ECOLOGY OF BUDGETING IN NIGERIA

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Abstract
Environmental factors play significant roles in the determination and operations of the budgetary system in Nigeria. In the Nigerian Financial system law and order usually play a pivotal role. Hence, the system is hedged about with legal restriction and governmental order. Generally, environment can be viewed as all the condition, circumstances and influences affecting the development of and activities of the local government. These factors among others include industrial, socio-economic and political environment affecting the attitudes and work ethics/behaviours at work. It is within this milieu of interactions factor that the actors in the budgetary system is entrenched. In an ideal situation, budgetary process is said to be peoples’ driven when it calls for a consultative forum where stakeholders express their feeling relating to previous budget and present their inputs and priorities which form the part of existing budget. This process will go a long way in assisting and updating Elected Officers, Ministries, Departments and Agencies towards budgetary preparation. However, it is surprising that since 1999, Civil Societies, Nigerians and other well-meaning organizations in Nigeria, have made tireless effort to access the proposed Federal government budgetary estimations to guide them. But such has proved abortive; as the Government denied them meaningful contribution to the budgetary process. Apart from this, in two different occasions, the Presidency has failed in its attempt attempts to present the proposed budget before the National Assembly for scrutiny; only to be postponed at eleventh hour due to one or two reasons best known to presidency. This has posed series of confusions and doubt about effective execution and implementation of the draft estimation. The paper notes that the ecology of the budgetary system in Nigeria determines to a great extent its effectiveness as well as pattern. On the other hand, governments through their activities influence their environment. The paper concludes that the influence is reciprocal.

Keywords: Ecology, Budgets and Budgetary Processes, Political-economy, Socio-cultural and Techno-physical Environments, Government Institutions and Nigeria.

Introduction

The 2014 estimates before the Presidency is a complete reversal of the previous years’ budgets and may not be able to realize its target of inclusive growth, consolidation and job creation. First, the election year 2015 is around the corner and as is customary it is envisaged that by June 2014 all attention would likely be focused on how to achieve credible elections. Consequently, budget implementation would be hard hit. Nigeria has never achieved 50 per cent
budget implementation in an election year and this year would not be an exception. Second, with a plethora of uncompleted projects in various parts of the country and the meager provision for capital expenditure it is most likely that more projects would be abandoned before the expiration of the President’s first term in office. The present tenure expires in May 2015. That leaves us with the question of the impact of the budget on the lives of the people.

The budgetary policy deals with revenue and expenditure of the government. It relates to decisions relating to taxation and governmental spending with the goals of full employment, price, stability and economic growth. In essence, it refers to efforts by the government to stimulate the economy directly affects economic variables which is an important instruments of the general economic polie of the government.

The process of budget preparation is essentially based on the information content of a large host of macroeconomic indicators, quantum and rate-spanning the entire domestic macro-economy as well as international macroeconomic developments. It is necessary to submit that budget plays a vital role as an instrument of development by improving the growth performance of the economy and ensuring social justice. Budget assumes centre stage in policy deliberation as the continuous fiscal imbalances and rising levels of public debt pose risks to the prospects for macroeconomic stability and accelerating and sustaining growth. To this end appropriate and timely budgetary policy measures can promotes growth by setting efficient and effective use of scare resources and by extension creating the right incentive signals as well as designing fiscal strategy that would move the economy to the next level. In Nigerian federalism, budget deals with financial relations between different tiers of government within the policy.

Consequently, in every financial year, both the federal, state, and local governments raises the hope of Nigerian citizenry high through budget presentation with sugar coated nomenclature viz; budget of hope, budget of empowerment and consolidating, a caring heart budget, budget of sustainable growth, budget of transformation, budget of restoration, budget of actualization, budget of integrated development, budget of sustained prosperity, budget of redemption, budget of consolidating the focused socio-economic transformation programme, budget of commitment and so on. The extent to which the budget is being implemented for the overall development of the country becomes a very serious disturbing notoriety in the system. This stems from the fact that trillions of naira is always quoted in the budget but at the end of the financial year it cannot be seen to have been actualized in terms of development.

To meaningfully and contemporaneously assess and analyze the efficacy and dynamics of budget implementation in Nigeria as it relates to sustainable development, one gets more confused considering the huge some of money being budgeted with the sole aim of transforming the country. Primarily, the greatest challenge facing the country is lack of full implementation of this budget. Going through the memory land, it has been discovered that budget application is merely a fantasy. This is because it only exists on paper. There have been no concrete evidence of its full implementation hence; sustainable development can hardly be actualized.

More so, Nigerian government lack the political will to effectively carry its citizens along in the budget implementation process. The country’s level of development has to a large extent been at the minimum, high and positive attainment of employment, significant reduction of poverty and inequality in the society are all elements of sustainable development. In deed, the point has earlier been made that, development concerns not only man’s material needs, but also the improvement of the social condition of his life and his broad human aspirations. Development is not just economic growth, it is growth plus change; human development.

In view of the above, it is necessary to understand the environmental dynamics that affect and influence the process, procedure, forms and output of budgets in Nigeria. That is, there are critical factors that are important determinants in budgeting. Therefore, the thrust and purpose of our discussion on environmental variables and budgetary process is to show the link or the relationships, which exist between budget initiation, formulation implementation and its
environment. It means the symbiotic relationships between budgeting and its environment in terms of content, implementation, performance and service delivery. Supporting the above view, McCurdy (1977:298); adds that out of this realization comes a theory called ecology of public administration, which holds that any public organization must conform to social, economic and political environments, or suffer by extension. McCurdy (1977:298); means that budget formulation and implementation must tolerate, accommodate and take cognizance of its social, economic and political environments for it to succeed because the environment must have an impact on its effectiveness, efficiency and performance. No doubt, the impact may be positive or negative, depending on the administrative capability and ability to adjust to the environmental demands.

**Contextualising Budget and Budgetary Process**

**Budget**

Government budgeting is carried out within an existing legal framework for the management of public finances as contained in the country’s constitution or other statutes. In other words, the constitution occupies a pre-eminent position in the hierarchy of Nigeria laws. It is the grundnorm for the validity of other norms in the legal system. Sure other laws derives their efficacy from the constitution, recourse must perforce be had to constitutional provisions before proceeding to consider legislations impacting a budgeting preparation.

The word, budget, is not used in the sections of the constitution governing collection and disbursement of public funds. Accordingly, we were denied a constitutional definition of the concept. Onuoha (2004:4) quoting Black’s Law Dictionary (1990) defines the budget as a statement of estimated revenues and expenses for a specified period of time, generally a year; and also as a sum of money allocated to a particular purpose or project or for a specified period of time. It defines the Appropriation bill as measure before a legislative body authorizing the expenditure of public money and stipulating the amount, manner, and purpose of the various items of expenditure. Legally speaking the former is conceptually under than the latter.

Adamolekun (1983:131) defined it as a financial plan embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Bedeian (1986:572) defined ‘budgets as plans that deal with the future allocation and utilization of various resources in different activities over a given period. Onuoha (2004:4) defines the budget as financial revenue and expenditure programmers covering specific periods which are necessary for state and local self governance agencies to carry out the functions presented by the constitution and legislation. Government budget is, therefore, a yearly financial plan indicating proposed government expected revenue and expenditure. In order words, a budget is both a plan and control instruments. It does this by an agency and by establishing standards against which actual performances can be compared (See Adamolekun, 1983:132)

According to Ezeani (2006:352) quoting Anthony et al (1984: 443-444), all budgets; share certain characteristics:

1. They are stated in numerical terms;
2. They cover a specified time period
3. They show managed commitment; that is managers agree to utilize resources as allocated;
4. They are approved in advance by senior people and
5. They can be altered only under previously agreed circumstances.

Onuoha (2004: 4-5) defines the budgetary process to include the preparation and discussion; and approval and execution of each year’s budget as well as the actions of State and community agencies related to the approval annual budget reports as regulated by law. Regulation of budgetary relationships, according to the law, comprises those activities of authorized agencies which, within power prescribed by law are aimed at organizing the budgetary system, defining its
structure, allocation revenue among budgets, executive budgets, reporting and controlling, classifying and/or amending budgets.

Specifically, the budgetary process starts with the identification of goods and objectives that the government seeks to attain within a specified period and in accordance with its overall socio-economic policy. The process involves the determination of resources and their uses for the attainment of the government’s aims. The budgetary process involves four distinct activities: budget preparation, budget authorization, budget execution and budget monitoring.

Section 81 (a) of the 1999 Constitution provides:

a. The president shall cause to be prepared and laid before each House of the National Assembly at anytime in each financial year estimates of the revenues and expenditure of the Federation for the next following financial year.

b. The heads of expenditure contained in the estimates other than expenditure charged upon the Consolidated Revenue Fund of the Federation by this constitution shall be in under in a bill to be known. As an Appreciations Bill, providing for the issue from the Consolidated Revenue Fund of the Sums necessary to meet that expenditure and the appropriation of those sums for the purposes specified therein.

c. If in respect of any financial year it is found that-

1. the amount appropriated by the Appropriations Act for any purpose is insufficient; or
2. a need has arisen for expenditure for a purpose for which no amount has been appropriated by the Act;
   a supplementary estimate showing the sums required shall be laid before each house of the National Assembly and the heads of any such expenditure shall be in include in a supplementary Appropriation Bill.

By using the word “shall” Section 81(ii) imposes a positive constitutional duty on the president to cause the budget to be prepared aid laid before the National Assembly. However, the constitution did not go beyond this terse and cryptic declaration to offer further guidance as to how the president should go about the arduous task of budget making. No particular procedure is recommended nor outlawed; the constitution is only interested in the end product; Estimates of revenue and expenditure. Regrettably, there is no legislation or regulation having the force of law that corrects this perceived oversight on the part of the frames of the constitution. The upshot of this is that budget preparation is a domestic affair of the Executive branch of government.

While the duty of presenting the budget before the legislature is one of the presidency, cannot shirk because of constitutional and political ramification; in practice technical aspects of the budget preparation are usually delegated to the Minister of Finance who in turn would pass the buck of the chore to Budget Office of the Federation. It is the latter that calls for proposals from Ministers, Agencies and departments according to stated guidelines and general objectives of the government. The call circular is usually accompanied by specimen firms to be completed by sending units, time-table for budget discussions indicating the dates allocated for Minister/Agencies and an outline of operative economic policy of the Federal Government including its guiding principles, objectives, instruments targets and macro economic policies as well as guidelines for preparation of the budget stressing the likely cycling to their respective overall expenditure. The revenue projections that would inform the expenditure estimates are also included to enable the Ministers/Agencies to make returns on revenues collectable by them in the form of fees, charges and levies among others.

The proposals from Ministers, Agencies and Departments are collected and analyzed by the budget office of the Federation, which will subsequently invite the Ministers, Agencies and Departments to defend their proposals. The Minister of Finance will thereafter meet with other ministers before briefing the President on the aggregate proposals which will later be presented to
the Federal Executive Council for final deliberations. It is after the adoption by the Federal Executive Council that the budget is presented to the National Assembly by the president.

The process of budget preparation and authorization has been described by Oshisami and Dean (1985:42) thus:

1. The president decides upon broad budget strategy on the basis of his own policies and a view of the macroeconomic environment. He provides the budget department with implementing the strategy.
2. The budget department devices a more detailed version of the plan and issues a call circular to ministries requesting estimates to be prepared according to budget guidelines.
3. The ministries submit their estimates to the budget department, which reviews them, and adjust them when necessary.
4. The budget department aggregates the budget in the form of a consolidated estimate of revenue and expenditure (CERE), which is passed to the president for his approval.
5. The president lays the CERE before the National Assembly in the form of an Appropriation Bill.
6. The House of the National Assembly debates the bill and makes modifications to it, before passing it. They return it to the president for his approval.
7. The president gives his assent to the Appropriation Bill, which becomes an Act.
8. The Minister of finance is now empowered to issue funds to the ministries. This is done by the issue of warrants.

**Environments of Budgetary Process in Nigeria**

McCurdy (1977:298), emphasizing the importance of environmental variables in the understanding the operation and effectiveness of budgeting and environment, concludes, the discovery that local conditions have an enormous impact on opportunities for administrative (budget) reforms. It means that the budgetary process is not operating in a vacuum. It exists and operates in a system or environment, which determines the content, purpose and direction of government budgets. Simply put, environment and budgeting process have tremendous impact on each other, or there is interaction between the environment and budget formulation and implementation. As a result of this, subsequent sections will be devoted to these linkages.

**Economic Environment:**

The Budget and its economic system interact and influence each other in a positive or negative direction depending on situation, time and place, because economy is the Sub-structure upon which the budget is rested. It means that the economy is the pillar that carries the entire system, including budgeting. A favourable economic environment is characterized by a good tax system, rate system, short payback periods, stable economy, and low rate of unemployment, low poverty level, high savings and investment rates.

Therefore, a favourable economic condition will make government budget formulation and implementation easier, as well as have fertile ground or fewer difficulties in achieving such budget objectives. For example, at the recent public presentation of the 2014 proposal, the Finance Minister and Coordinating Minister of the Economy, Ngozi Okonjo Iweala reassured Nigerians of the proper implementation of the power sector reforms, Agriculture Transformation Agenda, job creation and improvement of dilapidated infrastructure across the nation. Through the minister of works the federal government specifically promised that the Ore-Benin, Abuja Lokoja roads would be completed before April and that work on the second Niger Bridge would commence during the year but expressed fears over the huge recurrent expenditure captured in this year’s estimates.

She told the audience that the 2014 budget envisaged net collectible revenue of N7.50 trillion; stressing that N3.73 trillion of the expected collectively revenue would be used to fund the 2014 budget, which focuses on boosting job creation and inductive growth. According to her, "The
The budget has been underpinned by the parameter of oil benchmark of 2.39 million barrels per day compared to 2.53 million barrels per day in 2013” (Eme and Onyishi, 2013:6).

The minister stated that the budget was anchored on a benchmark oil price of $77.5 per barrel. The exchange rate is expected to remain stable at N160 per dollar while the economy is expected to grow at 6.75 per cent within the budget period against the 6.50 percent of 2013. She announced that gross oil revenue for the period would be N6.814 trillion against the N7.734 trillion of 2013 while projected gross non-oil revenue would be N3.288 trillion much less than the N3.307 trillion of the previous year. Based on the above, the minister stated that out of the revenue profile, the sum of N3.288 trillion has been set aside to fund the 2014 budget for the year. She said the figure represented a 9 per cent reduction from the N4.1 trillion in 2013 and reflected a total of expenditure of N4.64 trillion, representing about 7 per cent reduction from the N4.99 trillion budgeted in 2013. A breakdown of the budget indicate that N399 billion has been set aside for statutory transfer, N712 billion for debt servicing, N2.41 trillion recurrent non-debt expenditure and N1.25 trillion for capital expenditure.

The platform on which the budget rests which is the government fiscal policy envisages oil production capacity of 2.388 million barrels per day which unfortunately is less than the 2.53 million barrels proposed in the 2013 fiscal year. Projected gross oil revenue of N6.814 trillion is also less than the provision of N7.734 trillion of the 2013 fiscal year. The implication is a decline in oil revenue accruable to the Federation Account this fiscal year. This leaves us with nothing but an aggregated spending of N4.643 trillion in the proposed budget. The N4.643 trillion represents 6.9 per cent decline from the provisions in the appropriation act of 2013 as amended. It is also less than the 2012 act by 4.4 per cent hence the lowest in the last three years.

Analysts believe that government position on this is understandable considering the production losses due to high rate of vandalism and theft at the creeks of the Niger Delta. In 2013, government expressed serious concern over pipeline vandalism and theft of crude at the creeks and its inability to stem the tide. Again its position may not be conservative enough as global dynamics of oil and gas market seems to favour new discoveries of shale oil and other alternatives.

Generally speaking, the budget objectives of Nigeria will include, among other things:

a. To stimulate agricultural development, diversification of the productive base of the economy through enhanced capacity utilization in industry, and increased agricultural productivity.

b. Promotion of sustainable economic growth through the achievement of macro-economic exchange rates and fiscal stability as well as prudent monetary policies.

c. Raising income levels and unemployment through enhanced economic growth and vigorous implementation of poverty alleviation programmes.

d. Facilitate private sector led growth through the creation of appropriate enabling environment, institutions, and policies as well as legal and regulatory frameworks.

Writing on the impact of economic condition on the nature of policy output, Dye (1966:33), provides substantial evidence that the level of economic development within a jurisdiction affects the nature of policy output from its administrative system. A close study Dye (1996), reveals that high level of performance by the budgetary process is generally associated with good economic condition of the place, whereas in an austere or depressed economy or when the economic environment is favorable, there is little doubt that budget formation and implementation will fail to achieve its objectives. Hence, the impact of a depressed budget attainment of its objectives will be negative or low.

Sharkansky (1968:9) maintains that the administration in poor states may tax their citizens with unusual severity to provide the demanded level of services. One may therefore conclude that the economy offers a set of material resources that either provides the wherewithal or imposes limits for administrators or budget actors to operate.
Political Environment:
Ideally, budget formulators are expected to be politically neutral, or should not respond to political pressures and interests. However, the elected politicians control the activities of the public officers, budget formulators inclusive. The legislature is expected to protect public interest, control the content and objectives of a budget in the interest of the people, and to reduce the tax burden of the people as may be included in the fiscal policy or tax policy of the government. Beyond these constitutional functions of the legislature, the law-makers usually make political promises through their political manifestoes. To realize these political promises, the legislature, therefore, continually attempts to influence and determine the policy content of the budgets to suit their political interests. That is the reason we talk about the political model of policy making in public administration process that emphasizes decision-making that is not rationally determined or made, but, instead, reflects the desires of the political class to satisfy the interest of the political class, especially in a situation that believes that power attained should not be shared except with the people of the same class. Moreover legislators always have their eyes on the next election and the electoral process end political system. The above reason and interest guard, guide, and reinvigorate the political pressure on the budget officers to consider, tolerate and accommodate the interests of their political masters in the budget provisions and allocations. The legislators may also use their power of scrutiny and power of approval, power of impeachment or vote of no confidence and power of approving and passing of the budget to influence the content of the budget to suit their political interests.

According to Eme and Onyishi, 2013, the on-going National Conference has thrown up debates about the nature of Legislature at the centre; whether indeed, the nation still needs an expensive bicameral Legislature at this moment of our socio-economic cum developmental challenges with 109 distinguished senators and 360 honourable members in addition to both their permanent staff and non-permanent legislative aides. According to its 2007 annual report, the National Assembly Service Commission (NASC) stated that “the National Assembly staff strength was 3,375 made up of 1,073 junior staff and 2,302 senior staff”, as well as “a total number of 2,412 Legislative Aides made up of 605 Legislative Aides for members of the Senate and 1,807 for the honorable members” respectively excluding the Commission’s own “staff strength of 230, which was made up of 111 junior staff and 119 senior staff”. This statistics has tremendous implication on the cost of governance. In fact, the debate about the cost of governance in Nigeria has led to a nuanced recommendation in some quarters that one of the chambers of the National Assembly (NASS) be scrapped as part of efforts to streamline the huge cost of running our public sector.

Undoubtedly, from the face value, the argument would appear plausible particularly against the backdrop of refusal of the National Assembly to cut down and or breakdown its statutory transfer of N150 billion captured as a lump sum money under the 2012 Appropriation Act (same figure for 2013 budget) and other previous gregarious acts of profligacy.

The salaries and allowances of legislators at the federal level in Nigeria no doubt led to wide spread condemnation, reactions and counter-reactions throughout the country. While some believe that the huge allowances and salaries (Jumbo pay) is a disservice to the nation, majority of Nigerians argue that the jumbo pay being enjoyed by federal legislators in Nigeria is having negative effect on the education sector and other critical sectors of the economy. Thus, public reactions showing the consequences of unregulated salaries and allowances on the economy forms the major thrust of this section.

In a newspaper report captioned “National Assembly Epitomizes Backwardness”- Sagay, published in The Punch Newspaper of Monday, 20th December 2010, Prof. Itse Sagay noted that it cost about Two Hundred and Ninety Million Naira (N290,000.00) annually to maintain each member of the National Assembly and regretted that this is happening in a country where virtually every amenity does not work and where average earning of 80 percent of the populace is below
three hundred naira (N300.00) per day. Whereas the earning of a Nigerian Senator per day is more than the yearly income of a doctor; it is more than the salary of 42 Army Generals or 48 Professors or 70 Commissioners of Police or more than twice the pay of the United States President Barak Obama or nine times the salary of US Congressional Representative.

It is obvious that the political structures in less-developed countries, for example, Nigeria since 1999 is not known to operate objective and rational systems. Instead, political decisions or budget decisions are economically determined by the dominant party in the house or the government party. In some cases, members of the political party, band themselves together to exert influence on the administration concerning the provision, allocation and distribution of amenities in the budget. This leads to regular and frequent meddling with budget initiation, formulation and implementation.

Supporting the above observation, Ladipo (1978:28), states that African political leaders tend to interfere to an excessive degree in every policy which they have set down. It is also a statement of fact that political leaders of the less developed states in Africa, Asia and Latin America are Parochial, Primordial and clannish; they bring these negative attitudes to bear on budget formation and implementation.

It is necessary to mention some component parts of the political environment. The list includes the legislative arm of the government which charged with the responsibility of law making. The legislators are accredited representatives of different constituencies, with political promises. These promises act as pressures on the legislators to influence policy content, policy direction and policy output positively or negatively.

Next in the list of essential components of the political environment is the party system. This as to do with whether it is a one-party, two-party, and three-party or multi party system. The party system will present the issue of political manifestoes and ideological divides and leanings of the society and that of the major political actors. The critical issues of ideological divides and the party are primary and paramount in the policy determination of the government and capital.

The central thing in party influence in the budget is that of ensuring that budgetary financial polices accommodate their party manifestoes and electoral promises, especially those of economic policies. The result of power play by the political parties may induce public administrators to provide and allocate funds by fiat instead of by rational allocation of funds to achieve maximum benefit with minimum resources.

Next in the list of the political environment are the pressure and interest groups. These will include, among other groups, labour, industrial unions, student union governments, market unions and organizations and other trade unions. These pressure and interest groups may adopt the strategy of strikes, demonstrations, propaganda, protests, lobbying and political support to twist the hands and policies of the budget officers and formulators basically to ensure adequate provision, allocation and representation of their interests in the national budget. The effect of the influence of the pressure and interest groups in the budget formulation and implementation may be positive or negative, depending on the extent to which the budget formulators accommodated or/and departed from the merit principle and rationality in the allocation of funds.

Finally, in the list of the political environment, is the structure and form of government; for example, unitary, federal, confederal, forms of government, as well as presidential and parliamentary systems of government. All these forms and structures of government have different degrees of pressures and influences on statecraft and public administration because of conflicts and competitions, merits and demerits associated wit these forms and structures of government.

**Social Environment:**

The social environment consists of those facilities and structures that enhance the process of a systematic method of inculcating and imparting good attitude, good culture, relevant skills and good values among the people in a particular community so as to promote rationalism, national
consciousness, hard-work and dignity of labour, excellence and a disciplined society and community.

The way and manner the moral values, ethics, group’s identity, sedimentary nature of the society, religious beliefs, and social relations affect government administration’s content and allocation in the budget varies from place to place. In all, the budget formulators try to respond and accommodate social demands of the time in the budget. For example, the national and state budgets provide for nomadic education in Nigeria. The state also provides nomadic education, formal and non-formal education, providing for archives, water resources and supply, housing and property development, environmental sanitation, veterinary clinical and laboratory services, forest development, protection, regeneration and a forestation and reproductive health: HIV/AIDS control.

The weight age and performance placed on the above subheads in the national and state budgets depend on the pressure or influence received from the social environment. It is necessary for the paper to state that in states where the value system has positive impact on the social system, the administration will provide in the budget good health policy that will improve health care services through hospitals, drugs and specialist doctors and drug distribution. It will also improve agriculture and food policy through high yielding seedlings, fertilizers and tractor services. Social environment will induce the budget formulators to improve housing policy through provision and allocation for housing loans and low cost housing.

The budget will, as a result of the influence of social environment, quality education, propound a policy that provides and allocates funds for scholarships, schools and qualified teachers.

The budget formulators and administrators and public officers are trapped in a web of parochialism and conservatism. The actions and inactions of the budget officers encourage spoils in the system; the matrilineal and primordial values drive the wheel of budget content, provision and allocation. The above situation will not enhance or encourage merit or rational provision and allocation of public funds in the budget, or optimum utilization of public resources. Instead there is laziness and waiting for government patronage. The budget output has the high tendency to be negative as the scarce resources of the state will be used to service programmes and policies that have family, ethnic, tribal, religious and parochial interests.

It is relevant here to list some of the institutions that constitute this all important social environment. The family is a major factor in every social system. It is also critical in the social life of an individual. The majority of the budget officers and actors usually provide and allocate reasonable sums to projects, programmes and policies that improve the standard of living and general welfare of the families. That is the major reason for keeping pay-as-you-earn as low as possible as sources of government income, whereas a reasonable sum is provided for and allocated to reproductive health, Basic Drugs stocking government hospitals, public health laboratory, national water rehabilitation project improvement in water schemes.

It is good for us to state here that the family is primary group in a social environmental. Also the attribute of a primary group is intimate understanding and close relationship with the members of the groups. It is also true that the members may not be large but they are emotionally attached to one another.

The effort to classify groups in a social system or society or what we may call social environment may end up grouping it into two: primary group and secondary group. A good example of a primary group is the family and good examples of secondary groups are the church, school, peer group and trade unions. A secondary group is the opposite of a primary group. Thus, secondary groups are not intimate with one another; the number of members of a secondary group is usually large, to the extent that they may not know one another. There is impersonality in the relationship among individuals in a secondary group and there is no mutual understanding.

**Cultural / Religious Institutions and Organization:**
Religion is the belief in the supernatural being or the relationship that exists between the creator and the creature.

In Nigeria, there are three major religious groups: Christian groups, slim groups and the traditional religious groups. These religious groups influence the revenue, expenditure and fiscal policy of the state as contained in the budget through the Christian Association of Nigeria, and the Organization of Islamic Studies. These religious organizations press for favourable economic and fiscal policies. That is the main reason for tax exemption for all religious organizations in the world. They are not taxed on their collections or “offerings” and “tithes” or real estates or properties.

The concern here is that of the level of support or cooperation given by the populace to local councils in Nigeria. The question here is. What is that the relationship between the people and their local institutions or put in another way, how do the people view their public institutions and what is the level of support given by them to these public institutions? There is a lot of cultural issue affecting the efficiency and effectiveness of local councils in Nigeria. These issues border on the behavioral patterns, values, feelings, attitudes among others concerning the people who work in public institutions as a whole. For example, the tendency is to see local councils in the country as an avenue to amass wealth resulting in various corrupt practices. This has been on over the years and having serious effect on local governments. There is also the issue of some of the employees who see public institution as a whole as government business and as such become lackadaisical in their approaches to work thereby not putting a fair day job for a day pay. All these have been the case with Nigerian local government system which makes them to be ineffective.

According to Koontz et al (1983:95), “the socio-cultural environment is made up of the attitudes, desires, expectations degrees of intelligence and education, beliefs and customs of people.

Ezeani (2005:55) noted that the foregoing features condition the practice of public administration in Nigeria especially in the areas of manpower planning and development in public sector in Nigeria. For instance, merit has very often been sacrificed in the process of recruitment, award of contract and admission into secondary and tertiary institutions due to ethnic and religious afflictions. In other words, the cultural norms and values of society limit the activities of public officials and their attitudes to work or discharge their duties. The cultural and religious practices and beliefs of the predominantly Moslem people have inputs public institutions or public administration in Nigeria. Until recently, women were discouraged from acquiring western education and from taking up modern employment.

Another important factor within Nigerian socio-cultural environment is the change in population behaviour. The wide differential in the population of local and state governments for instance affects the personnel budget in the different capacities.

There is every need for us to put it down on paper that the environment interacts and reacts with the budget officers and budget actors. The budget officers and actors also, in their own way, influence and affect the environment to some extent and degree to determine the direction and actions of the environment. It is also good to state that the success or failure of budget formulation and implementation is dependent upon the environment. Good budgeting therefore needs to lay due emphasis on the environment may facilitate or hasten its failure.

Next in the list of secondary group of the social environment, are the educational institutions. Education is the whole process of transmitting knowledge through nursery, primary, secondary and tertiary institutions. In the words of Eliot (1979:15), education is the means by which the skills and wisdom of society are presented. Therefore, it means that education is something more than formal education that go on in the primary, secondary, colleges of education, polytechnics and universities. It includes informal "transmission of what is worth-while to those who become omitted to it. Thus, education is conceived as a systematic method of training,
building, developing, inculcating, sustaining knowledge, skills and good attitudes, good behaviour and good character among pupils and students.

Kelvin (1982:1), puts it in this way, Education, then, can be taken to include the provision of learning experiences or the transmission of knowledge as it occurs in places like schools, universities, liberal art colleges, technical colleges, colleges of advanced education and the like educational pressure for increased budget provision and allocation comes from different levels of education in Nigeria.

Nursery or pre-primary education, this class or category of pupils is between the age brackets of three to five years. This level is not classified as formal education but it is not outside the supervision of government.

The next level of education is what is generally called primary education. This class or category of pupils is the age bracket of six to eleven years. This is the first stage in the list of formal education. It is also grouped into two: Junior Secondary School (JSS) for three years. Three years for Senior Secondary School (SSS), the next level of education after secondary education is Higher Institution or Tertiary Education. In this class of education are colleges of education, polytechnics and universities.

This class or category of students is between the age brackets of seventeen to twenty-two years of age. This is the last stage of formal education in Nigeria.

At the level of primary and secondary education in Nigeria, we have the Nigeria Union of Teachers mainly, and at the higher Education, we have the Academic Staff Union of Nigerian Universities. These unions are the major structures and forums for negotiating with the government and pressing the budget officers to accommodate and to provide for education in the budget. According to the Federal Ministry of Education Statistics Department, between 1999-2009, the government spent 11.2%, 8.3%, 7.0%, 5.9%, 1.8%, 7.8%, 8.3%, 8.7%, 6.07%, 13% and 13% of her budget on education. This great improvement was as a result of ASUU-Federal Government agreement in 1992/1993. It is also true that the federal government has not met the required standard of providing 26% of national budget for education. That could explain the several strikes embarked upon by the Academic Staff Union of Nigerian Universities (ASUU) to press for increase in capital expenditure, and government’s special grants to the educational sector.

**Legal Environment:**

The Nigerian administration and budgeting process is not operating or existing in a vacuum. It exists and operates according to rules, regulations, laws, bye-laws, the constitution and a judicial system of the place, by which it is formulated and implemented. For example, budget estimates transform from budgets estimates to budget when they fulfill all the legal requirements. It means that the budget officers are guided and influenced by the legal environment. In this list of legal requirements we have the following; the constitution is the supreme and the fundamental law of the land. For example, according to the 1999 Constitution of the Federal Republic of Nigeria, the economic objectives of Nigeria shall, within the context of the ideals and objectives from which provisions.

1. are made in the constitution:

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a. Harness the resources of the nation and promote national prosperity and an efficient, dynamic and self-reliant economy.

b. Manage and control the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice, equality of status and opportunity.

2. The state shall direct its policy towards ensuring
   a. The promotion of a planned and balanced economic development including the diversification of industries and the dispersal of industrial projects and infrastructural facilities throughout the federation.
   b. That the material resources of the community are harnessed and distributed equitably and judiciously, to serve the common good of all the people.
   c. That the economic system is not operated in such a manner as to permit the concentration of wealth or the means of production and exchange, in the hands individuals or groups.
   d. That suitable and adequate shelter, food, water supply, reasonable national minimum living wage, old age care, pensions, unemployment and sick benefits and the welfare of the disabled are provide for all citizen.

There is no doubt that if any part of the economic objectives of the federation is violated in the manner the budget is formulated and provided for, the whole content of the budget may be declared null and void and of no effect. Therefore, budget initiators, formulators and executors must not overlook this aspect of the law, to avoid disappointing the nation. Thus, the budget affects the legal environment, just as the legal environment affects the budget.

Section 81 (1) of the 1999 constitution stipulates that:

The president shall cause to be prepared and laid before each House of the National Assembly at any time is each financial year estimates of the revenues and expenditure of the federation for the next following financial year (The Constitution, 1999)

Section 81 (2) requires the president to indicate the heads of expenditure contained in the above estimates (other than expenditure charged upon the consolidated fund for the payment of salaries and allowances of stipulated public officials) in a bill to be called Appropriation Bill providing for the issue from the consolidated revenue fund of the sums required to meet the expenditure and appropriation of those sums for the purpose specified in the bill. 81 (3) empower the president to present the Net oral Assemble a supplementary appropriation bill showing the sums required when

a) the amount approved in the appropriation act for any purpose is insufficient or
b) a need has answer for expenditure for a purpose which no amount has been approved in the appropriation act(Onuoha, 2004:38).

The 1999 constitution did not give any time frame or limit as to where the National Assembly should finish its work in the presenter’s budget which in turn can be presented “at any time”. Section 81(l) of the 1999 Constitution allows the president to present his budget “at any time” before the National Assembly before the beginning of the financial year differ from what operates in the united state of America. The United States of America president is required to present his budget (for the fiscal year that commences 1st October) to the congress. According to the united state constitution the president is expected to present his budget “on or after the first Monday in January but not later than the first Monday in February of each year “(McCormick, 1998: 456).

This means that the United States Congress has about eight months to deliberate and conclude discussion on their president’s budget proposals before the commencement of the financial year.

Section 80 (4) of the 1999 Constitution states categorical that; no monies shall be withdrawn form the consolidated revenue fund or any other public fund of the federation except in the manner prescribed by the National Assembly.
One significant matter arising from the above provision is what happens to funding if government activities of the National Assembly deliberately delay the passage of the bill especially when there is no legal time limit for the National Assembly to act on the appropriation bill.

Such a question has become necessary in the light of the delays in passing the 2008 Appropriation Bill due to the celebrated disagreement between the president and the National Assembly over what he called “who has the power to do it” budgetary matter.

The Federal Government on Sunday (April 6, 2008) explained why late President Umar Musa Yar’adua has refused to sign the 2008 harmonized budget passed by the National Assembly in the month of March. Government sources said that the president was insisting on the removal of some clauses which the law makers “unilaterally injected” into the budget as they do not fall in line with the government’s overall national plan, macroeconomic stability and sector strategies.

Specifically, the late President accused the lawmakers of the under listed;

1. The National Assembly unilaterally provided money for new projects, thereby infringing on the functions of the executive.

2. It raised the revenues bench mark, thereby heading to an increase in deficit from ₦468 billion under the executive budget proposed to ₦554 billion.

3. Increase in capital allocations running into billions of naira to ministers for new projects which would amount to waste as the priorities of the executive are different.

4. New vote headstotalling ₦2.1billion. This is in addition to the allocation of votes to several professional bodies that were never used as previous budgets.

5. Unilateral increase in present costs to some ministers and agencies. Cost jacked up without provision for social cost.

6. Unsolicited overhead costs running into billions of naira to key government ministers.

7. The Presidency considers it undue interference with the executive functions for the law makers to inject a clause that request the Accountant General of the Federation and Governor of Central Bank of Nigeria to furnish the National Assembly with monthly report on performance (as retained in clause 7(2) and .

8. The presidency considers it undue interferences with the executive function for the law makers to inject a clause that request the Accountant General of the Federation to disclose details of funds released to the National Assembly (as retained in clause 7(3).

9. The president considers it undue interference with the executive functions for the law makers to inject a clause that request the accounting officers in the ministries to present quarterly reports on budget performance to the National Assembly (as retained in clause 7(2) and

10. The National Assembly, in initiating and allocating funds for new projects that are not sponsored by the executive, fail to align the budget with the president’s overall national plan, macro economic stability and sector strategies (Odunuga, 2008: 1 and 4)

The answer to the above question is to be formed in what the constitution calls “authorization of expenditure in default of appropriations.

According to section 82 of the 1999 Constitution:

if Appropriation Bill in respect of any financial year has not been passed into law by the beginning of the financial year; the president may authorize the withdrawal of monies from the consolidated

Revenue Fund of the Federation for the purpose of meeting expenditure necessary to carry on the services of the Government of the Federation for a period not exceeding six months, or until the coming into operation of the Appropriation Act which ever is the earlier, provided that the
withdrawal in respect of any such period shall not exceed the amount authorized to be withdrawn from the consolidated Revenue Fund of the Federation under the provision of the Appropriation Act passed by the National Assembly for the corresponding period in the immediately preceding financial year; being an amount proportionate to the total amount so authorized for the immediately preceding financial year.

Akinjide, (2000:66) has indicated that the above provision which was lifted word for word from section 76 of the 1979 constitution is to prevent a constitutional crisis similar to the one in Australia in the 1970s “deliberately manufactured by the opposition with the sole objective of bringing down the elected government. The crisis hinges on the inability of the premier to secure approval for his Appropriation Bill as stipulated by law.

Nwabueze (2000:10) has argued that although the constitution did not specifically state so, the National Assembly cannot initiate financial legislation or increase the total amount of the budget beyond what is proposed in the resident’s appropriation Bill but can only reduce it.

Nwabueze (2000) is of the view that only those who have responsibility of raising money to finance government expenditure should propose such expenditure. If the legislators were forced to propose expenditure they would be competing among themselves to secure as much of public funds as possible for their constituencies and other interests they represents at the National Assembly. According to him, the members of the national Assembly cannot increase the total amount requested by the presidency in his appropriation Bill because: increase in the total amount partakes of the nature of initiation. The excess amount over and above the total figure in the Appropriation bill must be regarded as having been initiated by the Assembly not the president and is therefore unconstitutional… it is undesirable that such an increase should be permitted when the Assembly is not in a position to source the money to cover it. (Nwabueze, 2000:10).

The position of Nwabueze is supported, for example, by the practice in Great Britain where parliament can refuse or reduce the expenditure proposed by the government but cannot increase it. Haruna (2008:48) adds:

…The explanation for this paradox is that the two arms differ fundamentally over what they consider the proper bill. Whereas the National Assembly considers the aggregate figures it has returned to the presidency as good enough, the presidency disagrees. Between the two, it seems to me that the presidency has propriety and morality on its side. Section 81 of the constitution is unambiguous about how public revenue should be spent. It says, the purpose of each expenditure must be specified. The earlier section, that is section 80, does give the National Assembly the power to prescribe how monies can be withdrawn from public treasury, but the powers are not, and cannot be, absolute. Instead, they are contingent on specifying the terms of expenditure.

From the above the major findings of budget making, implementation and evaluation in Nigeria have the following characteristics:
1. The proposed budgets represent increases or reductions of billions of naira from the budgeted proposals and approved budgets since 1999.
2. Capital expenditure is always projected at figures representing below 27.29 percent of the total budget; and 72 percent represents the balance for recurrent expenditure.
3. The budgets are mainly financed from budgeted revenues and the balance from debt.
4. The budgets that are proposed to focus on Job Creation and growth failed to allocate more resources on the necessary and key sectors as driven tools. However, security sectors, Ministry of Education and agriculture got huge allocations. These priorities have no sign of jobs opportunities.
5. Agricultural Sector which employs high percent of labour force got minor percent of the annual budget and informed Nigerians advocate for 15% of annual budget to Health. Nigeria Government is yet to implement all the Memorandum of Understanding signed
with other countries like Maputo declaration, Abuja Declarations on Health, Education and Agricultural.

6. Due to the late presentation of the draft budgets to National Assembly, it is an indication if care is not taken that National Assembly may not have enough time to scrutinize the budget as expected and other issues around chamber.

**Recommendations:**

1. Couple with the rising level of inflation, abject poverty and unemployment in the country, Nigerian Government should constructively increase annual budget. The reduction in 2014 estimation for instance, lack baseline justification.

2. Despite the outcry by Minister of Finance for higher Capital Expenditure that will affect the lives of ordinary citizens, however, high percentage of the budget was allocated to recurrent expenditure. This trend should stop.

3. Our law makers should come out with a Bill that will address quick release of fund to MDAs in accordance with the approved for immediate implementation of projects and ensure MDAs return unspent money from Capital Expenditure to treasury.

4. There is great need to implement by government at all levels, national and international budgetary obligations such as UNIESCO and Maputo declarations of 26% and 15% from annual budget on Education and Health Sectors respectively.

5. There is great need for prompt oversight by the National Assembly on related items in the budget; while MDAs should be accountable for their expenditure from the previous budget.

6. While preparing Annual Budget, National Assembly should make it mandatory for MDAs to design a mechanism for effective consultation and inputs by various stakeholders.

7. We call on the National Assembly to reduce cost of governance, cut down duplication and channel resources in those areas that would enhance productivity and create job for Nigerians.

**Conclusion**

In an ideal situation, budgetary process is said to be peoples’ driven when it calls for a consultative forum where stakeholders express their feeling relating to previous budget and present their inputs and priorities which form the part of existing budget. This process will go a long way in assisting and updating Elected Officers, Ministries, Departments and Agencies towards budgetary preparation. However, it is surprising that since 1999, Civil Societies, Nigerians and other well-meaning organizations in Nigeria, have made tireless effort to access the proposed Federal government budgetary estimations to guide them. But such has proved abortive; as the Government denied them meaningful contribution to the budgetary process. Apart from this, in two different occasions, the Presidency has failed in its attempt attempts to present the proposed budget before the National Assembly for scrutiny; only to be postponed at eleventh hour due to one or two reasons best known to presidency. This has posed series of confusions and doubt about effective execution and implementation of the draft estimation.

Indications are beginning to surface that the budgets, which its authors promise will create greater levels of inclusion and job creation, are actually falling short of delivering on its touted promises. The structural analysis of the budget done by the authors indicates either an incomplete budget or a budget that would be too little to deliver. The 2014 budget has caught several media headlines recently, many of which have failed to take a critical look at the structural make up of the budget. The paper concludes by positing that it is the nature of environments where these budgets are prepared, implemented and evaluated that are creating problems for its proper analysis.
References


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