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## Accountability of government through the budget process:

### A paradigm shift

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#### Abstract

Since men progress from the Adamic state, of nature into the political community through social-contract into a compact with the Government, there need for Public Finance, and to use same in services delivery to the people became imperative. This became act of accountability of Government, foster through the budget. Today in Nigeria, the annual budget has reached the trillion Naira (local currency) mark, yet at the end of the fiscal year, the impact, which is accountability is not often felt. This informs the problematic of this paper to evolve a methodology for ensuring that the Government in its public management is accountable, hence this advocacy of logical framework Paradigm for budgetary processes in Nigeria.

**Keywords: Accountability, Budget, Paradigm shift, Corruption, Evaluation**

#### 1. Introduction

Annual budget as a mechanism of public financial management is as old as the country. Its origin is a subject of Historical speculation but what is certain is that Her Majesty's Government used it to fill advantage and left it behind in Independent Nigeria. It was deployed during the first colonial development Plan and beyond. Today it has become a ritual without impacting on the people positively. This paper is precipitated by the increasing amount of annual budget in Nigeria which has now exceeded the one trillion Naira mark without the corresponding accountability for the appropriated sum in terms of output. The essence of budget as a means to the end of accountability is derived from the civic society theory. The thesis of the theory is in the postulation of John Stuart Mill, John Locke and Thomas Hobbes. The thesis being that man emerges from the state of nature through the social contract into the modern society. The expression of the modern

society is in the Government which men freely elect to protect their wellbeing (Ejembi, 1978:111). The protection of the wellbeing requires the use of fiscal resources to provide (security, roads, social and economic amenities etc) for and add value to the people's lives. Thus it becomes imperative to appropriate resources for these purposes through annual budget or the Medium Term Expenditure Framework (MTEF).

It is fiscal resources which are budgeted, and as it now known in Nigeria, the oil windfall of over \$200 billion between 1999 and 2007, the poor to mediocre performance of the federal and sub-national governments in service delivery (Adamolekun, 2007:17) were all budgeted at various times. The output of the use of the fiscal resources through the budgets indicated that there was little or no improvement in the quality of life of the mass of the population of Nigeria between May 1999 and May 2007. Specific examples would include, among others electricity supply that was as epileptic in May 2007 as it was in May 1999...the majority of roads ...were worse in May 2007 than they were in 1999. Roads for which sub-national governments were responsible were not in better condition (Adamolekun, 2007:17), yet there were annual budgets all these years covering all these aspects of the socio-economic life of the people. Something is definitely wrong with either the budget, its implementation or with the rest of us in Nigeria, when cognizance is taken of the fact that budgets have yielded service delivery elsewhere in the continent.

The second important rationale for budgetary allocation on an annual basis rest on the specifics of the social contract between the people and the Government. Social contract is a union between the citizens and the Government. In this union or social contract or social compact each 'party' have its inherent obligations, rights and expectations (David-West, 2005:63). The Government has the obligation to provide the essentials necessary to live a good life to the citizens-which they in turn have the duty to love their country (Patriotism) to the point in which it would be a sweet and seemly thing to die for one's country (Latin - Dulce et decorum est pro patria mori).

The irony of the social contract and continuous rising budgetary appropriation of funds in the Medium Term Expenditure Framework (MTEF), is the rising pauperization, marginalized, destroyed, alienated citizens the veritable 'Wretched of the Earth'(Franz

Fanon). These people are characterized by no sufficient food, no security for even the wretched life. This is the paradox of rising budgetary expenditure and the physical outcome. This set the problematic of this paper.

### **Budget: Conceptions**

Budget has been described differently by different writers. It has been seen as the spending plan of the Government for service delivery to the people. Annual budget is the setting of expenditure priorities and the weighting of alternatives. It is known as Annual Budget in Nigeria, Medium Term or Forward Budget in Tanzania, Medium Term Expenditure Framework (MTEF) in Malawi and Ghana. It consists in the main of Income and Expenditure. It is a system of resource allocation hence it implies looking ahead and planning since decisions involved in the process are of future orientation. In this sense, budgeting involves the converting of the multi-year plan of operations into more exact short term installation of inputs and outputs; usually for the year ahead...The national budget itself is the financial statement of the government proposed expenditure and expected revenue during a particular period of time (Anyanwu, 1997:249). It could be seen as a planned expenditure for a specific period, usually a financial year, by the government or any other organization or individuals, generally premised on the expected incomes and policy priorities. Government budget, is the most important money bill in a democratic setting, which are normally presented by the executive ...a traditional budget must contain two basic elements, the recurrent expenditures over the running cost of governance and its other cumulative commitments, while capital expenditures cover new items...(Igwe, 2005:49).

The budget indicates what services the Government seeks to provide to the people and the direction of the Government. Budget is also a mechanism for the accountability of the Government which holds the consent of the people in trust. Accountability is the output of governance. But this practice seems a problem in Nigeria. This is because Budgeting has become an administrative ritual without corresponding outcomes. What then is responsible for the situation in which budget are not accountable in the form of 'value added' to the people-but rather manifest negative developmental variables.

## 2. Statement of the Problem

Nigeria had pursued Development through the National Development Plan (NDP) approach. The priorities set forth are divided into those that should be achieved in a particular year. This is to be marched with corresponding resource allocation. This culminates in the phenomenon of annual budgeting. It is expected that when achievable priorities are set in a particular year, and matching funds allocated, at the end of the said year, the outcomes and impact would be felt to rationalize and accounts for the fiscal resources expended. This indicates the accountability of Government, especially, when the impact adds value to the lives of the citizenry.

The problematic conversely is that, Nigeria had had several years of National Development Planning with budgetary allocation increasing in geometric proportion. But the value –added if any, is in Arithmetic progression and in many instances none at all. Today, the current appropriation is in the trillion naira mark-yet at the end of the fiscal year, Nigeria would reap increasing poverty, inequality and unemployment for the majority of the population. What is responsible for this, is it the nature of the budget or the machinery for its implementation.

This problem was succinctly captured by the Minister of Finance when he opined that the Ministries, Departments and Agencies (MDAs) witness low implementation of budgets because of poor understanding of government and weak capacity...the rate of capital budget implementation...he lamented that the 2008 budget implementation ratio can not be allowed to continue, knowing that a proper implementation of these polices through the budget will impact significantly on the welfare of Nigerians (Ofikhenua, 2009: 11). The Minister of Finance has by this statement acceded to the assertion in this paper that the outcome of governance is accountability which must impact appreciably on the lives of the govern. He inadvertently admitted that the 2008 budget never achieved this level of value-added.

The Government in its wisdom of the problem has granted to the Ministers enhanced fiscal powers by raising the approval limits from five (N5) to hundred (N100) million Naira. This has created a new dimension to the problem of effective budget implementation. Are these sums to be expended by the Ministers outside the budget? Are

these not to be tied to projects in the budgets? If the responses to these rhetorical questions are in the negative, then the same processes would be deployed in their utilization with expected outcomes. Is the problem an outcome of the budgetary processes?

### **3. The Budget Processes**

As a financial plan of operations of government, it covers a specific period usually a year and commences with the issuance of a call circulars by the budget office, to all Ministers, Departments and Agencies (MDAs). Inter-ministerial meetings are held which examines different submissions before being presented for approval to the Executive Council. The President and Governors then send it to the National /State Assemblies for consideration and approval into an appropriation Act. When approved, both the President and the Governor is then authorized to expend equivalent of that amount from the consolidated Revenue account of the State or Federal Government. Whenever the Government needs additional fiscal resources, a supplementary budget is therein presented. The resources appropriated are utilized by the various Ministries, Departments and Agencies which constitute the bureaucracy, under the control of their various political heads, Ministers or Commissioners. The Public Accounts committees of both the National and state Assemblies are enjoined to ensure the performance of oversight functions that the amount appropriated are utilize for the purposes stated therein in the budget-through querying the political heads for derivations.

It would thus appear that the actual problem in the budget lies here. It is instructive to note that sometimes the Executive do not release the appropriated funds completely as at when due. This and many other variables which impedes budgetary execution accounts for the need for a shift in the paradigm of budgetary execution in Nigeria.

### **4. The Imperative for a Paradigm Shift**

Nigeria has since the first Colonial Development Plan utilized the mechanism of annual budget otherwise known as Medium Term Expenditure (MTEF) to allocate resources to the items in the Development Plan. The Government derives its power from the consent of the people thus power and authority is held in trust. The output of governance is accountability which is the impact governmental activities has on the lives of the citizenry.

Consequently, the impact of several years of development planning and budget administration has shown that 57 per cent of Nigerians live below on less than \$2 (N300) a day. For a population of 140 million, the percentage translates roughly to 80million (Oni, 2009:12). The result of 49 years of Budgeting in Nigeria showed that on the Human Development Index (HDI), a measure of living standard showed Nigeria on the decline. The report ranked countries based on life expectancy, educational attainment and basic purchasing power. According to the report, Nigeria declined from 137<sup>th</sup> position in 1996 to 141<sup>st</sup> in 1997. It further showed that, in 1996, Rwanda, Liberia, Zambia, Togo, Benin Republic beat Nigeria to a better position.

These countries the report said have a position with more access to health facilities, safe water, and calorie intake. On the Human Development Index (HDI), a country by country measure of level of income, using basic choices opportunities available to live a long, healthy and decent standard of living among poor nations, out of 78 developing countries where the survey was conducted, Nigeria placed 54 below Tunisia, Kenya, Algeria Zambia, Congo, Cameroon and Ghana (Frank, 1998: 32). In 2003 the UNDP human Development Index (HDI) stood at 0.463 and the UNDP Human Development Report ranked Nigeria 152nd among 175 countries and 58<sup>th</sup> out of 88 poorest countries in the world (Guardian 2004, August 23). In these and proceeding years, budgets had been appropriated for the various sectors of the economy. The above result of budget in Nigeria, repudiates the essence of Governance which include securing the public good and the individual welfare and creating better opportunity for life. The above has made it imperative to re-evaluate this mode of public financial management, with the view of reviewing its problems and prospects for further utilization.

##### **5. Budget as a tool of Public Finance: Problems**

One of the critical problem of budgeting in Nigeria is not insufficient funds, but that of conceptualizing programs and projects which are desirable in the society by the poor and excluded people who are in the majority. At both the Federal and sub-national levels, the Government pursues projects which are not in consonance with the socio-economic aspiration of the people and therefore cannot empower the people. It is not uncommon to

find the Government budgeting for the construction of Airport construction in the face of massive poverty. Project choice in budget is just one of the many lapses of Government. Overhead costs for the basic administrative functions of the budget. The Personnel costs that relate to the delivery of particular programme in the budget often consume the entire amount allocated to the project. As a result the projects remain on the drawing board for subsequent year budget to be factored into it. Where such projects were in accordance with the people's need, the impact become negative as the annual year pass –by.

One of the significant problems of Budget in Nigeria is the inability of the Ministries Departments and Agencies (MDAs) charge with the implementation of the Budget, is the inability of the personnel to be able to define outputs and outcomes of the projects in the Budget. This requires the ability to capture Key Performance Indicators (KPIs) with which to read-off the budget performance during monitoring and evaluation.

Corruption stands out as one of the major problems hindering the success of budget as the mode of public financial management for accountability in Nigeria. It would be recalled that in 2008, the bureaucrats in the Federal Ministry of Health withheld about ₦300million Naira meant for various Health Centers in the country. The amount was subsequently shared between the Directors and the Ministers on the pretext that it was a Christmas bonus. This is what they do in all other ministries. The outcome is as indicated in the section under '*the Imperative for a Paradigm Shift*'.

#### **6. Framework for Budgeting in Nigeria: A Paradigm Shift:**

In this section of the paper, we are concerned with two aspects which when juxtapose constitute the needed paradigm shift in Budget utilization in Nigeria. At the institutional level, we seek capacity-building of those charged with budget implementation. This is because the Ministries, Departments and Agencies (MDAs), the traditional bureaucracy for the budget execution, is replete with human capital, whose disposition for budget execution in the new millennium is obsolete. Secondly, the corruption virus further erodes their ability of self-abnegation for public-interest. Rene Durmont (1988) in his book 'False Start in Africa' had observed that African bureaucracies are parasitic by their nature\*. The situation has masterminded this search for a new methodology.



The focus here is to set-up a bureau in each MDAs for the execution of projects and programs relating to the Bureau. It would be replete with experts trained in the arts of logical framework paradigm, with the skill of defining the Key Performance Indicators, identifying the related activities/outputs which when carried out, would zero into the purpose identified at the conception of the budget. This type of skill is not obtainable from the “Civil Service Training Centers’ or the politically catalyzed workshops where considerable resources are consumed with corresponding impact on the service.

This also entails strengthening the processes of recruitment, selection and placement of the envisage Bureaus, else considerable training of an unqualified personnel would not produce Human Capital.

### **7. The New Budget Structure**

By the new Budget structure, we mean specific requirements, which must be strictly adhered to by the Budget execution Bureau, in line with the application of specified method(s) regarding the Budget. This requires that the methods utilized be clearly presented in the process of, and the execution of the Budget. In the view of this paper, the methodology identified for Humansing Budget in Nigeria is the “logical Framework Paradigm’.

### **8. The Logical Framework**

It is a method for organizing the project graphically ...it provides details of what your project will accomplish, how it will accomplish it and how you will know whether it has been accomplished...will be useful in implementing your project because it provides a detail visual overview of your project and how it will be evaluated (IPPF/WHR, 2006). It would include;

- i) What problems each sector of the Budget seeks to resolve through the appropriated funds (goal).
- ii) What you wish to achieve, the new situation to be created (objectives)
- iii) How you propose to do it (activities)
- iv) How you will show that the objectives were reached (results and process indicators),
- v) The physical means of verification of the indicators (data sources),
- vi) Who will be responsible for each activity (responsibility)?

vii) Monitoring and evaluation, physically ascertaining that the activities were carried out and amendments made.

The Budget of each of the Ministries, Departments and Agencies (MDAs) are to be crafted into a table of about seven (7) columns of activities schedule to give a conceptual view of all the relevant activities at a glance.

The analysis of the annual budget within above presented model is necessary in order to clarify certain ambiguity. Reading-off the budget from the new model would indicate the following data;

- i) Stating clearly the goal of each budgetary sector 1-7.
- ii) Step two would specify the objectives, which the budgetary intervention would bring about, among the focus population.
- iii) The third stage specifies the various activities with specific tasks which when executed would enhance the realization of the second step, stating who is responsible for each activity towards the goal.
- iv) This stage defines the (Key Performance Indicators (KPIs)) process indicators, the reflection which shows that the intended effect is being achieved. It shows what would be seen as having been done to confirm that the specified activity was carried out?
- v) Then finally monitoring and evaluation and correcting what have been found to have gone wrong in the field before the terminal date of the budget.

The beauty of this new perspective to budget implementation is that it specifies activities and the person who would be responsible for its performance. This makes it easier to know who is to be held responsible for failure of specific activities. It would be a radical departure from the past where the Ministries, Department and the Agencies passes the buck' of responsibilities.

### **Safe-guards for Result**

In order to ensure that the resources appropriated in the Budget are deployed for the purposes meant within the new model, identified activities are divided into short and long term with persons responsible for each objective are allotted to certain persons. The opportunities for corruption by the person's responsible would be limited.

### **Monitoring an Evaluation**

The paradigm shift has an inbuilt system for monitoring and evaluation which is often lacking in the conventional MDAs system. Monitoring and evaluation is basically the process guidance given to a project to ensure that all the activities identified are essential for meeting the objectives set at specific period. It is intended to regularly assess actual progress against expectations. It is further meant to track the achievements to build upon, poor performance would be identified and corrected to avoid wasting of resources.

In this model monitoring of the Budget would therefore refer to the routine assessment of ongoing activities and progress by collating key performance indicators relating to inputs and outputs activities in the budget. Evaluation involves the assessment of overall achievement at specific intervals to ascertain the outcomes and ultimately the impacts of the Budget. It asks what have been achieved and seeks how to improve on it? It uses social indicators or reflection or representation of the expected impact to ascertain the success or otherwise of the program. Every stage of the model is evaluated.

#### **Expected Problems of the Model**

One of the greatest problems expected of this model of budgeting is the dearth of human capital with the requisite capacity to conceptualize and execute budget with this model. It is quite certain that the Ministries, Department, Agencies (MDAs) as it is presently do not have the capacity to put this to effect. When imbued with the capacity, the personal gains of the existing system would militate against their effective operation of the novel model. This is because the new model holds little room for corruption.

The second problem anticipated is that of late and spatial release of funds to meet the program or activities work plan. Literature review and data gathered on Budgets in Nigeria indicated that the total amount proposed and appropriated for different sector, had never been completely released. This would stall the execution of activities which would have led to the attainment of certain key Program Indicators.

Thirdly, the reviews, monitoring and the discussion at every stage of the budget using the model, would be interpreted as increase bureaucratization.

Most critical of all the problems envisaged would be the lethargy to be exhibited by the major decision-makers in each of the MDAs- the permanent secretaries and directors in the MDAs would not attend any training sessions for the budget teams. They would always assume that they have been executing budgets since the days of Lord Lugard, and

would resist any change in the system. These set of people would abstain from the capacity-building workshops for the budget. They do turn out to be the facilitators of the various aspects of budget without the current capacity to do so.

Timely release of funds from the budget office is expected to be yet another problem, and this is decisive to the performance of the budget.

These assumed problems are surmountable.

### **Expediencies of the Model**

Today Nigeria do not have the Freedom of Information Act (FOIA) to enable everybody access the needed information on all aspects of national life. But with the model, it would be easier to know who was given what for which activities and what result was obtained with what impact.

Secondly, the model would assist in making the Government accountable in respect of Budget. This is novel because the history of budgeting in Nigeria has had no place for accountability, and evaluation of the impact of the executed programs and projects.

The second improvement on Nigeria's Budget regime to be derived from the model is that all Ministries, Departments and Agencies involve in the Budget discharge would be required to provide specific details of the work plan, cost of the individual components, timelines, outcomes and outputs of each of the projects and programs that they would be embarking upon. In addition each Ministry would be required to specify how each project/program is to be monitored and evaluated (Ogbureke, 2006:195).

### **9. Conclusion**

The Government has a 'social-contract' with the govern. The terms of the compact entail the fact that (i) the State promises to protect the individual and to promote his well-being; (ii) in turn the individual promises to respect the state and to obey it laws. This is only feasible when the state keep its part of the bargain. This is done through the instrumentality of the budget. Here lies the importance of the phenomenon.

When the Leviathan is not responsible in this regard it only invites revolt for when the state defaults and become self-serving and tyrannical at the expense of the people or denies them an effective opportunity to change an unjust law, then the individuals obligation to obey the law would cease (Mioton & Shirkey, 1976:384-5). Perhaps the

various crisis in the Nigerian State have been because the Government over the years has not been accountable to the people as required by the social-contract.

Perhaps this also accounts for the poor Human Development Index in Nigeria in spite of the huge Petro-Naira over the years. The challenge therefore is to humanize the Budget to save Nigeria from resistance which could snowball into disintegration in the nearest future. Training of the key players in the Budget processes on the new model is a task that must be done. Punishment for corruption must be severe to deter misuse of allocated funds. Finally, reforming the budget processes along the lines herein canvassed is thus the right step to avoid consequences that are better avoided.

### Notes

*\*This was recently illustrated in Nigeria in the Professor Adenike Grange's episode (the bureaucracy in the Ministry of Health, had held back 300 million Naira earlier appropriated for rendering health services to the Nigerian people, only to share same among themselves. The Professor and the accomplices are standing trial).*

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