTRATION, 2019-2023

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ABSTRACT

The budgeting process is a crucial component of public financial management and a key determinant of economic stability in any country. This present study on budgeting processes and economic instability in Nigeria during President Buhari's second term has revealed several critical insights into the challenges, inefficiencies and potential solutions within the Nigerian fiscal framework. Guided by three research questions and their corresponding objectives, this study anchored on the 'fiscal theory of the price level' (FTPL) and the use of qualitative descriptive approach. The study relied on documentary materials and adopted content analysis method. Document analysis was however based on government budget documents, policy briefs and fiscal reports from Buhari's administration. The study findings highlighted significant issues in budget formulation, revenue generation, expenditure management, and institutional capacity that have contributed to economic instability. The study also observed chronic delays in budget approval disrupted fiscal planning and implementation, undermining the effectiveness of public expenditure. Also, overreliance on oil revenues, coupled with inefficient tax administration, resulted in consistent revenue shortfalls and fiscal instability, poor planning and lack of fiscal discipline led to budget overruns and inefficient resource allocation, and inadequate institutional capacity and pervasive corruption which further exacerbated budgeting inefficiencies and economic instability. The study found that the challenges of budgeting processes posed negative impacts economic stability in Nigeria. The study concludes that addressing the identified challenges and inefficiencies in Nigeria's budgeting processes is imperative for enhancing economic stability. The study recommends amongst others that, the enhancement of budget formulation and approval processes.

Keywords: Budget, budgeting process, economic instability, budget padding

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1.0. INTRODUCTION

Budgeting processes and economic instability are critical topics in understanding the economic landscape of Nigeria. The budget is primarily formulated by the executive branch, led by the Ministry of Finance, Budget, and National Planning. It involves consultations with various stakeholders, including government ministries, departments, and agencies (MDAs).The proposed budget is presented to the National Assembly (comprising the Senate and the House of Representatives). After debates and possible amendments, the budget is passed by both houses of the National Assembly. Upon approval, the President signs the budget into law. The Ministry of Finance oversees the release of funds and monitors expenditure through the Budget Office. Budgeting processes and economic stability are closely intertwined in any nation, playing a pivotal role in shaping its economic landscape. In Nigeria, this relationship is particularly significant given the country's reliance on oil revenues and the volatility of global oil markets. Nigeria's economy has historically been vulnerable to global economic shocks, particularly fluctuations in oil prices. The country has faced multiple economic crises, with significant impacts on its fiscal stability and overall economic health. As argued by Adedokun (2017), the dependency on oil revenue has made Nigeria susceptible to external economic shocks, often resulting in budgetary challenges and economic instability.

This study focuses on the budgeting processes and economic instability in Nigeria during President Muhammadu Buhari's second term (2019-2023). President Muhammadu Buhari's second term began in 2019 amidst economic challenges, including high unemployment, inflation, and a need for economic diversification. The period was further complicated by the COVID-19 pandemic, which severely impacted global and domestic economic activities. The Nigerian economy slipped into its second recession in five years in 2020, largely driven by the pandemic and a collapse in oil prices. According to the National Bureau of Statistics (NBS, 2020), the economy contracted by -6.10% in Q2 2020. This recession highlighted the fragility of Nigeria's economic structure and the critical role of effective budgeting in managing economic instability.

The budgeting process in Nigeria involves several stages, including formulation, approval, implementation, and monitoring. The executive branch, led by the Ministry of Finance, Budget, and National Planning, plays a central role in drafting the budget. This draft is then reviewed and approved by the National Assembly. Implementation is overseen by various government agencies, with periodic monitoring and evaluation to ensure compliance and performance. Studies by Olurankinse (2013) emphasized the importance of transparency and accountability in the budgeting process. Inefficiencies and corruption in budget implementation often lead to suboptimal outcomes, exacerbating economic instability.

Economic instability during Buhari's second term was characterized by high inflation rates, increasing unemployment, and significant fiscal deficits. The government's response included

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the Economic Sustainability Plan (ESP), aimed at mitigating the impact of the pandemic and stimulating economic recovery. Understanding the budgeting processes and economic instability in Nigeria during Buhari's second term requires a comprehensive analysis of the fiscal policies, economic challenges, and government responses during this period. This study aims to provide insights into how budgeting processes have influenced economic outcomes in Nigeria, contributing to the broader discourse on economic management and stability.

2.0. CONCEPTULISATIONS AND THEORITICAL FRAMEWORK

2.1. Conceptual Clarifications

2. 1.1. Concept of Budget and Budgeting

A budget is a financial plan that outlines an entity's projected revenues and expenditures over a specified period, typically one fiscal year. It serves as a crucial tool for financial management, guiding resource allocation, ensuring fiscal discipline, and facilitating the achievement of strategic objectives. Wildavsky (1986) posited that, a budget is a political document that reflects the priorities of a government or organisation. It allocates scarce resources among competing needs and serves as a mechanism for planning, coordinating, and controlling financial activities. The primary purposes of a budget are highlighted in the paragraphs below.

A budget helps allocate limited resources efficiently to various departments, programs, and activities based on priorities and strategic goals. By setting financial targets and performance benchmarks, a budget enables organizations to measure actual performance against planned objectives, facilitating accountability and transparency (Garrison et al., 2015). Budgets enforce fiscal discipline by imposing constraints on spending and ensuring that expenditures do not exceed available resources. This helps in maintaining financial stability and avoiding deficits (Schick, 1998).

A budget aligns financial resources with an organization's strategic plan, ensuring that long-term objectives are supported by adequate funding (Hope & Fraser, 2003). Budgets can be classified into various types based on their focus and application. First is the operating budget which outlines the day-to-day revenues and expenses necessary for running an organisation. It includes items such as salaries, utilities, and supplies (Horngren et al., 2015). Second is a capital budget which focuses on long-term investments in assets such as buildings, equipment, and infrastructure. It is used to plan for significant expenditures that have long-term benefits (Ross et al., 2013). Third, is a cash budget which projects the cash inflows and outflows over a specific period, ensuring that an organisation has sufficient liquidity to meet its obligations (Brigham &Ehrhardt, 2013). Lastly, there is flexible budget which adjusts for changes in the volume of

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activity, providing a more accurate reflection of costs and revenues under different scenarios (Drury, 2013). In sum, the concept of a budget is fundamental to effective financial management in both public and private sectors. Budgets help organizations to achieve their financial and operational goals by providing them with a structured approach to resource allocation, performance measurement, fiscal discipline and strategic planning.

Budgeting is a systematic and comprehensive financial planning and control process that involves the allocation of resources to achieve specific goals within a defined period. It serves as a crucial tool for organisations, governments, and individuals to manage their financial affairs effectively. The primary purpose of budgeting is to plan, coordinate, and control financial activities, ensuring that available resources are utilized efficiently to achieve desired objectives (Wildavsky, 1986).Budgeting equally facilitates coordination and control in financial administration by providing a structured framework for resource allocation. It enables government agencies to align their activities with overall national priorities and ensures that financial transactions are conducted in accordance with established guidelines (Smith, 2010).

Budgeting serves as a crucial planning tool within the financial administration framework. It involves the allocation of financial resources to various government programs and projects based on priorities and objectives (Olowu, 2018).Key components of budgeting include revenue projection which involves estimating and planning for the inflow of funds, which may include income, grants, or other sources. It also includes expense allocation. This is because, budgeting allocates resources to various expenditures, such as operational costs, capital investments, and debt servicing, based on priorities and organisational objectives. Time frame is another key component. Budgets are typically prepared for a specific period, such as a fiscal year, allowing for a structured and time-bound approach to financial planning. Flexibility is equally a key component. A good budget should be flexible enough to adapt to changing circumstances, allowing for adjustments when necessary. Lastly, performance measurement. Budgets serve as benchmarks for evaluating actual performance against planned targets, facilitating accountability and decision-making (Horngren et al., 2012).

- **Budgeting Process**

The budgeting process is a systematic approach that organisations use to create and manage a financial plan for a specified period. This process involves a series of steps that help ensure efficient allocation of resources, financial control, and alignment with strategic objectives. Wildavsky (1978) posited that, the budgeting process is a cycle that includes planning, preparation, approval, execution, and evaluation. It is designed to achieve several purposes such as resource allocation, financial control, performance measurement and strategic planning.

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The budgeting process ensures that resources are allocated according to priorities and strategic goals, maximising the effectiveness of resource use (Olurankinse, 2013). By setting financial limits and monitoring actual expenditures against the budget, organisations maintain control over their financial activities and avoid overspending (Horngren et al., 2015). Budgets set performance targets that can be used to measure organisational performance, enhancing accountability and transparency (Merchant & Van der Stede, 2012). More so, the budgeting process aligns financial planning with long-term strategic objectives, ensuring that financial resources support organisational goals (Hope & Fraser, 2003).

The budgeting process typically involves several key stages such as preparation, approval, execution, monitoring and evaluation, and adjustment and revision. During the preparation stage, departments and units within an organization prepare their budget proposals based on past performance, anticipated needs, and strategic priorities. These proposals are consolidated into a comprehensive budget draft (Garrison et al., 2015). At the approval stage, the consolidated budget is reviewed and approved by top management or the governing body. This stage involves negotiation and adjustment to align the budget with available resources and organisational goals (Hilton et al., 2008). Once approved, the budget is implemented. Funds are allocated to various departments and units according to the budget plan, and expenditures are monitored to ensure they adhere to the budget (Anthony & Govindarajan, 2007). Throughout the fiscal period, actual financial performance is compared to the budgeted figures to identify variances. Regular monitoring and evaluation help in taking corrective actions when necessary to ensure that the organisation remains on track to meet its financial objectives (Horngren et al., 2015). Also, during the fiscal period, adjustments may be necessary due to unforeseen changes in the economic environment or organisational priorities. The budget can be revised to reflect these changes, ensuring it remains relevant and effective (Brigham & Ehrhardt, 2013).

Effective budgeting process is very important. A well-structured budgeting process provides comprehensive financial information, aiding management in making informed decisions (Drury, 2013).By clearly outlining financial plans and monitoring performance, the budgeting process helps improve operational efficiency and resource utilisation (Merchant & Van der Stede, 2012).The budgeting process helps identify potential financial risks and develop strategies to mitigate them, ensuring financial stability (Ross et al., 2013).Transparent and accountable budgeting practices however, build confidence among stakeholders, including investors, employees, and the public (Schick, 1998). In a nutshell, the budgeting process is a critical component of effective financial management which ensures that resources are allocated efficiently, financial control is maintained, and organisational objectives are met.

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2.1.3.Economic Instability

Economic instability refers to periods of significant fluctuations in economic activities, characterised by volatile growth rates, high inflation, rising unemployment, and fiscal deficits. It disrupts economic growth and development, often leading to adverse social and political consequences. Dornbusch et al. (2014) averred that, economic instability is a state where an economy experiences unpredictable and significant deviations from its expected performance metrics such as GDP growth, inflation, and employment levels. Key characteristics of economic instability include volatile economic growth, high inflation, rising unemployment, and fiscal deficits and public debt. Notably, rapid and unpredictable changes in the rate of economic growth, which can lead to uncertainty and reduced investment (Mankiw, 2019). Again, persistent increases in the general price level of goods and services, eroding purchasing power and savings (Blanchard, 2017). Also, high levels of joblessness, which can lead to social unrest and decreased consumer spending (Samuelson & Nordhaus, 2010). The persistent budget deficits and increasing public debt, can equally constrain government spending and lead to higher borrowing costs (Krugman & Wells, 2018).

Several factors contribute to economic instability, including external shocks, structural weaknesses, policy failures and market speculations. Obviously, sudden changes in global economic conditions, such as fluctuations in commodity prices, financial crises, or geopolitical events, can disrupt domestic economies. Inherent structural issues within an economy, such as reliance on a single export commodity, weak institutions and inadequate infrastructure exacerbate instability (Acemoglu & Robinson, 2012). Ineffective or inconsistent economic policies, including fiscal and monetary policies, can lead to economic imbalances and instability (Taylor, 2009). More so, speculative activities in financial markets can cause asset bubbles and crashes, contributing to economic volatility (Kindleberger & Aliber, 2011).

Economic instability has far-reaching consequences, including reduced investment, lower consumer confidence, social and political unrest, and increased borrowing costs. Uncertainty and risk associated with economic instability deter both domestic and foreign investment, hampering economic growth (Aghion&Howitt, 2009).Fluctuations in economic indicators such as employment and inflation can lead to decreased consumer confidence and spending (Hall, 2010).Prolonged periods of economic instability can lead to increased poverty, inequality, and social unrest, challenging political stability (Rodrik, 1999). Also, High levels of public debt resulting from fiscal deficits can lead to higher borrowing costs for governments, limiting their ability to finance public services and investments (Reinhart & Rogoff, 2009).

Notwithstanding, implementing consistent and transparent fiscal and monetary policies can help stabilise economic conditions (Blanchard, 2017). Also, reducing dependence on a single sector or commodity by diversifying the economy can mitigate the impact of external shocks (Rodrik,

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2004). Again, robust institutions that promote good governance, rule of law and economic freedom can enhance economic stability (Acemoglu& Robinson, 2012). Additionally, encouraging innovation and improving productivity can drive sustainable economic growth and resilience (Aghion &Howitt, 2009). It is however pertinent to note that, economic instability poses significant challenges to sustainable growth and development.

- **Legislature and Budgeting Process**

The preparation of the nation's budget is one of most important activities of the government in a given year. The budget is so important in governance because the allocation of resources amongst competing claims is through the budget. In fact, it determines who gets what and when from the „national cake‟. The executive has always had an upper hand in the budget process in most countries because over the years it has been charged with the responsibility of preparing the budget. However, with changes across the globe there has been pressure on the legislature to play an important role instead of being docile. In most of the countries there is clamor for increased participation of the legislature in the budget process by establishing legislative role in a transparent and participatory process in order to ensure that the resources of the nation are well distributed. In recent time, the call for strengthening legislature‟ role in the budget process has become evident worldwide especially in the African countries. Most countries are amending their constitutions towards empowering and increasing the legislature or parliament role in the budget process and as a check on the executive.

The legislature plays three major roles in the budget process: budget preparation, budget allocation, and budget approval. The national budget is a detail financial estimate of public expenditure and revenue in a given year. However, the budget serves as a document for allocating available resources among competing demands. As such, it is serves as a benchmark for assessing the executive and legislature's relative priorities and the single most robust tool for accomplishing public goals. It is no wonder therefore, that the executive try as much as possible to exert their influence on the budget process and that legislature seeks to play an active role. In developed democracy there is always tussle between the executive and legislative arms on equitable balance of power over financial matters. In Nigeria for instance, the constitution advocates judicial financial autonomy and the court recently pronounced judgment that the executive should obey the constitutional provisions. But most state governments are dragging their feet because they do not want to let go or part with such power. One of the ways to curtail the influence of the executive is to ensure financial autonomy for the executive, legislature and the judiciary. The tussle continues today as executive and legislature seek to exercise their budgetary prerogatives in terms of allocation of competing resources, constituency projects and oversights. In the past, developing democracies witnessed less legislative involvement in the budget process but all that is changing. The legislatures wield

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more influence in presidential systems over the budget and funding allocations than in the parliamentary systems.

Budget Padding
Literally, padding of budget refers to generating a budget proposal that is greater than the real estimate by including more projects and inflating figures to account for unforeseen expenses that may occur throughout the process of implementing the budget. Additionally, it refers to the deliberate insertion of projects into budget proposals by individuals other than the budget's original authors with the aim of gaining financial advantages at the expense of important projects. Budget padding, as defined by Sheriffdeen Tella, an economics professor at Olabisi Onabanjo University Ogun State, and cited in Olufemi (2022), is the practice of increasing a budget's value or adding new items in order to make it larger than it was intended to be. It is occasionally used in private sector budgets or by companies when presenting a budget request for approval. This is done to allow for project expansion or to pay for unforeseen expenses. However, it has made its way into public budgets by being included in other projects in addition to those that were initially proposed. Most of the time, corruption is the driving force of such tendency. Consequently, budget padding especially as it affects government budget is an unethical practice as it gives room for corruption. Temionu (2016), for instance argued that padding in whatever form, is one of the elements of corruption and its literal interpretation in accounting is false entry. Delee (2019), added that “budget padding is a misleading behaviour that promote dangerous corporate atmosphere”. Overall, Odigbo (2019) elucidates that the dishonest insertion of randomly fixed constituency projects, increasing project expenditure, and apparent misplacement of national precedence have a propensity to obstruct the Legislature's legal obligation to ensure the preparation of a achievable budget for the development of the society. Therefore, budget padding as adopted in this work refers to new form of corruption exhibited by members of National Assembly in the discharge of their so called constitutional responsibilities

Budget Padding and Ecomimic Instability 2015 -2022

Umoh, Adonnai & Mbah (2023) carried out a study titled Effect of Budget Padding on the Economic Development of Nigeria, and their major aim was to; evaluate the economic implications of budget padding, examine the powers of the legislature with respect to budget processes, and analyze the ethical and moral implications of budget padding. Anchoring on a descriptive research design and content analysis whereby the quantitative method was adopted using secondary sources of data the study reveals that the economic implication of budget padding was perturbing as it affects known economic indices negatively. Equally revealed in the study was that the legislature has powers to scrutinize and approve national budgets but lack powers to insert new projects and programmes without recourse to the Executive. Based on the findings, the study recommended that; to attain national development, there was need for strict

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adherence to the fundamental principles of good budgetary governance, like managing budgets within fiscal policy's clear, reasonable, and predictable bounds. Once more, decision- makers should make sure that budget credentials and the statistics are transparent, open and available. They should also guarantee that there is a thorough report on new items added to the budget estimate as well as an inclusive, participation, and reasonable debate on budgetary decisions. Amah (2019) in his study titled "Budget Padding: Causes and Solutions" in Nigeria. The study's broad objective was to examine the causes of budget padding in Nigeria. The study adopted descriptive research design as well as content analysis whereby the quantitative method was adopted using secondary sources. The study went on to reveal that budget padding creates illegal fund for their Preparers and Beneficiaries. It went on to pronounce that as budget padding includes the covert insertion of line items, it also makes it possible for such monies to be moved secretly, without anyone noticing it. A yearly release of the appropriation bills by the executive before presenting them to the legislative arms was advised by the study. In order to verify the budget's legitimacy, it was also advised that the Presidency hire a credible consulting firm to oversee and audit the process of approving appropriations bills.
A study on the implication of budget padding in Nigeria's economy with a focus on the 2019-2020 budgets and published by Omeje & Ogbu (2022) used variables such as budget padding and economic instability and the study's conclusions showed that higher project estimates have a detrimental impact on Nigeria's economy. Budget padding is done with the intention of cheating, defrauding the nation, and enriching a select group of elected principal officers of the National Assembly by mismanagement of budget information and statistic, yet attempts are made to legalize the practice, according to Aguguom and Ehiogu's (2016) research titled Budget Padding: The Nigeria Perspective, with variables such budget padding and economic development. On his own contribution to padding debate with the title, Budget Padding: Causes and Solutions, and using variables such as budget padding and ethical considerations, Amah (2019) discovered that budget padding is a deceptive practice and breeds harmful corporate atmosphere. Similarly, Okuma & Kuma (2019), on their work titled "Budget Padding in Nigeria" using variables such as Budget Padding and Nigerian Economy, discovered that padding of budget has no discernible effect on the Nigerian economy, and the executive branch of government was not involved in its preparation, including the fact that the legislative branch of government's engagement in 2019 budget padding was unlawful.

2.2. Theoretical clarification

This study was anchored on the 'Fiscal Theory of the Price Level' (FTPL) which was developed by several economists, most notably Eric Leeper (1991), Christopher Sims (1994), and Michael Woodford (1995). This theory posits a fundamental relationship between fiscal policy and the price level, emphasising the role of government budget constraints and fiscal solvency in determining inflation and economic stability.

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The major assumptions of the theory include that, the government budget constraint is a central component, which states that the present value of future primary surpluses must equal the current level of government debt. This ensures that the government remains solvent over time (Leeper, 1991).The theory also assumes that, fiscal policy can dominate monetary policy, meaning that the government's fiscal stance (taxing and spending) can influence the price level directly, independent of monetary policy actions (Sims, 1994).It is assumed that the government must balance its budget over time. If the government runs persistent deficits, it must eventually generate surpluses to repay debt, or it risks causing inflation through increased money supply or defaulting on its debt (Woodford, 1995). Notably, economic agents have rational expectations and form their expectations about future fiscal and monetary policies based on all available information. This includes expectations about how the government will balance its budget in the long run (Leeper, 1991).

The FTPL is particularly relevant to the study of budgeting processes and economic instability in Nigeria during Buhari's second term (2019-2023) for several reasons. First, Nigeria's economic instability during this period was analysed through the lens of fiscal policy, examining how budget deficits, public debt, and government spending influenced inflation and overall economic performance. Secondly, the theory highlighted the importance of managing budget deficits and ensuring fiscal sustainability. Nigeria's experience with persistent deficits and rising public debt was also explored to understand their impact on economic stability. More so, by examining Nigeria's fiscal policies, the study assessed whether fiscal actions contributed to inflationary pressures and economic volatility, aligning with the FTPL's assertion that fiscal policy affects the price level (Woodford, 1995).The theory therefore, provided insights into the policy measures needed to restore economic stability. Recommendations for improving budgeting processes, enhancing fiscal discipline, and ensuring government solvency were derivable from the FTPL framework.

The FTPL was used to analyse Nigeria's fiscal discipline during Buhari's administration. Thus, it was used to investigate whether budgetary practices adhered to the principle of interterm portal budget balance and the consequences of any deviations. The theory helped in understanding how fiscal deficits and debt accumulation may have influenced inflation rates in Nigeria, providing a theoretical basis for the observed economic instability.

3.0. EMPIRICAL CLARIFICATION

Budgeting Processes during Buhari's Administration: During President Buhari's second term (2019-2023), the Nigerian government implemented various budgeting practices. The budget formulation process involved setting expenditure priorities and revenue targets. However, there were challenges related to revenue shortfalls and expenditure overruns (World Bank, 2020). The approval process faced delays and modifications, affecting budget implementation. The

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administration adopted expansionary fiscal policies to address economic challenges such as recession and COVID-19 impacts. Increased spending on infrastructure and social programs aimed at stimulating economic growth but also led to higher fiscal deficits (International Monetary Fund (IMF), 2021).The administration relied heavily on domestic and external borrowing to finance budget deficits. This led to rising public debt, which influenced economic stability (Central Bank of Nigeria (CBN), 2022).

Economic Indicators and Instability: Several economic indicators reflect instability in terms inflation rates, GDP growth and public debt. Nigeria experienced high inflation rates, partly driven by increased government spending and supply chain disruptions. Inflation eroded purchasing power and affected economic stability (National Bureau of Statistics (NBS), 2023). Also, economic growth was volatile, with periods of contraction and slow recovery. The expansionary fiscal policies did not always translate into sustained growth, contributing to economic instability (World Bank, 2022). Lastly, the rising public debt burden increased borrowing costs and led to concerns about fiscal sustainability. High debt levels crowd out private investment and led to economic instability (IMF, 2021).

Relationship between Budgeting and Economic Instability: There is a strong connection between budgeting and economic instability. Notably, inefficient resource allocation and prioritisation issues led to suboptimal use of public funds. Investments in infrastructure and social programs did not always yield the expected economic benefits, contributing to instability (Schick, 1998). Also, persistent budget deficits and high levels of public debt were central to the economic instability. The reliance on borrowing to finance deficits created vulnerabilities and contributed to inflationary pressures (Alesina&Perotti, 1995).More so, increased government spending without corresponding revenue generation led to higher inflation. Inflation further contributed to economic instability by reducing consumer purchasing power and increasing the cost of living (Blanchard, 2017).

Budget delays and implementation challenges affected the effectiveness of fiscal policies in Nigeria under Buhari's administration generally. Inconsistent and delayed execution of budgetary measures hindered their intended impact on economic stability (IMF, 2021). There are empirical evidence buttressing the above claim. For instance, World Bank (2020) found that Nigeria's budgeting processes during Buhari's administration faced challenges related to revenue generation and expenditure management. These issues contributed to fiscal deficits and economic instability. Also, IMF (2021) reported that the increased borrowing and fiscal deficits during Buhari's second term had implications for debt sustainability and economic stability. The report highlighted the need for improved fiscal management to mitigate economic instability. Similarly, Schick (1998) emphasised that efficient budgeting and fiscal discipline are crucial for economic stability. The study suggested that deficiencies in budgeting processes can lead to economic instability, supporting the observed issues in Nigeria.

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In a nutshell, the budgeting processes during President Buhari's second term contributed to economic instability in Nigeria through inefficient resource allocation, persistent fiscal deficits, rising public debt, and inflationary pressures. These factors, combined with challenges in policy implementation, led to fluctuations in economic performance and stability.

Budget Formulation and Approval Delays: The Nigerian budget process experienced delays in the submission and approval of budgets. Budgets were often submitted late and approved after significant delays, disrupting fiscal planning and implementation. As argued by Olomola (2006), such delays hindered effective budget execution and impact overall fiscal discipline. More so, the approved budgets frequently underwent revisions and amendments, complicating financial planning and execution. Revisions often reflected changes in economic conditions or political considerations rather than strategic adjustments (World Bank, 2020).

Budget Padding: Budget padding during the Buhari second term has remained one of the challenges that constitutes cog in the wheels of economic development in Nigeria. Budget is an inevitable tool for economic. Scholars have argued that padding the budget comes with unintended economic consequences. Padding syndrome, according to Temiolu (2016), has struck Nigeria a dreadful blow since it is a risky instrument holding back our economy and has refused to let go in order to allow the motor of Nigeria's economy and nation- building to move forward. This is a confirmation that budget padding is dangerous for the economy and has the tendency to drag the nation backwards and destroy all the gains of democratic process. Omeje & Ogbu (2019) stated that Nigeria's massive revenue losses from the corruption of padding budgets, domestic and foreign investors, as well as the rise in the cost of goods and services, result in the production of subpar commodities.

Revenue Shortfalls: During President Buhari's second term, revenue collection often fell short of targets due to challenges in tax administration, economic downturns, and reliance on volatile oil revenues. The International Monetary Fund (IMF, 2021) reported that, revenue shortfalls significantly impacted budget execution and financial stability. Also, Nigeria's heavy reliance on oil revenues made the budget vulnerable to fluctuations in global oil prices. This dependency created fiscal instability and constrained the government's ability to implement budgetary measures effectively (Central Bank of Nigeria (CBN), 2022).

Expenditure Management Issues: There were frequent instances of budget overruns due to inadequate planning and cost control mechanisms. This agrees with Schick's (1998) observation that, budget overruns often result from inefficiencies in expenditure management and lack of fiscal discipline. Again, the allocation of resources did not always align with strategic priorities. This corroborates with Alesina and Perotti (1995) earlier assertion that, investments were sometimes directed towards projects with questionable economic returns, leading to inefficiencies and suboptimal outcomes.

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Institutional and Implementation Challenges: Institutional weaknesses, including inadequate capacity for budget planning and oversight, affected the effectiveness of budgeting processes. The lack of skilled personnel and effective budget monitoring mechanisms contributed to implementation challenges (IMF, 2021).Corruption and mismanagement of public funds equally undermined the budgeting process. The lack of transparency and accountability in budget execution led to inefficiencies and misuse of resources (Gollwitzer, 2011). The inefficiencies in budgeting processes during President Buhari's second term include but not limited to the following:

Lack of Transparency and Accountability: There was limited transparency regarding budgetary allocations and expenditures. Public access to detailed budget information was restricted, affecting accountability and public trust (World Bank, 2020). Also, the monitoring and evaluation of budget implementation were insufficient, leading to a lack of oversight and difficulty in assessing the impact of budgetary measures (Schick, 1998).

Poor Coordination and Integration: Budgeting processes were often fragmented, with poor coordination between federal and state governments. This fragmentation led to inefficiencies and difficulties in implementing coordinated fiscal policies (Olomola, 2006). Also, budgeting processes were not always well integrated with broader economic planning. The lack of alignment between budgetary allocations and economic development goals hindered effective implementation (Alesina&Perotti, 1995).

Notably, there were empirical reports on the challenges and inefficiencies in the budgeting processes in Nigeria during Buhari's second term. Thus, the World Bank (2020) highlighted the challenges related to budget formulation and approval delays, revenue shortfalls, and expenditure management issues. The report emphasized the need for reforms to improve budgeting efficiency and fiscal discipline. Similarly, IMF (2021) documented revenue shortfalls and the impact of overreliance on oil revenues on budget execution. The report called for diversification of revenue sources and improved fiscal management.

In sum, the main challenges and inefficiencies in the budgeting processes during Buhari's second term included delays in budget formulation and approval, revenue shortfalls, expenditure management issues, weak institutional capacity, and corruption. These challenges resulted in inefficiencies in budget execution, undermined fiscal discipline, and impacted economic stability.

Enhancing Budget Formulation and Approval: Implementing a strict timeline for budget submission and approval to avoid delays. Establishing legal frameworks to ensure adherence to these timelines can enhance fiscal planning and execution (Schick, 1998). Also, ensuring that budget proposals are realistic, based on accurate revenue forecasts, and comprehensive in scope.

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Engaging independent experts for revenue forecasting and expenditure estimation can improve accuracy (IMF, 2021).

Improving Revenue Generation and Management: Reducing dependency on oil revenues by diversifying the economy and expanding non-oil revenue sources such as agriculture, manufacturing, and services (Central Bank of Nigeria (CBN), 2022).Strengthening tax administration by improving tax collection mechanisms, widening the tax base, and reducing tax evasion through better enforcement and incentives for compliance (World Bank, 2020).

Strengthening Expenditure Management: Implementing robust PFM systems to ensure efficient allocation and utilization of public funds. This includes adopting international best practices in budgeting, accounting, and auditing (Alesina&Perotti, 1995).Prioritizing government expenditures to focus on critical areas such as infrastructure, education, and healthcare that can drive long-term economic growth. This will bring about more strategic use of public funds to support economic stability.

Building Institutional Capacity: Investing in the training and capacity building of budget officials to improve their skills in budget planning, execution, and monitoring. This will bring about improved efficiency and effectiveness in budget management. More so, is strengthening budget oversight institutions. Empowering oversight institutions such as the legislature, audit institutions, and civil society organisations to hold the government accountable for budget implementation (World Bank, 2020). This will bring about increased transparency and accountability in budget processes.

Ensuring Transparency and Accountability: Making budget information publicly available and accessible, including detailed breakdowns of expenditures and revenue collections (IMF, 2021). This will result to enhanced public trust and participation in the budgeting process. Again, strengthening of anti-corruption measures to prevent the mismanagement and misappropriation of public funds. Establishing robust mechanisms for reporting and addressing corruption (Gollwitzer, 2011). This will reduce corruption and lead to more efficient use of public resources.

Empirically, IMF (2021) highlighted the need for diversifying revenue sources and improving tax administration to stabilise government revenues and support sustainable fiscal policies. Also, the World Bank (2020) underscored the significance of transparency and public access to budget information in fostering trust and enabling effective monitoring of budget implementation. In sum, improving the budgeting processes in Nigeria to enhance economic stability requires a multi-faceted approach, including timely and realistic budgeting, diversified revenue generation, efficient expenditure management, capacity building, and strong oversight mechanisms.

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4.0. DISCUSSION OF FINDINGS

4.1. Challenges and Inefficiencies in Budgeting Processes during Buhari's Second Term

The study found that, the Nigerian budgeting process during Buhari's second term faced significant delays in budget formulation and approval. These delays disrupted fiscal planning and execution, leading to inefficient budget implementation. It also found that, revenue targets were consistently underperformed due to challenges in tax administration and an overreliance on volatile oil revenues. This resulted in frequent budget revisions and fiscal instability. The study further established that, expenditure management was marked by budget overruns and inefficient resource allocation. The lack of fiscal discipline and poor planning contributed to these inefficiencies. The study found also that, weak institutional capacity and corruption undermined the effectiveness of budgeting processes. Inadequate skills among budget officials and lack of transparency and accountability were significant issues.

The findings of this study align with Olomola (2006) who highlighted the adverse effects of delayed budget approval on fiscal discipline and economic performance in Nigeria. Similarly, Okonjo-Iweala and Osafo-Kwaako (2007) observed that delays in budget processes can disrupt fiscal planning and economic stability. The World Bank (2014) noted that Nigeria's overreliance on oil revenues makes its budget susceptible to global oil price fluctuations, leading to revenue shortfalls and fiscal instability. More so, Gollwitzer (2011) found that institutional weaknesses and corruption in African countries, including Nigeria, undermine fiscal performance and budget execution.

4.2. Budgeting Processes and Economic Instability

The study found also that, inefficient resource allocation led to suboptimal economic outcomes. Investments in non-strategic areas failed to drive sustainable economic growth, contributing to economic instability. It also found that, persistent fiscal deficits and rising public debt burden increased economic vulnerabilities. High levels of public debt raised borrowing costs and crowded out private investment, affecting economic stability. The study further found that, increased government spending without corresponding revenue generation led to inflationary pressures. Inflation eroded purchasing power and contributed to economic instability.

The above findings corroborate with some previous findings. For instance, Tanzi and Davoodi (1998) highlighted that poor public investment management leads to suboptimal economic outcomes, supporting the findings of this study. The correlation between fiscal deficits, rising public debt, and economic instability is supported by Reinhart and Rogoff (2010), who demonstrated that high levels of public debt are associated with slower economic growth and increased vulnerability to economic crises. Blanchard (2017) discussed how fiscal deficits and high government spending can lead to inflation, which in turn impacts economic stability. This

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aligns with the findings on how increased government spending without adequate revenue generation leads to inflationary pressures in Nigeria.

4.3. Measures to Improve Budgeting Processes and Enhance Economic Stability

The study proved that, timely submission and approval of budgets, coupled with realistic and comprehensive budgeting, are crucial for effective fiscal management. Also, diversifying revenue sources and enhancing tax administration are essential to stabilise government revenues. Reducing dependency on oil revenues and broadening the tax base can mitigate revenue shortfalls. It was equally suggested that, implementing robust public financial management systems and prioritising strategic expenditures can enhance fiscal discipline and reduce wasteful spending. Hence, aligning budget allocations with economic development goals is necessary. Again, investing in the training and capacity building of budget officials and strengthening oversight institutions can improve budget management. The study hence observed that, making budget information publicly accessible and implementing anti-corruption measures are critical for enhancing public trust and efficient use of resources.

Studies by the World Bank (2014) and IMF (2021) emphasised the importance of timely and realistic budgeting for effective fiscal management. These studies support the finding that strict timelines and realistic budget proposals can improve budget execution. Diversification of revenue sources and improvement in tax administration have been recommended by various studies. For instance, Asher (2001) observed the need for tax reforms to enhance revenue stability in developing countries. Also, the importance of robust public financial management systems is emphasised by Dabla-Norris et al. (2010), who found that strong PFM systems are crucial for ensuring fiscal discipline and reducing wasteful spending. The role of capacity building and strong oversight institutions is supported by Andrews et al. (2014), who highlighted that institutional capacity and effective oversight are essential for good governance and budget management. More so, studies such as Kaufmann et al. (1999) emphasised the importance of transparency and anti-corruption measures in enhancing public trust and ensuring effective budget implementation.

5.0. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

The study on budgeting processes and economic instability in Nigeria during President Buhari's second term (2019-2023) has revealed several critical insights into the challenges, inefficiencies, and potential solutions within the Nigerian fiscal framework. The findings highlight significant issues in budget formulation, revenue generation, expenditure management, and institutional capacity that have contributed to economic instability. The study observed chronic delays in budget approval disrupted fiscal planning and implementation, undermining the effectiveness of public expenditure. Also, overreliance on oil revenues, coupled with inefficient tax

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administration, resulted in consistent revenue shortfalls and fiscal instability, poor planning and lack of fiscal discipline led to budget overruns and inefficient resource allocation, and inadequate institutional capacity and pervasive corruption further exacerbated budgeting inefficiencies and economic instability. The study found that the challenges of budgeting processes posed negative impacts economic stability in Nigeria. Hence, implementing strict timelines and realistic budgeting practices among other measures, can improve fiscal planning and execution. The study concludes that addressing the identified challenges and inefficiencies in Nigeria's budgeting processes is imperative for enhancing economic stability.

5.1. Recommendations

Based on the findings of the study, the following recommendations are proposed, along with the respective actionable agents responsible for implementation:

i. Enhancement of budget formulation and approval processes. The Federal Ministry of Finance, Budget, and National Planning should always develop realistic budget proposals based on accurate revenue projections and align them with strategic national priorities. The National Assembly also should enforce adherence to budget timelines through legislative oversight and ensure timely review and approval of budget proposals.

ii. Reduce dependency on oil revenues by diversifying revenue sources and improving tax administration to stabilize government finances. The Federal Ministry of Finance, Budget, and National Planning should develop and implement policies to diversify the economy and reduce reliance on oil revenues, including promoting non-oil sectors such as agriculture, manufacturing and services. Federal Inland Revenue Service (FIRS) should also enhance tax administration by modernising tax collection systems, expanding the tax base, and improving compliance.

iii. The above Ministry should implement robust public financial management systems and prioritise strategic expenditures to enhance fiscal discipline and reduce wasteful spending.

iv. While the Civil Service Commission develops and implements training programs for budget officials to enhance their skills and knowledge in budget preparation, execution and monitoring, the National Assembly strengthens legislative oversight of the budget process and ensure that budget information is publicly accessible to promote transparency. Also, the anti-corruption agencies should strengthen anti-corruption measures and conduct investigations into budget-related corruption to enhance accountability.

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Competing Interest

The author had declared that no conflicting interest existed regarding this paper.

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