

BUDGET IMPLEMENTATION, UNSPENT ALLOCATIONS AND DIALECTICS OF UNDERDEVELOPMENT IN NIGERIA, 1999 - 2016

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Abstract

The paper looks at budget implementation, unspent allocations and crisis development in Nigeria. It focuses mainly on budget implementation in Nigeria with a view to determining the extent unspent allocation and corruption have affected the nation's development aspirations. The paper argues that budget implementation in Nigeria has become a mere annual ritual that has failed to swiftly propel development trajectories especially since the return to democratic governance in 1999. Consequently, it emphasized that high incidences of corrupt practices have hampered the processes of budget preparation and implementation in Nigeria. Thus, progressive increments on the amount budgeted annually have not translated to a corresponding improvement in the lives of Nigerians. Using qualitative descriptive analysis, this study adopted documentary method of data collection, while relying on elite theory as its theoretical guide. The study concludes that the failure of national budgets is a critical factor in the state of underdevelopment in Nigeria. It therefore, recommended attitudinal change of the Nigerian leaders, strengthening of appropriate institutions and the emergence of vibrant civil society that will compel leaders to assiduously act responsibly for the fulfillment of national goals.

Keywords: Budget Implementation, Budgetary Allocation, Dialectics, Underdevelopment

Introduction

Since independence in 1960 all regimes in Nigeria have observed yearly ritual of preparing and implementing national budget. Being a statement of income and expenditure that presents an indication of the government's priorities regarding expenditures for the fiscal year, budget stipulates in details the annual income and expenditure of the government. In Nigeria, the Federal and the state governments have a constitutional obligation to prepare, present and implement budgets at their different spheres of authority in every fiscal year.

In nearly two decades of democratic experience, Nigeria's budget plans have remained progressive in terms of figures or amount earmarked every year. Unfortunately, development trajectories appear not to have reflected this progression. For instance, there was no forward or backward shift from the 2014 Nigeria's 152nd position in the recent 2016 report of the African Human Development Index, HDI, released by the United Nations Development Programme, (UNDP). According to the report, Nigeria's HDI value for 2014, according to UNDP's 2015 report was 0.514 which put the country in the low human development category, positioning it at 152 out of 188 countries (Nwabughio, 2016).

In spite of the above, unemployment has risen from 11.9% in 2005 to 24.90% in 2012 (Alumona & Odigbo, 2015). A report in 2009 revealed that the national unemployment rates

for Nigeria between 2000 and 2009 showed that the number of unemployed persons constituted 31.1% in 2000; 31.6% in 2001; 12.6% in 2002; 14.8% in 2003; 13.4% in 2004; 11.9% in 2005; also in 2006 it was 13.7%; in 2007 14.6%; in 2008 14.9%; in 2009 19.7% (National Bureau of Statistics 2009). Indeed, life expectancy has remained low and poverty and hardship assumed a devastating dimension.

What is the role of the legislature as the watch-dog and the existence of seeming master / servant relationship between the executives and legislatures in Nigeria at denying full budget implementation. Since the return to civilian rule in 1999, there seems to be palpable and indeed recurring incidences of budget failures both at the federal and state levels. For instance, Ochonma (2009) explained that the House of Representatives, in 2009 threatened to commence impeachment proceedings against former President Umaru Musa Yar'Adua over his alleged poor and selective implementation of the 2009 Appropriation Act. Similarly, the Senate in 2009 expressed anger against former President Yar'Adua's led executive regarding the non-implementation of constituency projects for which N60 billion had been provided in the 2009 budget (Ochonma, 2009). He further posited that budget failure has become the country's development albatross.

Incidentally, the inability of federal and state governments to ensure full implementation of budgets tends to continue to retrogress several spheres of development process. Economic crisis especially the global economic crisis of 2008-2009 sometimes is cited as an alibi. But beyond what tends to be described as fabricated reason, lays the fact that financial indiscipline that characterized leadership style in Nigeria perhaps seems to be a major obstacle for development. In fact, the executives both at the federal and state levels of government tend to be accused more often of diverting public funds into their personal foreign and local accounts.

It is within this context that this study examines budget implementation and national development. It tries to investigate the linkages between progressive character of the annual national budgets and the increasing underdevelopment since the return to democratic governance in 1999 in Nigeria. In doing this, the study focused more on budget implementation and the underlining dynamics that constrains proper or full budget implementation with a view to determining the extent it has impacted on development and underdevelopment in Nigeria.

Contextual and Theoretical Discourse

Most of scholarly debates on budget appear not to have placed much emphasis on conceptualizing budget implementation as a term on its own. Majority of these analyses tend to focus on what budget connotes and its relevance to socio-economic and political survival of the state. For instance, Igbuzor (2004) explained that the budget is perhaps the most important instrument in any modern state apart from the constitution. In this regard, the annual budget is therefore seen as a key instrument for the implementation of government programmes and policies. As an instrument of government economic policy, ensuring accountability and transparency becomes very vital for effective budget management.

Thus, budget implementation entails taking responsibility for specific accounting operation of government or institutions. It is the process of realization, accomplishment and execution of stated government annual goals or a process of completing financial plans. Incidentally, over the years, the implementation of the annual budget has been a source of concern for successive governments in Nigeria. Indeed, the Nigerian budgeting process suffers not so much from lack of technical expertise or design but from lack of commitment to good governance for the

effective implementation of the budget. It is not surprising therefore that the state spends much time preparing a more elaborate and inclusive budget that is targeted at development and poverty reduction, yet it becomes almost impossible to be implemented.

In realization of the fact that most developing countries are engrossed with budget implementation challenges, Shand (2010) outlined several components of budget implementation System. According to him, these include: Release of funds, Control and monitoring of expenditure – MOF and ministries, Control and monitoring of revenues – MOF and ministries, Cash and debt management, Internal controls, including over payroll and procurement, In year modifications of the budget, In-year financial reporting, Reporting externally on budget implementation and External audit of budget implementation (Shand 2010, p. 5) The above listed components are very essential in the execution or implementation of budgets. It is very vital as each stage ensures probity and promotes efficiency. In fact, the major debacle of many budgets in Nigeria arises from the fact that these processes are often sabotaged, neglected or sometimes misuse as a result of corruption or high powered politics in Nigeria. The implication is that failure at this stage correspondingly diminishes the efforts for national development.

On the other hand, national development therefore can be described as the overall development or a collective socio-economic and political advancement of a country or nation. The concept, national development depicts unending process of qualitative and quantitative transformation in the capacity of a state to organize the process of production and distribution of material benefits of society in a manner that sustains improvement in the wellbeing of its individual members in order to enhance their capacity to realize their full potentials, in furtherance of the positive transformation and sustenance of their society and humanity at large (Onuoha, 2013).

National development entails an ensemble of sustained improvement in the political, social, economic, health, and environmental aspects of any organized political society. In this regard, the political variables of national development include the level of political stability, free and fairness of the electoral process, representativeness of political institutions, and respect for human rights. Economically, some yardstick like the gross national product, nature of income distribution, and pattern of resource management can be used to measure a nation's economic development while social element looks at gender equality, social justice, and living standard of the citizens, including access to social services like water, education, electricity, and roads.

Indeed, national development is the ability of a county or countries to improve the social welfare of the people such as providing social amenities like quality education, potable water, infrastructural facilities, medical care, and so on (Abimbola & Adesote, 2012). This means that national development must involve the aggregation of national resources of the country for the general well being of the citizenry in terms of their social and economic advancement (Abimbola & Adesote, 2012). Perhaps, national development can also be explained in terms of progress in three major dimensions in the life of a nation. These dimensions are economic, political and social or moral. In their view, Abimbola & Adesote (2012) argued that the concept of national development can be more vivid when he wrote that, national development entails producing more and better food to eat, healthier and happier individuals, better living accommodation, improved transportation and communications system, sound education and enlightenment among the populace, and generally, more money floating around.

Generally, budgets are seen to be critical in the operation and functionality of any institution. As state instrument of national planning, budget ensures that the state managers have direction and plan of action in every fiscal year. This is because budget is seen mainly as a financial document or a “blueprint for action”. Budget projects the expected contribution from the operation or control of a state and its agencies in terms of anticipated cash flows or revenues and expected expenditures for a particular fiscal year. In fact, budget encourages and indeed, compels state managers to evolve realistic strategies and plan ahead about the future. In doing this, budget becomes a means for coordinating the complex operations of institutional as well as government programmes and activities thus, providing a medium for communicating the financial goals of the state.

Theoretically, this study is anchored on elite theory. We are guided with the fact that institutions and structures of government are created and operated by human beings and the elites are at the centre of this activity. Thus the disconnect between the Nigerian elites and the people have provided ample leverage for these structures to operate to the whims and caprices of the elites. Hence, it has continued to stall democracy and more specifically the development agenda.

The elite theory as developed by Vilfredo Pareto, Roberto Michels, Gaetano Mosca and Jose Ortega Gassat among others, hinged on the fact that every society is composed of two classes of people (Varma 1975). The class that rule and the class that is been ruled. The elite theory lays much emphasis on the ruling class which is further divided into ruling and non-ruling elites. For the theorists, the ruling elites are vital because they play critical role in determining the fate of the rest. In fact, Michels concluded that as a movement or party grows in size, more and more functions are to be delegated to an inner circle of leaders (elites), and, in course of time, the members of the organization are rendered less competent to direct and control them (Varma 1975).

Indeed, the ever growth in responsibility, function and the docility of the Nigerian society places the elites on better spot to engage in acts of manipulation and maneuvering of major state institutions to their advantage (Nwanegbo & Odigbo, 2015). These manipulations appear to have strangling effect on the budget implementation and national development. For instance, there seems to be huge gap between what Nigeria has earned annually, annual budgets projections since the return to democracy and the level of development.

Until recently, there is no public awareness that political elites especially the politicians and civil servants in Nigeria usually shared unspent budgetary allocations at the end of every fiscal year. Indeed, this may explain the elitist reluctance to sensibly spend and ensure full implementation of national budgets for the good of the people. Similarly, many analysts have asserted that the rate of capital budget implementation over the past decade has varied widely; indeed, it was 50% in 2002 and 2003, 52% in 2004 and 2005, 43.9% in 2008, and 54% in 2009 (Oladipo, Anaro, Anthony-Uko & Idowu 2012). This abnormally has become a culture in Nigeria considering the level of budget performances since the return to civil rule in 1999; there has never been a year the capital budget attained up to 75 per cent implementation (Onike, 2012). The consequence has being stultifying the development agenda and multiplying the agonies of underdevelopment in Nigeria.

Unspent Budget Allocation and Budget Implementation in Nigeria

All over the world, governments evolve the idea of preparing and presenting national budgets that guide state business. In line with this, since the return to democratic governance in 1999, successive governments in Nigeria perform the annual ritual of budgeting for the state. The figure below shows various national budgets in Nigeria since 1999. Following from table 1 below, it can be observed that Nigeria's budget estimates have maintain progressive increase since 1999, rising from 299 billion Naira in 1999, to a whopping 6.07 trillion Naira in 2016. Yet, this seems not to have provided corresponding impacts on infrastructural development and the overall standard of living of the people. For instance, the Central Bank of Nigeria Annual Report (2011) still revealed that unemployment rate rose from 19.7 in 2009 to 21.1% in 2010 and 23.9% in 2011 (Ladan 2012 in Nwanegbo & Odigbo 2015).

Table 1: ESTIMATED FEDERAL BUDGET IN NIGERIA BETWEEN 1999 AND 2016

S/N	YEAR	ESTIMATED AMOUNT IN NAIRA
1.	1999	299 billion
2.	2000	598 billion
3.	2001	888.97 billion
4.	2002	1. 06 trillion
5.	2003	1. 446 trillion
6.	2004	1. 189 trillion
7.	2005	1. 618 trillion
8.	2006	1. 90 trillion
9.	2007	2. 3 trillion
10	2008	3. 58 trillion
11	2009	3.76 trillion
12	2010	4. 61 trillion
13	2011	4.484 trillion
14	2012	4.7 trillion
15	2013	4.987 trillion
16	2014	4.493 trillion
17	2015	4.493 trillion
18	2016	6.07 trillion

Source: Author's compilation from: (Ndibe, 2016, p.3; *Leadership* Newspaper, 2012, p. 10-14; *Punch*, Newspaper, 2016, p. 23-26)

Interestingly, Ogunmade (2013) also stressed that there is a decade of strong real GDP of 6.5% economic growth, and in the same period, unemployment rate continues to rise annually from 11.9% in 2005 to 19.7% in 2009, and over 37% in 2013%. This is an indication of failures, and probably not unconnected to poor implementation of budgets arising from endemic political corruption. Unfortunately, details of several budgets in Nigeria show that recurring expenditure surpasses funds earmark for investment and development. For instance, in the 2011 budget recurrent expenditure was 74.4 % of the budget proposal for the 2011 fiscal year. Similarly, in the 2012 budget, while N2.472 trillion is proposed for recurrent expenditure, a figure that accounts for the 72 per cent of the expenditure profile, N1.32 trillion, representing 28 per cent, is proposed for capital projects (Onyishi & Eme, 2013). As a can be seen, the drive for consumption tends to outweigh national consciousness towards investment. In fact, it can

be stated that within this consumption spree that multitude of jobless political gangs and cronies are maintained in Nigeria.

Amidst this culture of dysfunctional investment is the heinous trend of sharing unspent budgetary allocations among heads of ministries at the end of every fiscal year. At the height of it all, the former minister of Health, Professor Adenike Grange was sacked by Yar' Adua's government in early 2008 for disobeying the directive of the President that any unspent budgetary allocation for the 2007 fiscal year be returned to the government treasury, (Umezurike, 2010). For him, this brought to public awareness the fact that unspent budgetary allocations were usually shared by civil servants. Indeed, this revelation explains the rationale behind bogus budgets among ministries and their unwillingness to prudently spend these funds for the good of the people.

It is important to note that the commanding height of corruption and abuse of public offices in Nigeria is not only restricted to unlawful sharing of the commonwealth at the end of a particular fiscal year. It has degenerated to the extent that heads of ministries bribe the members of National Assembly to ensure passage of huge sums of money for ministries. For instance, in March 2005, the former Minister of Education Professor Fabian Osuji was fired for allegedly bribing the National Assembly to secure more funds for his ministry (Adesote & Abimbola, 2012; Mudasiru, 2015). What is perhaps more instructive is that Professor Osuji formally protested that such behavior is common at all levels of government in Nigeria. The import is that, this practice has over the years increased not only cost of governance in Nigeria but also spate of underdevelopment. While cost of governance consists not only in basic salaries but also in bogus allowances; over-bloated cabinet at all levels of government; and ostentatious lifestyle of political office holders.

Secondly and perhaps more importantly, it should be noted that in Nigeria, there is always a huge gap between the figures in the national or state budgets and actual amount disbursed during the implementation. Poor implementation of budgets especially since the return to democratic governance has immensely affected development plans and programmes. In fact, this abnormally has become a culture in Nigeria considering the level of budget performances since the return to civil rule in 1999; there has never been a year the capital budget attained up to 75 per cent implementation (Onike, 2012). According to Kwanashie, (2013):

Over the years the capital budget has underperformed in two critical aspects. Firstly the efficiency of expenditure has been low. Expenditure outcomes have not met with expectations. Projects are poorly conceived and executed. Lots of abandoned projects resulting in massive waste of scarce resources have characterized public capital spending in the country. There is an urgent need to reduce the level of waste, corruption, over bloated contracts associated with the capital budget implementation to the country (Kwanashie, 2013, p. 7).

Traditionally, the budgeting process in Nigeria which has been basically incremental in nature as can be seen in Table 1 above has often not been able to address the distinctive challenges of development in Nigeria. As we noted early, it appears that the more Nigerian budget increases, the more it underperformed and the more the state underdeveloped. For instance, under the leadership of former President Goodluck, the House of Representatives

threatened to commence impeachment proceedings against former President Goodluck Jonathan if the capital budget was not properly implemented. In 2010 and 2011, the same accusation of poor budget implementation was made against the Executive (Onike, 2012). It is indeed worrisome that basically every year the implementation of the budget has been the major source of problem between the Executive and the Nigerian parliament.

Certainly, the 2016 budget seems not to have raised any executive and legislative gridlock, but its implementation is still facing challenges. At the end of 2016 government claimed to have implemented virtually half of the budget. According to Udo, (2016) President Muhammadu Buhari explained that the Federal Government implemented about N3.58 trillion out of the N6.08 trillion budgeted for 2016. This in his view represents 59 per cent of Nigeria's budget (Udo, 2016). Indeed, budget is central for development but experiences in Nigeria tend to show that most critical aspect which is implementation has not been effectively managed. In fact, non-implementation, poor implementation of budget can potentially retard development plans. In this regard, the exercise of budget preparation and implementation will only amount to more budgets, more monies earmark and more underdevelopment.

Conclusion

From the above analysis, the paper has looked at budget implementation and issues of development in Nigeria. It focused mainly on budget implementation in Nigeria and the challenges that have scuttled the realization of full budget implementation in Nigeria. The study found that in spite the importance of national budget, it has not been given adequate attention during implementation hence lack of development amidst plenty resources in Nigeria. Based on this finding, this paper stated that budget implementation in Nigeria has become a mere annual ritual that has failed to swiftly propel development trajectories especially since the return to democratic governance in 1999. It emphasized that high incidences of corrupt practices have hampered the processes of budget preparation and implementation in Nigeria. Hence, progressive increments on the amount budgeted annually have not translated to a corresponding improvement in the lives of Nigerians. The study concludes that the failure of national budgets is responsible to the state of underdevelopment in Nigeria. It therefore, recommends attitudinal change of the Nigerian leaders and the emergence of vibrant civil society that will compel leaders to assiduously act responsibly for the fulfillment of national goals.

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