



Budget Reforms: Lessons from the United States Congressional Budget Office

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Policy Paper

Oak Centre



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Its goal is to transform knowledge into action, promoting sustainable growth and resilience.

Abstract

Nigeria's budget process has long been characterised by inefficiencies, delays, and a lack of transparency.

The delayed signing of the 2017 Appropriations Bill by Acting President Professor Yemi Osinbajo on 12 June 2017, more than five months into the financial year, exemplifies these systemic challenges.

This delay resulted in the government spending funds that had not been legally appropriated, undermining fiscal discipline and weakening confidence in governance.

In contrast, developed nations such as the United States (U.S.) have institutional mechanisms that ensure the timely preparation and approval of budgets.

The United States Congressional Budget Office (CBO) plays a key role in ensuring a well-structured and non-partisan budgetary process by providing independent budgetary and economic analysis to Congress.

This policy paper examines the U.S. budget process, highlights the role of the CBO, and makes the case for reforming Nigeria's budgetary framework.

It argues that Nigeria must strengthen the National Assembly Budget and Research Office (NABRO) to function as an independent, non-partisan institution capable of enhancing budget credibility, fiscal discipline, and transparency.

➤ Introduction

A well-structured budgetary system is central to good governance, economic stability, and national development. It provides the framework for resource allocation, ensuring that government priorities align with strategic economic and social objectives. An effective budget system enhances fiscal discipline, promotes transparency, and enables efficient public service delivery by ensuring that expenditures are planned, monitored, and executed in accordance with national development goals.

However, Nigeria's budget process is plagued by inconsistencies, delays, and a lack of coordination between the Executive and the Legislature. The failure to enact the budget before the commencement of the financial year has led to governance disruptions, unauthorised expenditures, and inefficient service delivery. These challenges hinder economic planning, create uncertainty in the business environment, and weaken public confidence in fiscal governance. Budget delays disrupt the implementation of critical infrastructure projects, education programmes, and healthcare services, ultimately impeding national progress.

Additionally, Nigeria's budget formulation and approval process is frequently subject to political bargaining, which affects its effectiveness and transparency. The absence of a well-defined and enforceable budget calendar has resulted in the recurrent problem of budget enactment delays. The situation is further compounded by weak institutional capacity and inadequate oversight

mechanisms, which allow for discrepancies in revenue projections, expenditure estimates, and financial accountability.

In contrast, developed economies have refined their budget processes to ensure efficiency, fiscal discipline, and adherence to strict budget timelines. The U.S., for instance, has an institutionalised budget system in which agencies commence budget preparation 24 months before the financial year. This extensive preparation period ensures that all stakeholders, including government departments, Congress, and independent budget offices, have ample time to review financial projections, prioritise expenditures, and make necessary adjustments before the budget is enacted.

A component of the U.S. budgeting process is the Congressional Budget Office (CBO), which plays an essential role in ensuring the credibility of budget proposals through objective economic and budgetary analysis. The CBO provides independent assessments of fiscal policies, helping lawmakers make informed decisions based on empirical data rather than political considerations. Nigeria must draw lessons from this model to strengthen its budgetary framework, particularly by reforming NABRO to function as a truly non-partisan agency. By adopting best practices in budget formulation, fiscal oversight, and expenditure tracking, Nigeria can enhance the efficiency, transparency, and credibility of its budget process.

➤ The United States budgeting process: A model of efficiency

In the U.S., the budget process is well-structured and spans multiple years. Government agencies begin budget preparations 24 months before the financial year, submitting their proposals to the Office of Management and Budget (OMB) 12 months in advance. The President then submits the budget proposal to Congress by the first Monday in February, affording Congress eight months for review, hearings, and negotiations before final approval in September. The budget is signed into law by the President before the start of the new financial year. This systematic approach ensures that all financial appropriations are deliberated upon in a timely manner, allowing for smooth economic planning and programme implementation.

A crucial feature of this process is the CBO, an independent federal agency established under the Congressional Budget Act of 1974. The CBO is mandated to provide Congress with objective, non-partisan analysis of budget proposals, economic forecasts, and fiscal projections. The agency prepares an annual Economic and Budget Outlook, a mid-year update, and an analysis of the President's Budgetary Proposals. These reports guide legislative decision-making by providing accurate economic forecasts and assessing the fiscal impact of proposed policies. The availability of independent budgetary analysis strengthens the integrity of the budgeting process and ensures that expenditure decisions are guided by economic realities rather than political expediency.

Beyond fiscal forecasting, the CBO plays a critical role in ensuring that government spending is well-regulated and free from undue political influence. It evaluates proposed

budgets for efficiency, prevents excessive borrowing, and ensures that allocations align with national priorities. The CBO also scrutinises budget insertions or "pork barrel" projects, which involve legislators adding expenditure items for their constituencies that may not serve broader national interests. Through its oversight functions, the CBO enhances transparency, prevents waste, and fosters public trust in the budget process.

Furthermore, the U.S. budgetary system incorporates a well-defined oversight and accountability framework. The Government Accountability Office (GAO) is tasked with monitoring the use of public funds, evaluating government programmes, and ensuring compliance with financial regulations. This institutional oversight strengthens fiscal responsibility and minimises the risk of mismanagement or corruption in budget execution.

For Nigeria to improve its budgetary system, it must adopt key elements of the U.S. model, particularly in the areas of independent budget analysis, structured budget timelines, and enhanced legislative oversight. Strengthening NABRO to function as a truly autonomous institution would help bridge the gaps in Nigeria's fiscal governance and promote greater accountability in public spending. Additionally, integrating mechanisms for independent expenditure review and financial performance assessment would significantly enhance the credibility and efficiency of Nigeria's budgetary process.

➤ The need for a stronger Budget Office in Nigeria

Unlike the U.S., Nigeria lacks a centralised, independent budget office that provides objective, non-partisan analysis. Instead, budgetary decisions are left largely to the Appropriations Committees of the National Assembly, a situation that has led to allegations of partisanship, inefficiencies, and budgetary inconsistencies. Although Nigeria has the National Assembly Budget and Research Office (NABRO), its mandate and operational capacity are weak, rendering it ineffective as an independent budget oversight institution.

The absence of a robust, non-partisan budgetary institution has created significant challenges in Nigeria's fiscal management. Budget proposals often lack credible macroeconomic forecasts, leading to unrealistic revenue projections and expenditure frameworks. Additionally, frequent disputes between the Executive and the Legislature over budgetary allocations result in avoidable delays, undermining economic planning and public service delivery. These delays disrupt government operations, delay infrastructure projects, and create uncertainty for investors and development partners.

A stronger NABRO is necessary to ensure transparency and fiscal discipline in Nigeria's budget process. Strengthening NABRO would introduce professionalism into budget preparation and depoliticise budget negotiations between the Executive and the Legislature. By providing independent budgetary and economic analysis, NABRO could offer objective fiscal projections and expenditure assessments, reducing the risk of political manipulation in budget formulation. Furthermore, an empowered NABRO would help resolve disputes over budget figures, reduce

delays in budget approvals, and enhance long-term fiscal planning.

Another major challenge in Nigeria's budget process is the frequent practice of inserting extraneous projects, commonly referred to as "pork barrel" projects. Legislators often introduce projects that serve their constituencies at the expense of national priorities, diverting funds from critical sectors such as healthcare, education, and infrastructure. While the U.S. also experiences some level of project insertion, the Congressional Budget Office (CBO) ensures that such allocations are scrutinised and made transparent. The CBO's oversight role prevents arbitrary spending by assessing the economic impact of budgetary allocations and exposing fiscally irresponsible proposals.

Nigeria must adopt similar measures to curb wasteful spending and improve the credibility of budget allocations. Establishing a transparent mechanism for project evaluation would help ensure that all budgetary decisions align with national development priorities. This would also foster greater public trust in the budget process and enhance the efficiency of public resource allocation.

Furthermore, NABRO should be given the mandate to publish independent budgetary analyses, including cost estimates of proposed government policies and projects. This would allow policymakers, civil society organisations, and the public to critically assess government spending decisions and hold leaders accountable. Without an effective oversight mechanism, Nigeria risks perpetuating a system where budgetary allocations are driven by political interests rather than economic rationality.

➤ The budget allocation and oversight system in the United States

The House and Senate Appropriations Committees play a fundamental role in the allocation of the federal budget in the U.S. They divide the total discretionary spending allocations into thirteen sub-allocations, each funding a different government function, including Agriculture, Defence, Justice, Energy, and Foreign Operations. These sub-allocations ensure that all sectors of the government receive appropriate funding based on economic priorities and policy objectives.

The oversight of these allocations is further enhanced by the Government Accountability Office (GAO), an independent agency that conducts financial and programme audits to prevent mismanagement and ensure efficiency. The GAO evaluates government programmes, identifies areas of wasteful spending, and makes recommendations for policy adjustments. The GAO submits reports to Congress highlighting inefficiencies and recommending improvements, an essential aspect of accountability that Nigeria currently lacks. The presence of such an institution enhances transparency, reduces the risk of corruption, and improves public sector performance.

To improve Nigeria's budgetary oversight, a similar approach should be implemented, ensuring that NABRO plays an active role in monitoring government spending and making recommendations for fiscal efficiency. A strengthened NABRO could assess budgetary

allocations, track expenditure trends, and provide independent evaluations of government projects. By institutionalising budgetary oversight, Nigeria would significantly improve accountability and prevent financial mismanagement.

Additionally, constitutional amendments should be considered to streamline the budgetary timeline. The Executive should be required to submit its budget proposal by 1 September, allowing the National Assembly sufficient time to review, debate, and amend the budget before final approval by 15 November. Currently, the lack of enforceable deadlines contributes to delays in budget enactment, disrupting economic planning and government service delivery.

The Fiscal Responsibility Act (FRA) of 2007 should also be amended to clarify the Medium-Term Expenditure Framework (MTEF) timeline and ensure adequate time for budget preparation, review, and approval. The FRA is vague on when the MTEF should be submitted to the National Assembly for review and by what date it must be approved. As a result, the Executive and the Legislature often operate on different timelines, causing inefficiencies in the budgetary process. A revised FRA with clear procedural guidelines would help synchronise fiscal planning and promote a more structured approach to budgeting.

The budget allocation and oversight system in the United States (contd.)

Furthermore, Nigeria should introduce a budget scoring system, similar to the one used by the CBO in the U.S. Budget scoring involves assessing the financial impact of proposed policies and determining their long-term economic implications. By institutionalising budget scoring, Nigeria could ensure that all budgetary decisions are based on empirical evidence rather than short-term political considerations. This would promote fiscal sustainability and improve the quality of public spending.

Overall, the establishment of a stronger budget oversight system, combined with constitutional amendments and institutional reforms, would greatly enhance Nigeria's fiscal governance. A restructured NABRO, equipped with the necessary technical expertise and legislative backing, would improve budget transparency, strengthen economic planning, and foster a more responsible approach to public financial management.

➤ Policy recommendations

To address the inefficiencies and inconsistencies in Nigeria's budget process, a series of strategic reforms must be implemented. These reforms should focus on strengthening fiscal governance, enhancing budget transparency, and institutionalising accountability mechanisms. The following recommendations are proposed:

● Strengthen NABRO

The National Assembly Budget and Research Office (NABRO) should be transformed into an independent, non-partisan agency modelled after the Congressional Budget Office (CBO) in the U.S. This would ensure that NABRO provides objective budget analysis, non-partisan economic forecasts, and expenditure assessments. Strengthening NABRO would require legislative backing to expand its mandate, enhance its technical expertise, and ensure its independence from political interference. A well-functioning NABRO would improve the credibility of fiscal policy decisions and reduce politically motivated budgetary allocations.

● Enforce budget timelines

A structured and enforceable budget calendar is essential for fiscal discipline. The Constitution should be amended to require the President to present the budget proposal by 1 September, allowing ample time for legislative scrutiny and stakeholder engagement. The National Assembly should be mandated to complete its review, deliberation, and approval by 15 November, ensuring that the budget is enacted before the start of the financial year. This would eliminate the recurrent delays that disrupt public service delivery, stall infrastructure projects, and create economic uncertainty.

Policy Recommendations (contd.)

- **Improve budget oversight**

Establishing a Nigerian equivalent of the Government Accountability Office (GAO) is critical for strengthening financial oversight. This independent oversight body should be responsible for conducting audits, performance evaluations, and financial assessments of government programmes to ensure transparency and efficiency in budget implementation. By holding government agencies accountable for their spending, this office would mitigate financial mismanagement, curb corruption, and promote fiscal responsibility. The proposed oversight agency should also have the authority to issue public reports on budget performance and identify areas where government spending is inefficient.

- **Revise the Fiscal Responsibility Act (FRA) (2007)**

The FRA of 2007 serves as the legal framework for fiscal management in Nigeria, but its provisions are ambiguous and inadequately enforced. The Act should be revised to clarify the Medium-Term Expenditure Framework (MTEF) timeline and

provide clear guidelines on budget preparation, submission, and approval. This would help eliminate discretionary practices that contribute to budget delays and inconsistencies. Strengthening the FRA would also ensure better coordination between the Executive and the Legislature, fostering a more structured and predictable fiscal planning process.

- **Implement budget scoring**

Introducing a budget scoring system would improve fiscal accountability and ensure that budgetary allocations are based on empirical evidence rather than political considerations. NABRO should be tasked with evaluating the economic impact of proposed policies, legislative bills, and government programmes in a manner similar to the role played by the CBO in the U.S. By providing cost estimates and fiscal impact analyses, budget scoring would enable lawmakers to make informed decisions about the financial implications of proposed policies. This would prevent excessive deficit spending and ensure that public funds are allocated efficiently.

➤ Conclusion

A reformed, independent NABRO would significantly improve Nigeria's fiscal governance, reduce conflicts between the Executive and the Legislature, and ensure a more transparent and efficient budget process. The persistent challenges of budget delays, political interference, and inefficient resource allocation highlight the urgent need for institutional reforms. By strengthening NABRO's independence, enforcing budget timelines, improving financial oversight, revising the FRA, and implementing budget scoring, Nigeria can establish a more effective fiscal framework.

Drawing lessons from the U.S. and adopting global best practices in budget formulation, fiscal oversight, and expenditure tracking would enhance Nigeria's fiscal sustainability. A transparent and accountable budgeting system is not only essential for national economic stability but also for citizen confidence in public governance. Implementing these reforms would ensure that Nigeria's budget process aligns with international standards, promoting long-term economic growth and sustainable development.



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