# UNIVERSITY OF GHANA

## A COMPARATIVE STUDY OF THE ADOPTION AND IMPLEMENTATION OF MEDIUM TERM EXPENDITURE FRAMEWORK BY GHANA AND NIGERIA

**BY**

**TERRY KEME ZUODE ODOGU**

**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA LEGON IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF PHILOSOPHY ACCOUNTING DEGREE**

**MAY, 2015**

# DECLARATION

I hereby declare that, this work is the account of my research in the University of Ghana under the supervision of Dr Ibrahim Bedi and Dr Joseph Mensah Onumah, of the Department of Accounting of the University of Ghana Business School.

I attest that, this research work has not been presented or submitted in part or in whole for any degree in any institution. Every specified quotation, reference and idea has been appropriately acknowledged. I accept full responsibility for errors that may be contained in this report.

…………………………………….

**TERRY KEME ZUODE ODOGU**

**10444783**

**(STUDENT)**

# CERTIFICATION

We hereby certify that this thesis was supervised in accordance with procedures laid down by the University of Ghana.

……………………………………. ……………………………

**DR. IBRAHIM BEDI** **DATE**

**(SUPERVISOR)**

……………………………………….. …………………………………

**DR. JOSEPH MENSAH ONUMAH** **DATE**

**(SUPERVISOR)**

# DEDICATION

This thesis is solely dedicated to GOD Almighty, the Omniscient God who determines the existence of all things.

# ACKNOWLEDGEMENT

My first gratitude goes to GOD for His enablement. I specially appreciate my wife, Mrs. Doreen A. A. Odogu for her unfeigned love and encouragement. I deeply acknowledge the love and encouragement of my late father, Prince Edward Odogu who died some months to the completion of this study. My debt of gratitude also goes to my mother, Mrs. Esther Odogu and especially my elder brother, Hon. Akpofini Charles Odogu. I also remember the love of my younger siblings, Mr. Tarikebina Odogu, Mr. Perenana-otu Odogu, Mrs. Ebimieseifa Agberekeme, Mrs. Ebikaboere Gbaregolo and Mr. Ambakeroromor Felix Odogu.

My sincere gratitude goes to my supervisors, Dr I. Bedi and Dr J. M. Onumah for their time, guidance, contributions, reviews and criticisms from the beginning to the completion of this study. I also appreciate the contributions of Dr S. N. Y. Simpson, Dr A. Boateng, my Head of Department, Dr M. Amidu, and all the lecturers and graduate students in the Accounting Department and Business School of the University of Ghana.

I am especially thankful to the Governor of Bayelsa State of Nigeria, Rt. Hon. Henry S. Dickson, Mr. Timilaemi Koroye, Mr. Steve Koroye, Mr. Luca Obiri, Mrs. Ayibatari Mirin, Mr. Ekpolaemi Odogu, Hon. Austin Owoso, Mr. Sylvester Pimor and all my friends and relations for their moral and financial support.

A special note of recognition also goes to Pastor Laide Temowo, Pastor Mike Amedjrowve, Pastor Olu Obanure, Pastor Nathaniel Rotimi, Pastor Tonye Ogiriki, Pastor Henry Prenanagha, Pastor

Obong Uduak, Pastor Charles Ebipolou, Pastor K. Phillip and Pastor Richard Bozimor for their brotherly and spiritual support.

# ABSTRACT

Medium Term Expenditure Framework (MTEF) has replaced the traditional annual approach to budgeting in most Sub-Saharan African countries. Ghana and Nigeria adopted and implemented it in 1996 and 2009 respectively. However, its implementation in the Sub-Saharan African region is not as smooth as theorised. This suggests a comparative study to reveal the bottlenecks in the implementation process of MTEF in countries in the region.

This study is built on the political economy theory, to ascertain the role and influence of the governmental structures, stakeholders and culture in the implementation of MTEF in Ghana and Nigeria. It is also designed to proffer lessons for young MTEF adopting countries in the region.

To achieve the above objectives, an explorative case study approach was adopted. Fifteen persons from Ghana and Nigeria were interviewed. Respondents were drawn from MDAs (especially Ministry of Finance), Parliament, Civil Society Organizations (CSOs), World Bank/ IMF Country Office and Accounting Departments of Universities.

The analyses of data and findings revealed that the different governmental structures in Ghana and Nigeria influence the implementation of MTEF. More so, while some stakeholders in Ghana and Nigeria are very active and influential, others are passive and less influential. Furthermore, the place of culture in MTEF implementation in Ghana and Nigeria was not clear.

Finally, the many years of MTEF implementation in Ghana (among others) calls for realistic revenue forecasting in Nigeria. It also calls for fiscal discipline in budget implementation in

Nigeria. It further calls for timely approval and implementation of the budget by the Nigerian Legislature and Executive, and the adoption of MTEF by all States in the Federation.

# TABLE OF CONTENTS

# LIST OF TABLES

# LIST OF FIGURES

# LIST OF ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| ADVO | Advocacy |
| ADVS | Advisory |
| APPR | Appraisal |
| APPV | Approval |
| BPEMS | Budget and Public Expenditure Management System |
| BPS | Budget Policy Statement |

| | |
|---|---|
| CBN | Central Bank of Nigeria |
| CONT | Control |
| CPAR | Country Procurement Assessment Report |
| CSOs | Civil Society Organisations |
| DFID | Department for International Development |
| EU | European Union |
| FAA | Financial Administration Act |
| FAD | Fiscal Affairs Department |
| FCT | Federal Capital Territory |
| FEC | Federal Executive Council |
| FRA | Financial Responsibility Act |
| FRCN | Financial Reporting Council of Nigeria |
| FSP | Fiscal Strategy Paper |
| GAS | Ghana Audit Service |
| GFS | Government Financial Statistics |
| GoG | Government of Ghana |
| GPRS | Ghana Poverty Reduction Strategy |
| HIPC | Highly Indebted Poor Country Initiative |
| HSDPs | Health System Development Projects |
| IGFs | Internally Generated Funds |
| IMF | International Monetary Fund |
| IMPL | Implementation |
| IPPD | Integrated Personnel and Payroll Database |
| MDAs | Ministries, Departments and Agencies |

| | |
|---|---|
| MDGs | Millennium Development Goals |
| M & E | Measurement and Evaluation |
| MMDAs | Metropolitan, Municipal and District Assemblies |
| MoFEP | Ministry of Finance and Economic Planning |
| MoU | Memorandum of Understanding |
| MPs | Members of Parliament |
| MTBF | Medium Term Budget Framework |
| MTEF | Medium Term Expenditure Framework |
| MTFF | Medium Term Fiscal Framework |
| MTRF | Medium Term Revenue Framework |
| MTSS | Medium Term Sector Strategy |
| NEEDS | National Economic Empowerment and Development Strategy |
| NEIA | National Economic Intelligence Agency |
| NGO | Non-Governmental Organisation |
| NILS | National Institute for Legislative Studies |
| NIRP | National Institutional Renewal Programme |
| NPC | National Planning Commission |
| ODI | Overseas Development Institute |
| OECD | Organisation for Economic Co-operation and Development |
| PBMC | Presidential Budget Monitoring Committee |
| PEFA | Public Expenditure and Financial Accountability |
| PEM | Public Expenditure Management |
| PEMFAR | Public Expenditure Management and Financial Accountability Review |

| | |
|---|---|
| PER | Public Expenditure Review |
| PES | Public Expenditure Survey |
| PFM | Public Financial Management |
| PFP | Policy Formulation and Planning |
| PRSP | Poverty Reduction Strategy Paper |
| PUFMARP | Public Financial Management Reform Programme |
| RCC | Regional Coordinating Council |
| REG | Regulatory Role |
| SAP | Structural Adjustment Programme |
| TA | Technical Assistance |
| UNESCO | United Nations Educational, Scientific and Cultural Organisation |
| USA | United States of America |

# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of the Study

Most developing countries in the Sub-Saharan Africa seem to have abandoned their traditional age-long approaches to budgeting for the European Medium Term Expenditure Framework (MTEF). Available literature reveals that MTEFs have been proliferated throughout the developing Sub-Saharan region of the world from the middle to late 1990s and even to the 21st century (Le Houerou and Taliercio, 2002). Hence, Holmes and Evans (2003) concluded that, most developing Sub-Sahara African countries have become the laboratory for MTEF development.

This shift from traditional annual focus to medium term perspective in budgeting is due to the inadequacy and inappropriateness of annual budget system in linking framework that allows expenditures to be driven by policy priorities and disciplined by budget realities, and the need for an appropriate framework that supports and enhances fiscal policies, planning, inter and intra-sectoral resource allocation as well as effective expenditure prioritization (Okpala, 2014).

Consequently, the MTEF was established in the form of Poverty Reduction Strategy Papers (PRSPs) in early 1980s by the European Union and other Western Democracies as a panacea (World Bank, 1998). The MTEF according to Holmes and Evans (2003), was imported and adopted by the following Sub-Saharan African countries in the 1990s: Uganda (1994); Ghana (1996); South Africa and Kyrgyz Republic (1998); Tanzania (1999); Burkina Faso, Cameroon, Albania, Benin (2001) and Nigeria (2009).

The MTEF according to Michael (2013) is a multi-year framework that allows countries to tie their current annual budgets to rolling budgets to be implemented over a number of years, while maintaining their policy orientation of the budget. Nurudeen and Usman (2010) asserted that, MTEF allows the level and composition of public expenditure to be determined in light of emerging needs based on available resource envelope. MTEF is therefore, a very important piece of device in the fiscal operations of a country that constitutes an approach to budgeting and public financial management (PFM) that addresses well-known shortcomings of annual budgeting (Wildavsky, 1986; Amakiri, 2013).

However, De Renzio and Smith (2005) opined that the common criticism of the Poverty Reduction Strategy Papers (PRSPs) in developing countries is that they represent a wish-list of policy measures which are poorly prioritized and too often de-linked from availability of financial resources in the budget. This suggests that the measure of a strategy is not in the number of objectives it seeks to address, but its focus on the identified objectives. A critical examination of key factors and issues in MTEF implementation by MTEF adopting Sub-Saharan counties seems to be necessary.

## 1.2 Research Problem

The Sub-Saharan African countries, compared to their European counterparts are yet to record all the benefits the MTEF programme purports to offer. Nepal and Nam (2010) rightly observed that, while the European originators of MTEF have strategically implemented MTEF reforms in a range of sectors to good effect, the implementation of MTEF remains a great challenge for developing Sub-Saharan African countries.

A lot of researchers seem to have questioned the benefits of MTEF to the Sub-Saharan African countries. Available literatures indicate that most countries in the Sub-Saharan African region have been operating between success and failure in their implementation of MTEF. In affirmation, Schiavo-Campo (2009, Pp. 25) posited that the introduction of MTEF in Sub-Saharan Africa "has produced elaborate facades of fiscal reform at high transaction costs without improving budgetary outcomes".

A comparative study on eight Sub-Saharan African countries by Malcolm and Alison (2003) revealed that, MTEFs are progressing in all countries but at varying speeds. The study specifically revealed that South Africa and Uganda were maturing; Albania, Benin, Rwanda, Tanzania were getting it together; while Burkina Faso and Cameroon were struggling. Another study by Owen in 2000 disclosed that South Africa recorded a huge failure in 1994 but got it right in 1998. Uganda, according to Tumusiime-Mutebile (2001) experienced radical changes for five consecutive years, but is not still perfect.

The situation is not different in Ghana. The first year budget in Ghana upon full adoption and implementation of MTEF recorded a positive significant change, which was not recorded in any other Sub-Saharan African country in such a short period (PURMARP News, 1999). However in 2002, the message was one of relative failure (Short, 2003). Onumah and Owusu (2012) also pointed to the same direction as they reported that the state of implementation of MTEF in Ghana was acceptable, but the challenges identified limited the concept's achievement to some extent.

The situation in Nigeria is very dynamic and controversial. While the Minister of Finance gave a positive progress report in her 2014 Budget Speech, Adetunmbi (2014), in contrast called for a rethink of the effectiveness of Nigeria's MTEF and budget processes, having experienced two consecutive budget failures in 2012 and 2013. He, although, appreciated the notable achievement of fiscal stability against volatility in oil revenue, but argued that, the Nigerian fiscal strategy for 2014 -2016 was not realistic. This was also the position of Ogunsola (2014) and Eze (2014) who both declared that Nigeria's fiscal policy is disconnected from economic reality.

Having established in the above empirical literatures that the implementation of MTEF is still a big issue in Sub-Saharan African countries, it is crucial and justifiable to carry out a comparative study between and among countries in this region, on the principal and determinant factors in the implementation of MTEF. There, however, exist such comparative studies, such as those of Anipa *et al.* (1999), Philippe and Robert (2002), Foster, Fozzard, Naschold, *et al* (2002), Folscher (2002), Le Houerou and Taliercio (2002), Malcolm and Alison (2003), and Andrews (2010). No such comparative study however has been done between Ghana and Nigeria. There is therefore, a contextual gap in literature that needs to be filled. Consequently, this study is coined to examine the critical factors in the implementation of MTEF in Ghana and Nigeria.

Furthermore, existing literatures consulted so far focused mainly on the components and concepts of MTEF (such as *top-down/ bottom-up resource envelopes, macro-economic policies, planning, fiscal discipline, resource capacity, resource prioritisation and allocation, etc*), without any underpinning theories. There is therefore, a theoretical gap that needs to be filled. This study therefore is underpinned by the political economy (stakeholder and institutional) theories, and the Hofstede theory of culture to investigate the influence of governmental structures, public stakeholders and culture on the implementation of MTEF in Ghana and Nigeria.

Finally, having established that Sub-Saharan African countries have been operating between success and failure in their implementation of MTEF, there is the need to also find out whether late adopters in the region would have some useful lessons to learn from early adopters in their implementation of the MTEF programme. Hence, this research is isomophically tailored to reflect lessons Nigeria, a recent adopter of MTEF can learn from the Ghanaian experience or story.

## 1.3 Research Objectives

This study was designed to ascertain the implementation challenges of the MTEF programme in Ghana and Nigeria. Therefore the intentions and focus of this study are:

(i) To find out whether the governmental structures of countries influence their adoption and implementation of MTEF.

(ii) To investigate the activities and influence of stakeholders in and on the implementation of MTEF in Ghana and Nigeria.

(iii) To find out whether culture influence the implementation of MTEF in Ghana and Nigeria.

(iv) To find out if Nigeria, a recent adopter of MTEF would have some lessons to learn from Ghana's relatively long experience of MTEF implementation.

This study was therefore designed to examine the organisational, institutional and cultural factors that determine the success or otherwise of MTEF in the Sub-Saharan African region of the world.

Precisely, it was tailored to ascertain the influence of the existing structures of government, as well as the role of stakeholders in the public sector on the implementation of MTEF in Ghana and Nigeria, as well as ascertaining the readiness of recent adopters of MTEF to learn from earlier adopters in developing Sub-Saharan African countries, using the political economy (stakeholder and institutional) theories. The study also sought to explore the influence of culture on the implementation of MTEF using the Hofstede theory of culture.

## 1.4 Research Questions

The research objectives stated above were achieved by answering the following questions:

(i) Can the organisation of countries' public sector influence the implementation of MTEF?

(ii) How do the activities of stakeholders influence the implementation of MTEF in Ghana and Nigeria?

(iii) Does culture influence the implementation of MTEF in Ghana and Nigeria?

(iv) Is there any lessons for Nigeria to learn from Ghana's experience?

## 1.5 Significance of the Study

This study is not only important but very necessary because it will help unveil the institutional and organisational factors involved in the implementation of MTEF in Ghana and Nigeria. The findings of this study would be helpful in the following ways:

(i) It would help the governments of Ghana and Nigeria to probe the compatibility and practicability of MTEF, in the light of the system of government practiced in their countries, and make adjustments (where necessary).

(ii) It would enable the governments of Ghana and Nigeria to identify the influential stakeholders in their public sectors, and relate with them appropriately in the implementation of MTEF in their countries.

(iii) It would also reveal whether the beliefs, values and behaviour of people (Ghanaians and Nigerians) influence or tolerate foreign policies and programmes, such as the MTEF.

(iv) It would proffer some lessons for recent adopters in their implementation of MTEF. Hopefully, Nigeria would have some lessons to learn from Ghana's relatively long experience.

(v) It would be a contribution to existing (growing) literature on MTEF in developing countries, as it is intended to fill the identified contextual and theoretical gaps in literature.

## 1.6 Research Methodology

The philosophical position (paradigm) of this study was based on the following taxonomies. Firstly, it is ontologically subjective. Secondly, it is inductive, that is, qualitative in method. Lastly, it is epistemologically anti-positive (interpretive).

### 1.6.1 Sources of Data

In this study, only primary data were used. In line with the research questions, the study obtained primary data solely from in-depth semi-structured interviews designed to find answers to the research questions, in order to achieve the research objectives.

### 1.6.2 Population

The population of this study comprised all key stakeholders involved in the implementation of MTEF, as well as individuals who have good knowledge in the adoption and implementation of

MTEF in Ghana and Nigeria. Specifically, the sample of this research was drawn from: Parliament, Ministries Departments and Agencies (MDAs), Civil Society Organisations (CSOs), Donor Agencies, and Accounting Department of Higher Institutions in Ghana and Nigeria.

### 1.6.3 Sample Size

The sample size of this study was determined at a point where the data was saturated. This is in line with the philosophy of Strauss and Corbin (1990), Yin (2011) and Creswell (2011).

### 1.6.4 Sampling Technique

The respondents were selected from the study population using the purposive sampling technique, which is a non-probability sampling method. This was because, it is important to interview people who have the right and rich knowledge about the studied phenomenon.

### 1.6.5 Data Analysis

Data from the respondents interviewed were analysed using the Miles and Huberman's (1994) data reduction, display and conclusion approach.

## 1.7 Scope of the Study

Firstly, not all the identified stakeholders and knowledgeable people (experts) in the adoption and implementation of MTEF in Ghana and Nigeria were consulted.

Secondly, unlike other studies that revolved around the components and concepts of MTEF, this study was tailored around the structures of the governments and the key stakeholders in the public sector, as well as, the culture of Ghana and Nigeria.

Furthermore, this is a case study research, which is often criticised for its non-representativeness and lack of statistical generalisation. More so, data was collected through interview which suffers the criticism of subjectivism.

Consequently, the results and conclusions of this study are not statistically generalisable, and therefore, may not necessarily represent the general situation in Sub-Saharan African countries.

## 1.8 Chapter Disposition

The rest of this study is organized and presented in the following manner.

a) **Chapter Two**: This chapter thematically presents empirical literature, according to the research problems, questions and objectives. It also contains the theories that navigate this study.

b) **Chapter Three:** This chapter presents and justifies the research methods and approaches adopted in this study. It thus, states the data collection and analysis techniques employed to achieve the aim of the study.

c) **Chapter Four:** This chapter presents and analyses data collected according to the themes in chapter two, in order to answer and achieve the questions and objectives of the study.

d) **Chapter Five:** This is the last chapter of this study. It summarizes the outcomes of analyses made, and concluded based on the analyses and findings in chapter four. It also contains the recommendations of the researcher, as well as his remarks on the adoption and implementation of MTEF in Ghana and Nigeria.

# CHAPTER TWO

## LITERATURE REVIEW

### 2.1 Introduction

A literature review is a written approach to examining published information on a particular topic or field. It is a text of a scholarly paper, which includes the current knowledge including substantive findings, as well as theoretical and methodological contributions to a particular topic (Creswell, 2007).

Literature review helps to answer the research questions as well as solve the identified problem. It further validates the findings and claims made from the analysis of data. Below is a systematic/ thematic acknowledgement of some academic opinions and findings on the adoption and implementation of MTEF particularly in Ghana and Nigeria.

### 2.2 The Meaning of Medium Term Expenditure Framework

MTEF has been discussed severally by many scholars since its introduction in public sector budgeting. Among the various researchers of MTEF are Muggeridge (1997), Anipa *et al.* (1999), Pearson (2002), Folscher (2002), Kabo (2004), Grewal (2005), Obidegwu (2005), Obademi and

Sokefun (2009), Andrews (2010), Ighodaro and Oriakhi (2010), Grigoli *et al.* (2012), Onumah and Owusu (2012), and Vian and Bicknell (2013).

The exploration of available research revealed that the term MTEF can be interchangeably referred to as: multi-year expenditure framework, multi-year budget, forward budget, multi-year estimates, forward estimates depending on the context and institution it is discussed. It is important to posit that there is no single, concise definition of the term MTEF (Owusu, 2008).

MTEF represents a set of broad principles for sound budgeting that are implemented in different ways in different institutional settings. Obidegwu (2005) defined it as the bundling of the desirable features of a government budget.

The Ministry of Finance of the Republic of Moldova defined MTEF as a tool for linking policy, planning and budgeting over a medium-term (three years) at the government-wide level, by matching policy priorities and budget in the context of the annual budget process.

The MTEF Guidelines of the Republic of South Africa (2013) described it as a set of guidelines that provide institutions with the requirements for their preparation of expenditure plans for a three-year period.

MTEF, by the understanding of Short (2003) is a budgetary tool, but for poverty reduction, designed to be applied in selected African countries, commissioned by the Africa Policy Department of the Department for International Development (DFID) U.K. in collaboration with the European Commission.

Michael (2013) analysed it as a multi-year framework that allows countries to tie their current annual budgets to rolling budgets to be implemented over the coming years, while maintaining the policy orientation of the budget within the sectors.

Apedzan (2007) remarked that, it is a fiscal tool that helps ensure macroeconomic and fiscal stability by enabling governments of countries align resources more effectively around stated policy objectives. Similarly Muggeridge submitted in 1997 that, the MTEF is a tool for determining the available resources and allocating these resources in line with governmental priorities.

Graham (2002, Pp. 17) characterised MTEF as “a way that articulates a formalized and integrated financial planning process designed to instill fiscal discipline, predictability, and greater certainty with respect to predicted outcomes”.

Comprehensively, the World Bank in 1998 considered the MTEF as a process for linking policy, planning and budgeting that provides ministers and line ministries with greater responsibility for resource allocation decisions and resource use, consisting of a top-down resource envelope, a bottom-up estimation of the current and medium term costs of existing policy and, ultimately, the matching of these costs with available resources.

From the foregoing, MTEF can be referred to as a budgetary approach that seeks to link expenditure allocations to government policy priorities using a medium-term (i.e. three to five years’ time horizon) budget planning and preparation process. It is thus, a practical decision making mechanism that integrates policy priorities into annual budget, in a multi-year perspective, for fiscal and operational effectiveness in resource allocation and performance management.

The MTEF is therefore a very important piece of document in the fiscal operations of a country and constitutes an approach to budgeting and public financial management (PFM), which is designed to address well-known shortcomings of annual budgeting (Wildavsky, 1986; Amakiri, 2013).

Finally, the State Partnership for Accountability Responsiveness and Capability (2015) of Nigeria wrote that MTEF is intended to substitute policy based budgeting for traditional incremental budgeting, but can be achieved only if the actors in the budgetary process recognise the main reasons why incremental budgeting is so doggedly persistent.

## 2.3 The Purpose of MTEF

Medium-term financial planning is an important feature of the new PEM paradigm, which many developed and developing countries have subscribed to (Nepal and Nam, 2010). It is however, important to identify its objectives in order to make valid judgement on its adoption by Sub-Saharan African countries, particularly Ghana and Nigeria.

The primary objective of this process, according to Nepal and Nam (2010), was to improve the quality and relevance of spending, by allocating resources to areas of greatest potential benefit and introducing a rigorous evaluation of actual and potential benefits. Other objectives include:

a) To provide a comprehensive and realistic framework for the planning and management of public expenditure
b) To increase the predictability of the budgeting planning process by providing more reliable estimates of revenues and expenditures over a period of time.

c) To better link resource allocation processes to government policy and programme priorities.

d) To provide greater empowerment to ministries and other public authorities in the allocation and utilization of public resources.

e) To integrate policy priorities into annual budget.

f) To enhance operating efficiency - high quality, low cost.

g) To ensure greater accountability for public expenditure.

It has been established in literature that, most Sub-Saharan African countries had long sought an appropriate budgetary framework that could address the inadequacy of their annual budget system (Le Houerou and Taliercio, 2002; Holmes and Evans; 2003 Okpala, 2014).

Importantly, the MTEF is designed to address the identified gap between national development objectives and budget priorities in developing countries. It provides the linking framework that allows expenditures to be driven by policy priorities and disciplined by budget realities (World Bank, 1998). Hence, the MTEF has become an integral component of public expenditure management (PEM) reform programmes in most developing Sub-Saharan African countries.

## 2.4 The Implementation Requirements of MTEF

It is important to establish that many of the elements of MTEF are inseparable from good public finance management. Developing comprehensive MTEFs according to Obademi and Sokefun (2009), can only be effective when circumstances and capacities permit. Otherwise, it can be a great consumer of time and resources and might distract attention from the immediate needs for improving the annual budget and budget execution processes.

Successful implementation of MTEF according to Diamond (1994); Holmes and Evans (2003); Obademi and Sokefun (2009), and the Task Force for the Implementation of the Environmental Action Programme for Central and Eastern Europe, Caucasus and Central Asia Regulatory Environmental Programme Implementation Network (ENV/EPOC/EAP/REPIN) requires the following:

### 2. 4.1 Macro-economic Framework

The implementation of MTEF requires reliable Macro-economic projections, linked to fiscal targets in a stable economic environment. It entails a Macro-fiscal Framework that looks at how macroeconomic developments can affect government revenues and expenditures.

### 2.4.2 Resource Availability and Capacity Analysis

MTEF implementation also requires a thorough analysis of the basic issues in the planning and management of the budget. This includes the planning and management of public service wage bill. It also includes the management of public investment and the financing of local authority budgets.

### 2.4.3 Resource Prioritisation and Allocation

The successful implementation of MTEF entails a top-down macro-economic resource envelope that indicates fiscal targets and estimates of revenues and expenditures. It also requires a bottom-up estimation of the current and medium-term costs of existing policy (that is similar to the zero-based budgeting approach). It further requires the matching of estimated costs against available resources in the context of the annual budget process; with an eye toward optimizing intra-sectoral allocations.

### 2.4.4 Policy Planning and Budgeting

For MTEF to be successfully implemented, policies and expenditures must be well planned and integrated. It requires at least, a three-year sectoral spending priorities and resource ceilings. Expenditures, according to World Bank (1998), must be driven by policy priorities and disciplined by budget realities.

### 2.4.5 Institutional Support and Strong Political Process

Effective MTEF implementation requires strong institutional support and single nationally owned political process at the centre of government that reconciles the bottom-up and top-down components, in order to establish and enforce policy priorities within the overall resource constraint through resource allocation decisions.

### 2.4.6 Technical Capacity

Expectedly, MTEF adopters must be technically capable to decipher and adjust policy alterations and their associated costs and expenditure.

### 2.4.7 Aggregate Fiscal Discipline

Multi-year budgeting requires strict adherence to budgeted estimate in the spending phase of budgeting. This entails linking framework that allows expenditures to be driven by policy priorities and disciplined by budget realities.

### 2.4.8 Effective Internal Control System

Obademi and Sokefun (2009) advocated that, PEM in Sub-Saharan countries required an effective internal control system.

Before introducing an MTEF, there is the need to ascertain the potentials of the country; whether there is adequate support for the above preconditions? Obademi and Sokefun (2009) noted that, when this support was not adequate in a number of African countries, the MTEF was introduced prematurely and is turning out to be merely a paper exercise.

## 2. 5 Stages of MTEF Adoption and Implementation

The Oxford Policy Management (2000), and Jones and Lawson (2000) both opined that, the MTEF evolves through three development stages as follows:

### 2.5.1 Medium Term Fiscal Framework (MTFF)

The MTFF is the first necessary step in the adoption and implementation of MTEF. The MTFF provides a statement of fiscal policy objectives and a set of Macro-economic and Fiscal targets and projections. Thus, the MTFF sets out the Macro-economic framework and indicators and determines resource availability.

### 2.5.2 Medium Term Budget Framework (MTBF)

The MTBF builds on the MTFF by developing medium term budget estimates for the various spending units or agencies. It is a multi-year budgeting approach which links government's spending plans to its policy objectives. Thus, the objective of the MTBF is to allocate resources to the strategic priorities of government, as well as to ensure that allocations are consistent with outlined fiscal objectives

### 2.5.3 Medium Term Expenditure Framework (MTEF)

The MTEF complements and builds on the MTBF by adding elements of activity and output, in order to ensure strategic prioritization and fiscal discipline.

However, the World Bank (1998) divided the adoption and implementation process of MTEF into six stages. This is illustrated in table 1, figures 1 and 2.

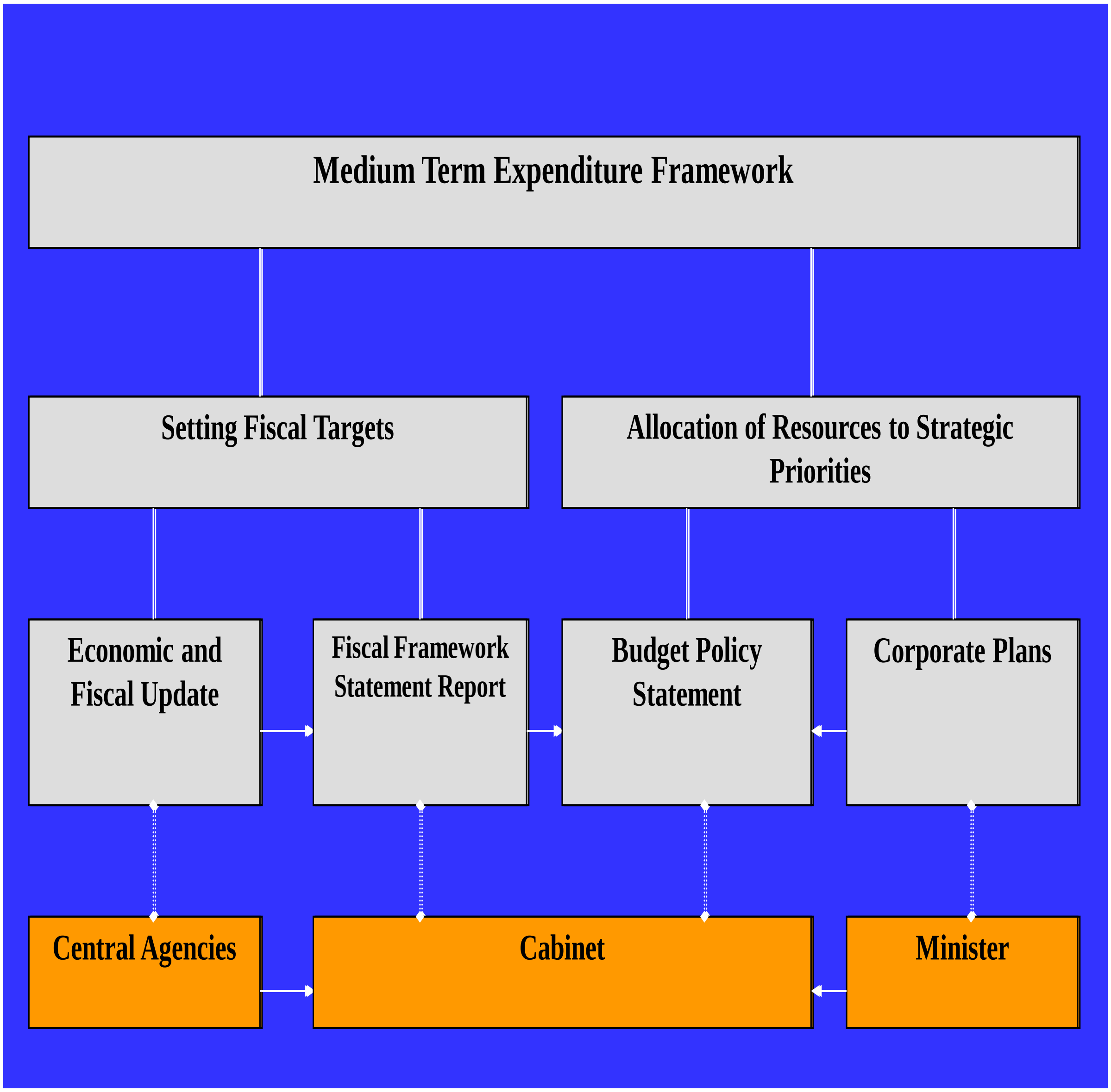
**Table 1:** The Six Stages of a Comprehensive MTEF

| Stage | Characteristics |
|---|---|
| I. Development of Macro-economic/Fiscal Framework | • Macro-economic model that projects revenues and expenditure in the medium term (multi-year) |
| II. Development of Sectoral Programmes | • Agreement on sector objectives, outputs, and activities<br>• Review and development of programmes and sub-programmes<br>• Programme cost estimation |
| III. Development of Sectoral Expenditure Frameworks | • Analysis of inter- and intra-sectoral trade-offs<br>• Consensus-building on strategic resource allocation |
| IV. Definition of Sector Resource Allocations | • Setting medium term sector budget ceilings (cabinet approval) |

| | |
|---|---|
| V. Preparation of Sectoral Budgets | • Medium term sectoral programmes based on budget ceilings |
| VI. Final Political Approval | • Presentation of budget estimates to cabinet and parliament for approval |

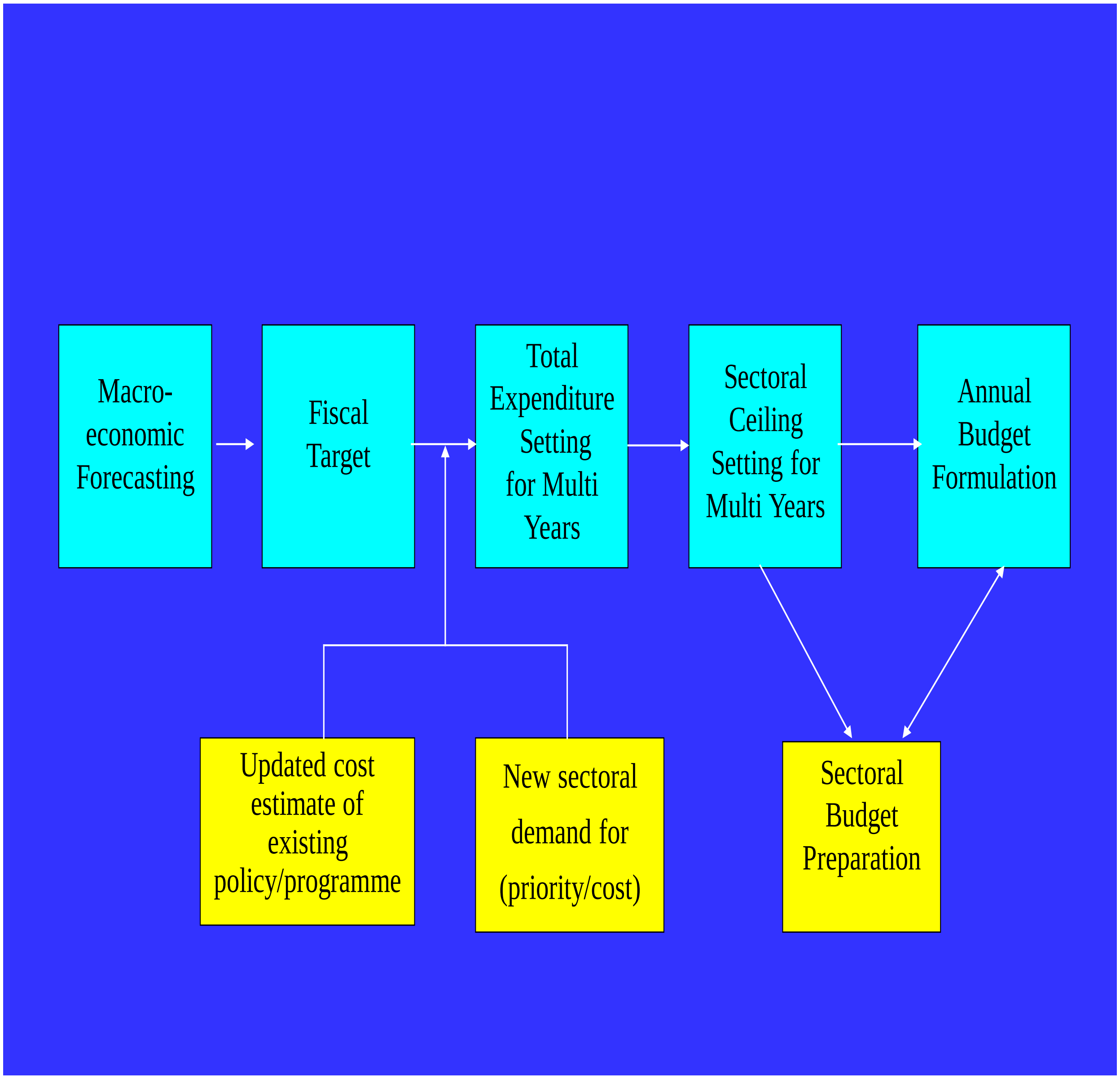
**Source:** Adapted from PEM Handbook (World Bank, 1998).

**Figure 1:** Diagrammatic Presentation of the MTEF Process




**Source:** Adapted from Wang (2005).

**Figure 2:** Simplified MTEF Process




**Source:** Adapted from Wang (2005).

## 2.6 The Conceptual Components of MTEF

The requirements and stages of MTEF revolve around two fundamental components called Top-down and Bottom-up Resource Envelopes. The World Bank (1998) suggests that, the MTEF consists of a top-down resource envelope, a bottom-up estimation of the current and medium term costs of existing policy and, ultimately, the matching of these costs with available resources in the context of the annual budget process. The integration of these resource envelopes, according to Okpala (2014) constitutes the value added of the MTEF approach to budgeting.

These are not the focus of this study. However, a brief discussion on them is necessary. The integration of these two enveloping concepts of the MTEF is therefore discussed below.

### 2.6.1 Top-down Resource Envelope

The top-down resource envelope according to World Bank (1998); Ighodaro and Oriakhi (2010), is a macroeconomic model that estimates the revenues and expenditures of the various MDAs, including government financial obligations and high cost government-wide programmes in the system. It shows the fiscal targets, programmes and financial obligations of government.

The top-down approach is dominated by the president and his key advisors. The process is less visible to the public as it involves very few persons. According to Bozeman and Straussman (1982), the top-down process determines the size of the budget as well as the relationship of the budget to government and fiscal policies.

The top-down approach is similar to the *zero-based* approach to budgeting which seeks to optimize intra-sectoral allocation of resources. This approach seeks to complement the macroeconomic model of government, by scrutinising sector policies and activities.

### 2.6.2 Bottom-up Resource Envelope

The MTEF is also designed in a bottom-up manner, to estimate current and medium-term costs of existing policy in order to match estimated costs with available resources in the context of the annual budget prices (World Bank, 1998; Kighir, 2012).

In practice, the bottom-up process in budgeting patronizes the budgetary theory of incrementalism which implies the marginal adjustments of previous year's budgetary base. It is an open-ended multi-player game that considers hundreds of bargains included in the Annual Appropriation Bill (Wildavsky, 1964). Due to the required level of activities and the number of MDAs in the approach, it could be described as an *activity based budgeting method*.

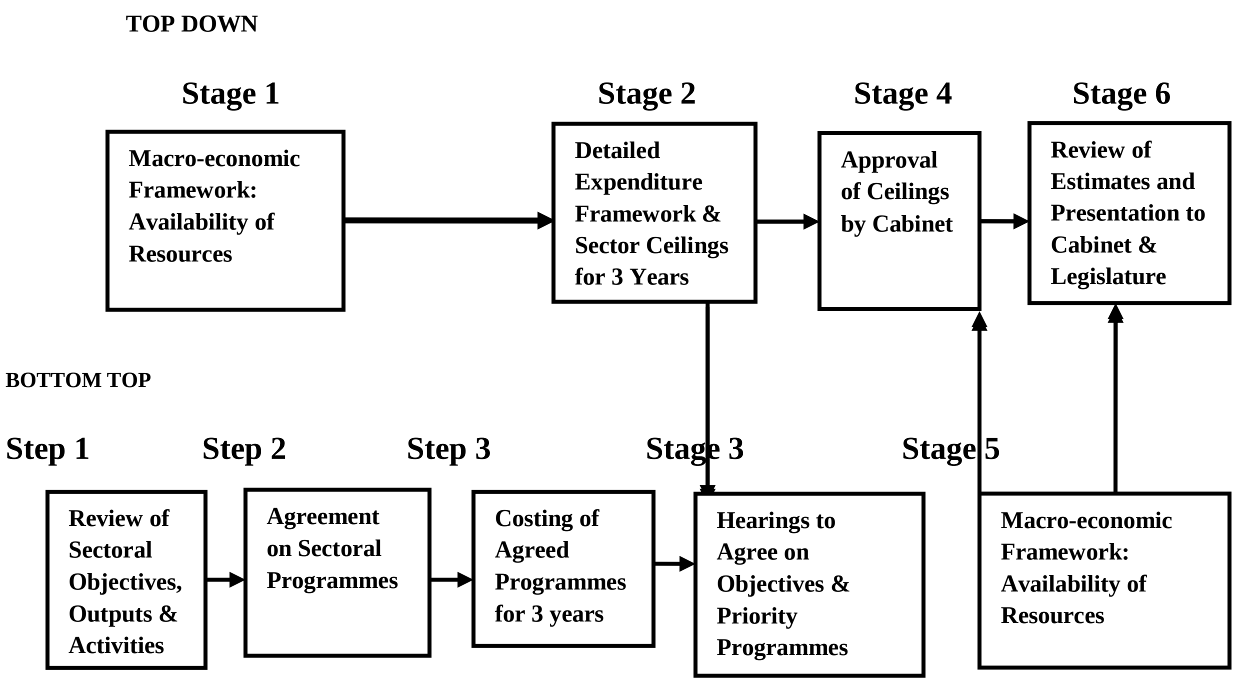
This process thrives well in a decentralized Fiscal management system, where budgetary roles are compartmentalized to many participants who are guided by the perspective provided from their individual budgetary turf. It has limited relevance in a centralised fiscal management system. This approach is related to the budgetary theory of incrementalism, which is simply a marginal adjustment on the budgetary base of the previous year.

The bottom-up resource envelope is a hard budget constraint, as it seeks to constrain the overall levels of spending over the medium-term to the Macro-economic framework. Thus, this approach is consistent with macroeconomic sustainability and realistic resource projections, which is based on explicit and carefully considered macroeconomic assumptions.

However, Holmes and Evans (2003) submitted that, the bottom-up approach to budgeting is not yet fully practiced in many countries. The process of allocating financial resources to expenditure heads is dictated at the centre and passed down the throat of sub-units and MDAs in most developing countries (Owusu, 2008).

Despite the above assertion by Holmes and Evans, the MTEF enveloped by the interplay of the top-down and bottom-up concepts. Below is a diagram illustrating the relationship between the top-down and bottom-up approaches in the budgetary system.

**Figure 3:** The Top-down/ Bottom-up Resource Envelopes and the MTEF Stages.




**Source**: Anipa, et al (1999).

## 2.7 The Evolution of MTEF

The MTEF is a product of PFM reforms in the European Union (EU) and other Western democracies during the 1980s and 1990s. The history of MTEF is particularly associated with Australia, when it expanded its forward estimates into multi-year targets, and reputed success of this reform caught the interest of many developed and developing countries in the 1980s and 1990s.

A number of countries, both developed and developing, have adopted and implemented the language of MTEF in establishing their financial frameworks since then. According to Almaty (2011), as at 2008 the total number of MTEF adopters was about one hundred. The history of the global adoption and implementation of MTEF is further discussed below.

### 2.7.1 MTEF in the Developed World

MTEF was first and formally instituted in the developed world as a PFM mechanism in the mid-1980s, especially in Australia, New Zealand, and the United Kingdom (Almaty, 2011). Since then, the MTEF has been adopted and implemented by many Organisation for Economic Co-operation and Development (OECD) countries, in the Western and European world.

Following the success of MTEF in Australia and other European countries it was adopted and implemented in Albania, Armenia, Bosnia and Herzegovina in 2000. Russia embraced and implemented it in 2001. It was recognised in Moldova and Serbia in 2002, while Georgia practised it in 2005. This suggests that, the MTEF transcends PRSP in developing countries.

### 2.7.2 MTEF in the Developing Sub-Saharan Africa

The history of MTEF in the Sub-Saharan African region is related to the quest for a sophisticated budgeting model. Prior to the adoption and implementation of MTEF, the budgetary process and system in Sub-Saharan African countries was grossly inadequate and inappropriate (Okpala, 2014).

Consequently, MTEF was proposed by the World Bank to Sub-Saharan African countries as a panacea to budget deficiencies. The general consensus among scholars is that a good budget and budget process is germane to any country that desires to achieve socio-economic transformation and sustainable development (Phillips, 1997, and Obadan, 2003). Thus in principle, the MTEF is a sound financial tool that proffers solutions to the budgetary short-comings in developing countries.

Following from the above, a number of developing countries in African adopted and implemented MTEF as a budgetary reform programme. The popularity of MTEF in Africa dates back to the mid-1990s. By one count, as many as twenty five countries in Africa adopted and implemented the MTEF (World Bank, 2001). In five-year period, African countries accounted for over half (i.e. 52%) of countries that adopted about 90% of the existing MTEF programmes. Thus Africa, especially the Sub-Saharan region is regarded as the regional leader in MTEF adoption and implementation.

It was adopted by Uganda in 1994 to tackle macro-economic instability and poor sectoral allocations. Ghana experimented it in 1996 to improve budget formulation. South Africa accepted it in 1997 for the well-being of its citizens. Kenya and Kyrgyz embraced it in 1998 to deliver results to citizens, while Tanzania and Rwanda recognized it in 1999 to provide a strategic framework for the annual budget and enhance resource allocation (Almaty, 2011).

Furthermore, Burkina Faso, Cameroon and Benin imported it in 2001 to provide a realistic macro and financial framework to improve the credibility of programme budgeting, as well as serve as a mechanism to translate policy priorities from the PRSP into budgetary policy and actions. Nigeria adopted it in 2009 to ensure long term Macro-economic stability and secure greater accountability and transparency in the Fiscal operations within the Medium Term Fiscal Framework.

The MTEF approach in the Sub-Saharan Africa followed a Public Expenditure Review (PER), which was driven by the need to track poverty alleviation related expenditures (World Bank 1998). Thus, MTEF started in Sub-Sahara Africa as a key (PFM) reform component. Since then, MTEF has become a major issue in PEM particularly in Ghana and Nigeria. The question however is, how is it implemented? This is because a reform process typically requires complex and technical procedures.

The MTEF concept is often cited as a tool for creating resources and to meet demands of all spending agencies. It is often seen as a mechanism to promote expenditure control and value for money within a hard budget constraint (World Bank, 1998). However, it was oversold at inception, and is now getting increasingly discredited as it is not able to deliver the worthy objective. There are reports of challenges being faced in its implementation particularly in developing countries. This is attributable to low capacity of government structures and institutions that ought to drive the reforms that the new approach seeks to introduce. Also, Le Houerou and Taliercio (2002) observed that, many African countries did not pay attention to the institutional aspects in their implementation of MTEF. They therefore asserted that, MTEFs cannot work if the annual budget process does not work.

### 2.7.3 The Adoption of MTEF by Ghana and Nigeria

Prior to the adoption of MTEF, Ghana and Nigeria both operated line item incremental budgeting system. But when they identified the inadequacies in the traditional system, they yearned for a better system of budgeting. This took them through some reformation processes which led to their adoption of MTEF.

It must however be mentioned that the success of policies depend on the process of implementation and how obstacles are addressed. The implementation process of MTEF can affect its performance (Long and Aimee, 2004). Implementation is key to successful policy outcome. Similarly Owusu (2008) observed that, the problem of most African countries does not lie with formulating and adopting principles, rules, procedures, standards and programmes that are good and internally recognised, but implementing them, especially at the national level.

**The Ghanaian Story**

Until the introduction of the MTEF, Ghana operated a traditional line item dual budget system, which is incremental in nature. Due to the inadequacies of the incremental line item system of budgeting, Ghana undertook necessary structural adjustment reforms in the mid-1980s, after alternating between civilian and military rule. The need for a pragmatic reform arose following the ill report of the 1993 Public Expenditure Review (PER). Consequently, the 1995 PER expressed the intention of institutionalising MTEF as part of the normal budget process.

Eventually, the Government of Ghana (GoG) decided in 1996 to introduce MTEF as a pilot scheme in three sectors, to improve the contribution of the budget to sustainable development and, more particularly, to the realisation of Vision 2020. This was complemented by a Public Financial Management Reform Programme (PUFMARP) in mid-1996. The PUFMARP was built around two important components (Short, 2003). Firstly, it was built around the Budget and Public Expenditure Management System (BPEMS) to computerise the whole public expenditure management cycle, and secondly, around a medium term expenditure framework.

The specific objectives of PUFMARP include:

a) To improve Macro-economic planning,

b) To improve resources allocation and budgeting,

c) To improve revenue collection,

d) To improve expenditure control and accounting,

e) To improve cash management,

f) To improve debt management, and

g) To improve audit and procurement.

The above process and development suggests that, MTEF is an integral part of the budgetary system of Ghana. More importantly, it is obvious from the foregoing that, the adoption of MTEF in Ghana was a necessary idea and not a coercive acceptance.

## The Nigerian Story

The budget process in Nigeria before effective adoption of MTEF in 2009 was facing numerous challenges which led to different reforms from one government to another (Olomola, 2009). The main challenges according to Olomola (2009) were: lack of political will; lack of commitment to abide by stipulated rules and budget guidelines; inability to develop appropriate macro-economic framework for budget formulation; role ambiguity among agencies; periodic changing of budget line items; poor implementation of the capital budget; unsustainable spending; large government deficits financed by monetary growth; poorly conceived projects and programmes; weak monitoring, auditing and reporting, etc.

The need for economic reforms in Nigeria was first mooted in 1983 when the country went for a balance of payment support loan from the IMF, as well as a structural adjustment loan from the World Bank. This eventually led to the introduction and implementation of a Structural Adjustment Programme (SAP) in 1986.

Due to the failure of SAP, Nigeria attempted to implement an economic reform programme tagged, National Economic Empowerment and Development Strategy (NEEDS), from 2003 to 2007. The purpose of NEEDS was to raise the country's standard of living through a variety of reforms including Macro-economic stability, deregulation, liberalization, privatization, transparency and accountability.

Consequently, the Fiscal Responsibility Act (FRA) was enacted. The FRA mandates the Minister of Finance to draft the Fiscal Strategy of the nation, which is contained in a document called, the Fiscal Strategy Paper (FSP). The Fiscal Strategy of the government is enveloped in the MTEF, and it covers a period of three years.

The aim of the Fiscal Strategy of government is to:

a) Promote Fiscal discipline and diversification in revenue sources through the adoption of accurate revenue estimates and the continued, sustainable growth in oil and non-oil revenues.

b) Outline Fiscal policies which will work in consonance with monetary policies to create an environment of Macro-economic stability, characterised by low inflation and interest rates.

c) Adhere to prudent limits for expenditure to ensure relatively low fiscal deficits with little public sector borrowing and sustainable levels of public debt.

d) Create a framework within which public funds can be allocated optimally to ensure consistency with the goals of the 7-Point Agenda of the government, the Millennium Development Goals (MDGs) and Vision 2020 (which says Nigeria will be one of the twenty largest economies of the world by the year 2020).

Although, the MTEF was announced as part of the NEEDS programme in 2003, it was formally adopted in 2009. Like the case of Ghana, the adoption of MTEF by Nigeria was not just for financial assistance from the Western world, but for the sincere need of a better budgetary system. MTEF therefore, seems to be the framework that best meet the criteria required for effective budgeting in Nigeria. It is arguable that, the eventual adoption of MTEF in Nigeria was the argument for a conscious transformation of the budgeting procedures (Obademi and Sokefun, 2009).

## 2.8 The Budgetary Process in the Republic of Ghana

The budget process in Ghana is regulated by the Constitution of the Republic of Ghana The President is required by the Constitution to prepare and lay before Parliament at least one month before the end of the fiscal year, estimates of the revenues and expenditure of the Government of Ghana for the following financial year.

According to Oku-Afari (2010), there are four main phases in the budgetary process of Ghana, namely, *Planning and Preparation, Analysis and Approval, Implementation and Monitoring, and*

*Auditing and Evaluation.* However, for comparison purpose, the processes are suitably outlined and explained as follows.

### 2.8.1 Budget Planning and Formulation in Ghana

The budget process in Ghana begins with the development of a Policy Paper by the Central Budget Agency. The Policy Paper is prepared after considering the general economic environment through Public Expenditure Survey (PES). This is done to enable the Central Budget Agency note the general impact of past and on-going expenditure plans of the government.

The process begins in the first quarter of each year, with the Ministry of Finance and Economic Planning (MoFEP) seeking public input through the placement of an advertisement in local newspapers Michael (2013). The actual process begins with the development of a Policy Paper by the Central Budget Agency (MoFEP). The Policy Paper is then discussed by Cabinet, which represents the Central Government. Provisional decisions on the total expenditures and anticipated revenues are taken by the Cabinet and communicated back to the Budget Agency.

### 2.8.2 Budget Call Circular and Preparation of Budget Proposal in Ghana

The next stage is the issuance of Budget Circulars or Call for Estimates by the Budget Agency. The Budget Circular is a guide for spending MDAs to follow in making their spending plans or requests. Upon the receipt of Budget Circulars, spending MDAs prepare and present their estimates to the Budget Agency. Spending Organisations (MDAs) that have Departments and Sub-organisations organise Internal Hearing to ensure that estimates are within agreed levels.

Estimates received from MDAs are examined by the Central Budget Agency for agreement or queries. Budgetary or External Hearings are then organised between the Spending MDAs and the

Central Budget Agency to discuss and agree on the departmental estimates. Thereafter, agreed departmental estimates are submitted to the Minister of Finance by the Budget Office for final agreement, and submission to Cabinet. At this point, dissatisfied Spending Organisations whose requests were not granted make appeal to Cabinet for reconsideration. Cabinet then considers and agrees on final expenditure levels and make tax changes where necessary.

#### 2.8.3 Presidential Submission of Finance Bill to Parliament in Ghana

The agreed estimates are presented by the President or Minister of Finance to parliament, in the form of Finance Bills for Tax and Revenue and Appropriation Bills for expenditures. Under Certificate of Urgency, the Finance Bills are passed by the Legislature into Finance Acts to authorise revenue organisations to collect tax and other revenues.

#### 2.8.4 Legislative Scrutiny and Approval in Ghana

The Legislature, upon receipt of the Finance Bills from the President or Minister of Finance examines the estimates through appropriate estimate/ expenditures Sub-committees. The Legislature subsequently sits as a House known as Appropriation Committee to pass the Appropriation Act that gives approval for the estimates for the various organisations.

#### 2.8.5 Budget Implementation in Ghana

Upon the announcement of the Appropriation Act, the Ministry of Finance gives directives to release finances to spending organisations for their approved spending. Cash is then disbursed by the Government Accounting Agency, which is responsible to distribute government finances to spending organisations.

After the spending, spending organisations prepare financial statements for their operations and the Controller and Accountant General prepares the National Consolidated Accounts. The accounts are then submitted to Parliament to be received by the Public Accounts Committee.

### 2.8.6 Budget Monitoring and Evaluation in Ghana

Finally, the financial statements are sent to the Auditor General of the Republic of Ghana, for examination and determination of the extent of compliance by Spending Organisations to Legislative directives.

## 2.9 The Budgetary Process in the Federal Republic of Nigeria

The budget of the federal republic of Nigeria is legally called the Appropriation Act, and its preparation is the responsibility of both the Executive and legislative arms of the government. Succinctly, the budget is initiated by the Executive, approved by the Legislature and signed into law by the President. Below is a systematic summary of the budgetary process of the Federal Republic of Nigeria, as in the work of Ekeocha (2012).

### 2.9.1 Budget Planning and Formulation in Nigeria

The budgetary process in Nigeria starts with budget planning, and this requires the issuance of Budget Policy Statement (BPS) by the Budget Office in the Ministry of Finance. The Budget Office of the Ministry of Finance meets early in the Fiscal year with key revenue generating agencies to ascertain trends in revenue performance and Macro-economic indicators, and the implication of such trends for the next three fiscal years.

A Medium-Term Revenue Framework (MTRF) is then prepared based on projected revenue over the medium term. Following from the above, MTEF is developed outlining key areas of expenditure (Statutory Transfers, Debt Service, MDAs' Expenditure) and projected fiscal balance.

As required by FRA (2007), the MTEF is further developed into a formal Medium-Term Expenditure Framework Report, which encapsulates the Fiscal FSP and MDAs expenditure ceilings, which is presented to the Federal Executive Council (FEC) by the Minister of Finance, for further presentation to the National Assembly for consideration.

### 2.9.2 Budget Call Circular and Executive Budget Proposal

The actual budget preparation process starts with the issuance of budget call circular to all MDAs of government. The release of budget call circular is preceded by the distribution of BPS. The call circular contains vital information that guides MDAs in the preparation of their sector projections.

The budget call circular contains the economic and fiscal projections for the fiscal year, the aggregate spending limit, a summary of budget policy statement, government wide priorities; explanations and guidelines on government activities and Medium Term Sector Strategies (MTSS), sector spending ceilings, guidelines for preparing recurrent expenditure; budget classification and chart of accounts, detailed costing templates, detailed timetables for submission of proposal and defence, etc.

Upon receipt of budget call-circulars, MDAs prepare detailed proposals which are submitted to the Budget Office. The Budget Office on receipt of budget proposals from MDAs commences bilateral discussions and negotiations with MDAs on their proposals for strategic allocation of resources. Once the MTEF, FSP and MDAs' expenditure ceilings are approved by the Federal

Executive Council, the Budget Office, under the supervision of the Minister of Finance, prepares a consolidated proposal, called the draft budget.

From the foregoing, it is understandable that, the Nigerian budgetary process in principle allows MDAs' participation, and this is what the MTEF designers refer to as the top-down and bottom-up approaches to budgeting.

### 2.9.3 Presidential Submission of Draft Budget to National Assembly in Nigeria

The consolidated proposal (draft budget) is presented to the National Assembly for Legislative scrutiny and approval by the Minister of Finance. Upon approval, the approved budget, together with supporting documents, is formally presented by the President to the National Assembly (at a joint session of the Senate and the House of Representatives) for final consideration and appropriation.

### 2.9.4 Legislative Scrutiny and Approval in Nigeria

Upon receipt of the draft budget by the National Assembly, the House of Representatives and Senate peruse the budget separately in accordance with the Legislative practice and procedures. The draft budget is deliberated on by all the relevant Committees in both Houses to review and recommend changes to the various segments of the budget.

This process can however, generate institutional bottlenecks and horse trading between the Executive and the Legislature, which of course can prolong the passage of the budget, and eventually reduce the implementation period of the budget.

The two Houses harmonise and approve their drafts and committee recommendations at a joint meeting, after which it is presented as Appropriation Bill to the President for assent.

### 2.9.5 Presidential Assent in Nigeria

The next stage after Parliamentary scrutiny and approval is presidential assent. Once the President assents to the Appropriation Bill, the budget becomes an Appropriation Act. However, in the event that the President withholds assent to the Appropriation Bill (or any Money Bill) within thirty days, the National Assembly will by two-thirds majority of members of both Houses sitting in a Joint Session over-ride the President's veto, and thus pass the bill which shall become law, and which the assent of the President shall not be required.

### 2.9.6 Budget Implementation in Nigeria

Upon Legislative approval and Executive assent, the budget becomes an *Appropriation Act*. This implies that, the budget, as a legal instrument is ready for execution or implementation. The detailed analysis of the budget is then presented to the public by the Ministry of Finance, and the approved budget together with the budget policy statement are published and circulated.

In Nigeria, budget implementation begins in January, the first month of the Fiscal year with request from the budget office calling for capital expenditure work plan from spending units or MDAs.

Basically, the budget is implemented by spending units classified as administrative entities such as organisations (Ministries) and Sub-organisation (Service providers). The budget is implemented based on budget classification and chart of accounts used in allocating resources and recording transactions. Funds are released for personnel, overhead (operational), capital and other expenditures by the Office of the Accountant General according to work plan submitted by the spending units.

Cash is allocated to spending entities by the Cash Management/Allocation Committee (or Treasury Board) comprising Minister / Commissioner for Finance, Permanent Secretary (Finance) and Federal /State Accountant General, chaired by the President / Governor. Once the Cash Management Committee meets and approves cash allocation to the spending units, the budget office prepares and sends out warrants to the MDAs to enable them process their documents to access fund from the Treasury.

Each spending unit is required to prepare a monthly transcription of expenditure from the books of accounts and submit to the Office of the Accountant General and the Budget Office. Monthly revenue returns and expenditure transcripts are consolidated by a department in the office of the Accountant General to produce draft annual accounts of government financial operations.

Cost accuracy and stipulated procedures and guidelines for contracts are certified by the Due Process Unit. Certificates are issued to spending units by the Due Process Unit and copies sent to the Budget Office and Ministry of Finance, only upon the fulfillment of stipulated procedures and requirements. Cash mandates are issued to spending units by the Treasury on the basis of certificate issued.

Extra budgetary items in Nigeria are financed through donor assistance or earmarked revenues from capital market bond issue. For example, Health System Development Projects (HSDPs) are funded by World Bank.

Supplementary budget could be prepared by the government during the fiscal year to propose additional spending. During budget implementation, there might be the need to change the line item in the approved budget estimates (appropriation).

### 2.9.7 Budget Monitoring and Evaluation in Nigeria

The final stage of the budgetary process is the oversight activities carried out by the Ministry of Finance, the National Planning Commission (NPC), the National Assembly (National Institute for Legislative Studies (NILS), the National Economic Intelligence Agency (NEIA), the Presidential Budget Monitoring Committee (PBMC), the Office of the Auditor General of the Federation and the Accountant General of the Federation.

Specifically, the Office of the Auditor General conducts interim and continuing audit throughout the fiscal year. Upon submission of draft final accounts, the office of the Auditor General conducts final audit and renders opinion with regard to the true and fair view of the financial statements and accounts.

## 2.10 The Implementation Experience of MTEF in Ghana

Ghana had one of the most comprehensive public sector reform programmes in the Sub-Saharan African region in the mid-1990s. One of the sustainable programmes in Ghana was the National Institutional Renewal Programme (NIRP) which PURFMARP part was of. The MTEF was a sub-programme of PUFMARP. Interestingly, all these programmes were generously supported by external donors.

MTEF in Ghana was first confined to three pilot Ministries in 1996, but was rapidly and fully extended to all Ministries in 1999. Unlike Uganda, the emphasis of Ghana's MTEF was on all three levels of budgetary effectiveness - aggregate Fiscal Strategy, allocating resources according to political priorities and improving efficiency and effectiveness.

Under the MTEF, the two budgets were unified and a new system of budget classification was introduced based on programmes. Consistent with the top-down / bottom-up spirit of an MTEF, three year sectoral ceilings were developed by the Ministry of Finance, and approved by the Cabinet through a Budget Framework Paper.

### 2.10.1 The Success of MTEF in Ghana

The first review of the MTEF in Ghana, according to Short (2003) was held in March, 1999. This review concluded that there was a positive achievement, which was not recorded in any other country considering the short period.

The notable achievement was ascribed to the development of strategic planning model at the level of the MDAs.

Another factor for Ghana's success was the unification of the recurrent and capital budget into one budget, and the use of a software called ACTIVTE to link expenditures to activities and outputs (Short, 2003).

Other factors include the impressive newsletter (PUFMARP News) that disseminated what was happening in MTEF within the overall PURMARP programme, and the various successful workshops carried out by the MTEF team with MDAs on the various element of the MTEF.

It can be argued from the foregoing that, the existing budgetary structure in Ghana facilitated the implementation of MTEF in Ghana. The adoption of MTEF therefore requires some structural and fiscal reforms.

### 2.10.2 The Challenges of MTEF Implementation in Ghana

The success story of MTEF in Ghana dramatically changed to the negative in 2002. Consequently, the Korea-MTEF Paper (2002) reported that Ghana reverted to a one year incremental budgeting, while struggling to re-launch the MTEF with donor assistance.

One of the challenges the paper pin-pointed was insufficient understanding of the MTEF, as it was not generally accepted and owned by Ministers and chief directors. The MTEF was run as a project, housed in an annex and staffed by consultants. Hence, the operators did not see it as a mechanism that could better reflect their priorities.

Secondly, it was observed that, substantial parts of public spending were made outside the ambit of the MTEF. For example, significant parts of the education budget were financed off budget through a special fund. There were also categories of spending within the MTEF which were governed by a different process, such as the wage bill, determined through a central establishment control process.

The paper concluded that, "*technically Ghana should have had the capacity to do better, but was weak in the area of macro-economic forecasting, and budgets were prepared with over-optimistic projections of resource availability. As a result, budgets contained more spending than could be afforded, and budget implementation had to be managed through heavy use of the cash release system*".

Furthermore, the 2003 Country Procurement Assessment Report (CPAR) disclosed that, the principle of value for money was only partially achieved in the period under review. The Government Finance Statistics Manual (2003) also discovered that fiscal reporting in 2003 was partial. It was also uncovered that there were significant extra budgetary sources which were neither formally reported nor audited on a timely basis**.** For instance, some main MDAs generated significant Internally Generated Funds (IGFs) which were not included in their budgets nor reported to the CAGD on a timely basis.

The Public Expenditure Management Country Assessment and Action Plan, prepared by staff of the World Bank and the IMF in collaboration with Ghanaian Authorities (2004) further realized that projections presented in the budget for the period did not reflect a detailed costing of programmes or sector priorities. They also submitted that the Government of Ghana had a system of internal control for the government as a whole, but compliance to relevant laws and financial regulations that govern it was weak.

Another significant implementation challenge identified was the delay in finalising annual financial statements. This, according to their investigation was caused by extensive backlog of audits (late audits and late audit reports), due to lack of professional audit staff from Ghana Audit Service (GAS).

The above impediments were summarized by Short (2003), Headey *et al*. (2009) and Michael (2013) into the followings:

a) Late development of budget timetable and budget framework paper-documentation.

b) Impairment and lack of ownership.

c) Lack of detailed sector expenditure process at the start of the MTEF cycle.

d) Weak revenue forecasting and macroeconomic planning.

e) Short term and overly technocratic model which defied key reforms in the implementation process.

f) Implementation of MTEF in isolation of other necessary reforms.

g) Lack of transparency in the declaration of budget ceilings by MoFEP.

h) Over politicisation in the prioritisation of projects by the Ghanaian parliament, which De Renzio (2006, Pp. 3) tagged “the twilight zone of the budget process”.

i) Ineffective measurement and evaluation (M & E) system to monitor, evaluate, and guide future resource allocations.

j) Lack of quality data and information to link the country’s policy priorities.

An examination of the components of expenditure in 2004 by the Country Assessment and Action Plan of the World Bank and IMF also showed a significant degree of variation in expenditure items. There was a remarkable difference between the printed budget and the actual fiscal outturn broken down by selected ministries. The actual spending for total investment was below the budget level.

## 2.11 The Implementation Experience of MTEF in Nigeria

The MTEF in Nigerian is backed by law. It was established by the FRA of 2007. The Minister of Finance of Nigeria is mandated by the FRA to prepare MTEF which is a Fiscal Strategy and MTFF contained in the FSP.

The FSP documents the Fiscal Policy stance of the government, and outlines the Federal Government’s Macro-economic medium-term objectives, on a rolling basis. The three-year plan is revised annually to take account of significant changes in the underlying assumptions as well as changing Macro-economic conditions.

The Minister of Finance, as mandated by the FRA, prepares and presents the FSP to the Federal Executive Council (FEC) before the end of the second quarter of each year. The MTEF is then laid before the National Assembly four months before the next set of financial years which it covers.

However, before drafting the FSP, the Minister of Finance consults the public and the press, to seek the inputs of important agencies such as the National Planning Commission, National Economic Commission, the National Bureau of Statistics, Revenue Mobilisation Allocation and Fiscal Commission, etc.

The Nigerian MTEF process is a government-wide strategic policy and expenditure framework within which ministers and line MDAs are provided with greater responsibility for allocating resources. It consists of a top-down resource envelope that identifies priorities. It allows a bottom-up estimation of current and (a three-year) medium-term costs of programmes outlined in Vision 2020.

### 2.11.1 The Success of MTEF in Nigeria

The adoption of MTEF seems to have changed the story. Nurudeen and Usman (2010), thus, attested that MTEF allows the level and composition of public expenditure to be determined in light of emerging needs based on available resource envelope. A recent study on MTEF in Nigeria by Okpala (2014) also affirmed that MTEF has influenced budget effectiveness by overcoming the short sighted planning, irresponsible resource allocation, and has coordinated the linkage between policy, planning and budgeting which has improved service delivery in the Nigerian public sector. Olomola (2006), Yelwa (2010), and Kighir (2012) opined likewise that there was a significant relationship between MTEF and accurate revenue estimate in Nigeria.

### 2.11.2 The Challenges of MTEF Implementation in Nigeria

There is no doubt that the idea of MTEF is good, but in Nigeria, analysis of available data on budget performance during the review period shows that public finance in Nigeria has not been operated within the specifications of the MTEF and the budget, and the priorities expressed in the budget do not always synchronise with national objective plans.

The implementation of MTEF has been frustrated by initial pessimism on the workability of budget reforms by MDAs bureaucratic bottlenecks in respect of delays associated with approval and release of funds in the form of capital votes by the National Assembly (Phillips, 1997).

The 2011-2013 MTEF and FSP of the Federal Republic of Nigeria suggests that MTEF has impacted the Nigerian budgetary system positively. However, there is abundant evidence in Public Expenditure and Financial Accountability (PEFA) surveys and a major World Bank review, that the financial management of Nigerian states is very weak.

The survey further discovered that, the level of borrowing and grants assumed for budget financing is frequently driven by unrealistic spending aspirations, resulting in the failure of budget outturns to meet approved plans by a wide margin.

Another concern is the undue politicisation of the Annual Appropriation Bill. The Punch, Vanguard and other National Papers of Nigeria in 2014 reported that, the lawmakers of the opposition party were instructed by their party to frustrate the passage of the Appropriation Bill by the National House. It is on record that in Nigeria, Appropriation Bills drag into the second quarter before they are passed into law; a situation De Renzio (2006) referred to as the twilight zone of the budget process.

The indictment and eventual sack of the former president of Central Bank of Nigeria (CBN), by the Financial Reporting Council of Nigeria (FRCN) and the President of the Federation, for financial mismanagement and non- adoption of IFRSs in the preparation of the apex bank's financial statements (BBC News, February 20, 2014), suggests a threat in the implementation of MTEF in Nigeria.

A critical review of the 2014-2016 Medium Term Expenditure Framework and Fiscal Strategy Paper: Supporting Growth and Employment Generation, calls for serious concerns about Nigeria's Fiscal Policy.

Furthermore, Ogunsola (2014) observed that, there is a puzzling Fiscal disconnect in Nigerian budgetary system. She opined that, the projected revenue and spending figures in the 2014-2015 MTEF to the nominal GDP figures in the MTEF displayed a serious disconnect from economic reality. This is a confirmation of an earlier assertion by Ogujiuba, *et al.*, (2013) who said that, there is a disconnection between planning, policy and the budget, in developing countries in general, and in Nigeria in particular.

## 2.12 Comparison of the Ghanaian and Nigerian Experiences

History reveals that, most former colonies of the United Kingdom, including Ghana and Nigeria inherited very similar and relatively simple budgetary systems based on an interpretation of the Westminster Model around the time of independence (Lienert and Sarraf, 2001). This generally involved budget laws that were not specific in their requirements regarding budget preparation, execution and reporting processes; leaving much of the detail to regulations drafted and enforced by the Executive arm of government.

However, due to the inadequacies of the above model that gave birth to various public sector reforms and the eventual adoption and implementation of MTEF, there exist some differences in the budgetary systems of Ghana and Nigeria, despite their British colonial background.

Comparatively, both Ghana and Nigeria operate incremental line-item budgetary system, and still have some elements of incrementalism in their budgetary system despite the adoption of MTEF. Furthermore, both systems are products of some public sector reforms, but with different acronyms: NIRP and PUFMARP for Ghana and NEEDS for Nigeria. Importantly, Ghana's reform was more broad and decisive, considering the broad nature of the NIRP which the PUMARP falls under.

In conclusion, the budgetary systems and processes of Ghana and Nigeria are almost the same, if not for some structural differences occasioned by the system of government in operation. Ghana operates a unitary presidential system with a Central Budget Agency. Nigeria, on the other hand operates a federal presidential system of government which entails decentralisation of the budgetary function to the various states in the Federation.

## 2.13 The Governmental Structures in Ghana and Nigeria

The political system of Ghana takes place in a framework of a presidential representative democratic republic. The President of Ghana is both the head of state and head of government. Nigeria is a presidential federal republic influenced by the Westminster model (Lienert and Sarraf, 2001), but patterned after the United States, with Executive power exercised by the President.

Proceeding from the above, it could be said that, the governmental structures of Ghana and Nigeria are similar in some respect, but differ significantly in many areas. Similarly, both Ghana and

Nigeria operate Presidential system of government, which requires the office of a President who is both the head of state and head of government (CIA World Factbook, 2014). Secondly, politically, both Ghana and Nigeria are democratic Republics, with three arms of government namely Executive, Legislature and Judiciary.

However, it is important to point out that, while the President of Ghana is constitutionally constrained to constitute his Cabinet from party members of the Legislature, the President of Nigeria, on the other hand, is free to form his Cabinet by appointing experts outside Parliament. The appointment of Ministers from Parliament in the case of Ghana is likely to reduce administrative friction, especially in the passage of the Annual Appropriation Bill, but could be at the expense of expertise and professionalism in the actual implementation of MTEF, which the Nigerian system tends to encourage.

Another area worthy of note is that Ghana runs a simple Unicameral Legislature that ensures quick passage of bills into laws; but Nigeria runs a bureaucratic Bicameral Legislature that comprises the House of Representatives and the Senate. The Legislative structure of the latter is complex and constitute a serious bottle-neck in the decision making process. This perhaps is the reason the Annual Appropriation Bill of Nigeria is lately passed (Ekeocha 2012). However, Bicameralism guarantees proper scrutiny of the Appropriation Bill.

Administratively, the constitutions of Ghana and Nigeria provide for the operation of three tiers of government at the National/ Federal, Region/ State and District/ Local Levels, with a Capital Territory. Thus, Ghana has a National government situated in Accra, with ten Regions, each having Local/ District Units under them; Nigeria also operates a National (Federal) Government located in Abuja, with thirty six States and a number of Local Government Councils under each of the states.

The major difference in the governmental structures of Ghana and Nigeria lies in the area of power sharing between the National and Sub-units. Ghana operates a Unitary Republican Government, which implies concentration or centralisation of power at the Centre or National. In contrast, Nigeria runs a Federal system of government, which implies decentralisation of administrative power between the Federal and State Governments. Consequently, administrative powers and responsibilities are enshrined in the exclusive, concurrent and residual lists of the 1999 Constitution of the Federal Republic of Nigeria, for the Federal and State Governments.

A major argument in the public sectors of developing countries in the implementation of MTEF is the issue of centralisation and decentralisation of the budgetary process between the National/ Federal and Regional/ State Governments. While Holmes and Evans recommended a central agency in 2003 for the coordination of the expenditures in government budgets at the centre and sector levels, Obademi and Sokefun (2009) argued that, Federalism enhances greater participation, and that MTEF should be deployed at both the National/Federal and Regional/State Levels. This issue seems to be country specific, as the constitution and system of government practised in a country directly or indirectly inform how the budget should be prepared, presented and implemented

Specifically, Ghana, being a Unitary state that concentrates administrative powers at the National has a central budgeting system which is overseen by a Central Budget Agency. The situation is different in Nigeria’s Federal structure. The 2007 FRA of Nigeria prescribes MTEF as the budgeting model at the National, but that the Federal Government should consult with the

Federating States before presenting the MTEF to Parliament. The Act further states that Federating States which so desire shall be assisted by the Federal Government to manage their Fiscal affairs within the medium term framework. This implies that, each tier of government in Nigeria reserves the discretion to adopt or not to adopt the MTEF. However, MTEF has been adopted by some states, e.g. Kano in 2007, Jigawa in 2007, Kaduna in 2008, Lagos in 2008, etc.

## 2.14 The Stakeholders in the Ghanaian and Nigerian Budgetary Process

The success of MTEF in Ghana and Nigeria requires reciprocal obligations from all stakeholders. Owusu (2008) argued that, stakeholders need to be involved in the design, introduction and implementation of the budgetary process. He recommended the participatory approach in Malawi and Ghana, which allowed as many people as possible to participate and appreciate the process. He however stated that more senior officials are involved than junior officials in the MTEF process of Ghana.

The MTEF is a contract between cabinet, central agencies, sectors and other stakeholders. Therefore, better budgetary outcomes would be sustained if all stakeholders are allowed to participate and deliver on their part of the bargain. The major stakeholders identified in the adoption and implementation of MTEF in Ghana and Nigeria are as listed and discussed below:

### 2.14.1 The Executive

The Executive in this context comprises the President, Minister of Finance, Budget Office or Central Budget Agency, as the case may be. As revealed in the budgetary process of Ghana and Nigeria (discussed above), policy formulation, budget planning and implementation begins and lies with the Executive arm of government (Ekeocha, 2012; Oku-Afari, 2010).

Secondly, the Executive in any government is the arm that is responsible for the enforcement or implementation of laws and decisions made by the Legislature or any committee. In the same way, the implementation of MTEF primarily depends on the Executive Arm of Government.

It must be said that, the success of any public sector reform depends on political commitment by the Executive Arm of Government. It is true that, if there is no strong determination and belief on the part of the President whose office is the key and central management agency, no matter how technically or professionally designed a policy is, it will not achieve the desired objective (Stevens and Teggermann, 2003).

According to Holmes and Evans (2003), central to effective budget implementation is the ability to manage and monitor disbursements and actual expenditure by the Executive Arm of Government. Hence, Apedzan (2007) advocated for high Fiscal discipline in the implementation of MTEF by the Executives at all tiers of government in Nigeria.

A major challenge of budget implementation in Nigeria is late submission and passage of the draft budget and Appropriation Bill into law. The Executive Arm of Government has been largely adjudged to be the cause (Ekeocha, 2012). An extract from the Budget Office revealed that, for a ten year period of 2000 to 2012, budget implementation at the Federal Level in Nigeria has scarcely commenced officially in January. The facts are shown below in Table 2.

**Table 2:** Time frame showing Federal Budget Preparation and Enactment

| Fiscal Year | Date President Submitted Estimates to National Assembly | Date President Received Revised Estimates from National Assembly for Assent | Date President Assented to Appropriation Bill | Time Frame between President's presentation and Signature | Time lag between 1st January and date of take- off |
|---|---|---|---|---|---|
| 2000 | Nov., 1999 | April, 2000 | May, 2000 | 5 months | 4 months |
| 2001 | Nov., 2000 | Dec., 2000 | Dec., 2000 | 1 month | Nil |
| 2002 | Nov., 2001 | March, 2002 | March, 2002 | 4 months | 2 months |
| 2003 | Nov., 2002 | March, 2003 | April, 2003 | 4 months, | 3 months |
| 2004 | Dec., 2003 | April, 2004 | April, 2004 | 4 months | 3 months |
| 2005 | Oct., 2004 | March, 2005 | April, 2005 | 6 months | 3 months |
| 2006 | Dec., 2005 | Feb., 2006 | April, 2006 | 2 months | 3 months |
| 2007 | Oct., 2006 | Dec., 2006 | Dec., 2006 | 2 months | Nil |
| 2008 | Nov., 2007 | March, 2008 | April,2008 | 5 months | 3 months |
| 2009 | Dec., 2008 | Feb., 2009 | March, 2009 | 3 months | 2 months |
| 2010 | Nov., 2009 | March, 2010 | April, 2010 | 4 months | 3 months |
| 2011 | Dec, 2010 | May, 2011 | May, 2011 | 5 months | 4 months |
| 2012 | Dec, 2011 | March, 2012 | April, 2012 | 4 months | 3 months |

**Source:** Extract from Ekeocha (2012).

### 2.14.2 The Legislature

Legislators or Parliamentarians are Law-makers and are believed to have significant influence on the adoption and implementation of MTEF in Ghana and Nigeria. Admittedly, MTEF has a legal framework and its adoption is effected when it is approved by Parliament. By the understanding of Ekeocha (2012), the major players in the budgetary process of any country are the Executive and Legislative Arms of Government.

Parliamentary participation and scrutiny in the budgetary process is germane to effective allocation of resources in budgeting. The appropriateness and realism of the detailed budget estimates, according to Holmes and Evans (2003), depends on the level of Parliamentary involvement in the budgetary process. Sufficient Parliamentary engagement in the trade-off process of project prioritisation and resource allocation links inputs to outputs within a programmatic structure (Obademi and Sokefun, 2009).

As highlighted in the budgetary process, Parliament also perform oversight functions to ensure strict adherence to budgeted items and figures in the implementation phase of the budgetary process (Oku-Afari, 2010 and Ekeocha, 2012). This, if objectively pursued, would no doubt help achieve the implementation of MTEF in Ghana and Nigeria.

However, this does not mean that Parliament should politicise the process. Ekeocha (2012) posited that, the perpetual delay in the date of implementation of the annual budget in Nigeria (as illustrated in Table 2 above), is partly due to selfish political aggrandisement by members of the National Assembly.

### 2.14.3 Ministries Departments and Agencies (MDAs)

A more strategic approach to MTEF at the sector level is incredibly important to credible budget execution. MDAs participate in the planning, preparation and implementation process of the budget. The successful implementation of MTEF requires a clear distinction between decisions at the centre and sector (MDA) levels. However, a noticeable challenge in the implementation of MTEF is lack of adequate coordination between the national and sub-national sectors (Ogujiuba, *et al.*, 2013)

To achieve the desired objectives of executing the MTEF Ogujiuba,et al (2013) suggested that, it is crucial to have in place adequate and appropriate structures to administer the budgetary process within the various MDAs. Hence, they concluded that, it is necessary for every MDA to have a Budget Committee, which will take the responsibility for leading the MTEF process in its ministry.

Holmes and Evans (2003) advocated that, sector managers should be given a more predictable flow of resources coupled with more discretion over detailed budget management, to enable them account for delivery of results. In addition to the above, Obademi and Sokefun (2009) advocated that, line ministries' staff should be regularly trained and equipped for better performance.

On the other hand, Owusu (2008, Pp. 41) submitted that, "an effective MTEF means a change in the behaviour of the Ministry of Finance and all institutions connected to the budgeting system". He argued that, the Minister, Chief Director and Director of Budget must be at the forefront of the change. He categorically submitted that, the greatest contributing factor in the success of the MTEF process in Ghana was the commitment and the day-to-day involvement and leadership of the senior management of the ministry of finance. Hence, he concluded that, the central agencies, particularly the ministry of finance need to have sufficient capacity to manage the process.

However, Obademi and Sokefun (2009) ironically observed that, despite the advocacy for greater MDAs participation and empowerment in the budgetary process of porous developing countries, especially Nigeria, many MDAs at the end of the budget year have unspent fund in their coffers even in deficit budget years. This of course, is a serious impediment to the implementation of MTEF in the Sub-Saharan region of the world.

### 2.14.4 Civil Society Organisations (CSOs)

This is the aggregate of non-governmental organisations and institutions that manifest the interest and will of citizens in a given society. It is often referred to as the third sector of society which comprises the media, professional associations, trade unions, etc.

CSOs and ordinary citizens can play a powerful role in monitoring the progress of MTEF. They can hold their representatives accountable as well as provide input into the decision-making process of the MTEF (Owusu, 2008, Pp. 39). CSOs and the ordinary citizens are the ultimate beneficiaries of public service reforms; hence their voices need to be heard in the design and appraisal of public reform policies. Their participation can range from information to consultation, and active monitoring of the budgetary process.

Owusu (2008) observed that the participation of CSOs and the wider electorates in Ghana is implicit in the budgetary system, because they are not given the opportunity to see the budget proposals before they are approved. He further lamented that there is no formal provision for Members of Parliament (MPs) to consult with their constituents, and that the drafting process is behind closed doors under an economic management team that are not truly the representative of the broader interests of the masses.

Although CSOs do not participate in the actual implementation of the budget, their consultation and opinions according to Moon (2001) give the needed credibility, acceptance and accountability that the budgetary process demands. Moon (2001) precisely advocated that, the MTEF should put the numbers on the table in a way that allows for greater scrutiny by the civil society and private sector.

A critical indicator of accountability is whether the MTEF is published and made available to the public. If it is not published, it runs the risk of being merely an internal, technical document (World Bank, 2001). The Publication of the MTEF, according to Le Houerou and Taliercio (2002), enables civil society play a greater role in the PEM process.

It can therefore be argued that, the publication and dissemination of MTEFs leads to greater civil society involvement in PEM issues, and adequate civil society participation is an effective mechanism for transparency and accountability in public sector budgeting. Thus, it can be said that, adequate civil society participation is germane to effective and transparent implementation of MTEF.

### 2.14.5 Donor Agencies

The major donors to MTEF implementing countries in the Sub-Saharan African region are the World Bank and the IMF. MTEF and PRSP are conceptually related to donor support. However, the World Bank has no formal policy on MTEFs. It only recommends MTEF to governments in the Sub-Saharan African region to guide their annual budgeting.

It is on record that most MTEF implementing countries in the Sub-Saharan African region receive large aid inflows worth five to ten percent of their GDP from donor agencies (Holmes and Evans, 2003). Donor agencies also offer Technical Assistance Loans to assist in building MTEFs in developing countries (World Bank and IMF, 2001)

Beside financial assistance, available records reveal that, the IMF through its Fiscal Affairs Department (FAD) also offer direct technical assistance (TA) in managing public expenditure in Sub-Saharan Africa (Diamond, *et al*., 2005).

However, Holmes and Evans (2003) observed that, often, donors subvert the policy-making processes and budget cycles of benefiting or recipient countries. Lienert and Sarraf, (2001) also opined that, governments in part with the encouragement of donors in the name of promoting development often assume functions and tasks beyond their implementation capacity.

Worse still, available literature revealed that, most aid dependent countries are unable to use donor funds that are made available to them. This, according to Holmes and Evans (2003) is due to the timing of donor commitments, which has led to an awkward stand-offs in most benefiting countries, where countries blame donors for unreasonable rules and slowness and donors attribute delays to countries inadequacies.

Consequently, the international community is advocating for increased integration of donor funding cycles with MTEFs (Foster, 2002). All these suggest that, donor agencies' assistance in the budgetary planning and implementation of Sub-Saharan African countries tremendously influence the implementation of MTEF.

It is important to point out that, most of the stakeholders outlined above are political stakeholders who are empowered by the constitution to make or mar government policies. Some of such stakeholders include the President and his Ministers in charge of various MDAs, legislators who are from different political formations and parties. Some CSOs also have some political background and alliances.

The MTEF process, according to Nepal and Nam (2010), requires strong political commitment and effective organisational leadership. Shick (2001) also argued that, MTEF can be effective and successful only if economic circumstances and political leaders permit it to be. Hence, Le Houerou and Taliercio (2002) submitted that, budget credibility is fundamentally a function of political co-operation.

Early engagement with the political decision making process is crucial. A study of eight countries by Holmes and Evans (2003) showed that, where politicians are not involved in the early stages of budget formulation, an MTEF is unlikely to be effective. Holmes and Evans (2003) discovered that, where conducive conditions are not in place at the political level, the pace and nature of MTEF implementation can be very different.

However, the rational rule-based approach of the MTEF is quite antithetical to the way in which politics operates in most countries. Kostopoulos (1999) affirmed that political and institutional dimensions are a persistent blind spot in most MTEF reform programmes in most Sub-Saharan African countries. Politicians are more concerned with re-election, which is not necessarily in line with better budgetary outcomes; and without political backing, technocratic efforts to construct an MTEF can be left high and dry.

Viewed from this angle, the MTEF (and budget process more generally) becomes not merely a technical instrument for consolidating and optimising the use of resources but a potentially crucial instrument for building and reinforcing political legitimacy and hence domestic accountability.

## 2.15 The Influence of Culture in the Implementation of MTEF

According to Hofstede (1983, Pp. 126), culture is the “collective mental programming of the human mind which distinguishes the members of one group or category of people from others”. They further opined that, the programming of the human minds influence their pattern of thinking which are reflected in the meaning they attach to the various aspects of life and this is crystalised in the institutions of the society they find themselves.

A comparative study of the consequences of culture on values, organisations and institutions from six dimensions (namely: *power, individualism, masculinity, uncertainty, long term orientation and indulgence*) across nations by Hofstede and Minkov (2010) revealed that, different nations react differently to the six dimensional issues identified above. However, of these six perspectives of culture that was studied by Hofstede and Minkov in 2010, only the first four dimensions are related to this study, which is discussed below:

### 2.15.1 Power Distance

This dimension of culture deals with the fact that all individuals in societies are not equal. Power distance is defined as the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally**.**

Both Ghana and Nigeria in the study of culture by Hofstede and Minkov (2010) scored 80 which implied that Ghanaians and Nigerians accept a hierarchical order in which everybody has a place. Hierarchy in an organisation is seen as reflecting inherent inequalities. This could further mean that Ghanaians and Nigerians understand that the implementation of MTEF is the responsibility of some key public office holders who of course have the political will to do so.

### 2.15.2 Individualism

The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. It has to do with whether people´s self-image is defined in terms of "I" or "We". In Individualist societies people are supposed to look after themselves and their direct families only. In collectivist societies, people belong to 'groups' that take care of them. Furthermore, in collectivist societies, culture is paramount and over-rides most other societal rules and regulations.

In the cross-national study of culture by Hofstede and Minkov (2010), Ghana scored 15, while Nigeria scored 30. Hence, both Ghana and Nigeria were considered to be collectivistic, which implied a close long-term commitment to citizens, and of course, strict adherence to culture. Relative to this study, the national budgets of Ghana and Nigeria could be assumed to be transparent and a product of wide consultation with civil society groups.

### 2.15.3 Masculinity

The fundamental issue here is what motivates people. In masculine countries people are competitive, and they live in order to work. Managers in a masculine society are known to be decisive and assertive in relating with subordinates. Furthermore, the emphasis in such a society is on equity, competition and performance, and conflicts are resolved by fighting them out. A feminine society is one where quality of life is the sign of success and standing out from the crowd is not admirable. In feminine countries the focus is on equality, solidarity and well-being. In such countries, people work in order to live, and conflicts are resolved by compromise and negotiation.

A high score in a masculinity test indicates a society that is driven by competition, achievement and success, while a low score in the femininity test on the other hand shows a society whose dominant values are caring for others and quality of life. According to Hofstede and Minkov's cross-national study in 2010, Ghana scored 40 in this test and was thus, considered a relatively feminine society. Nigeria on the other hand, scored 60 and was therefore termed a masculine society.

Generally, Ghanaians, according to Berry (1994), are more indirect communicators. They take care not to relay information in a way that could cause issues, whether that be giving someone bad news, turning down an invitation, refusing a request or any other such matter. As a result, they use proverbs, analogies, and sometimes decide to be silent at uncomfortable and senseless questions. Berry (1994) further observed that Ghanaians have great respect for their elders and do not correct or abuse them when they go wrong, and that they have high regard for honorific, academic and professional titles. The average Ghanaian, according to Berry (1994) is very gentle and easy going and does not sit until he is shown where to sit at meetings.

However, as the largest and most diversely populous country in Africa, the culture of Nigeria is highly dynamic. The culture of Nigeria varies ethnically and geographically. Thus, a study in 1998 by Owhonda revealed that urban Nigerians tend to be much more vocal in their support of or opposition to their leaders than rural Nigerians. Owhonda (1998) observed that rural dwellers in Nigeria tend to be very passive especially in politics, because there is a common feeling in many rural areas that the average person cannot affect the politics of the country. However, on the average, Nigerians are more proactive and daring than Ghanaians.

### 2.15.4 Uncertainty Avoidance

This refers to the extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these. This dimension considers the way a society deals with the fact that the future can never be known; where the society takes decision as to whether to control the future or just let it happen. This ambiguity brings with it anxiety and different cultures have learnt to deal with this anxiety in different ways.

Countries exhibiting high uncertainty avoidance maintain rigid codes of belief and behaviour and are intolerant of unorthodox behaviour and ideas. Ghana scored 65 on this dimension, which showed that it is a society that avoids uncertainty. Nigeria on the other hand received an intermediate score of 55 on this dimension, which did not show a clear preference in the avoidance of uncertainty in the society. This again points to the fact that Nigerians on the average are more daring and proactive than their Ghanaian counterparts.

## 2.16 Lessons from Ghana's MTEF Implementation Experience

Scholars over the years, counting back from the mid-1990s have been conducting comparative studies among MTEF operating countries with the objective of proffering lessons for effective implementation of the programme. For instance, Anipa, *et al.* (1999) compared the management of public expenditure in Malawi and Ghana. Foster, *et al.* (2002) also pondered on how, when and why poverty gets budget priority in five African countries. Similarly, Le Houerou and Taliercio (2002) in collaboration with the World Bank sought to offer preliminary lessons from the practice of MTEF in African countries. More so, Holmes and Evans (2003) reviewed the implementation experience of MTEF in eight countries, while Nepal and Nam studied the MTEF approach and experiences in nine countries and came up with some lessons in 2010. These studies proffer useful lessons for the implementation of MTEF particularly in the Sub-Saharan African region.

A lot of country specific studies have also been done in Ghana by the World Bank in collaboration with MTEF researchers. This apparently is due to its early adoption and implementation of MTEF. In confirmation, Aryee (2008) asserted that, Ghana has more literature on MTEF than many West African countries. Hence, Onumah and Owusu (2012) concluded that, evidences from Ghana will provide useful lessons to developing countries. A comparative study of Ghana and Nigeria in the implementation of MTEF is therefore necessary.

Obviously, Ghana's experience could serve as a good guide to Nigeria in its implementation of MTEF. Ghana recorded some success at its early years of MTEF implementation. This, as earlier established, was due to effective public sector reform programmes and strategic planning model at the MDAs level, coupled with the use of an appropriate integration software and effective sensitization of MDAs. This therefore implies that for MTEF to be successfully implemented and sustained in developing countries, public sector programmes must be strategically planned and constantly reviewed and collaboratively integrated across all MDAs.

However, due to some identified weaknesses and challenges in the Ghanaian budgetary system, The World Bank and IMF (2001) proposed that the Government of Ghana's long-term strategy should focus on producing government finance statistics in conformity with the standards of the Government Financial Statistics (GFS) manual. The report also recommended that the GoG enforces the legal and regulatory requirements for submission of monthly revenue and expenditure information by MDAs in the short run.

The World Bank and IMF (2004) further recommended that, the GoG should strengthen budget formulation to enhance the realism of expenditure estimates, particularly by focusing on improving budgeting for personal emoluments, as well as implement the Integrated Personal and Payroll Database (IPPD) as a check.

Andrade, *et al.* also remarked in 2004 that, the capacity to track poverty-reducing public expenditures was critical to the government of Ghana's (GoG) ability to successfully implement the Ghana Poverty Reduction Strategy (GPRS).

Following from the above, Michael (2013) recently opined that Ghana is undergoing a reform of the budgeting system in order to convert to a more programme-based budgeting (PBB) system. The conversion is intended to improve government accountability by linking resource flows to overall policy objectives and outcomes, as well as avoid duplication across projects and sector ministries.

Finally, it is important for other MTEF implementing countries particularly Nigeria to avoid the un-progressive paths that Ghana treaded on in its implementation of MTEF. From the foregoing and earlier identified operational shortcomings in the Ghanaian experience (in 2.10.2), the following issues are worth noting:

a) Off budget financing must be avoided.
b) The internal controls must be strong and sound.
c) The annual budget should be timely prepared.
d) The prioritisation of projects must not be politicised.
e) The Annual Appropriation Bill should be timely passed.
f) The measurement and control system must be effective.
g) All budgetary and extra budgetary funds must be transparently accounted for
h) The budgetary system should be objectively appraised by the Auditor General.

## 2.17 Theoretical Framework

The word theory has several meanings (Harlow, 2009). Hence, Gelso (2006) concluded that there is confusion about what constitutes a theory. However, theories are explanations of a natural or social behaviour, event or phenomenon (Bhattacherjee, 2012). A theory according to Bacharach, (1989) is a system of concepts (constructs) and propositions that collectively presents a logical, systematic and coherent explanation of a phenomenon of interest within some assumptions and boundaries. In the opinion of Wacker (2008, Pp.8), a theory is "an explained set of conceptual relationships", while to Stam (2010), it is a systematic representation of a valid problem expressed, as far as possible.

It is pertinent to situate the problems and questions of this research within a theoretical context that will pattern, shape and guide the study. Some of the theories that are relevant to this study are the political economy theory and the Hofstede theory of culture. These are developed below:

### 2.17.1 Political Economy Theory

This is a broad theory that covers three sub theories. The political economy theory is made up of the *institutional theory, stakeholder theory and legitimacy theory*. Political economy according to Gray, *et al.* (1996, Pp. 14) "is the social, political and economic framework within which human life takes place". Gray, *et al.* (1996) argued that, economic issues cannot be investigated in the absence of considering the political, social and institutional framework within which economic activities takes place.

There are two streams in the political economy theory. First is the bourgeois stream which does not explicitly consider structural conflicts and class struggles but is concerned with interactions between groups in an essentially pluralistic world. Second is the "classical" stream which is related to the works of Marx that considers class interests, structural conflict, inequity and the role of the state.

This study is concerned with the institutional theory which falls under the bourgeois stream, and the stakeholder theory which stems from the classical stream of classification in the political economy theory.

**The Institutional Theory**

The institutional theory is a policy making theory that emphasizes the formal and legal aspects of government structures. It is a widely accepted theoretical posture that emphasizes rational myths, isomorphism, and legitimacy. Scott (2004) defined it as a process by which structures, including schemes, rules, norms, and routines are established as authoritative guidelines for social behaviour.

Institutional theorists such as Meryer and Rowan (1977), and Dimaggio and Powell (1991) asserted that, the institutional environment can strongly influence the development of formal structures in an organisation, often more profoundly than market pressures. Based on this, Dimaggio and Powell (1991) concluded that, organisations adopt similar structures as a result of three types of pressure.

<u>Coercive Pressure,</u> which comes from legal mandates or influence from organisations they are dependent upon.

<u>Normative Pressure</u> which is the desire of similar homogenous organisations, professional, association, nations to adopt similar approaches or attitude.

<u>Mimetic Pressure</u> which is the tendency of organisations to copy or imitate successful forms and system due to uncertainty.

The mimetic aspect of the institutional theory which is *isomorphic* is the interest of this study. This explains why Nigeria, a recent adopter of MTEF should learn from an early adopter like Ghana.

**The Stakeholder Theory**

Generally, the stakeholder theory is concerned with the relationships of an organisation with a variety of stakeholders in society. This theory has been widely used by accounting researchers in the private sector. Some recent works include those of Vergauwen and Alem (2005), Guthrie, *et al.* (2006), Schneider and Samkin (2008), and Whiting and Miller (2008).

Following from the above, this study is designed to explore the activities of public stakeholders in the adoption and implementation of MTEF in Ghana and Nigeria. On this note, the budgetary system is considered as an organisation by proxy, while the Legislature, political office holders, MDAs, regional/ state governments and donor agencies are considered as active stakeholders in the implementation of the MTEF in Ghana and Nigeria.

From the findings of Ullmann (1985), Roberts (1992), Gray *et al*. (1996), Mulgan (1997), Li, *et al*. (2008), and Deegan and Samkin (2009), a good relationship with various stakeholders could gain support and approval from them or distract their opposition and disapproval, which is beneficial for the organisation to survive and succeed in a sustainable manner in society. It can therefore be said that, the success or otherwise of the MTEF in Ghana largely depends on the roles and activities of the Legislature, political office holders, MDAs, regional/ state governments and donor agencies.

### 2.17.2 Hofstede Theory of Culture

This is a framework developed by Geert Hofstede, which has been widely used in several fields as a paradigm for research. This theory describes the influence of a society's culture on the values of its members, and how these values relate to their behaviour. It emphasises the systematic differences in national cultures (Hofstede and Minkov, 2010).

As earlier stated (in 2.15), there are six dimensions to this theory. These are power distance, individualism/ collectivism, masculinity/ feminism, uncertainty avoidance, long term orientation and indulgence. But the focus is on the first four dimensions, which are discussed in 2.15.

## 2.18 The Underpinning Theory

Following from the definitions and explanations in 2.17, all the identified theories fall under the political economy theory. The political economy theory emanates from a branch in social science that deals with social relations, particularly the power relations that mutually constitute the production, distribution and consumption of resources. It is the interplay between economics, law and politics, and how institutions develop in different societies.

Unquestionably, the institutional theory which encapsulates the isomorphic aspect of this study is a branch of the political economy theory. It is also unequivocal that the stakeholder theory is an aspect of the political economy theory. Furthermore, from the definitions above, the political economy theory deals with the institutional and political/ governmental structures of a country. Finally, this theory talks about the society – socialism/ communalism, capitalism, etc. Hence, it is culture related. There is therefore no need for triangulation of theories. The underpinning theory of this study is therefore the "Political Economy Theory".

## 2.19 Conclusion

The MTEF is a multi-year fiscal tool that helps ensure macroeconomic and fiscal stability by enabling governments of countries to align resources more effectively around stated policy objectives. The adoption and implementation of MTEF requires six logical steps that fulfil the top-down and bottom-up budgetary concepts.

MTEF was first practised in Australia in the 1980s and was adopted and implemented in Ghana and Nigeria in 1996 and 2009 respectively. Its first review in Ghana in 1999 recorded an appreciable success, but since then the result has not been encouraging. The situation in Nigeria according to available literature is not different.

This chapter reviewed empirical (related) literature in a thematic manner that answers the four research questions. Thus, this chapter discussed the governmental structures in Ghana and Nigeria, as well as the roles and activities of the Executive, Legislature, MDAs, CSOs and donor agencies in the budgetary process of Ghana and Nigeria. It also explored the role of culture in the implementation of MTEF in Ghana and Nigeria, and proffered lessons for Nigeria.

Finally, the institutional theory, stakeholder theory and Hofstede theory of culture were defined and analysed, and logically classified under the “political economy theory”. Thus, the underpinning theory of this study is the political economy theory which encapsulates the institutional (isomorphism) theory, the stakeholders’ theory and the Hofstede theory of culture.

# CHAPTER THREE

## METHODOLOGY

### 3.1 Introduction

Methodology, as opined by Bryman and Bell (2003) provides the framework or process for the conduct of a research. In the light of this, this chapter presents details of the methodological approaches adopted in the conduct of this research. It thus outlines and explains the method and tools applied in the analysis of data gathered, taking into consideration the set objectives of the study.

### 3.2 Research Method and Approach

There is a thin line between research methodology and research method. While research methodology, as defined above, is the framework or process for the conduct of the entire research, research method, on the other hand, refers to the tools of data generation and analysis.

This study is philosophically qualitative (inductive) and interpretive. A qualitative research approach explores a phenomenon and individuals, and the meaning they ascribe to social or human problem (Creswell, 2009). This was also the argument of Clutterbuck (2003), who affirmed that, a qualitative approach is more likely to identify the underlying issues of a phenomenon in a study. Moreover, a qualitative approach to research provides the opportunity to ask the “how, what and why” questions, which is the intention of this study.

## 3.3 Research Design

Basically, a research design is a planning device that structures the various components and procedures of empirical research within the context of the research questions and theories. Therefore a well-founded research design is an important prerequisite for good organisational studies.

Consequently, this study was envisaged as being primarily exploratory. To achieve the stipulated objectives of this research, a case study approach which is one of the three traditional research strategies stipulated by Robson (2002) was adopted. Furthermore, as a qualitative study that asks "how, what and why" questions, a case study would be appropriate. Thus, Yin (1994) proposes case study when "how, what and why" question are being asked about a contemporary set of events over which the investigator has little or no control.

A case research is a method of intensively studying a phenomenon over time within its natural setting in one or a few sites (Benbasat, *et al*., 1987). Case study facilitates the contribution of knowledge in an area which is characterised by a rapid pace of change in the nature and complexities of issues involved (Benbasat, *et al*., 1987). As the phenomenon being studied is not always distinguishable from its context, case study comprises an all-encompassing method which incorporates specific techniques to guide data collection and analysis in direct relation to clearly stated theoretical assumptions (Hakim, 1987 and Yin, 1994).

It is however imperative to acknowledge that, case study research suffers criticism on the grounds of non-representativeness and lack of statistical generalisation (Bryman, 1989; Ryan, *et al.*, 1992; Stake, 1995 and Yin, 1994). The validity of case study according to Walsham (1993, Pp. 24) is based on the "plausibility of and cogency of the logical reasoning applied in describing and presenting the results from the cases and in drawing conclusions from them". But Yin (1994) made a defence that case studies are used for analytical generalisations, where the researcher's aim is to generalise a particular set of results to some broader theoretical propositions and not to enumerate frequencies (statistical generalisation). The objective of a case study (as implied above) is to move from statistical generalisation to theoretical generalisation, which is one of the intentions of this research.

The case study design is appropriate for this study because, the study intends to examine only Ghana and Nigeria in the Sub-Saharan African region. This is in line with the proposition of Baxter and Jack (2008) who argued that, qualitative case study facilitates the exploration of a phenomenon with its context using a variety of data sources. Accordingly, this study would focus on the "how, what and why" questions. It examines the general underlying issues in MTEF implementation, as supported by Clutterbuck (2003).

A case study would be developed around themes from literature, empirical materials and the study questions asked. Specifically, the study would examine how MTEF was adopted and is implemented in Ghana and Nigeria, as well as ask how the structure of the public sector, the stakeholders and culture in and of Ghana and Nigeria affect the implementation of MTEF. The study would also enquire about why the implementation of MTEF is still a big challenge to Ghana and Nigeria.

To achieve the above, the explorative case study which is one of the types of case studies (Yin, 1993) would be used. It is important to state that this research is built on some theoretical propositions (as could be seen in the theoretical framework in chapter two). Based on this, a multiple case study of Ghana and Nigeria is adopted, because according to Benbasat, *et al.* (1987)

and Galliers (1992) multiple case study has the advantage of aiding research focused on theory building or explanation.

Lastly, in reference to the underpinning research questions, the units of analysis of this study would be the selected stakeholders (Legislators, Budget Officers of MDAs, and CSOs, World Bank / IMF staff and Public Sector Accounting Lecturers). However, as advised by Yin (1994), the theoretical propositions shall be made from the theoretical framework.

## 3.4 Sources of Data

In this study, only primary data would be used. In line with the research questions, the study will obtain primary data solely from in-depth semi-structured interviews, designed to achieve the research objectives. The study would also utilize publicly available official documents as well as empirical literatures to find answers to the research questions.

## 3.5 Research Population

The population of a research, according to Mason *et al.* (1999), is the collection of all possible individuals, objects or measurement of interest. In this case, the population of this study includes all individuals and organisations/ institutions who are involved in the adoption and implementation of MTEF in Ghana and Nigeria.

However, due to the perceived restrictions of this study, in terms of time and other physical resources, this study would be concentrated on a selected sample, as it would be practically unfeasible to collect and analyse data on all stakeholders and other people who have knowledge in the adoption and implementation of MTEF in Ghana and Nigeria.

On this note, the population of this study would comprise members of Parliament, staff of MDAs, CSOs, officials of World Bank/ IMF, and Public Sector Accounting Lecturers of Higher Institutions in Ghana and Nigeria.

The choice of respondents for this research is based on the fact that the target respondents have the needed knowledge and information. Moreover, some of them are involved in the adoption and implementation of MTEF in Ghana and Nigeria. Hence, they would be able to give details of the information which would be relevant to this study.

## 3.6 Sample Size

A sample, according to Saunders *et al.* (2007), is that part of a larger population targeted for the study by the researcher. Precisely, a sample of 15 (fifteen) persons who have the right and rich knowledge and information about the adoption and implementation of MTEF in Ghana and Nigeria were interviewed to obtain the needed data (information).

## 3.7 Sampling Technique

Basically, the choice of sampling method depends on the purpose of the research being conducted (Kiston, *et al., 1982*). In view of this, respondents in this study would be selected from the study population using a non-probability sampling technique known as purposive or judgemental sampling technique. Judgemental sampling, according to Zikmund (2003), is often used in explorative research where the researcher selects the sample based on his or her judgement about some appropriate characteristics required of the sample. It is most suitable for selecting particular cases for in-depth investigation.

The purposive sampling technique is appropriate in this research because only people who have the right and rich knowledge about the adoption and implementation of MTEF in Ghana and Nigeria would be able to answer the research questions of this study.

## 3.8 Data Collection and Research Instrument

The objective of data collection is to understand the adoption and implementation of MTEF in Ghana and Nigeria. To establish a full account, each case (Ghana and Nigeria) would be treated as a single case before engaging in cross-case comparison.

The primary data would be collected through interview and presented systematically, while secondary data would be presented thematically in line with the objectives of the study and in a manner that would proffer solution to the problem, as well as offer answers to the questions asked in this study.

### 3.8.1 Pre-interview

This enables the researcher introduce and familiarise himself / herself to and with the interviewee. It also offers the benefit of enabling the interviewee to equip and prepare him / her for the interview. More so, the pre-interview phase enables both the interviewer (researcher) and interviewee (respondent) to fix a convenient date for the interview.

This exercise would be carried out personally (one-on-one) or through telephone to create the needed contact and make the required introduction and familiarization.

### 3.8.2 Interview

Interview is the most frequently used technique in qualitative researches. In-depth semi-structured interview would be used to obtain primary data. Semi-structured interview is a type of interview which is commonly used in case study research. It usually starts with rather specific questions but allows the interviewees to follow their own thoughts later (Blumberg *et al.*, 2005).

Precisely, primary data would be obtained through semi-structured interviews of identified stakeholders in the adoption and implementation of MTEF in Ghana and Nigeria (Morton-Williams, 1985). This would create some relaxing and informal atmosphere, as well as make the questioning procedure flexible (Caiden and Wildavsky, 1974; Bedard and Gendron, 2004).

The questions would be designed to cover the thematic areas of the study. Supplementary interviews would be further carried out with senior accounting lecturers from the University of Ghana, Legon, Accra and the University of Nigeria, Nsukka, Enugu State, to verify and obtain other perspectives on the data obtained from case stakeholders.

All interviews would be tape recorded and transcribed for evidence, documentation and analysis, as supported by Onumah and Owusu (2012). Tape recording according to Mooton-Williams (1985) is preferable to the researcher's own recording since distortions of interviewee's response can be possible either by the researcher relying on memory or perceptions. The interview would be conducted face-to-face or on telephone where necessary.

### 3.8.3 Post-interview

Post-interview interaction gives room for confirmation and authentication of information given by respondents, as well as correction of errors. Based on this, all transcribed copies of interviews would be returned to interviewees (via the net) to check and resolve discrepancies.

## 3.9 Data Analysis and Test for Validity

Analysis would be done around themes emerging from literature and responses from interview. Thematic analysis is the most common form of analysis in qualitative research (Guest, 2012). A theme represents a level of patterned response from a set of data that is related to a given research questions. Thematic analysis pinpoints, examines, and records patterns (that is, themes) within a given set of data (Braun and Clarke, 2006). Thematic analysis is therefore a process of encoding qualitative data (Boyatzis, 1998).

Data from interview would be analysed in line with the Miles and Huberman's framework of 1994. This would help reveal the relationship between MTEF and stakeholders, public sector structure as well as the culture of Ghana and Nigeria.

Consequently, data would be analysed following the three interwoven components of the framework. The first phase would be *data reduction*. Data from interview would be edited, segmented and summarized through inferential coding and thematic memoing, for explanation and conceptualization. Memoing entails making useful notes from data collected from respondents.

Secondly, data would be *displayed* by organizing, compressing and assembling the voluminous, bulky and dispersed information gathered from respondents (interviewees). This would be done with the help of charts and diagrammes.

The final logical phase of the Miles and Huberman's (1994) approach is the *drawing of conclusion*. Accordingly, verifiable propositions would be made based on the findings explanations from the first and second phases.

It is however important to assert that the above analytical activities would not be done without comparing the outcome of interviews with empirical literature. This is because comparison is fundamental to all systematic inquiry (Miles and Huberman, 1994), and is the central intellectual activity in analysis (Glaser and Straus, 1967). Consequently, as a cross-case study, adequate effort would be made to look for the similarities and differences between the case of MTEF implementation in Ghana and that of Nigeria, and make naturalistic generalisations.

Finally, multiple sources of evidence would be used at the data collection phase to establish construct validity. Internal validity would be measured at the data analysis phase through pattern-matching, while external validity would be established through the use of theories. The reliability of the study would be established by the use of case study protocol at the data collection phase.

## 3.10 Scope and Limitation of the Study

This study sought to contribute to the growing literature on MTEF, as well as expose the effect of public sector stakeholders, governmental structure and culture of Ghana and Nigeria in their MTEF adoption and implementation. The study also looked at the extent the countries in the Sub-Saharan African region learn from one another in their adoption and implementation of MTEF.

Furthermore, the study paid little attention to the components or requirements of MTEF. Policy planning and budgeting, resource prioritization and allocation, resource availability and capacity, and aggregate fiscal discipline were less considered in this research. In addition to stakeholders, only governmental structures, culture and learning were considered as determinant factors in the adoption and implementation of MTEF in Ghana and Nigeria.

Another limitation of this study is that it is a case research. Case study research is always criticised for non-representativeness and lack of statistical generalisation. (Bryman, 1989 and Ryan, *et al.*, 1992). More so, data was collected through interview which suffers the criticism of subjectivism.

Consequently, the conclusions drawn from this research were rooted on a relatively small sample, and therefore may not necessarily represent the opinion of all the potential interviewees in Ghana and Nigeria. Moreover, as a case study research, the findings of this work are not statistically generalisable.

## 3.11 Conclusion

This is an interpretive study that is ontologically subjective. It is a qualitative (inductive) study with an explorative case study design. The sample size of this study was determined through a purposive sampling technique and data was collected through semi structured interviews. Analysis was made in line with Miles and Huberman's data reduction, display and conclusion method.

# CHAPTER FOUR

## DATA PRESENTATION AND DISCUSSION

### 4.1 Introduction

This chapter presents and discusses the findings of this study. The goal of this study is to find out how the systems of government of countries and the stakeholders in the public sectors of countries, as well as the way of life of citizens of countries influence the implementation of MTEF, particularly in Ghana and Nigeria. Therefore, data are presented in a manner that answers the research questions of this study.

### 4.2 Demographic Analysis of Interviewees

The details of interviewees (respondents) from Ghana and Nigeria are shown in Tables 3 and 4 below.

**Table 3:** Demographic Analysis of Interviewees from Ghana

| No. of Respo-ndents | Institution of Respondents | Sub-Sector | Position of Respondents | Experience of Respondents |
|---|---|---|---|---|
| 01 | MDA | Ministry of Finance / Budget Office | Senior Economist/ Budget Planning | Over 10 Years |
| 02 | MDA | Ministry of Finance / Budget Office | Senior Economist/ Budget Implementation | 10 Years |
| 03 | MDA | Ministry of Finance / Office of Controller & Accountant General. | Head of Budget Control | Over 10 Years |
| 04 | MDA | Ministry of Health/ Budget Unit | Budget Planner | Over 10 Years |
| 05 | Donor Agency | International Monetary Fund | Economic Management Team Member | Over 10 Years |
| 06 | National Assembly | Parliament | 2nd Deputy Majority Leader (Member of Parliament) | Over 8 Years |
| 07 | Academic | University of Ghana | Public Sector Accounting Lecturer | 9 Years |

**Table 4:** Demographic Analysis of Interviewees from Nigeria

| No. of Respo-ndents | Institution of Respondents | Sub - Sector | Position of Respondents | Experience of Respondents |
|---|---|---|---|---|
| 01 | MDA | Ministry of Finance / Budget Office | Special Adviser to the Director General | 21 Years |
| 02 | MDA | Ministry of Finance / Budget Office | Technical Adviser to the Director General | 17 Years |
| 03 | MDA | Ministry of Finance / Treasury | Special Assistant to the Accountant General | 14 Years |
| 04 | MDA | Ministry of Budget. & Economic Planning | Director General | 26 Years |
| 05 | MDA | Ministry of Education | Permanent Secretary | 27 Years |
| 06 | Civil Society Organisation | Media/ Non-Governmental Organisation | Assistant Editor of Tribune & Coordinator of Non-Governmental Organisation | 15 Years |
| 07 | Donor Agency | World Bank | Country Consultant | Over 10 Years |
| 08 | Academic | University of Port – Harcourt | Public Sector Accounting Lecturer | 26 Years |

## 4.3 Influence of Governmental Structure on MTEF

The arguments, opinions and assertions of Holmes and Evans (2003), Oku-Afar (2010), Ogujiuba, *et al.* (2013), and Ekeocha (2013) suggest that, the governmental structures of countries influence the performance of MTEF.

This segment of this chapter is designed to present data in a manner that would reveal *"whether the governmental structures of Ghana and Nigeria influence their adoption and implementation of MTEF*". This invariably will answer the first research question of the study.

The results of the interviews are divided and analysed into three sub-themes to reflect the differences in the governmental structures in Ghana and Nigeria. These include *Administrative Structure*, *Legislative Formation* and *Composition of Executive Cabinet*. Below is the presentation and discussion of the findings of interviews conducted in Ghana and Nigeria.

### 4.3.1 The Case of Ghana

**Administrative Structure:**

As displayed in Table 5 below, all the seven respondents from Ghana representing 100%, confirmed that Ghana operates a Unitary Presidential system of government, and that budgeting is done centrally by a Central Budget Agency. They further confirmed that the entire country is governed by one budget. This is revealed in the following interview excerpts.

Respondent 01 said, "In Ghana, we have one budget". Respondent 05 said, "The Unitary administration in Ghana brings all the proposals of MDAs, MMDAs into one budget and doesn't grant individual regions to plan, prepare and execute their budgets without national interference".

Respondent 06 said that, “Regional Governments in Ghana are weak in administration”. According to him, although District Assemblies prepare their budget in line with the MTEF, but they forward their proposals to the Regional Coordinating Council for scrutiny and harmonisation. The Regional Coordinating Council still forwards the harmonised regional budgets to the various Select Committees in the National Assembly for scrutiny and final approval. Each Region, according to Respondent 02 implements its budget according to the consolidated budget.

**Table 5:** The Administrative Structure in Ghana

| | |
|---|---|
| Type of Executive | Presidential |
| Administrative Pattern | Unitary |
| Sub-units | Weak |
| Power Sharing | Concentrated/ Centralised |
| Budget Preparation by Regions | Quasi-centralised |
| Budget Implementation at the Regions | Quasi-centralised |
| Number of Budget(s) | One (Single) |

**Legislative Formation**

All the interview participants from Ghana (representing 100%) affirmed that their country practices a simple one Chamber (Unicameral) Legislature at the centre. They also agreed that the simple nature of Ghana’s Legislature positively influence the passage of the Annual Appropriation Bill. According to Respondent 04, comparing the Ghanaian Legislature to the Nigerian double chamber formation, the Ghanaian system is better because it is simple, straight forward and facilitates the approval of the budget.

However, three out of the seven participants further attributed the smooth approval process of the Appropriation Bill at parliament to the Financial Administration Act (FAA) of 2003, which stipulates that the budget must be passed into law on or before 31st of the preceding year.

Respondent 02 who was one of those that attributed the speedy passage of the Annual Appropriation Bill to the provision of the law further made a case of lack of time on the part of the Legislature to thoroughly scrutinise the Appropriation Bill. According to him, the thirty days period given to Parliament by the Act is too short for any reasonable scrutiny. He concluded that, the speedy passage of the Annual Appropriation Bill is “at the expense of thorough scrutiny”.

In response to *Interview Question 7*, every respondent said the Appropriation Bill, as required by the 2003 FAA is passed into law on or before the 31st of December of the year preceding the budget year/ period in question. Consequently, *Interview Question 8* (for Nigerian respondents) was not administered on Ghanaian respondents because of the response to *Interview Question 7*.

**Table 6:** The Structure of the Ghanaian Parliament

| | |
|---|---|
| Nature of Parliament | Unicameral (Single Chamber) |
| Number of Chambers at the National Level | One |
| Budget Approval Process | Simple |
| Time of Approval of Appropriation Bill | On or Before 31st of December of the Year Preceding Budget Year |
| Quality of Budget | Low |

**Composition of Executive Cabinet**

In response to *Interview Question 6*, four interviewees out of the seven in Ghana (representing about 57% of the sample size) argued that, the appointment of Ministers from among Parliamentarians does not influence the passage of the Appropriation Bill.

Respondent 02 said that, “not all Ministers are appointed from Parliament, only a percentage stipulated by the constitution is appointed from Parliament. According to him, Ministers are not part of the Select Committees that scrutinises their MDAs, and that Select Committees are constituted by opposition party members. He further said that Parliamentarians that double as Ministers are even required to stand before their colleagues in the House to defend their MDAs’ proposals.

However, two respondents which represent about 28.5% of total respondents said that, the appointment of MDAs’ Ministers from Parliament facilitates the passage of bills in the Parliament. On this, Respondent 05 remained neutral. However, Respondent 02 who earlier argued that the appointment of some Ministers from Parliament does not facilitate the passage of bills concluded that “it is the practice of Parliamentarians from the ruling party to lobby for the smooth passage of all MDAs’ budgets”.

**Table 7:** The Ghanaian Executive Cabinet

| **Nature of Executive** | **Quasi-parliamentary** |
|---|---|
| Appointment of Cabinet Ministers | Within and Outside Parliament |
| Budget Approval Process | Relatively Simple |

### 4.3.2 The Case of Nigeria

**Administrative Structure**

All the eight respondents from Nigeria said, Nigeria operates a Federal Presidential system of government. And when asked the implication of Federalism relative to budget planning, preparation and implementation by the thirty six Federating States, they all pointed to the fact that, some States in Nigeria have not adopted the MTEF. For example, Respondent 03 said “As a federal state, not all the component units called states operate MTEF, and this negatively affects the performance of MTEF in Nigeria in general”.

Respondent 07 also said, “As a Federation, not all the sub-units are practising the MTEF in Nigeria”. According to her, the 1999 Constitution and the FRA of 2007 grants states the autonomy to govern themselves financially.

Furthermore, Respondent 01 also said that, “Federalism in Nigeria implies that all states are fiscally responsible for themselves”.

Finally, in the words of Respondent 01, “Federalism implies decentralisation and power sharing especially between the centre and sub-units as enshrined in the exclusive, concurrent and residual lists in the 1999 constitution of the Federal Republic of Nigeria”. These statements are coded and summarized in Table 8 below.

**Table 8:** The Administrative Structure in Nigeria

| | |
|---|---|
| Type of Executive | Presidential |
| Administrative Pattern | Federal |
| Sub-units | Autonomous |
| Power Sharing | Decentralised |
| Budget Preparation by States | Absolutely Decentralised |
| Budget Implementation at the States | Absolutely Decentralised |
| Number of Budget(s) | Multiple |

**Legislative Formation**

Firstly, all the eight interview participants from Nigeria said that, Nigeria operates a Bicameral Legislature at the National level. The outcome of the interviews in this respect reveals that the Nigerian Parliament is made up of two chambers, the House of Representatives (which is referred to as the Lower House) and the Senate (which is popularly known as the upper or red house).

All the interviewees (representing 100% of the sample size in Nigeria) affirmed what is in literature, as in the complexity of the budget approval process. Bicameralism, according to an Assistant Editor of a leading National Paper and Coordinator of Social Network for Good Governance in Nigeria, implies the separate deliberation on the appropriation bill by the House of Representatives and the Senate before coming together under a "Joint Budget Committee" to resolve to pass the budget.

Respondents also gave the advantages and disadvantages of Bicameralism. According to some, the robust and thorough budget scrutiny in a Bicameral Legislature produces a finer document than it would have been with a one Chamber Legislature. Others said it ensures transparency in the budget approval process. However, all the participants criticized it for unnecessary delay in the passage of the Appropriation Bill and the attendant effects of late budget implementation and poor performance. A respondent further said the delay in the passage of the budget breaks the budget cycle which is expected to run from 1st of January to 31st of December.

Responses to *Interview Question 7* revealed that, the Annual Appropriation Bill is not passed on time in Nigeria. Three respondents said the Annual Appropriation Bill is normally passed into law either in February or March of the budget year, while five out of the eight respondents said it is passed either at the end of the first quarter or beginning of the second quarter of the budget period (or year), which runs from the 1st of January to 31st of December.

The administration of *Interview Question 8* on interviewees revealed the causes of the delay in the approval of the Appropriation Bill. All the causes adduced by respondents point to the Executive and the Legislature. However, there is a divide in opinion on this. While Respondent 02 argued that, there is usually little or no delay in the presentation of the annual budget to Parliament by the Executive, two respondents blamed the delay on the Executive. According to them, lack of information especially on oil bench mark/ prices at the planning and preparation phase of the budget delays the presentation of the budget to Parliament.

Majority of respondents attributed it to disagreement on the parameters of the budget especially oil price benchmark (that is, estimates of oil revenue) between the Legislature and the Executive. Respondent 07 expounded it to include disagreements between the Executive and Legislature on expenditure size, budget allocations to specific MDAs, constituency projects which are projects inserted into the budget by the Legislature at the approval process and allocation of spending to the Legislature.

Interestingly, all participants from Nigeria ascribed the delay in the passage of the Annual Appropriation Bill to the Legislature. All the eight interviewees saw the Bicameral nature of the Nigerian Legislature at the centre as the bane of the nation's budget approval process. Another cause of the delay according to some is over politicisation and disagreement among Parliamentarians in the scrutiny and approval of the budget.

**Table 9:** The Structure of the Nigerian Parliament

| | |
|---|---|
| Nature of Parliament | Bicameral (Double Chamber) |
| Number of Chambers at the National Level | Two |
| Budget Approval Process | Complex |
| Time of Approval of Appropriation Bill | 3rd Month of 1st Quarter/ 1st Week of Last Quarter of Budget Year. |
| Quality of Budget | Better |

**Composition of Executive Cabinet**

In Nigeria, almost all the respondents said one and the same thing. Firstly, all the interview participants (that is, 100% of the sample size) said that Cabinet Ministers at the National level are appointed outside Parliament by the President. They all also said that the Nigerian system can lead to delay in the passage of the budget due to unnecessary (prolonged) argument and personality clashes between Law-makers and Cabinet Members.

However, some said it guarantees transparency and greater independence of Parliament in the scrutiny and approval of the Appropriation Bill. The Nigerian practice according to four respondents promotes efficiency and quality in budgeting due to the appointment of technocrats and professionals in the management of MDAs.

Respondent 08 comprehensively responded to *Interview Question 6*. According to him, the appointment of Ministers outside Parliament gives room for greater participation in the budgetary process, as well as enhances professionalism in the administration of MDAs, but promotes unnecessary disagreement between Law-makers and Cabinet Ministers, which delays the passage of the Appropriation Bill.

**Table 10:** The Nigerian Executive Cabinet

| | |
|---|---|
| Nature of Executive | Purely Presidential |
| Appointment of Cabinet Ministers | Outside Parliament |
| Budget Approval Process | Complex |

### 4.3.3 Related Literature

Available literature (in 2.13) points to the fact that, both Ghana and Nigeria practise presidential system of government, but differ in power concentration and administration ((Lienert and Sarraf, 2001). While Ghana operates Unitary Presidential system of government, Nigeria operates federal system of government. Public sector researchers have conflicting views on the system of political administration that complements the implementation of MTEF. Holmes and Evans (2003) advocated for Unitary system as against Obademi and Sokefun (2009) who argued that, federalism guarantees greater participation. The implication of Unitarianism is that budget is centrally planned and prepared by a central budget agency in Ghana, and as such gives Regions less power to govern themselves financially. But in Nigeria, the 1999 Constitution and the 2007 FRA grants States the autonomy to plan, prepare and implement their budget as they deem fit, without national interference.

The National Parliamentary structures of Ghana and Nigeria are different. Available literature (in 2.13) reveals that, Ghana operate a single (Unicameral) Legislature that facilitates the approval and passage of the Annual Appropriation Bill into law. Nigeria on the other hand, operates a bogus and complex Bicameral Legislature, which according to Ekeocha (2012) delays the approval and passage of the Annual Appropriation Bill into law. But it is argued that Bicameralism ensures thorough budget scrutiny.

Another area of difference which empirical literature (in 2.13) pinpoints is the constitution of the Executive cabinet. In Ghana, the Constitution constrains the President to appoint his Cabinet Ministers from Parliament, which is believed to facilitate the scrutiny and passage of the annual budget. The situation in Nigeria is different. The President appoints all his Cabinet Ministers outside Parliament. This encourages professionalism as well as ensures independent budget scrutiny by Parliament, but can encourage unnecessary power tussle between MDA Ministers and Parliamentarians during budget defence, and can delay the passage of the Annual Appropriation Bill.

### 4.3.4 Discussion

Based on the interview outcomes and empirical literature on the governmental structures in Ghana and Nigeria, one can infer that:

i) Both Ghana and Nigeria have the same type of Executive called President who is the Head of State, Head of Government and Commander-in-Chief of the Armed Forces (as opined by Lienert and Sarraf, 2001). This means that the Executive is very powerful and influential in the enforcement of policies such as the MTEF.

ii) Both respondents and previous researchers point to the fact that Ghana operates a unitary system of administration, while Nigeria runs a Federal system of administration. Regional Governments in Ghana do not have the financial independence to plan, prepare and implement their budgets without national interference. But State Governments in Nigeria have the financial autonomy to plan, prepare and implement their budget (as granted by the 2007 FRA).

The implication is that budget is centrally planned, prepared, implemented and controlled in Ghana. Thus, the MTEF is adopted and implemented by all Regions in Ghana and this ensures unity of purpose and focus, which is germane to better performance. Conversely, MTEF is not adopted by all States in Nigeria, and this negatively affects the overall performance of MTEF in Nigeria as nation.

iii) Regional implementation of budget in Ghana is quasi-centralized, simply because budget ceilings and funds are dictated released by the Central Budget Agency. But in Nigeria, States implement their budget without any Federal interference. Also in Nigeria, the Federal Government (unlike in Ghana) lacks the political will to ensure that (State) public funds are spent on well-articulated and prioritized programmes, and in a fiscally disciplined manner. This undermines the objectives of MTEF.

iv) Budget ceilings given by the Central Budgeting Agency may be politicized and therefore may not reflect the true developmental needs of MDAs and MMDAs. Furthermore, centralised budgeting does not encourage the participation of all stakeholders. This is the argument of Obademi and Sokefun (2009) for Federalism. More so, the limitation of MDAs and MMDAs in the prioritization of resources can discourage MDAs' and MMDAs' staff in the implementation of the budget. However, it can still be concluded (based on my findings) that, "*the Ghanaian unitary system of government relative to planning, preparation, implementation and supervision better suits the implementation of MTEF than in Nigeria"*.

v) Ghana operates a Unicameral (single Chamber) Legislature which facilitates budget passage and early implementation, while Nigeria operates a Bicameral (two Chambers) Legislature which delays budget passage and early implementation. The delay in budget approval in Nigeria affects the timing of the budget, and constrains the spending authorities from accessing statutory appropriated funds. This creates budgetary gaps, which can encourage misappropriation and embezzlement by opportunistic budgetary staff. This undermines the principle of accountability which the MTEF advocates for.

vi) The Appropriation Bill in Ghana is passed on or before 31$^{st}$ of December, the year preceding the budget year, and budget implementation commences 1$^{st}$ of January of the budget year. But this is not the case in Nigeria. The Nigerian Appropriation Bill is approved and implemented some months into the budget year. This is consistent with literature (Ekeocha, 2012, Table 2 under 2.14.1). For a period of thirteen years (2000 to 2012), except for two years (2001 and 2007), the Nigerian Appropriation Bill was implemented mostly in the third month. Early passage and implementation of the budget in Ghana enhances the performance of MTEF, and is largely attributed to the simple single Chamber nature of its Parliament.

vii) The thirty days provision of the FAA (2003) for parliament to approve and pass the budget and the one Chamber Legislature of Ghana trades off budget quality, while the double Chamber nature of the Nigerian Legislature though causes delay pays off in budget quality. Thus, there is a trade-off between accelerated passage of budget and budget quality. However, the timely passage and implementation of the budget better satisfies the demands of MTEF. Hence (I propose that), "*the unicameral nature of the Ghanaian Parliament is more suitable for the implementation of MTEF*".

viii) In Ghana, MDA Ministers are appointed both from within and outside Parliament (which is quasi-parliamentary). But in Nigeria, all Ministers are appointed outside Parliament by the President (which is purely Presidential). The appointment of Members of Parliament as MDA Ministers in Ghana unarguably facilitates the approval of the Appropriation Bill (despite the adherence to the provision of the FAA of 2003). The appointment of Ministers outside Parliament (though can lead to undue squabbles between Ministers and Parliamentarians) guarantees independent and thorough budget scrutiny, as well as efficiency and greater participation in the budgetary process. And this is germane to better implementation of the MTEF programme. Despite the advantage of speedy passage of the Appropriation Bill in the Ghanaian system (I am of the opinion that), "*the Nigerian practice seems to ensure effective prioritization of programmes, and hence better fulfils the requirement of MTEF*".

## 4.4. Influence of Stakeholders on MTEF

The success of any government policy depends on the activities of those (stakeholders) involved in its implementation. So also, the performance of MTEF largely depend the activities of some key stakeholders. This aspect of this chapter is to present data in a way that would reflect *"The activities and influence of stakeholders in and on the implementation of MTEF in Ghana and Nigeria*". This is equally intended to answer the second research question of this study.

Data gathered from the interviews are divided and analysed according to the roles and level of activities and influence of the identified stakeholders. Below is the presentation and discussion of the findings of interviews conducted in Ghana and Nigeria.

### 4.4.1 The Case of Ghana

**Classification of Ghanaian Stakeholders According to their Role:**

The role and activities of the Executive include policy formulation and budget preparation, budget implementation, budget monitoring and control.

The Legislature (as shown in Table 11 below) is consulted in the policy formulation stage but does not prepare the budget. According to interviewees, it is incumbent on the Legislature to scrutinise and approve the draft budget. It is also the responsibility of the Legislature to monitor and appraise the implementation and performance of the budget.

Respondents also said MDAs are responsible for policy formulation, budget preparation, implementation and monitoring. The monitoring aspect, according to respondents, is done by the Ministry of Finance which is one of the various MDAs in the system.

CSOs make input in the planning and policy formulation stage upon invitation, but do not participate in the preparation and implementation aspect of the budgetary process. They advise the government as well as advocate for transparency and effective allocation of resources. They also monitor and appraise the implementation and performance of the budget, but cannot control the system.

Donor Agencies depending on MDAs, are consulted in the policy formulation and planning stage of sectoral budgets in Ghana. According to the respondents from Ministry of Health (Respondent 04), realisable revenue from Donor Partners is incorporated into the sectoral budget. They advise and appraise mostly MDAs of interest, as well as render technical and financial assistance to MDAs and the government at large. Thus, Owus (2008, Pp. 39) submitted that, “MDAs in Ghana hold consultative meetings with Donor Agencies between March and April every year”.

**Table 11:** Role of Stakeholders in the Budgetary Process of Ghana

| **STAKEHOLDER** | **PFP** | **APPV** | **IMPL** | **ADVO** | **ADVS** | **APPR** | **MONT** | **CONT** | **ASST** |
|---|---|---|---|---|---|---|---|---|---|
| EXECUTIVE | ✓ | | ✓ | | | | ✓ | ✓ | |
| LEGISLATURE | ✓ | ✓ | | | | ✓ | ✓ | | |
| MDAs | ✓ | | ✓ | | | | ✓ | | |
| CSOs | ✓ | | | ✓ | ✓ | ✓ | ✓ | | |
| DONOR AGENCY | ✓ | | | | ✓ | ✓ | | | ✓ |

**Level of Activities and Influence of Stakeholders in Ghana**

As displayed in Table 12 below, 100% respondents from Ghana and Nigeria said the Executive is an active stakeholder. They also said that, it is very influential in the budgetary process. Interview participants from Ghana revealed that the Executive determines policy directions and MDAs' budget ceilings through an Economic Management Team known as the Central Budgeting Agency. The Executive dictates the implementation of the budget and has the power to push in unbudgeted /extra-budgetary items, which can lead to high budget-overlap.

Six out of the seven respondents representing about 85.7% of the interview sample size of Ghana adjudged the Legislature as active and influential. However Respondent 06 said, the 2003 FAA of the Republic of Ghana constrains the Legislature to pass the Appropriation Bill within thirty days.

Five out of seven respondents from Ghana (representing 71.4% of the Ghana's sample size) spoke that MDAs are active and influential. One of the respondents said, MDAs are the owners of the budget because they prepare and execute the budget, and perform their statutory duties to ensure that the right thing is done. He concluded that the success or failure of the MTEF greatly depends on the MDAs. However another respondent said, "although MDAs prepare and implement the budget they do not really own the budget because their ceilings are given to them by the Economic Management Team".

100% of respondents from Ghana submitted that, CSOs are active but less influential in the budgetary process of Ghana. According to Respondent 04, CSOs are consulted in the preparation of their budget, "before the preparation of budget we hold appraisal meeting with CSOs to review the performance of the past budget; we also hold regular meetings with them to brief them on the performance of the current budget, but they don't participate in the actual execution of the budget".

In Ghana, 71.4% of the total respondents attested to the fact that Donor Agencies are passive and less influential. According to Respondent 05, there are many Donor Agencies such as the World Bank, IMF, UNESCO, EU, and the USA. Their involvements depend on their objectives and missions. The World Bank seems to be more involved than others. The involvement of the IMF is low. It is not involved in the planning and execution of the budget. It does not deal with MDAs. It deals with the Central Bank or Ministry of Finance.

It was pointed out ealier, the opinions of Ghanaian respondents are divided. Some claimed Donor Agencies are consulted by the national in the preparation of the macroeconomic framework but are passive in the implementation of the budget; that they introduce fund outside the budget and have no direct dealings with the Central Budgeting Agency but with selected MDAs who report to them. Others claimed that Donor Agencies are development partners and as such their contributions are considered while preparing the budget.

*Interview Question 11* was a deliberate attempt to further investigate the role of Donor Agencies, as well as validate the claim in literature that says, "most aid dependent countries are unable to use donor funds that are made available to them due to the timing of Donor commitments, which has led to an awkward stand-offs in most benefiting countries.

Respondents said donor aids are administered and accounted for by MDAs through desk officers representing donor agencies in the respective MDAs. According to them, funds are released and utilised according to MoUs signed by Donor Agencies and the respective MDAs. They said the respective MDAs report quarterly to Donor Agencies. They however affirmed that donors sometimes fail to deliver on their promises, especially when they have economic crisis or beneficiary MDAs do not meet targets. They further said that irrespective of time of receipt, aids and grants are well accounted for. However, Respondent 04 said, “it is complex to handle late Donor aids and grants as part normally fall into the next budget period”.

**Table 12:** Classification of Stakeholders According to Level of Activeness and Influence in Ghana

| NATURE OF STAKEHOLDER | NAME OF STAKEHOLDER | NO. OF RESPONDENTS |
|---|---|---|
| Active & Very Influential | Executive,<br>Legislature,<br>MDAs | 7 Respondents<br>6 Respondents<br>5 Respondents |
| Active but Less Influential | CSOs | 7 Respondents |
| Passive and Less Influential | Donor Agencies | 5 Respondents |

**Role and Influence of MDAs in Ghana**

From the summarized interview outcome in Table 13, all MDAs including the Ministry of Finance engage in policy formulation and budget preparation. They all participate in the implementation process.

But only the Ministry of Finance regulates the activities of the MDAs in the budget preparation and implementation process. It is also only the Ministry of Finance that monitors the implementation process in Ghana.

However in Ghana, the Ministry of Finance is not directly involved in controlling the process. Control comes from the Central Budgeting Agency (that is, the Economic Management Team) at the national.

**Table 13:** Classification of MDAs According to Role and Influence in Ghana

| NATURE OF ROLE | MDAs |
|---|---|
| **PFP** | All MDAs (including Ministry of Finance). |
| **IMPL** | All MDAs (including Ministry of Finance). |
| **REG** | Only Ministry of Finance. |
| **MONT** | Only Ministry of Finance. |
| **CONT** | Economic Management Team |

### 4.4.2 The Case of Nigeria

**Classification of Nigerian Stakeholders According to their Role**

Nigerian interviewees, like their Ghanaian counterparts responded alike on the role of stakeholders in the implementation of MTEF, except for MDAs and Donor Agencies. MDAs in Nigeria, in addition to policy formulation, budgeting planning, preparation, implementation and monitoring, perform some control activities, especially the Federal Ministry of Finance.

Secondly, Donor Agencies in Nigeria, regardless of their MoUs with MDAs of their interest, are not considered in the preparation of the budget. According to respondents, Donor Agencies become stakeholders only when they show interest in financing some specific programmes of interest, or when the government needs their financial assistance.

**Table 14:** Role of Stakeholders in Nigeria

| STAKEHOLDER | PFP | APPV | IMPL | ADVO | ADVS | APPR | MONT | CONT | ASST |
|---|---|---|---|---|---|---|---|---|---|
| EXECUTIVE | ✓ | | ✓ | | | | ✓ | ✓ | |
| LEGISLATURE | ✓ | ✓ | | | | ✓ | ✓ | | |
| MDAs | ✓ | | ✓ | | | | ✓ | ✓ | |
| CSOs | ✓ | | | ✓ | ✓ | ✓ | | | |
| DONOR AGENCY | | | | | ✓ | ✓ | | | ✓ |

**Level of Activities and Influence of Stakeholders in Nigeria**

All the respondents from Nigeria said the Executive is an active and influential stakeholder in the implementation of MTEF in Nigeria.

According to Respondent 04, "the Executive is the owner of the MTEF and that it determines the success or otherwise of the MTEF". He concluded that the Executive initiates and formulates policies, prioritizes programmes, forecasts and estimates revenues and expenditures, and allocates figures to programmes and projects through MDAs.

All the Nigerian participants submitted that the Legislature is very active and influential. As earlier established, the cause of the delay in the approval of the Annual Appropriation Bill in Nigeria is largely caused by the Legislature.

In Nigeria, 87.5% of respondents declared that MDAs are both active and influential in the budgetary process. According to Respondent 03, “the implementation of the MTEF is truly domiciled in the MDAs”. Also, Respondent 04 said, “the budgetary process in Nigeria begins and end in the MDAs, especially the Ministry of Finance”.

One hundred percent (100%) of the Nigerian respondents submitted that CSOs are active but less influential in the actual implementation of the MTEF. CSOs according to interview participants participate in the preparation of the budget by making useful suggestions in the preparation of the MTSS which goes with the MTEF. But they only advocate for transparency, and assess the performance and level of implementation of the budget at the end of each budget year, without any direct implementation and control activity. Thus, Respondent 01 said, “in Nigeria we have CSOs that actually question the implementation of the budget, but it ends at that because they don’t have the power to prosecute; they can only shout and protest but cannot ensure that the right thing is done”.

In Nigeria, all interview participants submitted that Donor Agencies are passive and less influential. Particularly, Respondent 07 said, “the World Bank makes contributions outside the budget; it relates more with MDAs than the Federal Government, and they monitor their contributions based on MoUs through their country representatives”.

**Table 15:** Classification of Stakeholders According to Level of Activeness and Influence in Nigeria

| NATURE OF STAKEHOLDER | NAME OF STAKEHOLDER | NO. OF RESPONDENTS |
|---|---|---|
| Active & Very Influential | Executive,<br>Legislature,<br>MDAs | 8 Respondents<br>8 Respondents<br>7 Respondents |
| Active but Less Influential | CSOs | 8 Respondents |
| Passive and Less Influential | Donor Agencies | 8 Respondents |

**Role and Influence of MDAs in Nigeria**

The Nigerian situation is like that of Ghana, except that unlike in Ghana, there is no special team at the centre that controls the budgetary process or system; the Ministry of Finance under the directive of the President controls the entire budgetary system.

**Table 16:** Classification of MDAs According to Role and Influence in Nigeria

| NATURE OF ROLE | MDAs |
|---|---|
| **PFP** | All MDAs (including Ministry of Finance). |
| **IMPL** | All MDAs (including Ministry of Finance). |
| **REG** | Only Ministry of Finance. |
| **MONT** | Only Ministry of Finance. |
| **CONT** | Only Ministry of Finance. |

**NB:**

ADVO: Advocacy Role.

ADVS: Advisory Role.

APPR: Appraisal Role

APPV: Budget Approval.

ASST: Assistance

CONT: Control.

IMPL: Budget Implementation.

MONT: Budget Monitoring.

PFP: Policy Formulation and Planning.

REG: Regulatory Role

RESP: Respondents.

### 4.4.3 Related Literature

The MTEF is for all intents and purposes a contract between Cabinet, Central Agencies, sectors and other stakeholders. Owusu (2008, Pp. 39) argued that, "stakeholders need to be involved in the design, introduction and implementation of the budgetary process".

The major stakeholders identified in the adoption and implementation of MTEF in Ghana and Nigeria are the Executive, the Legislature, MDAs, CSOs and the Donor Agencies.

The Executive is responsible for budget planning, formulation and preparation (Ekeocha, 2012, and Oku-Afari, 2010). The Executive is also responsible for the execution of the budget. The success of any public sector reform depends on political commitment by the Executive Arm of Government. If there is no strong determination and belief on the part of the president who is the key and central management agency, no matter how technically or professionally designed a policy is, it will not achieve the desired objective (Stevens and Teggermann, 2003, Holmes and Evans 2003, and Apedzan, 2007). The Executive Arm of Government has been largely adjudged to be the cause of late approval of the appropriation bill in Nigeria (Ekeocha, 2012).

The Legislature, according to Ekeocha (2012) is one of the major players in the budgetary process of any country. Firstly, the Legislature gives MTEF the required legal backing and framework. The Legislature is responsible for the scrutiny and approval of the budget (Oku-Afari, 2010 and Ekeocha, 2012). The appropriateness and realism of the detailed budget estimates, according to Holmes and Evans (2003), depends on the level of parliamentary involvement in the budgetary process. Sufficient Parliamentary engagement in the trade-off process of project prioritization and resource allocation links inputs to outputs within a programmatic structure (Obademi and Sokefun, 2009). The perpetual delay in the date of implementation of the annual budget in Nigeria, according to Ekeocha (2012), is partly due to selfish political aggrandisement by members of the National Assembly.

MDAs are incredibly important to credible budget execution. They participate in the planning, preparation and implementation process of the budget. The successful implementation of MTEF requires a clear distinction between decisions at the Centre and Sector (MDA) levels. Also, there must be adequate coordination between the national and Sub-national sectors (Ogujiuba, *et al.*

2013). Holmes and Evans (2003) advocated that sector managers should be given a more predictable flow of resources coupled with more discretion over detailed budget management. Related literature suggest that, every MDA should have a Budget Committee to lead the MTEF process in its Ministry (Holmes and Evans, 2003, and Ogujiuba *et al.*, 2013). However, Obademi and Sokefun (2009) observed that despite the advocacy for greater MDAs participation and empowerment in the budgetary process many MDAs have unspent fund in their coffers even in deficit budget years at the end of the budget year in Nigeria.

CSOs play a significant role in the budgetary process. Their participation ranges from information provision to consultation in the planning and monitoring stages of the budgetary process. They do not participate in the actual implementation of the budget but they give the needed credibility, acceptance and accountability that the budgetary process demands (Moon, 2001). However, Owusu (2008) observed that the participation of CSOs and the wider electorates in Ghana is implicit in the budgetary system because they are not given the opportunity to see the budget proposals before they are approved. A critical indicator of accountability, according to Moon (2001), is whether the MTEF is published and made available to the public. If it is not published, it runs the risk of being merely an internal, technical document (World Bank, 2001). The Publication of the MTEF, according to Le Houerou and Taliercio (2002), enables CSOs play a greater role in the PEM process.

Lastly, the MTEF and PRSP are conceptually related to Donor Agencies' support. Holmes and Evans (2003) opined that most MTEF implementing countries in the Sub-Saharan African region receive Technical Assistance and large aid inflows from donor agencies. However, the World Bank has no formal policy on MTEFs. It only recommends MTEF to governments in the Sub-Saharan

African region to guide their annual budgeting. However, Holmes and Evans (2003) observed that often, donors subvert the policy-making processes and budget cycles of benefiting or recipient countries. Also, available literature revealed that most aid dependent countries are unable to use donor funds that are made available to them. This, according to Holmes and Evans (2003) is due to the timing of donor commitments, which has led to an awkward stand-offs in most benefiting countries, where countries blame Donors for unreasonable rules and slowness and donors attribute delays to countries inadequacies.

### 4.4.4 Discussion

The following are the deductions from the empirical data and related literature on the role and activities of stakeholders in the Ghanaian and Nigerian public sectors.

i) All the specified stakeholders in the study participate actively or passively in the Ghanaian and Nigerian budgetary process, and therefore influence the implementation of MTEF( at varying degrees) in Ghana and Nigeria.

ii) The Executive is the owner and chief implementer of the MTEF in Ghana and Nigeria. The Executive is very active and influential in the budgetary process of Ghana and Nigeria (as in literature). Therefore, the success or otherwise of the MTEF depends largely on the Executive Arm of Government in Ghana and Nigeria (as in literature).

iii) The Legislature is equally active and very influential but cannot implement the budget both in Ghana and Nigeria (as supported by literature). The delay in the passage of the Appropriation Bill in Nigeria is largely caused by the Legislative Arm of Government. It can therefore be concluded that the implementation and performance of the MTEF can be thwarted by the Legislature.

iv) MDAs in Ghana and Nigeria (as in literature) corroborate with the Executive, and are therefore active and very influential. Tables 12, 13, 15 and 16 reveal that both the Executive and MDAs play almost the same role, and are both active and influential in the budgetary process of Ghana and Nigeria. This implies that the actual implementation of the MTEF programme rests on the shoulders of MDAs. It can be deduced that, like the Executive, MDAs can also determine the pace of MTEF implementation in Ghana and Nigeria.

v) MDAs in Ghana are not as independent as their counterparts in Nigeria in the determination of revenue and prioritization of programmes due to the dictation of budget ceilings by the Central Budgeting Agency (as captured in literature). This is against the bottom-up approach to budgeting which MTEF advocates. The Nigeria system therefore fulfils the requirement of MTEF better than the Ghanaian Quasi-decentralized system.

vi) CSOs are very active and vocal in pointing out variations in the implementation stage, but cannot make practical difference because they don’t have the Executive and political power to cause any change. Therefore as captured in literature, they are active but less influential in the implementation of MTEF in Ghana and Nigeria. However, their advocacy and monitoring roles promote transparency and accountability, and keep the Executive on its toes in the implementation of the MTEF.

vii) Donor Agencies are both passive and less influential in the implementation of MTEF in Ghana and Nigeria (as contained in literature). However, Donor Agencies are more involved in the budgetary process of Ghana than Nigeria. As rightly mentioned in literature (Holmes and Evans, 2003), Donor aids and grants sometimes come late, and this causes some accounting and reporting problems. In conclusion, the contribution of Donor Agencies is too insignificant to determine the performance and success of the MTEF.

## 4.5 Influence of Culture on MTEF Implementation

This segment is aimed at presenting data to find out whether culture influences the implementation of MTEF in Ghana and Nigeria. This is done in line with Hofstede's theory of culture.

### 4.5.1 The Case of Ghana

The general response to the first *Interview Question (12)* in this segment (*How are Ghanaians generally?)* was impressive, and revealed that Ghanaians are calm, reserved, conservative, equality conscious, and have respect for culture and power. Only one of the respondents said, the people from Central Region are aggressive.

However, the response to *Interview Question 13 (How does the culture of Ghana influence the implementation of MTEF in Ghana?)* was generally poor and controversial. Only four participants responded; the other three did not respond. Two of them argued that culture has nothing to do with the implementation of MTEF in Ghana. The other two out of the four that responded said, culture influences the implementation of MTEF in Ghana. One said, "if not that Ghanaian leaders not proactive, Ghana being one of the first countries to adopt MTEF would have identified the challenges it is facing and taken appropriate measures long before now. The responses to the first interview question are coded and summarized in Table 17 below.

**Table 17:** The Nature of Ghanaians

| PARAMETERS | RESPONSE | NATURE OF CITIZENS (HOFSTEDE'S CLASSIFICATION) |
|---|---|---|
| **Aggressive** | - | Feminine |
| **Calm** | Yes | Feminine |
| **Ambitious** | - | Feminine |
| **Reserved** | Yes | Uncertainty (Risk) Avoiders |
| **Proactive** | - | Feminine |
| **Conservative** | Yes | Uncertainty (Risk) Avoiders |
| **Competitive** | - | Feminine |
| **Equality** | Yes | Feminine |
| **Respect for Culture** | Yes | Collectivists |
| **Respect for Power** | Yes | Hierarchical |

### 4.5.2 The Case of Nigeria

*Interview Question 13* was answered by only six participants in Nigeria. This represents 50% of the interview sample size from Nigeria. However, the outcome portrayed Nigerians as aggressive, ambitious, proactive, competitive and collectivistic people. It also revealed that Nigerians averagely have respect for power.

On the aspect of influence of culture on the implementation of MTEF in Nigeria (that is, *Interview Question 14*), seven responded with opposing views. Three said there is no place for culture in the implementation of MTEF. One of them said, "the MTEF is governed by principles and not by culture". Four respondents submitted that, culture influences the implementation of MTEF in Nigeria. Respondent 05 said, "the unpatriotic nature of Nigerian leaders (driven by undue competition) impedes the implementation of MTEF". Finally, Respondent 06 claimed that, "the outspoken nature of Nigerian citizens especially CSOs checks the Executive in the implementation of MTEF in Nigeria".

**Table 18:** The Nature of Nigerians

| PARAMETERS | RESPONSE | NATURE OF CITIZENS (HOFSTEDE'S CLASSIFICATION) |
|---|---|---|
| **Aggressive** | Yes | Masculine |
| **Calm** | - | Masculine |
| **Ambitious** | Yes | Masculine |
| **Reserved** | - | Daring (Risk Takers) |
| **Proactive** | Yes | Masculine |
| **Conservative** | - | Daring (Risk Takers) |
| **Competitive** | Yes | Masculine |
| **Equality** | - | Masculine |
| **Respect for Culture** | Yes | Collectivist |
| **Respect for Power** | Average | Hierarchical |

### 4.5.3 Related Literature

Chapter two (2.15) of this study defines culture as the collective mental programming of the human mind which distinguishes the members of one group or category of people from others (Hofstede, 1983).

A comparative study of the consequences of culture on values, organisations and institutions from six dimensions by Hofstede and Minkov (2010) revealed that:

a) Both Ghanaians and Nigerians accept a hierarchical order in which everybody has a place. And this implies the less powerful members in the institutions and organisations within the countries expect and accept that power is distributed unequally.

b) Both Ghana and Nigeria are collectivistic, which means that there is a close long-term commitment to citizens by the government; and that both Ghanaian and Nigerians strictly adherence to culture.

c) Ghana is a society whose dominant values are caring for others and quality of life, and is therefore feminine in nature. Nigeria on the other hand is a society that is driven by competition, achievement and success, and is therefore masculine in nature.

d) Ghana is a society that avoids uncertainty, while Nigeria is averagely a society with people who take risk.

Generally, Ghanaians are very calm and reserved Berry (1994). Culturally, Nigeria as a country is very dynamic. It is a multi-ethnic country with different people who have different orientation about life (Owhonda, 1998).

### 4.5.4 Discussion

Based on the responses above and the related literature on culture, the propositions are justifiable.

i) Subjectively, Ghanaians are feminine, risk avoiders, collectivistic and hierarchical in culture (as captured in literature). Consequently, Ghanaians seem to be more receptive and tolerant to foreign policies such as the MTEF than Nigeria. One can therefore say that the Ghanaian environment is more favourable than that of Nigeria.

ii) Subjectively, Nigerians are masculine, averagely risk takers, collectivistic and hierarchical in culture (as reflected in literature). Hence the adoption and implementation of MTEF in Nigeria took a longer time than in Ghana, due to the competitive and probing nature of the people.

iii) This aspect of the study is however inconclusive, due to the divide in opinion of respondents on interview question 14, the subjective nature of the above assertions..

iv) The observed gap (above) calls for further research.

## 4.6 Lessons for Nigeria

This part of the chapter is designed to achieve the fourth objective of this study, which is to *find out if Nigeria, a recent adopter of MTEF would have some lessons to learn from Ghana's relatively long experience of MTEF implementation*. This segment is also aimed at analyzing interview data in order to answer the fourth research question, which says, "*is there any lessons for Nigeria to learn from Ghana's experience?"*

The relevant interview question to achieve the above is *Interview Question 14* (*What lesson can Nigeria learn from Ghana's long experience of MTEF implementation?*). This question was administered on only Ghanaian interviewees. Below is a straight forward analysis and findings of the recommendations made by Ghanaian respondents to the government of Nigeria.

i) That the President of Nigeria should passionately own the budget. Short (2003) in chapter two of this work opined that one of the implementation challenges of the MTEF in Ghana was impairment and lack of ownership. Effective MTEF implementation according to Holmes and Evans (2003) in 2.4.5 of chapter two requires strong institutional support and single nationally owned political process at the centre of government that reconciles the bottom-up and top-down components

ii) That the Nigerian Legislature should adopt the Kenyan system where the draft budget is scrutinised by a special team of experts/ technocrats in the Parliament. This is related to the opinion of Diamond (1994) in 2.4.6 of chapter. He advised that, “MTEF adopters must be technically capable to decipher and adjust policy alterations and their associated costs and expenditure”.

iii) That the Executive and Legislature should timely present and pass the appropriation bill. Short (2003) submitted in 2.10.2 of chapter two that, one of the failures of MTEF in Ghana was late development of budget timetable and budget framework paper-documentation. This implies that the budget should not be over-politicized (De Renzio, 2006).

iv) That Nigeria should employ the services of experts in the preparation of the budget. Nigeria should reduce the human elements in the preparation and implementation of its budget. Of course, for MTEF to be successfully implemented (as stated in 2.4.4 of chapter two), policies and expenditures must be well planned and integrated by expert (World Bank Handbook, 1998).

v) That Nigeria should be realistic in forecasting revenues. Poor revenue forecast is one of the challenges in the implementation of MTEF in Ghana. This is because MTEF implementation requires a thorough resource availability and capacity analysis, as well as effective resource prioritisation and allocation (Holmes and Evans, 2003, and Obademi and Sokefun, 2009)

vi) That one of the banes in the Ghanaian budgetary process is fiscal indiscipline. Hence, Nigeria should be fiscally disciplined in implementing its budget. Multi-year budgeting, according to Diamond (1994) in chapter two of this study, requires aggregate fiscal discipline which is strict adherence to budgeted estimate in the spending phase of budgeting.

vii) That Nigeria should avoid undue under-funding of MDAs and programmes as it affects the morale of MDA staff. One of the common criticisms of PRSPs in developing countries is that they represent a wish-list of policy measures which are poorly prioritised and too often de-linked from availability of financial resources in the budget (De Renzio and Smith, 2005).

viii) That Nigeria should adopt accrual concept International Public Sector Accounting Standards for accounting and budgeting purposes. IPSAS is designed for uniformity and transparency in reporting and budget line item number/ code. This would encourage all states to adopt and implement MTEF.

## 4.7 Appraisal of MTEF in Ghana and Nigeria

The response to *Interview Question 1* (*What is the current approach to budgeting in Ghana and Nigeria?*) revealed that MTEF as opined in chapter two by the World Bank Handbook (2001) and Almaty (2011) was adopted and implemented in 1996 and 2009 by Ghana and Nigeria respectively. Some respondents said Ghana and Nigeria would soon move from annual incremental budgeting to programme based budgeting.

When *Interview Question 2* was asked, (*How is MTEF faring in Ghana and Nigeria?*) all respondents from both countries submitted that MTEF has improved the budgetary process in Ghana and Nigeria, compared to its pre adoption period. This justifies the assertion of Wildavsky (1986) and Amakiri (2013) that, MTEF is a very important piece of document in the Fiscal operations of a country that addresses well-known shortcomings of annual budgeting.

### 4.7.1 Implementation Challenges of MTEF in Ghana and Nigeria

The relevant interview question here is the second part of *Question 2* for Ghanaian and Nigerian respondents (*Are there any challenges in the implementation of MTEF in Ghana and Nigeria?*). Below is a summary of the responses to the interview question, which are captured in literature in chapter two by Short (2003), Heady *et al*. (2009), Michael (2013), Ogujiuba, *et al.* (2013) and Ogunsola (2014).

**Implementation Challenges in Ghana**

a) Poor funding of MDAs and programmes, due to poor forecasting.

b) MTEF is cumbersome and too technical to operate especially in the collection of data.

c) Lack of required manpower.

d) Over-prioritization of programmes.

e) Consistent gap between budgeted revenues and actual (realized) revenues.

f) Budget has not been fully implemented over the years.

g) Extra-budgetary spending on unbudgeted items.

h) Lack of transparency in the declaration of budget ceilings by MoFEP.

**Implementation Challenges in Nigeria**

a) Unnecessary squabble between the Executive and the Legislature over acceptable level of revenue to be raised and expenditure incurred.

b) Lack of coordination between Inter-governmental Agencies and National/State Assemblies.

c) Lack of Fiscal discipline in the implementation of the budget by the Executive -injection and implementation of extra-budgetary items not captured in the budget to the detriment of budgeted items, by new governments.

d) Unnecessary delay in the passage of the Annual Appropriation Bill.

e) Late implementation of the budget.

f) The design of the MTEF is too consultative and time consuming.

g) Oil price fluctuation.

h) Lack of required manpower in MDAs.

i) Excessive Executive power in the implementation of the budget.

j) Inability of the Legislature to correct the Executive and MDAs in the implementation phase.

### 4.7.2 Percentage of Annual Budget Implementation in Ghana and Nigeria

The relevant interview question here is *Question 9* for Ghanaian respondents, and *Question 10* for Nigerian respondents (*What percent of the Annual Budget on the average is implemented for the past three years in Ghana and Nigeria?).*

**Percentage of Implementation in Ghana**

Respondents in Ghana divided the budget into three segments: Compensations (Salaries); Goods and Services and Assets. Although, there were insignificant variations in their responses, the averages for each of the budget components are as given below:

Compensation: 95%

Goods and Services: 50%

Assets: 45%

<u>*Overall Performance*</u> **=** *95+50+45/300*100% = (200/ 300*100%)* **= *66.67%***

**Percentage of Implementation in Nigeria**

Respondents in Nigeria divided the budget into two components namely Recurrent and Capital Expenditures. Although, there were insignificant variations in their responses, the averages for each of the budget components are as given below:

Recurrent: 87%

Capital: 52%

<u>*Overall Performance*</u> **=** *87+52/200*100% = (139/ 200*100%)* **= *69.5%***

From the above, it can be deduced that both Ghana and Nigeria not able to fully implement their budget due to the implementation challenges highlighted above.

### 4.7.3 Budget Publication in Ghana and Nigeria

The relevant interview question is *Question 10* for Ghanaian respondents, and *Question 11* for Nigerian respondents (*How transparent is the Ministry of Finance of Ghana / Nigeria in the publication of the items and figures in the budget?).* The aim of this sub-segment is to ascertain whether the budget figures and items are made available to the masses, especially CSOs, to enable them monitor the implementation process.

Respondents from both countries said the Ministry of Finance is very transparent in the publication of the items and figures in the budget. However, Owusu (2008) made a claim that, the participation of CSOs and the wider electorates in Ghana is implicit in the budgetary system, because they are not given the opportunity to see the budget proposals before they are approved.

## 4.8 Conclusion

This chapter presented data collected from seven interview participants from Ghana and eight from Nigeria, with the aim of analysing data to achieve the research objectives tailored towards providing answers to the four research questions of this study. Accordingly, this chapter is divided into four major parts to reflect the research objectives and questions, which are built on the political economy theory that encapsulates the institutional theory, stakeholders' theory and Hofstede's theory of culture.

Firstly, this chapter investigated the political structures in Ghana and Nigeria, and analysed available interview data to ascertain how the countries' systems of Administration, Legislative Formation and Executive Cabinet Composition influence the operation of MTEF in the countries. It is discovered here that Ghana is a Unitary state with a Unicameral Legislature and a quasi-Parliamentary Executive, which implies budget centralisation and quick budget passage. Nigeria on the other hand, is a Federal State with a Bicameral Legislature and a purely Presidential Executive Cabinet that decentralises budgeting and delays budget passage.

This chapter also analysed the roles and activities of some identified stakeholders in the Ghanaian and Nigerian public sectors (based on available interview data), and investigated how they influence the implementation of the MTEF in the two countries. This chapter establishes the fact that the Executive, Legislature and MDAs are actively involved in the budgetary process of Ghana and Nigeria and that their activities greatly influence the process. It is also established in this chapter that CSOs participate actively in the process but have less influence, while donor agencies are less active and less influential in the budgetary process of Ghana and Nigeria.

The chapter further analysed data in line with the Hofstede's theory of culture to ascertain the influence of culture in the implementation of MTEF in Ghana and Nigeria. This chapter confirmed the assertions of Hofstede and Minkov (2010) which said that Ghanaians are feminine, risk avoiders, collectivistic and hierarchical, while Nigerians are masculine, risk takers, collectivistic and hierarchical. However, an issue gap was discovered and is recommended for further or future research.

As part of the objectives of the study, the chapter analysed data from respondents from Ghana whose recommendations were solicited for Nigeria. This chapter thus, contains some recommendations for Nigeria who is a recent adopter of MTEF.

Lastly, this chapter evaluated the performance of the MTEF in Ghana and Nigeria to reflect respondents' general appraisal, the implementation challenges, percentage of implementation and budget publication in Ghana and Nigeria.

# CHAPTER FIVE

## SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Introduction

This last chapter summarizes the findings of this research work according to the research questions and objectives. Based on the findings, conclusions are made to reflect the researcher's view on the role of governmental structures, stakeholders and culture in the implementation of MTEF in Ghana and Nigeria. This chapter also presents some recommendations for Ghana, Nigeria and public sector accounting researchers.

## 5.2 Summary of Findings

### 5.2.1 The Influence of the Ghanaian and Nigerian Governmental Structures in MTEF Implementation.

a) Ghana practices a Unitary Presidential system of government, while Nigeria operates Federal Presidential system of government. Ghana’s system suits the implementation of MTEF better than the Nigerian system, due to the benefits of centralized budgeting and unity of purpose.

b) Ghana has a simple Unicameral Legislature which facilitates the passage of the Annual Appropriation Bill before the commencement of the budget period. Nigeria practices a complex bicameral Legislature which delays the passage of the Annual Appropriation Bill.

c) The Unicameral nature of the Ghanaian Parliament is more suitable for the implementation of MTEF.

d) Ghana’s Executive Cabinet is quasi Parliamentary (a mixture of Legislators and Non-legislators), while the Nigerian Executive Cabinet is purely (Presidential) constituted by citizens outside the Parliament. The Nigerian practice encourages professionalism and effective prioritization of programmes; hence better fulfils the requirement of MTEF.

e) The Executive Presidents in Ghana and Nigeria both have the required political will to implement MTEF in their countries. Hence, the performance of MTEF in Ghana and Nigeria largely depends on the Executive Presidents.

### 5.2.2 The Influence of Stakeholders in MTEF Implementation in Ghana and Nigeria

a) The Executive in Ghana and Nigeria are very active and influential stakeholders. They determine the performance of the MTEF.

b) The Legislature (especially in Nigeria) is equally very active and influential. It is largely responsible for the late passage of the budget in Nigeria. The Legislature can also determine the success or otherwise of the MTEF.

MDAs are like the Executive in the budgetary process and system in Ghana and Nigeria. MDAs are therefore very active stakeholders that prepare and implement the budget. MDAs can therefore significantly influence the performance of MTEF.

c) CSOs are very active and vocal in pointing out deviations in the implementation stage of MTEF. They promote transparency and accountability, and keep the Executive on its toes in the implementation of the MTEF.

d) Donor Agencies are passive stakeholders and as such have very insignificant influence on the performance of IMTEF in Ghana and Nigeria.

### 5.2.3 The Influence of Culture in MTEF Implementation in Ghana and Nigeria

a) Ghanaians are feminine, risk avoiders, collectivistic and hierarchical. Hence, they are more tolerant to foreign policies like MTEF than Nigeria. Nigerians are masculine, risk takers, collectivistic and hierarchical. Hence, they are less receptive to foreign policies like the MTEF, than Ghana.

b) There is a sharp divide among interviewees both in Ghana and Nigeria concerning the influence of culture on the implementation of culture. Hence, there is need for further research on this.

### 5.2.5 Lessons from Ghana's Experience

a) The President of Nigeria should passionately own the budget.

b) The Nigerian Legislature should adopt the Kenyan system of budget scrutiny.

c) The Executive and Legislature should timely present and pass the appropriation bill.

d) Nigeria should employ the services of experts in the preparation of its budget.

e) Nigeria should be realistic in forecasting revenues.

f) Nigeria should be fiscally disciplined in implementing its budget.

g) Nigeria should avoid undue under-funding of MDAs and programmes as it affects the morale of MDA staff.

h) Nigeria should adopt IPSAS for accounting and budgeting purposes. IPSAS is designed for uniformity and transparency in reporting and budget line item number/ code. This would encourage all states to adopt and implement MTEF.

## 5.3 Conclusion

### 5.3.1 The Influence of the Ghanaian and Nigerian Governmental Structures in MTEF Implementation

a) The Ghanaian unitary system of administration ensures the adoption and implementation of MTEF by the entire country. Therefore, the Ghanaian system better suits the MTEF programme than the Nigerian system, because it facilitates and enhances control in the budgetary system.

b) Ghana's simple Unicameral Legislature though trades off thorough budget scrutiny, enhances timely budget implementation and performance, and is therefore better than the Nigerian Bicameral Legislature.

c) The appointment of Cabinet Minister entirely from outside parliament (notwithstanding the perceived undue disagreement between MDA ministers and parliamentarians during budget defence) encourages the independence of the Legislature in budget scrutiny, as well as encourages professionalism in the administration of MDAs, let alone greater participation. The Nigerian practice guarantees budget quality and is therefore a better option to the Ghanaian system.

d) It can therefore be concluded that, the governmental structures of countries can influence the implementation and performance of MTEF.

### 5.3.2 The Influence of Stakeholders in MTEF Implementation in Ghana and Nigeria

a) The Executive is very powerful in Ghana and Nigeria. The Executive is the chief determinant of the performance of the MTEF

b) The Legislature is not as powerful as the Executive, but can thwart the smooth operation of the MTEF.

c) MDAs are the real-time workers in the preparation and implementation of the MTEF. They can equally frustrate the implementation of the MTEF.

d) CSOs can advocate for transparency, accountability and fiscal discipline in the implementation of the MTEF, but cannot effect their propositions.

e) Donor agencies are very passive and less influential stakeholders. They cannot make any significant change in the implementation of MTEF.

### 5.3.3 The Influence of Culture in MTEF Implementation in Ghana and Nigeria

a) Hofstede and Minkov (2010) are right in their assertions that Ghanaians are feminine, risk avoiders, collectivistic and hierarchical. Their propositions are also true about Nigerians. Nigerians indeed are masculine, risk takers, collectivistic and hierarchical.

b) Due to the sharp divide in opinion as to whether culture influences the implementation of MTEF in Ghana and Nigeria, there is a research gap which renders this aspect of the study inconclusive.

### 5.3.4 Lessons from Ghana's Experience

All the recommendations made by Ghanaian respondents are realistic. Hence, they constitute a very good guide for Nigeria in the implementation of MTEF.

## 5.4 Recommendations

### 5.4.5 Recommendations for Ghana

a) The Ghanaian Legislature should adopt the Kenyan system of budget scrutiny.

b) The Republic of Ghana should review the 2003 Financial Administration Act to increase the thirty days budget scrutiny period. On this note, the Executive should present the appropriation bill earlier than November.

c) The Legislature should be constitutionally empowered to exercise control in the implementation phase of the budget.

### 5.4.6 Recommendations for Nigeria

a) The Nigerian Legislature should adopt the Kenyan system of budget scrutiny.

b) The Legislature should be constitutionally empowered to exercise control in the implementation of phase of the budget.

c) Both the two Chambers of the National Assembly of Nigeria should have one (joint) forum and phase in budget scrutiny and approval.

d) There should be a Legislation to compel the Legislature to approve the Appropriation Bill on or before $31^{st}$ of December of the year preceding the budget year (as in Ghana).

e) Nigeria should adopt cash IPSAS as well as enact a Legislation to unify all states in budget preparation and reporting.

### 5.4.7 Recommendations for Ghana and Nigeria

To achieve the desired objectives of Executing the MTEF in Ghana and Nigeria, it is crucial to have in place adequate and appropriate structures to administer the budgetary process within the various MDAs. It is necessary for every MDA to have a Budget Committee which will take the responsibility for leading the MTEF process in its ministry. This was also the opinion of Ogujiuba,et al in 2013.

Furthermore, CSOs in Ghana and Nigeria should be consciously and better involved in the preparation and monitoring phases of the budgetary process. It must also be recommended that, both Ghana and Nigeria should avoid extra-budgetary spending on unbudgeted items, as well as improve on their forecasting to avoid over-prioritisation and under-funding of programmes and MDAs.

### 5.4.8 Recommendation for Further Research

This thesis is tailored to achieve four objectives. It is designed to ascertain the influence of the governmental structures, stakeholders and culture in the implementation of MTEF, as well as to solicit recommendations for Nigeria.

The study could not make any valid conclusion on the influence of culture in the implementation of MTEF in Ghana and Nigeria. It is therefore recommended that a further study be conducted to ascertain the influence of culture in the adoption and implementation of MTEF in Ghana and Nigeria.

# REFERENCES


Adetunmbi, O. (2014). *How far can Nigeria go without planned-based medium term expenditure framework and budget process*. Retrieved from http://www.premiumtimesng.com.

Almaty, K. (2011). International Experience and Best Practice in Implementing Medium Term Expenditure Frameworks. IMF Workshop.

Amakiri, Y.D. (2013). *The Medium Term Expenditure Framework and the Legal Politics of Federalism.* Retrieved from http://www.nigerianlawtoday.com.

Anipa, S., Kaluma, F. & Muggeridge, E. (1999). Case study of MTEF in Malawi and Ghana. DFID Seminar on Best Practice in Public Expenditure Management, Tema: Consulting Africa Limited.

*Andrade, M., Cavalcant, C., Boakye, D., Linde, G.V., et al. (2004). Public Expenditure Management Country Assessment and Action Plan (AAP) Ghana.* www1.worldbank.org/…/Ghana%20HIPC

Andrews, M. (2010). How far has public financial management reforms come in Africa? Faculty Research Working Paper RWP10-018. *Harvard Kennedy School, Cambridge*, MA.

Apedzan, E. (2007). Budget reforms and budget implementation in Nigeria: A critical review of medium term expenditure framework. *Journal for Social and Management Science* 5, 255-267.

Aryee, J. R. A. (2008). The Balance Sheet of Decentralisation in Ghana. In Salito, Fumihiko (Ed). *Foundations for Local Governance*, 233-258. Physical-Verlag HD.

Bacharach, S. B. (1989). Organisational theories: Some criteria for evaluation. *Academy of Management Review*, 14, 496 – 515.

Baxter, P. & Jack, A. (2008). Qualitative case study methodology: Study design and implementation for novice researchers. *The Qualitative Report,* 13, 544 – 559.

BBC News (February 20, 2014). Nigeria Central Bank Head, Lamido Sanusi Ousted. www.bbc.co:uk/News/world-africa-26270561

Bedard, J. & Gendron, Y. (2004). "Qualitative research on accounting: Some thought behind the scene." In Onumah, J. M. (2012). The research journey: the other aspect of the academic life as seen through a doctoral study. *University of Ghana Legon*. Retrieved from http://balme.ug.edu.gh.

Benbasat, I., Goldsterin, D. K. & Mead, M. (1987). The case research strategy in studies of information systems, *MIS Quarterly*, 11, 369-386.

Berry, L. (1994). *The Culture of Ghana: A Country Study* (3rd Ed). Retrieved from en.wikipedia.org/wiki/Culture_of_Ghana.

Bevan, D. & Palomba, G. (n.d.). *The Ugandan budget and medium term expenditure framework set in a wider context*'. Retrieved February 30th, 2014, from http://citeseerx.ist.psu.edu>viewdoc>summary.

Bhattacherjee, A. (2012). *Social Science Research: Principles, Methods and Practices*. Florida, FL: University of South Florida.

Blumberg, B., Cooper, D.R. & Schindler, P.S. (2005). *Business Research Methods.* New York, NY: McGraw-Hill.

Boyatzis, R. E. (1998). *Transforming Qualitative Information: Thematic Analysis and Code Development.* Thousand Oaks, London & New Delhi: Sage Publications.

Bozeman, B. & Straussman, J. D. (1982). Shrinking budget and the Shrinkage of budget theory. *Public Administration Review*, 42, 41-72.

Braun, V. & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3, 83-102.

Bryman, A. (1989). *Research Methods and Organisational Studies.* London: Unwin Hyman.

Bryman, A.  & Bell, E. (2003). *Business Research Methods.* London: Oxford University Press.

Budget Office, Federal Republic of Nigeria (2010). 2011-2013 MTEF & FSP. Retrieved from www.budgetoffice.gov.ng/pdfs/**2011-2013**%20**MTEF**%20&%20FSP.pdf.

Caiden, N. & Wildavsky, A. (1974). *Planning and Budgeting in Developing Countries.* Canada: The Twentieth Century Fund Inc.

CIA World Fact Book . www.indexmundi.com>Factbook>Countries>Ghana>Government. Retrieved September 12, 2014.

CIA World Fact Book .www.indexmundi.com>Factbook>Countries>Nigeria>Government. Retrieved September 12, 2014.

Clutterbuck, D. (2003). *Managing Work Life Balance. A Guide for HR in Achieving Organisational Goals*. Retrieved from https://books.google.com >gh books.

Creswell, J. (2007). *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*, London: Sage Publications.

Creswell, J. (2009). *Research Design: Qualitative, Quantitative and Mixed Approaches.* 2nd Ed. London: Sage Publications.

Deegan, C. & Samkin, G. (2009). *New Zealand Financial Accounting System*. Sydney: McGraw-Hill.

De Renzio, P. (2006). *Working in the Twilight Zone: Senior Budget Officials and the Politics of the Budget Process*. 3rd Annual CABRO Seminar, Addis Ababa, Ethiopia.

De Renzio, P. & Smith. S (2005): Linking policies and budgets: medium term expenditure frameworks in a PRSP context. ODI Briefing Paper Overseas Development Institute London. www.odi.org.uk.

Diamond, J. (1994). *The role of internal audit in government financial management: An international perspective.* Working Paper No. 02/94, Washington: IMF.

Diamond, J., Davies, M. Khemani, P., Thomas, T., & Sarraf, F. (2005). IMF Technical Assistance Evaluation: Public Expenditure Management Reform in Selected African Countries (Washington: International Monetary Fund Fiscal Affairs Department).

Dimaggio, P. J. & Powell, W. W. (1991). *The New Institutionalism and Organisational Analysis*. Chicago: University of Chicago Press.

Ekeocha, P.C. (2012). An analysis of the federal budgeting process in Nigeria: Implications for institutional reforms for achieving timeliness. *National Institute for Legislative Studies, Developing Country Studies* 2, 64-77

Eze, O. (2014). Analysing the 2014-2016 Medium Term Expenditure Framework. Retrieved from http://punchng.com.

Folscher, A. (2002). Budget transparency and participation: five African case studies. IDASA.

Foster, M, Fozzard, A., Naschold, F. & Conway, T. (2002). How, when, why does poverty get budget priority: poverty reduction strategy and public expenditure in five African countries. *ODI Working Paper*, Series No.168.

Galliers, R. D. (1992). *Research Methodology for Business and Management Studies.* Retrieved from https://books.google.com.ng/books?isbn...

Gelso, C. (2006). Applying theories to research: The interplay of theory and research in science.

Glaser, B. & Straus, A. (1967). *The Discovery of Grounded Theory*. ISBN 0-20230260-1

Government of Ghana Finance Statistics Manual 2001, International Monetary Fund (Updated 2003 Ed). http://www.imf.org/external/pubs/cat/longres.

Gray, R., Owen, D. & Adams, C. (1996). Accounting and Accountability: Changes in Corporate Social and Environmental Reporting, Prentice Hall, London. JIC 12, 4 582.

Graham, A. (2002). Success in Budgeting and Planning: Lessons from the Medium Term Expenditure Framework Experience. http://post.queensu.ca/-grahama.

Grewal, B. S. (2005). Medium term expenditure framework. Public Finance and Expenditure Management Course 7-11, Session 7. ADB Institute, Tokyo.

Grigoli, F., Mills, Z., Verhoeven, M., & Vlaicu. R. (2012). MTEFs and fiscal performance: Panel data evidence. *Policy Research Working Paper*, World Bank, Washington, DC.

Guest, G. (2012). *Applied Thematic Analysis.* Thousand Oaks, California: Sage Publications.

Guthrie, J. & Petty, R. (2000), “Intellectual capital: Australian annual reporting practices”, *Journal of Intellectual Capital*, 1, 241-54.

Hakim, C. (1987). *Research Design, Strategies and Choices in the Design of Social Research.* London: Unwin Hyman.

Harlow, E. (2009). Contribution, theoretical. In Mills, A. J., Durepos, G., & Wiebe, E. (Eds.). *Encyclopedia of Case Study Research*, 237- 239.

Headey, D., Benson, T., Kolavalli, S. & Fan, S. (2009). *Why African Governments Under-invest in Agriculture: Results from an Expert Survey*. Presentation at the International Association of Agricultural Economists, Beijing, China.

Hofstede, G. (1983). National cultures in four dimensions: A research based theory of cultural differences among nations, *International studies of Management and Organisation*, 2, 122-134.

Hofstede, G. & Minkov, M. (2010). *Cultures and Organisations: Software of the Mind.* (3rd Ed). New York, NY: Mc Graw-Hill.

Holmes, M. & Evans, A. (2003). A review of experience in implementing medium term expenditure frameworks in a PRSP context: a synthesis of eight country studies. *Overseas Development Institute.* London.

Ighodaro, C. A. U. & Oriakhi, D. E. (2010). Does the relationship between government expenditure and economic growth follow wagner's law in Nigeria? *Annals of the University of Petroşani, Economics,* 10, 185-198.

Internal Audit Agency, Ghana (2003). Financial Administration Act, 2003. Retrieved from *www.iaa.gov.gh/.../**Financial**%20**Administration**%20**Act**090302085651...*

Jones, S. & Lawson, A. (2000). Moving from Projects to Programmatic Aid. OED Working Paper, Series No 5.

Kabo, S. K. (2004). *Budget Process in Ghana and the Linkage with Ghana's Macroeconomic Framework*. Accra: Integrated Social Development Centre.

Kighir, A. E. (2012). Budget reforms and budget implementation in Nigeria: A critical review of medium term expenditure framework, IRCAB. *Journal for Social and Management Science*, 2, 267-274.

Kiston, G. C., Sussman, M. B., William, G. K., Zeekandelaar, R. B., Schickmanter, B. K. & Steinberger, J. L. (1982). Methodology: The other side of caning. *Journal of Marriage and the Family, 44, 965-981*.

Korea MTEF Paper (2002). Retrieved from https://tampub.uta.fi/bitstream.gradu06506.pdf?

Kostopoulos, C. (1999). Progress in public expenditure management in Africa: Evidence from World Bank surveys. *Africa Region Working Paper,* Series No. 1

Kraft, M. & Furlong, S. (2006) *Public Policy: Politics, Analysis, and Alternatives.* (2nd Ed). London: Sage Publications.

Le Houerou, P. & Taliercio, R. (2002). Medium term expenditure frameworks: from concept to practice: preliminary lessons from Africa. *Africa Region Working Paper,* Series No. 28,

Li, J. (2008). *A longitudinal study of corporate social disclosure in Chinese listed companies' annual reports: 2002 to 2006*. (Unpublished MBA dissertation). Auckland University of Technology, Auckland.

Lienert, I. C. & Sarraf, F. (2001). Systemic weaknesses of budget management in Anglophone Africa. *Working Paper*, Series No. 01/211.

Long, E. & Aimee, L. F. (2004). The paradox of implementing government performance and results: Top-down direction for bottom-up implementation. *Public Administration Review*. 64, 117-129.

Mason, R. D., Lind, D. A., & Marchal, W. G. (1999). *Statistical Techniques in Business and Economics.* (6th Ed). New York, NY: Mc Graw-Hill.

Meryer, J. W. & Rowan, B. (1977).Institutionalized Organisations: Formal Structure as myth and Ceremony. *American Journal of Sociology*, 83, 340 – 363.

Michael, J. (2013). Understanding the real budget: The case of Ghana. *International Food Research Institute,* Discussion Note 029.

Miles, M. B. & Huberman, A. M. (1994). *Qualitative Data Analysis*. (3rd Ed). London: Sage Publications.

Ministry of Finance of the Republic of Moldova (2011). A Brief Guide to Moldova's MTEF and its Role in the Budget Planning Process. www.mf.gov.md/.../what is the MTEF.

Moon, A. (2001). *Linking Planning, Policy and Budgets: Experience with MTEFs Public Expenditure Analysis and Management*. Nigeria, Seminar Slides.

Morton-Williams, J. (1985). Making Qualitative Research Work: Aspects of Administration. Retrieved from http://books.google.com.gh > books.

Muggeridge, E. (1997). Mozambique: Assistance with the Development of a Medium Term Expenditure Framework. *Draft Report*.

Mulgan, R. (1997), The process of public accountability. *Australian Journal of Public Administration*, 2, 25-36.

National Assembly of Nigeria (2007). Fiscal Responsibility Commission (Establishment) Act, 2007. Retrieved from www.nassnig.org/document/download/5905.

National Treasury of South Africa (2012). Medium Term Expenditure Framework Treasury Guidelines. *www.**treasury**.gov.za/.../**guidelines/MTEF**%20**Treasury**%20**Guidelines**%...*

Nepal & Nam, V (2010). MTEF: Approaches, experiences and lesson from nine countries in Asia. *Asia-Pacific Education Review Series*,UNESCO Bangkok.

Nurudeen, A. & Usman, A. (2010). Government expenditure and economic growth in Nigeria, 1970-2008: a disaggregated analysis. *Business and Economics Journal*, 26 BEJ-4, 1-11.

Obadan, M. I. (2003) *National Development Planning and Budgeting in Nigeria: Some Pertinent Issues.* Ibadan: Broadway Press Limited.

Obademi, O. E. & Sokefun, A.O. (2009). Budget process and procedures in porous developing economies: Nigeria in focus. *Journal of Research in National Development,* 7, 187-228.

Obidegwu, C. (2005). The medium term expenditure framework: The challenges of budget implementation in SSA countries. *African Working Paper*, Series No. 82.

Ogunsola, F. (2014). The relevance of 2014-2016 medium term expenditure framework and strategy paper to economic growth. http.//www.finesseconsult.com. Nigeria.

Ogujiuba, K., Ezema, B. & Sola, O. (2013). Medium term expenditure and fiscal management in Nigeria: A review of the (2005-2008) framework. *Journal of Economics and Behavioral Studies,* 5, 291-306.

Okpala, K. E. (2014). Medium term expenditure framework and budget effectiveness in Nigeria. *International Journal of Innovation and Scientific Research*, 4, 26–32.

Oku-Afari, Kwabena B. (2010). *Macroeconomic Modeling and Public Accounts Management: Overview of the Budgetary Process of Ghana*. Accra: Centre for Policy Analysis.

Olomola, A. S. (2006). Budgeting and fiscal policy issues in Nigeria. A paper presented at a Workshop for Legislative Attaches. April 12. Ibadan, Nigeria: NISER.

Olomola, A. S. (2009). Strategies and Consequences of Budgetary Reforms in Nigeria. A Paper Presented at the 65th Annual Congress of the Institute of International Public Finance (IIPF), Cape Town, South Africa.

Onumah, J. M. & Owusu, G. M. (2012). *Challenges of implementing the medium term expenditure framework in developing countries: evidence from Ghana* Retrieved 14 October, 2014, from http//balme.ug.edu.gh.

Owen, B. (2000). *Budget reform: Making it happen*. Retrieved October 12, 2014, from premadvisory@ worldbank. org.

Owhonda, J. (1998). *Nigeria: A Nation of Many Peoples.* Retrieved 2nd December, 2014, from www.everyculture.com/Ma-Ni/Nigeria.html

Owusu, G. M. Y. (2008). *Public sector financial management reforms in Ghana: The case of MTEF* (Unpublished M. Phil thesis). University of Ghana, Legon.

Oxford Policy Management, (2000). *Medium Term Expenditure Framework-Panacea or Dangerous Distraction*? Oxford: Oxford University Press.

Pearson, M. (2002). Medium term expenditure frameworks: An introduction. DFID Health Systems Resource Centre, London.

Philippe, L. H. & Robert T. (2002). Medium term expenditure frameworks: from concept to practice: preliminary lessons from Africa. Washington DC.

Phillips, A. (1997) Nigeria's Fiscal Policy 1998-2010. NISER Monograph Series, Ibadan.

Roberts, R. (1992), Determinants of corporate social responsibility disclosure, *Journal of Accounting, Organisation and Society,* 17, 595-612.

Robson, C. (2002). *Real World Research.* (2nd Ed). Oxford: Blackwell.

Ryan, B., Scapens, R., & Theobald, M. (1992). *Research Methods and Methodology in Finance and Accounting.* London: Academic Press Ltd.

Saunders, M., Lewis, P. & Thornhill, A. (2007). *Research Methods for Business Students.* (4th Ed). London: Pearson Education Ltd.

Schneider, A. & Samkin, G. (2008), Intellectual capital reporting by the New Zealand local government sector, *Journal of Intellectual Capital*, 9 No. 3, 456-86.

Scott, W. R. (2004). *Institutional Theory*. Los Angeles. London: Sage Publications.

Shick, A. (2001). Reflections in the New Zealand Model. www.treasury.govt.nz/publicatios/... /shick-aug0

Short, J. (2003).*Country Case Study 4: Assessment of the MTEF in Ghana*. UK:  Reprim.

Stake, R. E. (1995). *The Art of Case Study Research.* London: Sage Publications.

Stam, H. (2010). Theory. In Salkind, N. J. (Eds.). *Encyclopedia of Research Design*, 1499-1503.

State Partnership for Accountability, Responsiveness and Capability (SPARC) Nigeria (2015). Nigeria's State Level Programmes. Retrieved from: www.odi.org/sites/odi.org.uk/files/odi-assets/publications *.../9458.pd*

Stevens, M. & Teggermann, S. (2003). *Comparative Experience with Administrative Reform in Ghana, Tanzania and Zambia.* Public Sector Reform and Capacity Building Unit, Africa Region: World Bank.

Strauss, A.  & Corbin, J.  (1990). *Basics of Qualitative Research, Grounded Theory Procedures and Techniques*. Newbury Park, CA: Sage Publications.

Schiavo-Campo, S. (2009). Potemkin villages: The medium-term expenditure framework in developing countries. *Public Financial Publications, Inc.*, 29, 1–26.

Tumusiime-Mutebile E. (2001). Improving public expenditure management -- recent Ugandan.

Ullmann, A.E. (1985), “Data in search of a theory: a critical examination of the relationships among social performance, social disclosure and economic performance of US firms”. *Journal of Academy of Management Review*, 10, 540-57.

Vergauwen, P. & Alem, F. (2005). Annual reports IC disclosures in The Netherlands, France and Germany. *Journal of Intellectual Capital,* 6, 89-104.

Vian, T. & Bicknell, W. J. (2013). Good governance and budget reform in Lesotho public hospitals: performance, root causes, and reality. *Health Policy & Planning*, 2013, 1-12. Doi: 10.10933/heapol/czs121.

Wacker, J. G. (2008). A conceptual understanding of requirements for theory-building research: Guidelines for scientific theory building. *Journal of Supply Chain Management,* 44, 5-15.

Walsham, G. (1993). *Interpreting Information Systems in Organisations.* Chichester: Wiley.

Wang, Y. (2005). Medium Term Expenditure Framework for Implementing Poverty Reduction Strategy in Nigeria. NEEDS Seminar, Abuja: Nigeria.

Whiting, R.H. & Miller, J.C. (2008), Voluntary disclosure of intellectual capital in New Zealand annual reports and the hidden value. *Journal of Human Resource Costing and Accounting*. 12, 26-50.

Wildavsky, A. (1964). *The Politics of the Budgetary Process*. Boston, MA: Little Brown.

Wildavsky, A. (1986). *Budgeting: A comparative theory of budgetary processes*. New York, NY: Transaction Publishers.

World Bank, (1998). *Public expenditure management handbook: Linking policy, planning and budgeting in a medium expenditure framework*. Washington DC: World Bank.

World Bank (2001). *Public Expenditure Management and Accountability: Evolution and Current Status of World Bank.* World Bank: PREM Network.

World Bank and International Monetary Fund (2001). *Tracking of poverty-related public spending in heavily indebted poor countries (HIPC*). World Bank.

World Bank and International Monetary Fund (2004). *Tracking of poverty-related public spending in heavily indebted poor countries (HIPC*). World Bank.

World Bank & international Monetary Fund (May 28, 2004). *Public Expenditure Management Country Assessment and Action Plan*. www1.worldbank.org/publicsector/...Ghana% 20HIPC –AAP.

worldbank.org/…/2003/…/Ghana-country-procurement-assessment-report-vol-4-5-annex-8-public- procurement-act. 2003 Ghana - Country Procurement Assessment Report (Vol.4).

Yelwa, J. A. (2010). *Institutionalizing Medium Term Expenditure Framework (MTEF) in the Fiscal Governance of Nigeria.* National Training Workshop Paper. Kaduna: Leading Edge Academy.

Yin, Robert K. (1993). *Case Study Research Design Methods.* (1st Ed). Newbury Park, CA: Sage Publications.

Yin, Robert K. (1994). *Case Study Research Design Methods.* (2nd Ed). Newbury Park, CA: Sage Publications.

Yin, Robert K. (2011). *Qualitative Research from Start to Finish.* London: Guilford Publication.

Zikmund, W.G. (2003). *Business Research Methods.* (7th Ed). London: South-Western University Press.

# APPENDICES

## LETTER OF INTRODUCTION/ FAMILARIZATION BY RESEARCHER

**UNIVERSITY OF GHANA BUSINESS SCHOOL**

**ACCOUNTING DEPARTMENT**

Date…………

Dear Sir/ Madam,

**Request for Academic Interview**

I am an M. Phil student of Accounting at the University of Ghana Business School. As a University requirement, I am writing an M. Phil Thesis on the topic: "A Comparative Study of the Adoption and Implementation of the Medium Term Expenditure Framework by Ghana and Nigeria".

I am therefore soliciting your cooperation in an interview, the purpose of which will be to have an understanding of your view on the adoption and implementation of the Medium Term Expenditure Framework in Ghana/ Nigeria.

All information will treated as confidential and used strictly for academic purposes. Final reports of the study can be made available to you upon request.

Attached is a copy of an introduction letter from my Thesis Supervisor and University.

Thanks in advance.

Yours faithfully,

**Odogu, Terry k. Zuode.**

odoguterry@gmail.com.

# INTERVIEW GUIDE

## SECTION ONE

INTERVIEW GUIDE FOR GHANAIAN RESPONDENTS

**Research Topic**: A Comparative Study of the Adoption and Implementation of Medium Term Expenditure Framework in Ghana and Nigeria.

**Purpose of Interview:**

a) To find out how the Ghanaian system of government influence its implementation of MTEF.
b) To find out how the activities stakeholders in the public sector of Ghana influence the implementation of MTEF.
c) To find out how culture influence the implementation of MTEF in Ghana.
d) To find out whether Nigeria would have some lessons to learn from Ghana's experience of MTEF implementation.

**Personal Data of Respondent:**

a) Name (optional)……………………………………
b) Place of Work………………………………………
c) Position……………………………………………..
d) Years in Service……………………………………..

**Interview Questions:**

1) What system of government is Ghana operating, and what is the current approach to budgeting in Ghana?

2) How is MTEF faring in Ghana; are there any challenges in the implementation of MTEF in Ghana?

3) What system of government is Ghana operating?

4) What are the implications of centralisation or Unitarianism relative to budget planning, preparation and implementation by regions in the Republic of Ghana?

5) Does the unicameral (single Chamber) nature of the Ghanaian National Parliament influence the passage of its Annual Appropriation Bill (compared to bicameralism in Nigeria)?

6) Does the appointment of MDA Ministers from Parliament influence (facilitate) the passage of the Annual Appropriation Bill by Parliament in Ghana?

7) What time of the year is the budget approved and implemented in Ghana?

8) What are the roles and influence of the Executive, Legislature, MDAs, CSOs and Donor Agencies (World Bank, & IMF) in and over the preparation and implementation of MTEF in Ghana?

9) What percent of the Annual Budget (on the average) is implemented for the past three years in Ghana?

10) How transparent is the Ministry of Finance of Ghana in the publication of the items and figures in the budget?

11) How are financial aids and loans from Donor Agencies administered and accounted for in Ghana?

12) How are Ghanaians (are they aggressive or calm, ambitious or reserved, proactive or conservative, competitive or not, highly traditional or not, hierarchical or not)?

13) How does the culture of Ghana influence the implementation of MTEF in Ghana?

14) What lesson can Nigeria learn from Ghana's long experience of MTEF implementation?

**SECTION TWO**

INTERVIEW GUIDE FOR NIGERIAN RESPONDENTS

**Research Topic**: A Comparative Study of the Adoption and Implementation of Medium Term Expenditure Framework in Ghana and Nigeria.

**Purpose of Interview:**

a) To find out how the Nigerian system of government influence its implementation of MTEF.

b) To find out how the activities stakeholders in the public sector of Nigeria influence the implementation of MTEF.

c) To find out how culture influence the implementation of MTEF in Nigeria.

**Personal Data of Respondent:**

a) Name (optional)……………………………………

b) Place of Work………………………………………

c) Position……………………………………………..

d) Years in Service……………………………………..

**Interview Questions:**

1) What is the current approach to budgeting in Nigeria?

2) How is MTEF faring in Nigeria; are there any challenges in the implementation of MTEF in Nigeria?

3) What system of government is Nigeria operating?

4) What are the implications of Federalism and the Fiscal Responsibility Act of 2007 relative to budget planning, preparation and implementation by states in the Federal Republic of Nigeria?

5) How does the bicameral nature of the Nigerian Legislature at the National affect the approval and passage of the appropriation bill?

6) What is the implication of the appointment of Ministers outside the Parliament as against appointment from the Parliament relative to budget scrutiny and approval in Nigeria?

7) What time of the year is the budget approved and implemented in Nigeria?

8) What is the cause of delay in the presentation and approval of the Annual Appropriation Bill in Nigeria?

9) What are the roles and effects of the Executive, Legislature, MDAs, CSOs and Donor Agencies (World Bank and IMF) in the adoption and implementation of MTEF in Nigeria?

10) What percent of the Annual Budget (on the average) is implemented for the past three years in Nigeria?

11) How transparent is the Federal Ministry of Finance of Nigeria in the publication of the items and figures in the budget?

12) How are financial aids and loans from Donor Agencies administered and accounted for in Nigeria?

13) How are Nigerians (are they aggressive or calm, ambitious or reserved, proactive or conservative, competitive or not, highly traditional or not, hierarchical or not)?

14) How does the culture of Nigeria influence the implementation of MTEF in Nigeria?