

# Nigeria's Development Tragedy: The Role of the State, Federalism and Politics of Budget Process

Ukachikara, Ucheoma O.<sup>1</sup>, Asoka, Godknows<sup>2</sup>

<sup>1,2</sup>*Department of Political & Administrative Studies, Faculty of Social Sciences, University of Port Harcourt, Nigeria*

**Abstract:**-The literature is replete with studies on the development conundrum of Nigeria. In the same way, cacophonies of the poverty level in the country have continued to reverberate with much resonance. Majority of Nigeria's population still flounders in strangling poverty despite being Africa's most populous nation; Africa's biggest producer of crude oil; OPEC's 5<sup>th</sup> and world's 13<sup>th</sup> largest producer of crude oil; world's 7<sup>th</sup> and Africa's biggest gas reserve, all indicative of great development potentials. Nigeria's Gross Domestic Product has continued to grow almost at the same rate as its poverty and underdevelopment. In the latest United Nations Development Programme (UNDP) ranking, Nigeria was placed 152<sup>nd</sup> among 188 countries studied, making her one of the few countries within the very low human development category. Another recent survey was also corroborated by the British Prime Minister that Nigeria has the highest number of poor people in the world. These findings came at such times the National Bureau of Statistics (NBS) claimed that Nigeria's economic growth and inflation reduction have been consistent thereby ruling out the position that Nigeria's development problems may be as a result of poor economic performance. This paper therefore attempted an interrogation of the nature of the state, form of federalism, and politics of budget process in Nigeria with a view to ascertaining their roles in the underdevelopment of Nigeria. The Marxian Political Economy theory was adopted for the inquiry. Data was secondarily sourced from available documents which included journals, articles and textbooks. The data elicited were analysed by the Content Analysis method. It was found that the character of the post-colonial state, the form of federalism and politics of the budget process in Nigeria are three interconnected and interdependent factors responsible for the development of underdevelopment in Nigeria, since independence, evidenced by the types of formal and informal budget practices in Nigeria which can only thrive in a "unitary" federal system that resulted from the deformed capitalist Nigerian state. It was therefore recommended that the government at the centre be constitutionally made unattractive in order for debates on the implementation of true federalism in Nigeria to be heard on their merits.

**Keywords:** Politics, Development, Niger Delta, Federation, Budget, Constitution.

## I. INTRODUCTION

Like all human creations, the Nigerian Constitution tends to be replete with flaws (Ekekwe, 2009, 2015). However, Section 2 (1) and (2) of the 1999 Constitution of the Federal Republic of Nigeria affirms that "Nigeria is one indivisible and indissoluble sovereign state to be known by the name of the Federal Republic of Nigeria. Nigeria shall be a Federation

consisting of States and a Federal Capital Territory." As a federation, Nigeria's 1999 Constitution also affirms that: "The Federal Republic of Nigeria shall be a State based on the principles of democracy and social justice...that: sovereignty belongs to the people of Nigeria from whom government through this Constitution derives all its powers and authority; the security and welfare of the people shall be the primary purpose of government; and the participation by the people in their government shall be ensured in accordance with the provisions of this Constitution [Section 14 (1), (2) (a) (b) (c)]. To this end, Section 16 (2) (a) (b) (c) (d) of the 1999 Constitution emphasized that:

16. (2) The State shall direct its policy towards ensuring:

(a) the promotion of a planned and balanced economic development;

(b) that the material resources of the nation are harnessed and distributed as best as possible to serve the common good;

(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 of few individuals or of a group; and

(d) that suitable and adequate shelter, suitable and adequate food, reasonable national minimum living wage, old age care and pensions, and unemployment, sick benefits and welfare of the disabled are provided for all citizens.

It can be seen that the basis of group life in a society, of designing systems of government, of adopting particular forms of ideology, etc., is the desire to achieve development (Alapiki, 2006b). The annual budget is the vehicle provided by law for the acquisition, allocation and distribution of resources for socio-economic development of the nation. It serves as an instrument to ensure the economic growth and development of the nation through planned micro and macro-economic policies contained therein (Igbuzor, 2016; Dogara, 2016). A sound budget serves as a tool for economic and financial management and political accountability. The budget process (which is essentially the making and management of the budget) involves the distributive

mechanism of society's resources into various sectors in consonance with the people's aspirations and needs for sustainable development (Federal Republic of Nigeria, 1999; McGee, 2007; The Parliamentary Centre, 2010). That is why apart from the constitution, the budget is the next most important document in society (Igbuzor, 2016, 2017). Its importance is double-edged. As an appropriation tool in the hands of the ruling class, its use or abuse (misuse) can either result to development or underdevelopment. This probably explains the level of sensitivity of appropriation in society, and the all-important effects of the character of the state and politics on the choice of political arrangements.

## II. THEORETICAL AND CONCEPTUAL BRIEF

### *Political Economy*

It is imperative to understand the ideas of Marx, and in particular, his Political Economy approach to viewing social reality, given the growing dominance of capitalist economy in the world. As Ekekwe (2009:2) observed, "...By itself, this approach might not point to the el-dorado that we seek given the prevailing misery and suffering; what it clearly does is help us to better understand our current reality, without which we might never come up with what best solves the myriad of problems facing society in both the so-called developed and underdeveloped economies. Without such a clear understanding, all efforts at plotting the way ahead become exercises in futility..." In the same line of thought, we agree with Ihonvbere (2009) that Political Economy includes a critical holistic and rational understanding of the essential forces and factors that link and shape politics and economy. It is therefore clear that an understanding of history, social classes, the state and production patterns, as well as the pattern and context of power struggle among the various classes is basic to any effort to come up with relevant positions on the past and present and recommendations for the future of any society.

With the belief that only a sound knowledge of Political Economy theory and methods can enable a forward movement of Nigeria, state should be prioritised over government in order to pave way for a sustainable reduction in poverty, underdevelopment and inequality. Given the foregoing, the choice of Political Economy for this study stems from the fact that it seems that the confusion and development tragedies in most third world countries, of which Nigeria is part, are more pervasive than capitalism in the world. Considering the basic tenets of capitalism – production of material benefits and exploitation – it is most appropriate to employ the Political Economy approach to study the development and underdevelopment conditions of the Nigerian state. This is partly because the approach attaches much premium to material conditions, particularly economic factors, in the explanation of social life (Ake, 1981).

With regard to Nigeria, Political Economy approach pays important attention to the material history of Nigerian state and goes further to study the impacts of this history on the nature, character and socio-political structure of the Nigerian state. A good understanding of these facts is necessary for understanding how affairs of the Nigerian state are arranged. In other words, a grasp of the emergence of social classes in Nigeria enables a comprehension of the character of the Nigerian state and its ruling class. It is, therefore, only through an objective analysis of this approach that it can be understood why and how the state and its structures, through political decisions and actions, is an allocation and distribution institution responsible for the allocation of resources in society, and how it does so in Nigeria.

### *The State*

Much as many schools of thought exist on the state (bourgeois, liberals etc.), the view that will suffice here, in line with the subject under study, is basically Marxist. Marx and Engels observed that the state arises from the contradictory struggles between social classes over a society's affairs. This means that the state expresses the power and victory of one class over another. This is obviously in contrast with bourgeois view that the state is an objective and neutral entity that manages the competing social interests of the component parts. It also differs from liberals' view that the state is a contract by competing social forces, which expresses and promotes the interest of all (Roberts & Sutch, 2004).

It is Marx's view that a few – the ruling class – own the forces of production (economic infrastructure) which are actually the sources of power in society. Domination and exploitation in the society are therefore based on man's relationship to the society's productive forces. This social structure in which domination and exploitation takes place is actively maintained by the state. This is because the state has been observed by Marx to become the private property of the dominant faction of the ruling class, who goes to any length to defend its powers against other contending social forces. It is in line with this thought that one can begin the journey to understanding the politics of power and resource allocation in Nigeria which clearly plays out in the form of federal arrangements favoured by the Nigerian state and its ruling class; and glaringly manifests in the capital accumulation processes favoured by appropriation mechanisms.

### *Federalism*

In modern socio-culturally diverse societies, federalism has become a very useful tool in politically organising and managing their affairs. As noted by Ogali (2012), there are quite a few homogenous states on the face of the earth, in terms of ethnicity, culture and language. Many others are heterogeneous in the foregoing regard, hence, they require a form of political arrangement that would not only

adequately unite them but also recognise their unique dispositions. This is to say that plural societies with relatively large population are faced with the option of adopting a political arrangement like federalism. The reason is not far-fetched. It is only federalism that has the capacity to give a sense of belonging to all the component units of that society.

Generically, federalism refers to “the constitutional division of political powers between two levels of government in a manner that makes the centre stronger than the component units, while at the same time recognising and protecting the individual and collective rights of these units” (Ogali, 2012:207). By generic, we imply that federalism is used to mask various practical shades of federal arrangements. In other words, federal arrangements (in terms of powers and strengths of the federating units – central and component governments) vary from one society to the other. However, there is a normative position on federalism. It is with this ideal federal arrangement, which exists in Plato’s pure ethical form, that all other empirical and representative forms are measured. In other words, the federal arrangements, all over the world, are mere manifestations and reflections of the idealist form and conceptualisation of federalism. This may explain the criticisms suffered by K. C. Wheare for positioning the United States of America (USA) as the model or paradigm of federalism with which closeness to the tenets of federalism are measured. He attempted to gauge the relative proximity of different individual states to a perfect federalism with what obtained in the USA. However, perfection is in the world of form and therefore cannot be attained. Therefore, USA could not have attained a perfect version of federalism. Federalism, in this stance, is a utopia.

To properly understand and situate Nigeria’s federal political system, it is imperative to make some further theoretical (and empirical) clarifications on federalism. Watts (1998) observed that the theoretical defining feature of federalism is the constitutional division of powers between different levels of government. To this end, states that characteristically and constitutionally divide powers between government levels share the basic features of federalism. By this, such state could be seen as a federation and could also be regarded as part of that group of states referred to as federal political systems. This implies that federalism appears to be the general umbrella covering all political systems that possess specific defining features, while specific characters and natures of individual states colour their variants of federalism. It is within this normative (theoretical) and empirical (practical) clarifications that we find a lacuna. The problem lies in the fact that these broad characteristics accommodate many states which hide under the cover of federal systems to internally colonise and underdevelop parts of the so-called federation. Nigeria represents such example. In spite of all the constitutional violations of the military regimes in Nigeria, it still qualified as a federal state, so long as the country was still divided into certain levels of government. The level of powers exercised by these levels of government is quite

inconsequential, under the foregoing descriptions of federalism. It does not also matter whether the components operate dependently or distinctly. The level of control or domination of the federating units by the central government matters little or nothing. That is to say, in Ogali’s (2012) words that “what define federalism are the governmental structures and not their proper functioning as federal institutions. The issue, therefore, is whether a state could qualify to be called a federation, even though it operates as a unitary state, in which case there would be no clear distinction between a federal and unitary state”. Manifestations of principally unitary systems masquerading as federations are easily discernible from the budget process and consequent development stance of such states. Let us attempt a conceptualisation of budgeting.

### *Budgeting*

The budget process or simply budgeting is an annual constitutional requirement of government. It provides the mechanism for linking available resources (public revenue) with expenditure requirements in the fulfilment of constitutionally (public/government) set objectives (Federal Republic of Nigeria, 1999). According to Akin Olaloku cited in Alapiki (2006a:119), budgeting is an art through which government (public) objectives are translated into the performance of identified activities. Budgeting or the budget process is also known as the budget cycle. Specifically, it involves the conception, preparation, authorization, execution, control, monitoring and evaluation/review stages of budget making. It is a delicate process involving the political executive, the bureaucracy and the legislature in contemporary democracies (Alapiki, 2006a). McGee (2007) states that there are universally four common major phases in a budget process, and these phases are followed in a linear progression in the processing of a budget. The four common phases of the budget process are: **Preparation** - the phase in which the package of economic and fiscal measures generally associated with an annual budget is devised; **Approval** - the phase in which budget measures are announced and presented to the legislature for formal endorsement and in which they are given legal effect; **Implementation** - the phase (which may begin before formal endorsement is given) in which budget measures are put into effect; **Evaluation** - the post hoc auditing and scrutinising of the public sector's operations, originally to ensure that those were strictly in accordance with legal authorisations, but increasingly to test against other performance yardsticks of efficiency and effectiveness.

Like in most countries, the above four phases constitute the budget process or cycle in Nigeria. Critically, government budgeting reflects the political economy (that is, the interface between the superstructure and substructure) in a given mode of production. However, the efficacy of any budget lies in its developmental deliverables (outcomes). The 'ideal' budgetary process is a linear progression of certain steps (as in classical decision-making process): it is a product

of Modernization theory of development; geared towards economic growth (macro-economic); often neglects the deeper questions of inequality, environmental sustainability and the quality of life of the average citizen. Thus, it is inadequate to bring about human-oriented social change in less developed countries such as Nigeria and most African countries (Olaloku, 1994; International Budget Project, 2001; Alapiki, 2006a). On the other hand, The Nigerian experience of budgeting tend to portray a combination of mismanagement of resource revenues and negative impacts of political and budget making institutions and procedures to produce poor budget outcomes (Alapiki, 2006a; Gbajabiamila, 2014; Nwaorgu, 2014; Ekekwe, 2015, Obaze, 2016; Ndu, 2016). This has constrained the budget as a mechanism to reduce poverty and promote social justice. The limitation is a reflection of the implicit class struggles in society. According to Olaloku (1994: 178), "budget implementation has always been one of the major problems of budgeting in this country. It constitutes a weak link in the chain of the budgeting process, resulting as it were, in a low rate of budget performance and inability to achieve much of the objectives and goals of the government in recent years - a development that has led to the establishment of the budget implementation committees to ensure that budgets get implemented and drawn up so as to raise the level of budgetary performance with respect to financial discipline and the achievement of budgetary objectives. But taking a retrospective view and going by what has happened so far, there is no cause for optimism in this regard".

The budget process is like a chain linked and coordinated at each stage of the cycle by specific institution(s) and activity to ensure that the annual budget leads to stated and desired development. The annual budget is the only constitutional mechanism for the government to generate public resources to implement its policies, reduce poverty and inequality, and meet political commitments. Thus, globally, it is believed that in a democracy when citizens are adequately enlightened and engaged (directly or indirectly through their representatives) in the budget process, the resultant effects are improved service delivery and greater transparency and political accountability (Santiso, 2007; International Budget Partnership, 2017). However, when any of the links in the chain of budgeting, as enumerated in the foregoing, is weak, the entire cycle becomes faulty and development may not be facilitated by such faulty process. Of course, it is a given that a chain is as strong as its weakest link. What, then, constitutes development; and what is the development condition of Nigeria?

### *Development*

Often, development is used interchangeably with economic growth. However, development refers to economic growth accompanied by changes in output distribution and economic structure. It implies qualitative improvement in living conditions, new goods and services, risk mitigation and

the dynamics of innovation and entrepreneurship. Development has direct relationship with the environment. Thus, development is a policy intervention process aimed at economic and social well-being of people, while economic growth is a phenomenon of market productivity and rise in Gross Domestic Product (GDP) of a nation (Kelikume, 2015). Consequently, many scholars (Alapiki, 2006a, 2006b; Ekekwe, 2009, 2015; National Planning Commission, 2013; Thirlwall, 2014; Kelikume, 2015) have argued that economic growth is only one aspect of the development process. Development typically involves improvements in a variety of indicators such as life expectancy, literacy and poverty rates. Since the GDP of a nation does not take into account other aspects such as leisure time, environmental sustainability, freedom, or social justice; alternative measures of socio-economic well-being have been proposed. Accordingly, a country's development is essentially linked to its human development, which includes, among other things, health and education (UNDP, 2016).

Generally speaking, development refers to desirable economic, social and political progress. In modern times, it also involves environmental sustainability and improvement in living conditions. In this age of technology, many countries seek to achieve development through industrialization and economic growth. However, if these do not impact positively on the welfare of the people and engender social change, one cannot speak of development (Alapiki, 2006b). Thus, economic growth is not the same as economic development. The process of economic (and social) development must imply a growth in living standards, but it is a much wider concept than the growth of per capita income alone. Growth, it might be said, is a necessary condition for economic and social development of nations, but it is not a sufficient condition because an aggregate measure of growth or per capita income pays no attention to how that output is distributed amongst the population; for instance, it says nothing about the composition of output (whether the goods are consumption goods, investment goods, or public goods such as education, and health provision), and it gives no indication of the physical, social and economic environment in which the output is produced. In short, the growth rates of nations cannot be taken as measures of the increase in the welfare of societies because the well-being of people is a much more inclusive concept than the level of income alone (Alapiki, 2006; Ekekwe, 2009 and 2015; Thirlwall, 2014)

Consequently, Thirlwall (2014) agrees that, if the process of economic and social development is defined in terms of an increase in society's welfare, a concept of development is required which embraces not only economic variables and objectives, but also social objective and values for which societies strive. Many economists and other social scientists have attempted to address this issue. For instance, Goulet (1971) distinguishes three basic components or core values that he argues must be included in any true meaning of development which he calls life sustenance, self-esteem and

freedom. Life sustenance is concerned with the provision of basic needs; self-esteem is concerned with the feeling of self-respect and independence; and, freedom refers to the ability of people to determine their own destiny. According to Amartya Sen in Thirlwall (2014: 27), development should focus on, and be judged by, the expansion of people's "entitlements", and the "capabilities" that these entitlements generate, and income is not always a good measure of entitlements. Sen defined entitlements as "the set of alternative commodity bundles that a person can command in a society using the totality of rights and opportunities that he or she faces". For Walter Rodney (1972:1 - 2), development in human society is a many-sided process. At the level of the individual, it implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. On the other hand, at the level of social groups, development implies an increasing capacity to regulate both internal and external relationships.

In view of the shortcomings of the economic growth model, the thinking of Goulet, Sen, Rodney and others have led to the construction of alternative measures of economic and social development to supplement statistics on growth rates and levels of per capita income of countries. The most notable of these measures are the Human Development Index (HDI) compiled by the UNDP and published in its annual Human Development Report. As the UNDP says in its 1997 Report, "although GNP growth is absolutely necessary to meet all essential human objectives, countries differ in the way that they translate growth into human development" (Thirlwall, 2014:27). The UNDP's HDI is based on three variables: life expectancy at birth; educational attainment, measured as the geometric mean of the average and expected years of schooling; and the standard of living measured by real per capita income measured by the purchasing power parity of countries' currencies. However, comparing the ranking of developing countries by their HDI and per capita income shows some interesting divergences. Many oil-producing countries, for example Nigeria, have much lower HDI ranking than their per capita income rank, while some poor countries rank relatively high by their HDI because they have deliberately devoted scarce resources to human development. Countries such as Cuba, Venezuela, Jamaica, and some former states of the Soviet Union, fall into this category (Thirlwall, 2014:27).

The bottom-line of our definitional exposition of development is that: economic growth is not the same as economic development - countries like Nigeria and most developing countries have been known to experience economic growth, but without improving the welfare of citizens. The annual growth rate of a country is a very precise measure of the growth of the total volume of goods and services produced in a country during a year and say nothing

about its composition or distribution. Growth is a necessary condition for real income per head to rise, but it is not a sufficient condition for economic development to take place because development is a multidimensional concept which embraces multifarious economic and social objectives concerned with the distribution of income, the provision of basic needs, and the real and psychological well-being of people. With these in view, let us take a cursory look at Nigeria's development condition.

### III. NIGERIA'S DEVELOPMENT DILEMMA: A BRIEF OVERVIEW

Many reports exist on the development tragedy of Nigeria. It is the statistics of these reports that will form the basis of this section. Considering that people are the real wealth of nations (UNDP, 1990), human development is the major focus here. By human development, two elements are key: directly enhancing the capabilities of human beings and creating such conditions on which human development thrive. According to UNDP (2015), these elements include knowledge, healthy life, decent standard of living, political participation, environmental sustainability, equality, social justice, human security, etc.

Putting these development indices together, Nigeria was put at 152<sup>nd</sup> position in the world, out of the 188 countries surveyed by the United Nations Development Programme in its most recent ranking in 2016. This put Nigeria in the class of low human development, with countries like Madagascar, Niger, Zimbabwe etc. This is the lowest global development level, according to UNDP's categorisation. There are other categories such as the very high, high and medium human development. In what follows, we shall review Nigeria's precarious development condition under few development indices, which, when put together, forms part of what is known by UNDP as Human Development Index (HDI). As noted earlier, HDI captures the measurement of average successes or improvements recorded in the basic dimensions of development – knowledge, long healthy life and decent standard of living. The review will be in comparison with two other countries, Singapore and Ghana, as well as other groups of which Nigeria is part. The choice of Singapore stems from the level of phenomenal transformation from a third to first world country within two decades. Despite starting the journey of statehood in the same era with Nigeria, Singapore ranked 5<sup>th</sup> (and among the very high human development) in the world. Noting that Singapore is not in the same geographical region with Nigeria, Ghana was chosen to balance the comparative analysis. Ghana shares so much in common with Nigeria: they are in the same West African Sub-Saharan region, colonised by Britain and gained independence within the same period.

Table 1: Glimpse of Nigeria's Human Development, 2016

Country	Human Development Index Value	Life Expectancy at birth (Years)	Average Annual Population Growth for 2010-2015 (%)	Young Age Dependency ratio for 2015 (0 – 14 years)
Singapore	0.925	83.2	2.0	21.4
Ghana	0.579	61.5	2.4	67.2
<b>Nigeria</b>	<b>0.527</b>	<b>53.1</b>	<b>2.7</b>	<b>82.6</b>
Average for Low Human Development	0.497	59.3	2.7	81.7
Average for Developing Countries	0.668	70.0	1.4	42.9
Average for Sub-Saharan Africa	0.523	58.9	2.7	79.8
World Average	0.717	71.6	1.2	39.7

Source: Compiled by the authors from UNDP (2016)

It is deducible from Table 1 that Nigeria's HDI stood at 0.527, slightly above the average for the countries in the low human development and Sub-Saharan Africa with 0.497 and 0.523 respectively, but below the world average of 0.717. It is also below the averages for developing countries which was 0.668. Life expectancy at birth which stood at 53.1 years was lower than all the averages, including Singapore and Ghana which had 83.2 and 61.5 respectively. From the table, Nigeria's population grew at the rate of 2.7% between 2010

and 2015, at par with the averages of low human development countries and Sub-Saharan Africa, but higher than the average for developing countries (1.4%) and the world (1.2%). Concomitantly, young age dependency ratio stood at 82.6 in 2015 for Nigeria, one of the highest among the countries surveyed in that year. Average young age dependency ratio for all the surveyed low human development countries stood at 81.7, developing countries – 42.9, Sub-Saharan Africa – 79.8, the world – 39.7, all lower than Nigeria's.

Table 2: Poverty Index: Nigeria and Ghana in Perspective

Country	Index Value	Population living below income poverty line of \$1.90 a day (%)	Population living below national poverty line (%)	Population in severe multi-dimensional poverty (%)
Ghana	0.147	25.2	24.2	11.1
<b>Nigeria</b>	<b>0.279</b>	<b>53.5</b>	<b>46.0</b>	<b>30.0</b>

Source: Compiled by the authors from figures contained in UNDP (2016)

Table 2 presents the poverty condition of Nigeria and Ghana vis-à-vis the population living in severe multidimensional poverty, below national poverty line and below income poverty line of \$1.90 a day. Population living below \$1.90 a day are internationally classified as living below poverty line in terms of Purchasing Power Parity (PPP), while those living below national poverty line are the percentage of the population living below such standards acceptably viewed as suitable by the authorities of a country. Population living in severe multi-dimensional poverty,

according to UNDP (2016), are those whose deprivation score are above 50%. It can, therefore, be gleaned from the table that Nigeria's multidimensional poverty rate ranks higher than Ghana's with 0.279:0.147. While 53.5% of Nigeria's population earned less than \$1.90 a day, Ghana's population in the same category was about 25.2%. Nigerians in severe poverty of multi-dimensions was put at 30% while that of Ghana stood at 11.1%. The trend continued in the population living below national poverty line where Nigeria and Ghana had 46.0% and 24.2% respectively.

Table 3: Achievements in Education

Country	Literacy rate (% population 15 years and above)	Rate of primary school dropout (% of primary school population)	Enrolment in tertiary schools (% of tertiary school population)
Singapore	96.8	1.3	-
Ghana	76.6	16.3	16
<b>Nigeria</b>	<b>59.6</b>	<b>20.7</b>	<b>10</b>
Ave. for Low Human Development	60.9	42.2	8

Average for Developing Countries	83.3	25.3	29
Average for Sub-Saharan Africa	64.3	41.7	8
World Average	84.3	17.6	35

**Source:** Compiled by the authors from figures in UNDP (2015) and UNDP (2016)

The literacy rate in Nigeria is neither the best nor acceptably good. However, it is not as bad as other development indices surveyed by the UNDP. Between 2005 and 2015, for instance, while the literacy level (percentage of population 15 years and above) of Nigeria stood at 59.6%, it was 96.8% and 76.6% for Singapore and Ghana. Nigeria's 59.6% was lower than the averages of low human development (60.9%), developing countries (83.3%), Sub-

Saharan Africa (64.3%) as well as the world (84.3%). Also, 10% of the total population of tertiary school age in Nigeria were enrolled in the tertiary schools while Ghana had 16%. However, total enrolment in the low human development areas and Sub-Saharan African region averaged 8% each, lower than Nigeria's 10% which was lower than the global and developing countries averages of 35% and 29% respectively. See table 3.

Table 4: People's Perception of their wellbeing and patriotism level

Country	Education quality (% of the surveyed population satisfied)	Healthcare quality (% of the surveyed population satisfied)	Standard of living (% of the surveyed population satisfied)	Trust in national government (% of the surveyed population that answered "yes")	Confidence in the judiciary (% of the surveyed population that answered "yes")
Singapore	87	89	89	84	85
Ghana	44	41	24	34	50
<b>Nigeria</b>	<b>51</b>	<b>46</b>	<b>40</b>	<b>29</b>	<b>45</b>
Average for Low Human Development	53	41	45	48	49
Average for Developing Countries	63	56	63	58	-
Average for Sub-Saharan Africa	54	41	39	50	47
World Average	63	58	64	54	54

**Source:** Compiled by the authors from figures in UNDP (2015) and UNDP (2016)

Considering that development is entirely about the people and their wellbeing, it is important to pay more attention to the people's views and perceptions of their wellbeing. This explains why the United Nations, through the United Nations Development Programme (UNDP), surveyed the people's perception of their wellbeing in 2014. For the purpose of this study, data on perceptions of wellbeing is presented in Table 4 under education quality, healthcare quality, general living standards, trust in national government and confidence in the judiciary. The abysmal performance of Nigeria, vis-à-vis the various development indicators, all through the periods surveyed by the UNDP is no longer strange. Therefore, perception of the population of their wellbeing as observed in Table 4 is also not strange. The most interesting data on this perception is the percentage of the surveyed population that have trust in the national government of Nigeria, and by extension, the Nigerian state. Only about 29% answered "yes" to trust in national government while about 45% had confidence in the judiciary. This clearly highlights the confidence burden on the Nigerian

state. The 29% that answered yes to trust in national government may be composed of the 20% of Nigerians that owned over 65% of the national wealth, as reported in UNDP (2010) to support the claim that Nigeria is a country of extremes and to stress the level of inequality in the country.

#### IV. FINDINGS

##### 4.1 Nigeria's Budget and the Politics of Exclusiveness

The budget process or budgeting is actually a political process as its output is recorded in the budget document as 'who gets what, when and how' in society (Lasswell, 1936). The making of the budget or the budget process or simply budgeting, involves the allocation and distribution of available resources by the state (mainly by the executive and legislative branches of government) among competing sectors and demands. Simply, the budget process is a framework of rules governing decision making that leads to a budget, from its preparation phase through its legislative approval, to its implementation and evaluation. Thus, the

budget process can determine both the degree of social inclusion or exclusion in making the budget as well as its outcomes. It also provides a number of avenues for those wielding political power in both the executive and legislature to either mismanage or reform the various elements of the budget process towards improving human development status in society (Ekeocha, 2012).

One important and central element that is explicit is that, politics, for our purpose here, the way and manner of decision making in society (Ekekwe, 2015) is vital to the outcome of the budget process. One major reason for this is that, the political institutions (the MDAs, the cabinet, the legislature, etc) are synonymous with the budget making institutions that regulate and shape how public resources are generated and allocated to the various sectors and segments of society. Although, traditionally, secrecy has surrounded the preparation of a budget up to the time of its presentation to the legislature, this convention has been overstated by the Federal Government of Nigeria (FGN) even in a participatory democracy since 1999, in order to discourage or prevent the involvement of others (including some cabinet Ministers) in budget preparation, especially, at the point of - who gets what, when and how - that is, when sharing the budget ceiling or envelope to MDAs. Framing a government budget is a political act. Its preparation will reflect the political climate within which a particular government has to operate. The exclusionary politics by successive governments in Nigeria largely encouraged budget formulation without fiscal responsibility; without considering the impacts for different segments of society such as for men, women, children, the physically challenged, etc (gender-budgeting); without civil society involvement or pre-budget legislative involvement; and without strategic goals. Although budget is an annual exercise, it is a process that contributes to the realization of a strategy or goals that have a longer term operation than one year (International Budget Partnership, 2017).

According to the Open Budget Survey by the International Budget Project (2017), Nigeria's score of 25 points out of 100 points indicates that the opportunities provided by the FGN for public participation in the budget process is weak and therefore inadequate in line with participatory democracy as enshrined in the 1999 Constitution and International best practices. So, in spite of the enormous resource inputs, the federal budget process of Nigeria continues to produce inadequate and unequal outputs and outcomes. This has led to what Ohale (2018) referred to as poverty in the midst of plenty.

#### 4.2 Character of the State, "Unitary Federalism" and Budget Process: The bane of Nigeria's Human Development

Many a low income country, such as Nigeria, endowed with abundant natural resources, experience growth without a corresponding reduction in poverty and inequality. This can best be explained by the interplay between state institutions, forms of governmental arrangements and budget

politics. For instance, the concentration of the budget process (especially formulation) in the executive arm tends to reduce transparency and accountability and increase political gains at the detriment of the common good. Natural resource-endowed countries are often characterized by over-bearing central government, misallocation and misappropriation of resources, inefficiency and corruption, growth without social transformation and political impunity (Rosser, 2006). Excessive power of the federal government in this circumstance is readily explainable. It is mainly with this state power that managers of the Nigerian state can easily expropriate the economic surpluses from the rich regions. In other words, state apparatuses are used by dominant factions of the ruling class to strengthen their weak economic base.

The weakness is explained by the political economy of class formation in Nigeria. History of class formation in Nigeria is embedded in the asymmetric trade relationship that existed between the colonial core economies and peripheries, of which Nigeria was part. The trade was skewed to the advantage of the colonial economies with the concomitant furtherance of underdevelopment of the peripheral economies. Because they lacked obvious interest in manufacturing and other industrial concerns, the emergent local bourgeoisie who were predominantly involved in commerce could not make enough profits to compete with their metropolitan counterparts (Ekekwe & Ukachikara, 2018). At independence, therefore, Nigeria was faced with the great ordeal of nurturing a capitalist state without the requisite capitalists. To solve this menace, instruments of the newly-independent Nigerian state became useful tools in bridging this vicious gap.

Unitarianism was a favoured system through which capitals could be easily centrally accumulated by the emergent managers of the Nigerian state. However, in consideration of the cultural and ethnic diverse nature of the new state, (quasi)federalism was constitutionally adopted to tie the heterogeneous knots together. In other words, federalism seems to have been adopted to create the impression of national integration and unity in diversity. But some of the nitty-gritty of federalism such as real fiscal federalism was (and still is) consciously made no-go-areas in political discourses. This makes it appear that, after all, "commonwealth" of the Nigerian state (which obviously comes from only one region) is the *raison d'être* for her brand of federalism. As noted by Ukachikara (2018), "with all the economic surpluses in one central purse, managers of Nigerian state stand better chances of expropriating as much of them as possible. This is probably why implementation of real fiscal federalism is not only an illusion but a dream that is never flickered into life in Nigeria. What passes for fiscal federalism in Nigeria are mere sham practices where proceeds from all economic activities in all the federating units are gathered into one *honey pot* from where they are redistributed to the component units of the federation, at such a formula unilaterally determined by the central government which is

supposedly just a component unit of the federation. This national cake shared from the common honey pot is probably the main basis of Nigeria's federalism, not necessarily for national integration as deceitfully portrayed by the cabal (Nwaorgu, 2014) that decides the fate of every other Nigerian".

The argument derivable from the foregoing is that the Nigerian state is obviously constituted in such a manner that allows its managers absolute powers to appropriate economic surpluses. Arising from the overwhelming powers at the disposal of the governing class, they decide the fate of masses of the people through policies. Given the political economy of Nigeria's ruling class as earlier noted, it turns state apparatuses into instruments of capital accumulation. Implementation of real fiscal (and what we may refer here as "democratic federalism") becomes impossible as, probably in the view of the governing class, it will threaten their capitalist accumulation motives. It is only convenient to add clauses in the constitution that suggest that Nigeria is part of the states referred to as federal political systems, but in practical sense, nothing suggests a workable fiscal federal system. Inclusion of federal options in the Constitution is perhaps to feel in tune with global trends, with regard to other heterogeneous societies. But, *a priori*, primitive capitalist accumulation interest of managers of Nigerian state seems to be quite pervasive. Of course, one of the easiest means of appropriating (and expropriating) capital by the ruling class, as earlier implied, is budgeting. The budget process, therefore, seems to be (mis)used to develop Nigeria's ruling class and underdevelop the mass of the people.

The annual immobility in the federal budget process translates largely to the state's inability to deliver basic goods and services with any degree of efficiency and regularity. Thus, the incoherence and disunity of the Nigerian ruling class also reflects in more sinister consequences, the most obvious of which is the apparent low level of patriotism and the high level of cynicism amongst the citizenry (Ekekwe, 2009, 2015). Also, the Nigerian ruling class is disconnected from the people of Nigeria to whom sovereignty belongs and whose well-being is the primary purpose of government (FRN, 1999; Ekekwe, 1999, 2015). So, instead of consulting the people of Nigeria and articulating their aspirations and developmental needs in the budget as stipulated in Chapter II (Fundamental Objectives and Directive Principles of State Policy), development is rather assumed and bureaucratized. The civil service that is meant and paid to carry out the wishes of the people is now the one that decides for the people. It is therefore not surprising if this type of civil service that is now above the people instead of its traditional role as state servant is arbitrary, oppressive and corrupt (Ndu, 2016).

The foregoing shows that Nigeria is not a Developmental State (Ohale, 2018). According to Ekekwe (2015) and Ohale (2018), a Developmental State promotes the development of its own forces and means of production through deliberate people-oriented policies in directing the

socio-economic affairs of society. This is easily discernible from the budget process as earlier observed. The Nigerian federal budget process seems to produce only inadequate and unequal exchange/benefits between the mass of the people and the ruling class spread across the three arms of government. Politics is seen by this class as a process of capturing political power to configure the budget process to its advantage at the detriment of the security and well-being of the people. Development is either mistaken as or deliberately designed as modernization and economic growth - just a rise in abstract GDP. Rather than ensuring a budget process that will help to develop the total man and society, it appears that the executive and National Assembly (NASS) only succeed in "growing" the nation's GDP and extreme poverty simultaneously. This is because instead of participatory democracy, Nigeria's 4<sup>th</sup> Republic since 1999 has been characterised by a rumbling state, occasioned by the inactivity of the squares (Nwaorgu, 2014); while the federal budget process is only between power, parties and principalities (Ekekwe, 2015), without a place for the people. These may explain why the people are found everywhere in Nigeria in poverty in the midst of plenty... the paradox of Nigeria's development (Ohale, 2018).

According to Ohale (2018), the major causes of the paradox of Nigeria's development include lack of understanding of the concept of development by a visionless leadership, coupled with goal-less annual budgets. The over-centralization, secrecy and non-participatory nature of budget formulation by Nigerian government defeats the principles of federalism, democracy and social justice as enshrined in the 1999 Nigerian Constitution. Although Section 81 of the said Constitution empowers the President to prepare the budget proposal (which can be said to be a coordinating role), nothing prevents due and appropriate consultations between the executive, the NASS and civil society throughout the budget process.

Notably, Nigeria operates a single-year financial year; that is, the financial year for Nigeria runs from 1<sup>st</sup> January to 31<sup>st</sup> December of the same year. The framework of rules governing Nigeria's federal budget process include the Finance (Control and Management) Act of 1958; 1999 Constitution of the Federal Republic of Nigeria; the Fiscal Responsibility Act of 2007; the Procurement Act of 2007; administrative manuals and directives (such as the Federal Government Financial Rules and Regulations, the Annual Budget Call Circular). Others are National Assembly (the Senate and House of Representatives) rules and practices; relevant judicial pronouncements; reports of the Auditor General of the Federation and the Public Accounts Committees of the National Assembly. Each of these instruments provides mandate and specific roles for the executive and the legislature (NASS) to play in the federal budget process. While a few give time-frame, others are vague. However, because of the supremacy clause in Section 1 (1) of the 1999 Constitution, the Constitution basically

dictates the federal budget process, and it is loudly silent about the time-frame of the federal budget process, which seems to have created a framework of rules that is both inadequate and incapable of delivering dividends of democracy. According to Section 81 (1) of the 1999 Constitution, the federal annual budget's estimates of revenues and expenditure shall be prepared by the President and laid before both houses of the NASS as an Appropriation Bill at any time before the next financial year. Also, there is no time-frame within which the Appropriation Bill becomes an Act after it has been passed by both houses of the NASS and assented to by the President (Ekeocha, 2012; Lawyer, 2013; Dogara, 2016).

The struggle for who gets what, when and how in Nigeria's federal budget process is a two-legged struggle with what we refer here to as a "K-leg". Like some married women who still bear their father's name together with that of their husbands [e.g. Dr. (Mrs) Ngozi Okonjo-Iweala, Senator (Dr/Mrs) Iyabo Obasanjo-Bello, Mrs. Diezani Alison-Madueke, etc], the "K-leg" of Nigeria's federal budget process is such that it has added its "*father's name*" as "*budget padding-process*". It is so padded by both the executive and the NASS that it is unable to reduce poverty and inequality, and improve the human development status of the country even within the framework of constitutional and participatory democracy.

The first leg of the "K-leg" struggle in Nigeria's federal budget process is broadly between the ruling class and the mass of the people. In this struggle, taking advantage of its access to state apparatuses, the dominant faction of the ruling class has feudalised the state and turned the people to serfs, thereby depriving them of all rights as citizens. Because the people have been denied their political and economic rights in the budget padding-process, they are neither seen nor heard in the decision making process of the state (Ekekwe, 2009, 2015). The struggle is also between Power, Parties and Principalities (Ekekwe, 2015), within the ruling class in the feudalised Nigerian state. This is the second leg of the "K-leg". The Power, Parties and Principalities in the ruling class are spread across the legislative, executive and judicial branches of government with multiple interrelated fractions. Not satisfied with their respective *official* shares in the struggle for economic surpluses, the real conflicts between and among members of the ruling class found in the judiciary, executive and the NASS at any given time, is mainly over who gets more from the seemingly left-over social surpluses for the masses of the people. Let us explain how.

In order to guarantee the independence of the judiciary, Judges salaries and other related incidentals are permanently on first-line charge in the budget (1999 Constitution) Also, the cost of running the NASS is no longer subject to debate in the budget (Ekeocha, 2012), and Section 82 of the 1999 Constitution empowers the President to authorize the release of funds for continuous running of the government when the budget is not passed at the beginning of

the financial year - up to about 6 months. So, both constitutionally and conventionally well taken care of, the series of horse trading between the executive and the NASS in the budget padding-process is on the remaining available meagre resources that are meant for providing services and projects/programmes that will help reduce poverty and inequality as well as improve the human development status of Nigerians. The seemingly institutionalized unconstitutional acts by both PDP and APC led federal governments since 1999 appears to have pushed the people, who are both major stakeholders and beneficiaries, out of the federal budget process and rendered them voiceless just like serfs in a feudalised Nigerian state in the 21<sup>st</sup> Century. The glaring result is the development tragedy of Nigeria as shown earlier.

## V. CONCLUSION

From the above, it is apparent that the Nigerian experience tends to portray a combination of mismanagement of resource revenues and negative impacts of political and budget institutions and procedures to produce poverty and gross underdevelopment. Thus, the common weaknesses of the state and budget processes, especially in less developed countries, complicate and worsens poor budget performance in Nigeria. According to the International Budget Project (2001), these challenges include undue political interference; inaccurate macro-economic projections mainly due to unstable oil revenues and external aid flows; inaccurate budget data; absence of socio-economic records; and poor oversight function by the legislature due to political gains, paucity of information and technical weakness.

There are, therefore, obvious limitations to the budget as a mechanism to reduce poverty and promote social justice. The limitations are purely a reflection of the implicit class struggles in society, in this case, broadly between the ruling class and the rest of the majority (the ruled). According to Santiso (2007), the budget is a product of political bargaining that conceals the internal power struggles within the ruling class. Thus, power relations and political forces largely underline how budgetary decisions are made and how budget policies are implemented in society. He further emphasised that political motivations affect almost all stages of the budget process as well as create distortions between formal rules and informal practices in the process. Thus, non involvement of the masses in the process is a critical feature of social exclusion, creating a vicious cycle of poverty and inequality.

## VI. RECOMMENDATIONS

Since the constitution is the overriding law, amendments of the 1999 Constitution of the Federal Republic of Nigeria should be hastened and they should include the following:

- a. Provision for real fiscal federalism where each state or region will be allowed to harness their resources and chart the course of their development for and by themselves.
- b. Government, at the centre, will consequently be made less-attractive and this will de-intensify the struggle for power among the ruling class and reduce the rumbling of the state.
- c. Adoption of a human rights approach to budgeting in order to fast-track poverty reduction and promote social equality.
- d. Provision for a National Plan-Budget Consultation Committee to be constituted by related actors in the three branches of government, representatives of civil society to enrich in budgeting in the country;
- e. One, six-year term for the President and independent candidacy, in agreement with Ekeke (2015). The latter will help attract more credible persons into politics while the former will help make the President to plan and concentrate effectively for six years without the usual distractions of re-election activities during the third and fourth years under the current four-year two terms tenure allowed for the President.
- f. In view of the paradox of economic growth with increasing poverty and inequality, 'The Five Capital Model' of sustainable development should be adapted and followed in capital budgeting by the federal and States governments. In this regard, all capital expenditures should give priority to first, protection of the natural environment; second, human physical/intellectual/technical development; third, preservation and promotion of social capital; and fourth, investment in "manufactured capital" (fixed assets) that will enhance the natural environment, social capital and human development. In other words, capital expenditures should encourage the transformation and augmentation of both material and human resources of society without just consuming and depleting same. This is what economists refer to as wealth creation.

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