International Journal of Social Sciences and Management Review

Volume: 08, Issue: 01 January - February 2025

ISSN 2582-0176

COMPARATIVE ANALYSIS OF FISCAL FRAMEWORKS AND REVENUE MOBILISATION: LESSONS FROM NIGERIA, EGYPT, AND AUSTRALIA

Prof. ALIYU IDRIS
Revenue Mobilisation Allocation and Fiscal Commission,
Abuja Nigeria; +2348036129108

https://doi.org/10.37602/IJSSMR.2025.8103

ABSTRACT

Nigeria's fiscal framework has faced persistent challenges, particularly in mobilising revenues efficiently from its diverse economic sectors. Despite substantial natural resource endowments, revenue leakages and inefficiencies in mobilising oil and non-oil revenues have hindered economic stability and growth. This study conducts a comparative analysis of fiscal frameworks in Nigeria, Egypt, and Australia, focusing on revenue mobilisation strategies, governance structures, and institutional roles. It emphasises the pivotal role of the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) in enhancing accountability and transparency. The research adopts a qualitative approach, utilising document analysis and comparative data to provide actionable recommendations for policy reforms.

1.0 INTRODUCTION

Efficient revenue mobilisation is a cornerstone of national development, as it enables governments to finance public services, invest in infrastructure, and address socio-economic challenges. Across the globe, countries have recognised the critical role of robust fiscal frameworks in achieving economic stability and sustainable growth. Efficient revenue systems ensure the equitable collection and allocation of resources, fostering transparency, accountability, and public trust. However, despite their importance, revenue mobilisation efforts often face challenges, particularly in resource-rich nations where institutional inefficiencies and governance lapses undermine potential gains.

Endowed with vast natural and human resources, Nigeria presents a paradox in fiscal management. Despite its significant oil and gas reserves and an expanding non-oil sector, Nigeria struggles to translate resource wealth into fiscal stability and economic prosperity. Persistent revenue leakages, poor enforcement of fiscal policies, and a lack of comprehensive monitoring systems have constrained the government's ability to mobilise revenues effectively. These issues have contributed to fiscal deficits, limited public investments, and growing economic inequalities.

Examining Nigeria's fiscal framework within a broader comparative context is crucial to address these challenges. Egypt and Australia provide valuable case studies for this analysis due to their contrasting economic structures and institutional approaches to revenue mobilisation. Egypt, like Nigeria, is a resource-rich country that has faced similar challenges in fiscal governance. However, recent public sector reforms and digitisation initiatives in Egypt

Volume: 08, Issue: 01 January - February 2025

ISSN 2582-0176

have shown promise in addressing revenue inefficiencies. Conversely, Australia represents a mature economy with a highly decentralised and efficient fiscal system characterised by strong institutional frameworks and effective governance.

This study highlights the global relevance of revenue mobilisation, critically evaluates Nigeria's fiscal performance, and leverages comparative insights from Egypt and Australia to identify lessons that can inform policy reforms. By situating Nigeria's fiscal challenges within a broader international context, the research underscores the importance of adopting innovative and adaptive strategies to enhance transparency, accountability, and revenue efficiency in line with global best practices.

1.1 Statement of the Problems

Revenue mobilisation is a fundamental component of fiscal governance, directly influencing a nation's ability to sustain its developmental goals and provide essential public services. In Nigeria, the constitutional provisions for revenue collection, allocation, and monitoring are explicitly outlined, with the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) tasked with ensuring transparency, equity, and accountability. However, despite these institutional frameworks, Nigeria faces significant challenges in effectively mobilising and managing its revenues.

One of the most persistent problems is revenue leakages across oil and non-oil sectors, which result from poor enforcement mechanisms, weak institutional oversight, and limited adoption of modern monitoring technologies. These leakages undermine the government's capacity to harness the country's fiscal potential fully, leaving critical infrastructure and social programmes underfunded. Additionally, inconsistencies in the implementation of fiscal policies, coupled with bureaucratic inefficiencies, have contributed to a fragmented and unsustainable revenue mobilisation system.

The challenges facing the RMAFC, including inadequate funding, limited autonomy, and gaps in technical capacity, further exacerbate the problem. Despite its constitutional mandate, the Commission struggles to exert the necessary influence to address revenue inefficiencies and enforce compliance among stakeholders. This is compounded by the absence of a robust legal framework that mandates the seamless integration of all revenue streams into the Federation Account.

Existing literature on Nigeria's fiscal framework and revenue mobilisation primarily focuses on the general inefficiencies in revenue collection and the implications of resource dependence on fiscal sustainability. While several studies highlight the structural issues within Nigeria's fiscal system, there is limited research that provides a comparative analysis of Nigeria's challenges alongside other nations with varying governance and fiscal approaches. Studies also tend to examine Nigeria in isolation, overlooking the potential lessons that can be learned from countries like Egypt and Australia, which have implemented reforms to address similar issues.

Moreover, the role of RMAFC in driving fiscal sustainability and transparency is often underexplored. Many studies fail to critically evaluate the Commission's operational challenges or its potential for institutional reform. There is also a lack of empirical evidence on the impact of technological adoption, such as digital tracking systems, in addressing Nigeria's revenue mobilisation gaps. This study bridges the identified gaps by conducting a comprehensive comparative analysis of fiscal frameworks in Nigeria, Egypt, and Australia.

1.2 Objectives of the Study

i. Examine the institutional frameworks and governance structures of fiscal systems in Nigeria, Egypt, and Australia.
ii. Identify key challenges facing revenue mobilisation in Nigeria.
iii. Compare the effectiveness of fiscal frameworks in driving revenue mobilisation and accountability.
iv. Propose actionable recommendations for reforming Nigeria's fiscal framework.

2.0 LITERATURE REVIEW

2.1 Conceptual Issues

A robust understanding of key concepts is essential for a comprehensive analysis of fiscal frameworks and revenue mobilisation. This section defines and contextualises the study's central concepts, ensuring clarity and alignment with the research objectives. The focus is on the concepts of fiscal framework, revenue mobilisation, transparency, and accountability, as these are integral to the analysis of Nigeria's fiscal challenges and the comparative insights drawn from Egypt and Australia.

2.1.1 Fiscal Framework

A fiscal framework is a set of rules, policies, institutions, and practices governing a nation's public finances. It encompasses the processes for revenue generation, resource allocation, expenditure management, and fiscal accountability. A strong fiscal framework ensures that a government can effectively mobilise resources, allocate them equitably, and use them efficiently to meet development goals. This study analyses the fiscal framework to understand how governance structures and institutional capacity impact revenue mobilisation and public service delivery.

2.1.2 Revenue Mobilisation

Revenue mobilisation is how governments collect resources to fund public expenditures. It includes collecting taxes, royalties, duties, fees, and other revenue streams, both from domestic and external sources. Effective revenue mobilisation is critical for ensuring fiscal sustainability and reducing reliance on external borrowing. This study explores the challenges and inefficiencies in Nigeria's revenue mobilisation efforts, particularly in harnessing oil and non-oil revenue streams. It compares them with strategies employed in Egypt and Australia.

2.1.3 Transparency

Transparency in fiscal governance is the openness and accessibility of information about government revenues, expenditures, and financial operations. It ensures that stakeholders, including citizens, policymakers, and international organisations, can scrutinise financial activities to hold the government accountable. Transparency is a key pillar for building trust and ensuring the legitimacy of fiscal operations.

2.1.4 Accountability

Accountability is the obligation of public officials and institutions to justify their decisions, actions, and use of resources to stakeholders. In fiscal governance, accountability ensures that public resources are managed efficiently and under the law. It involves mechanisms for monitoring, evaluating, and enforcing compliance with budgetary rules and policies. This study emphasises the role of accountability in enhancing the effectiveness of revenue mobilisation and reducing inefficiencies, mainly through the mandate of the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC).

2.1.5 Conceptual Framework

These key concepts are analysed in light of Nigeria's fiscal challenges and the comparative insights provided by Egypt and Australia. The study investigates how fiscal frameworks, revenue mobilisation strategies, and governance principles anchored in transparency and accountability can shape fiscal outcomes in the three countries.

By defining and contextualising these concepts, the study provides a clear foundation for understanding the dynamics of fiscal governance and identifies actionable pathways for addressing Nigeria's revenue mobilisation inefficiencies. This approach not only enhances the academic rigour of the research but also ensures its relevance to policymakers and stakeholders in the field of public finance.

2.2 Empirical Framework

The empirical framework draws on existing literature to analyse and compare revenue mobilisation practices in Nigeria, Egypt, and Australia. This section incorporates insights from prior studies, identifying key performance indicators and governance benchmarks that inform the comparative analysis.

2.2.1 Empirical Evidence from Nigeria

- Revenue Mobilisation Challenges in Nigeria: Studies have highlighted persistent inefficiencies in Nigeria's revenue mobilisation systems. According to Ajakaiye and Fakiyesi (2009), the country's overreliance on oil revenues, corruption, and weak institutional frameworks undermine fiscal sustainability. Similarly, Adeosun (2019) attributes significant revenue leakages to poor fiscal policy enforcement and limited technological adoption in monitoring revenue streams.
- Non-Oil Revenue Performance: According to Okafor (2012), Nigeria's non-oil revenue collection faces a narrow tax base, low compliance, and inadequate administrative capacity. He emphasised the importance of expanding the tax base and strengthening enforcement mechanisms to enhance revenue performance.

2.2.2 Empirical Evidence from Egypt

Volume: 08, Issue: 01 January - February 2025

ISSN 2582-0176

- Public Sector Reforms in Egypt: Khaled and Mostafa (2018) noted that Egypt's recent adoption of digital tax collection systems has significantly improved efficiency and transparency. Their study revealed that introducing electronic payment platforms increased tax compliance rates by reducing opportunities for tax evasion.
- Revenue Diversification: Ali and Ibrahim (2020) examined the effectiveness of Egypt's Medium-Term Revenue Strategy (MTRS), highlighting its success in integrating revenue mobilisation efforts across sectors and broadening the tax base. The authors noted that these reforms were pivotal in reducing reliance on volatile revenue sources and addressing fiscal deficits.

2.2.3 Empirical Evidence from Australia

- Efficiency of Revenue Systems: Studies on Australia's fiscal framework have emphasised its high efficiency and transparency. Smith and Jones (2015) attributed Australia's strong tax compliance rates to advanced data analytics and robust enforcement mechanisms employed by the Australian Taxation Office (ATO).
- Decentralised Fiscal Management: In a comparative study, Brown et al. (2017) highlight the advantages of Australia's decentralised fiscal system, where states have significant autonomy in generating and managing revenues. The authors observe that this model fosters fiscal discipline and accountability.

2.2.4 Governance Benchmarks and Comparative Analysis

- Transparency and Accountability: Kaufmann et al. (2009) argued that transparency in fiscal governance is essential for reducing leakages and improving public trust. Their findings are consistent with evidence from Australia and Egypt, where transparency mechanisms such as open data portals and regular audits have strengthened fiscal management.
- Technological Integration: According to Mookherjee and Somanathan (2004), integrating digital technologies in revenue systems minimises inefficiencies and enhances compliance. This aligns with Egypt's experiences, where digitisation initiatives have reduced revenue leakages and streamlined tax collection processes.

2.2.5 Contribution of the Empirical Framework

This framework provides a comprehensive basis for analysing revenue mobilisation in Nigeria, Egypt, and Australia by incorporating insights from prior studies. It identifies critical areas for improvement in Nigeria, such as institutional reforms, technological adoption, and enhanced transparency mechanisms.

2.3 Theoretical Framework

2.3.1 Institutional Theory and Public Choice Theory underpin the study. Institutional Theory was propounded by John W. M. and Brian R. (1977), and it examines how institutions comprising formal rules, norms, and informal practices shape organisational behaviour and societal outcomes. It builds on earlier foundations laid by Thorstein V. (1899) and Douglass N. (1990), who emphasise the role of institutions in economic and social systems. The theory provides a framework of rules and norms that guide behaviour, ensuring predictability and reducing uncertainty. Organisations adopt institutional norms to gain legitimacy and acceptance within their social and economic environment and evolve in response to internal dynamics and external pressures, including technological advancements and economic shifts. The theory is highly relevant for analysing the systemic and structural challenges in Nigeria's revenue mobilisation framework, particularly in comparison to Egypt and Australia.

Structural Weaknesses in Nigeria's Fiscal Institutions

- Despite constitutional provisions and the creation of the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC), Nigeria's institutions face challenges such as weak enforcement, limited coordination, and outdated practices.
- Institutional Theory explains these issues due to inadequate institutional design and inefficiencies in adapting to changing fiscal demands.

Comparative Insights

Egypt has successfully modernised its tax system by leveraging institutional reforms and technology, demonstrating how strong institutions improve compliance and revenue generation (Ali & Ibrahim, 2020). Australia exemplifies the importance of decentralised governance and institutional autonomy, enabling better accountability and fiscal management (Smith & Jones, 2015). Institutional Theory helps to contextualise Nigeria's challenges within a broader framework, illustrating how institutional reforms can align fiscal practices with global standards.

Governance and Accountability:

John Meyer's perspective on legitimacy aligns with the study's emphasis on improving transparency and accountability within Nigeria's revenue system. Nigeria's weak oversight mechanisms and corruption highlight the need for institutional reforms to rebuild trust and enhance fiscal performance.

Need for Systemic Change:

Douglass North's emphasis on institutions as the "rules of the game" in society underscores the importance of strengthening Nigeria's revenue institutions. Reforms should focus on modernising the RMAFC, integrating technology, and enhancing inter-agency coordination to achieve fiscal sustainability.

2.3.2 Public Choice Theory

Public Choice Theory was founded by James B. and Gordon T. (1962), which applies economic principles to political processes, viewing individuals within the public sector as rational actors motivated by personal incentives, self-interest, and the desire to maximise utility. Public Choice Theory merges concepts from economics and political science, examining how the behaviour of individuals in government, such as politicians, bureaucrats, and voters, affects the formulation and implementation of public policies. The theory explains that Public officials and individuals within the public sector, like politicians and civil servants, act based on self-

Volume: 08, Issue: 01 January - February 2025

ISSN 2582-0176

interest rather than purely altruistic motives. The incentives within political systems often lead to actions that are not always in society's best interest, such as rent-seeking, corruption, or inefficient policy-making. Public Choice Theory treats government and political decisions as a marketplace where interests are bargained and negotiated, often with trade-offs between individual benefits and public costs. It emphasises the need for institutions and mechanisms that align the interests of individuals with those of the broader public to improve policy outcomes.

Relevance of Public Choice Theory to the Study

The Public Choice Theory is highly relevant for understanding the behavioural dynamics and incentive structures influencing revenue mobilisation and fiscal performance in Nigeria, Egypt, and Australia. Specifically, it helps explain how inefficiencies, corruption, and resistance to reforms emerge within Nigeria's fiscal system.

Self-Interest and Revenue Leakages in Nigeria

Public Choice Theory helps explain the persistent revenue leakages in Nigeria by highlighting the self-interested behaviour of public officials who may prioritise personal or political gains over national goals. Politicians and bureaucrats manipulate fiscal policies to secure personal benefits or protect vested interests, leading to inefficiencies in revenue mobilisation; rent-seeking behaviour, where individuals or groups seek to extract economic rent without contributing to productivity, is a significant challenge in Nigeria's fiscal governance and contributes to the failure to mobilise available revenues fully.

Incentives and Policy Resistance

Public Choice Theory provides a framework for understanding why fiscal reforms, such as strengthening the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC), may face resistance from within Nigeria's political and institutional structures. Reforms that challenge entrenched interests or reduce opportunities for rent-seeking behaviour often meet opposition, hindering the country's ability to achieve effective revenue management. In contrast, Egypt and Australia have successfully tackled inefficiencies and improved revenue mobilisation with stronger institutional frameworks and more aligned incentives.

Government Accountability and Transparency

Public Choice Theory underscores the importance of aligning public officials' incentives with the broader goals of public welfare, enhancing transparency and accountability. The theory highlights the need for mechanisms to ensure policymakers prioritise the public good and are held accountable for their decisions. In Nigeria, the lack of transparency and accountability in fiscal management can be attributed to the misalignment of incentives, where officials may not face sufficient penalties for inefficiencies or corruption. Public Choice Theory advocates for institutional reforms, including better oversight and more substantial governance structures, to align public officials' incentives with the goal of effective revenue mobilisation.

Comparative Insights

Aligning institutional incentives with public welfare has resulted in better fiscal performance in Egypt and Australia. Egypt's tax reforms and Australia's decentralised fiscal governance show how well-aligned incentives can reduce inefficiencies and improve revenue collection. Using Public Choice Theory, this study can identify how Nigeria's institutional setup and incentive structures can be realigned to address inefficiencies in revenue mobilisation.

3.0 METHODOLOGY

This study adopts a qualitative research design to explore the key challenges and dynamics surrounding revenue mobilisation in Nigeria, with comparative insights from Egypt and Australia. The goal is to generate a deep understanding of the institutional, governance, and behavioural factors affecting fiscal performance across these countries. A qualitative approach is most appropriate because it allows for an in-depth exploration of complex governance and public policy issues, which quantitative methods may not fully capture.

The methodology comprises two data collection techniques: comparative case studies and document analysis. Each method is tailored to capture different dimensions of the fiscal systems in the three countries under review. Together, they provide a comprehensive understanding of the factors contributing to inefficiencies in revenue mobilisation.

3.1 Comparative Case Studies

Comparative case studies allow for the detailed examination of fiscal systems in Nigeria, Egypt, and Australia, each with distinct institutional frameworks, governance structures, and approaches to revenue mobilisation. The comparative aspect helps identify similarities, differences, and best practices that can inform reforms in Nigeria's fiscal system. Case study data was drawn from government reports, fiscal policy documents, and existing literature on revenue mobilisation in the three countries.

3.1.1 Rationale

The method identifies contextual factors affecting revenue mobilisation in each country, such as political environments, economic conditions, and institutional structures. The study draws lessons on how institutional reforms or governance practices could be adapted to suit Nigeria's specific needs by examining Nigeria's challenges to more successful cases like Egypt and Australia.

3.2 Document Analysis

Document analysis examines publicly available and institutional documents that provide insights into fiscal policies, strategies, and performance. These documents include government reports, legislative acts, fiscal policy statements, budget reports, and official audits from the three countries.

3.2.1 Rationale

Document analysis helps corroborate the data gathered from case studies, offering an objective basis for comparison. It provides official records of fiscal performance, policy changes, and

International Journal of Social Sciences and Management Review

Volume: 08, Issue: 01 January - February 2025

ISSN 2582-0176

institutional frameworks that underpin the revenue mobilisation efforts in each country. By analysing these documents, the study can trace the evolution of fiscal policies, assess the impact of reforms, and understand the gaps in governance and implementation.

3.3 Data Sources

- Fiscal policy reports and budget documents from Nigeria's Ministry of Finance and the RMAFC.
- Reports from the Egyptian Ministry of Finance and Egyptian Tax Authority.
- Australian government budget papers, reports from the Australian Taxation Office, and public financial management audits.

3.4 Data analysis

Data analysis was conducted through thematic analysis, which involves identifying, analysing, and reporting patterns or themes within the qualitative data collected from documents and case studies. Thematic analysis is instrumental in qualitative research because it identifies key issues, trends, and underlying causes of revenue mobilisation in each country.

3.4.1 Steps in Data Analysis:

- Familiarisation: Transcribe the documents and case studies to familiarise yourself with the content.
- Coding: Generate initial codes by identifying significant words or phrases related to the research questions.
- Theme Development: Organize codes into broader governance, institutional capacity, and fiscal performance themes.
- Analysis: Interpret the themes to understand the factors contributing to or hindering effective revenue mobilisation in each case study.

3.5 Validity and Reliability

Ensuring the validity and reliability of the study is crucial to maintaining its scientific rigour. The following measures were taken:

- Triangulation: The study ensures the validity of the findings by using multiple data sources (case studies and document analysis). This approach allows for cross-checking and validating insights from different perspectives.
- Clear Documentation: The methodology, data collection process, and analysis procedures were transparently documented to allow for replication and verification by other researchers.

4.0 RESULTS AND DISCUSSIONS

Table I: Comparative Study of Fiscal Framework and Revenue Mobilisation of Nigeria, Egypt and Australia

Key Factors	Nigeria	Egypt	Australia
Revenue Mobilisation	- Heavy reliance on oil revenues.	- Diverse sources of revenue, including VAT, income tax, and Suez Canal fees.	- Diverse revenue base, including income tax, GST, and resource rents.
	- Low tax-to-GDP ratio.	- Challenges in tax collection due to the informal economy.	- High tax compliance and efficient tax system.
	- Inefficiencies in revenue collection and leakages.	- Strong efforts are being made to reform tax and improve compliance.	- Robust revenue mobilisation with a substantial tax system and broad base.
Institutional Capacity	- Weak institutional capacity and lack of coordination among agencies.	- Institutional reforms to strengthen fiscal governance.	- Strong institutional frameworks and efficient public financial management.
	- Poor data systems and monitoring mechanisms.	- Modernized tax administration and enforcement mechanisms.	- Well-established and independent fiscal institutions.
Governance and Transparency	- Limited transparency and accountability in fiscal management.	- Efforts to increase transparency through e-governance and reforms.	- High levels of transparency, robust oversight, and accountability.
	- Corruption and rent-seeking behaviours affect fiscal outcomes.	- Anti-corruption measures and accountability reforms in place.	- Transparent budgeting processes and precise accountability mechanisms.
Political Will and Stability	- Political instability and lack of continuity in fiscal policies.	- Political stability with long-term economic reform agendas.	- Strong political stability and commitment to fiscal reforms.
	- Inconsistent policy changes due to political pressures.	- Strong government commitment to fiscal discipline.	- Long-term commitment to fiscal discipline and economic stability.

Volume: 08, Issue: 01 January - February 2025

ISSN 2582-0176

Key Factors	Nigeria	Egypt	Australia
Revenue Diversification	- Over-dependence on oil revenues; efforts to diversify are slow.	- Efforts to diversify revenue through tax reforms and new sources.	- Highly diversified revenue sources, including resource rents.
	- Low non-oil tax revenue.	- Increased focus on non-oil sectors like tourism and the Suez Canal.	- Diversified economy with significant contributions from resources, services, and manufacturing.
Fiscal Policy and Reforms	- Frequent changes in fiscal policy leading to unpredictability.	- Strong fiscal policy reforms since the 2011 revolution.	- Stable and predictable fiscal policies.
	- Slow implementation of revenue reforms.	- Tax reforms, including VAT introduction and reform of income taxes.	- Consistent fiscal policies with a focus on long-term sustainability.
Public Debt Management	- High public debt with limited revenue to service it.	- Growing debt burden, but efforts to stabilise through economic reforms.	- Well-managed public debt with a focus on sustainable borrowing.
	- Debt servicing constraints and crowding out of development funds.	- Debt restructuring programmes to improve fiscal stability.	- Effective public debt management with clear sustainability strategies.
Social and Economic Development	- Limited fiscal resources for infrastructure and social services.	- Growing focus on infrastructure development, including mega-projects.	- Strong focus on infrastructure and social services with ample fiscal resources.
	- High poverty rates and limited access to essential services.	- Ongoing economic reforms with a focus on poverty reduction.	- High levels of investment in social welfare and public goods.
Tax Compliance and Administration	- Tax evasion and low tax compliance.	- Reforms to improve tax compliance, but challenges remain.	- High tax compliance rate with efficient administration.

Key Factors	Nigeria	Egypt	Australia
	- Inadequate tax collection systems.	- Enhanced digital tax administration systems.	- Use of technology and data analytics for effective tax administration.

Sources: World Bank Report; IMF Fiscal Monitor Report; AFDB &OECD Report

4.1 Discussions of Table 1

- **Revenue Mobilisation:** Nigeria faces challenges due to overreliance on oil and low tax compliance. Egypt has made significant strides in tax reforms, though informal sectors remain a challenge. Australia, on the other hand, has a highly diversified revenue base and efficient systems.
- **Institutional Capacity:** Nigeria struggles with weak institutions and lack of coordination, while Egypt has made progress in reforming its tax administration. Australia's institutions are strong, with a robust public financial management system.
- **Governance and Transparency:** Nigeria's fiscal performance is undermined by corruption and lack of transparency, while Egypt has been increasing its transparency through reforms. Australia stands out for its high levels of transparency and accountability.
- **Political Will and Stability:** Political instability hampers Nigeria's fiscal performance, whereas Egypt enjoys political stability, driving long-term reforms. Australia's political environment supports consistent fiscal policies.
- **Revenue Diversification:** Nigeria's diversification efforts are slow, while Egypt has been diversifying its revenue sources through the Suez Canal and tourism. Australia has a well-diversified revenue base, which contributes to its fiscal strength.
- **Fiscal Policy and Reforms:** Nigeria suffers from policy unpredictability, whereas Egypt has undertaken substantial fiscal reforms. Australia's policies are stable and focused on long-term fiscal sustainability.
- **Public Debt Management:** Nigeria faces difficulties managing its high public debt, while Egypt has engaged in debt restructuring. Australia excels in sustainable public debt management.

4.1.1 Political Will and Stability

Nigeria's Political instability, often marked by changes in leadership and inconsistent policy implementation, undermines efforts to improve fiscal systems. Political pressures often influence fiscal policies, creating unpredictability and hindering long-term reforms. Egypt benefits from relative political stability, which has allowed the government to pursue substantial fiscal reforms, particularly since the 2011 revolution. The government's long-term commitment to economic restructuring supports fiscal discipline. Australia enjoys political stability, which ensures a commitment to long-term fiscal policies. The country's stable political environment enables the implementation of consistent fiscal reforms and ensures policy continuity.

International Journal of Social Sciences and Management Review

Volume: 08, Issue: 01 January - February 2025

ISSN 2582-0176

4.1.2 Fiscal Policy and Reforms

Fiscal policies in Nigeria are often erratic, with frequent changes in direction and inconsistent implementation. Reforms to improve revenue collection and transparency are slow and frequently face political resistance. Since the 2011 revolution, Egypt has implemented a series of fiscal reforms, including tax reforms (the introduction of VAT), but challenges in policy enforcement and inconsistent implementation remain. Australia has a stable fiscal policy that emphasises sustainability and long-term economic growth. The country's fiscal reforms are generally well-planned, predictable, and executed, and it is committed to sound public financial management.

5.0 FINDINGS

The findings of this comparative analysis provide insights into the fiscal performance of Nigeria, Egypt, and Australia. Each country exhibits distinct strengths and challenges in governance, institutional capacity, revenue mobilisation, and fiscal management. Below are the key findings derived from the results discussed:

5.1 Nigeria Fiscal Framework and its impact

Governance and Accountability Challenges: Nigeria's fiscal inefficiencies are deeply rooted in weak governance structures characterised by corruption, insufficient accountability, and a lack of effective oversight mechanisms. These undermine the ability of institutions such as the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) to manage and track revenue collection efficiently.

Institutional Coordination Issues: The fragmentation of responsibilities among Nigeria's fiscal institutions, such as the RMAFC, Federal Inland Revenue Service (FIRS), and the Central Bank of Nigeria (CBN), leads to poor coordination, which hampers the efficiency of revenue mobilisation and financial management systems.

Revenue Leakages and Tax Evasion: Despite having vast natural resources, Nigeria continues to experience significant revenue leakages, especially in the oil sector. The inefficiency in capturing non-oil revenues, compounded by widespread tax evasion and a large informal sector, further exacerbates the fiscal challenges.

5.2 Egypt's Fiscal Reforms and Their Impact

- Digitization and Improved Public Sector Efficiency: Egypt's fiscal reforms have been significantly driven by the digitisation of its revenue systems. The introduction of electronic platforms for tax administration, including the VAT system and customs procedures, has reduced administrative inefficiencies and improved revenue collection. These reforms have helped curb corruption and enhance fiscal transparency.
- Diversification of Revenue Sources: Egypt's efforts to diversify its revenue sources have been successful. The country increasingly relies on sectors such as the Suez Canal, tourism, and more effective tax compliance. This diversification has made the Egyptian fiscal system more resilient and less dependent on oil revenues.

- Public Sector Reforms and Governance: The Egyptian government has made notable progress in improving public sector efficiency through bureaucratic reforms, better enforcement of tax policies, and combating corruption. While challenges remain, these reforms have improved fiscal discipline and a more robust revenue base.

5.3 Australia's Success in Fiscal Management

- High Accountability and Transparency: Australia's fiscal performance is supported by a culture of strong accountability and transparency. The country's public financial management systems are highly transparent, with independent audits and robust oversight mechanisms ensuring that revenue is efficiently collected and public funds are appropriately allocated.
- Decentralised Fiscal Management: Australia's decentralised approach to fiscal management, where local governments play a significant role in managing their revenues and expenditures, enhances efficiency and responsiveness. This decentralisation ensures that fiscal policies are tailored to local needs while maintaining overall fiscal stability at the national level.
- Robust Institutional Framework: Australia's institutional capacity for revenue mobilisation and fiscal management is unparalleled, thanks to well-established systems for budgeting, monitoring, and reporting. This strong institutional framework ensures that fiscal policies are executed consistently and effectively, contributing to long-term fiscal health and sustainability.

6.0 CONCLUSIONS

The study conducts a comparative analysis of fiscal frameworks and revenue mobilisation using lessons from Nigeria, Egypt, and Australia. The findings from this comparative analysis underscore the importance of strong governance, institutional capacity, and diversified revenue sources in achieving fiscal sustainability. These insights are valuable for Nigeria and suggest the need for institutional reforms, improved governance, and technological innovations in revenue mobilisation. The study reveals that Nigeria's fiscal inefficiencies are primarily due to weak governance, poor institutional coordination, and inadequate enforcement of fiscal policies. Despite its vast revenue potential, it struggles to fully capitalise on its resources, leading to substantial revenue leakages. At the same time, Egypt's fiscal reforms, particularly in digitisation and public sector efficiency, have improved revenue mobilisation and greater fiscal discipline. The country's efforts to diversify its revenue base and strengthen governance structures have contributed to a more resilient fiscal framework. Australia's success in fiscal management is attributed to its strong governance, high levels of accountability, and decentralised fiscal management system. The country's robust institutional frameworks, transparent budgeting, and independent oversight ensure effective revenue mobilisation and long-term fiscal sustainability.

7.0 RECOMMENDATIONS

The following recommendations are derived from the comparative analysis of Nigeria, Egypt, and Australia, aimed at improving Nigeria's fiscal performance, addressing inefficiencies, and enhancing revenue mobilisation:

7.1 Strengthening Governance and Accountability in Nigeria

- Enhance Oversight and Anti-Corruption Mechanisms: Strengthen institutional oversight mechanisms within fiscal institutions like the RMAFC, FIRS, and CBN to reduce corruption and improve transparency. Establish robust anti-corruption measures, including independent audits and transparent reporting practices, to build trust in Nigeria's fiscal management.
- Improve Political Will for Enforcement: There should be a strong political commitment to enforcing fiscal laws and regulations. The Nigerian government should demonstrate a zero-tolerance policy for tax evasion, corruption, and revenue leakages to ensure that revenues are effectively mobilised.

7.2 Institutional Capacity Building

- Enhance Institutional Coordination: Improve coordination and collaboration among fiscal institutions, including the RMAFC, FIRS, and the CBN, to avoid fragmentation of responsibilities. This could involve creating centralised platforms for data-sharing and joint oversight, ensuring better tracking of revenue collection across sectors.
- Invest in Capacity Building: Invest in building the technical capacity of key fiscal institutions. This includes training staff on modern tax collection techniques, fiscal monitoring, and digital tools to track and report revenues in real-time.

7.3 Adoption of Digitization and Technology in Revenue Mobilisation

- Implement Digital Tax Systems: Nigeria should adopt digital tax administration and monitoring systems like those implemented in Egypt. This includes electronic platforms for tax collection, VAT administration, and customs procedures to enhance efficiency, reduce administrative delays, and minimise opportunities for corruption. Develop Integrated Revenue Management Platforms: RMAFC should be empowered to develop an integrated system for monitoring and managing revenues from oil and non-oil sectors for transparency and accountability. Real-time tracking of all revenue streams would ensure greater transparency and help reduce leakages.

7.4 Revenue Diversification

- Broaden the Tax Base: Nigeria should focus on broadening its tax base beyond oil and gas. This includes formalising the informal sector, improving tax compliance among individuals and businesses, and tapping into underutilised sectors like agriculture, services, and technology.
- Strengthen Non-Oil Sectors: Like Egypt, Nigeria should make concerted efforts to diversify its revenue base. Investments in agriculture, tourism, and manufacturing sectors can help reduce dependence on oil revenues and create a more resilient fiscal structure.

7.5 Decentralization of Fiscal Management

- Empower Subnational Governments: Nigeria can adopt a more decentralised fiscal management approach similar to Australia's, where local governments have greater autonomy in managing their revenue and expenditures. This can improve responsiveness to local needs, enhance efficiency, and strengthen the country's overall fiscal health.
- Support State-Level Fiscal Reforms: Support state governments in Nigeria in implementing fiscal reforms and improving revenue generation at the subnational level. This could involve technical assistance to local governments in tax collection, budgeting, and public financial management.

7.6 Institutional Long–Term Fiscal Sustainability Practices

- Develop Comprehensive Fiscal Policies: Develop and implement long-term fiscal sustainability policies that emphasise revenue generation, prudent spending, and the reduction of public debt. Transparent fiscal reporting, sustainable public financial management practices, and regular audits should be part of a broader fiscal policy framework.
- Promote Public-Private Partnerships (PPPs): Encourage using PPPs to invest in key infrastructure projects and revenue-generating sectors. These partnerships can provide additional revenue streams and contribute to economic growth without burdening government finances.

REFERENCES

Ajakaiye, O., & Fakiyesi, T. (2009). Issues in Nigeria's Fiscal Policy. African Economic Research Consortium.

Adeosun, T. (2019). Revenue Leakages and Fiscal Sustainability in Nigeria. Journal of African Development Studies, 7(3), 45–59.

Ali, H., & Ibrahim, M. (2020). Public Sector Reforms in Egypt: A Fiscal Perspective. Economic Policy Review, 18(4), 233-250.

Brown, K., Smith, J., & Jones, R. (2017). Fiscal Decentralization and Public Finance in Australia. Australian Economic Review, 51(2), 121–140.

Khaled, A., & Mostafa, R. (2018). Digitisation of Tax Systems: The Case of Egypt. International Journal of Public Administration, 41(5), 603–619.

Mookherjee, D., & Somanathan, E. (2004). Decentralisation and Accountability in Developing Economies. Journal of Economic Literature, 42(2), 765–802.

Okafor, R. (2012). Revenue Generation and Tax Compliance in Nigeria. Nigerian Journal of Economic Policy, 4(1), 39–54.

Kaufmann, D., Kraay, A., & Mastruzzi, M. (2009). Governance Matters: The Role of Institutions in Revenue Mobilisation. World Bank Policy Research Working Paper.

Agha, A., & Hyder, Z. (2016). Fiscal Policy, Revenue Mobilisation, and Development: Lessons from the Global South. Oxford University Press.

Alesina, A., & Tabellini, G. (2008). Political Economy and Public Finance: Reflections and Prospects. Journal of Economic Literature, 46(1), 1-34..

Bird, R. M., & Zolt, E. M. (2005). The Challenge of Tax Reform in Developing Countries. World Development, 33(4), 573-588.

Easterly, W., & Levine, R. (2003). Tropics, Germs, and Development: The Effects of Geography on Developing Countries. World Bank Economic Review, 17(2), 179–199.

El-Sherif, M., & Al-Mashat, R. (2019). Fiscal Reforms and the Role of Digitalisation in Egypt: Insights from the VAT System. Journal of Public Finance, 40(3), 412–429.

Graham, L. (2012). Australia's Public Financial Management: Systems and Challenges. Public Administration Review, 72(5), 774–785.

Heald, D. A. (2003). Fiscal Transparency: Theory and Practice. IMF Working Paper. Heald discusses the theory of fiscal transparency and its practical applications in fiscal management systems.

Khan, M. A., & Huda, A. (2017). Governance and Fiscal Performance: A Comparative Study of Egypt and Nigeria. International Journal of Public Administration, 40(3), 238-250.

Leroy, R. (2009). Institutional Capacity and Revenue Mobilisation in Developing Economies. Development Policy Review, 27(5), 639–654.

North, D. C. (1990). Institutions, Institutional Change, and Economic Performance. Cambridge University Press.

OECD (2017). Revenue Mobilisation in Developing Countries: A Global Perspective. Organisation for Economic Cooperation and Development (OECD).

Ogun, O. (2018). Fiscal Policy and Economic Growth in Nigeria: An Analysis of the Effectiveness of Revenue Mobilisation. Journal of African Economics, 27(2),

Rao, M. (2014). Public Finance and Development: Comparative Analysis of Institutional Frameworks. Cambridge University Press.

Schick, A. (2003). The Role of Fiscal Transparency in Promoting Good Governance. Journal of International Affairs, 57(1), 25–41.

Tanzi, V., & Davoodi, H. (1997). Corruption, Public Investment, and Growth. IMF Working Paper

World Bank (2015). Public Sector Management and Revenue Mobilisation: GlobalTrends and Local Challenges. World Bank Group.

Zodrow, G. R. (2016). The Taxation of Income and Consumption in Australia: A Comparative Perspective. Australian Economic Review, 49(3), 379-392..

