

IMPACT OF BUDGETING POLITICS ON INFRASTRUCTURAL DEVELOPMENT OF FEDERAL COLLEGE OF AGRICULTURE ISHIAGU; EBONYI STATE.

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ABSTRACT

Budgeting is an annual exercise carried out by individuals and organizations which serves to outline policies, objectives and strategies for accomplishments which are substantiated with revenue and expenditure projections. However, this critical process of policy formulation, program selection and resource allocation is not fully determined based on rational allocation of resources but entails interactions and compromise among stakeholders and political gladiators. The study aimed at identifying the factors that shape the budgeting process and its impact on infrastructural development in the Federal College of Agriculture Ishiagu, Ebonyi State was carried out using content analytical method. The study discovered that even though the College engages in the budgeting process based on the guidelines set by the National Budgeting office, the outcomes of this process indicate that political factors at the background determine the actual budgetary allocations that she gets. This trend has contributed to her poor infrastructural development for the period under review. For this period (2010-2014); the Federal College of Agriculture Ishiagu consistently received allocations far below her requirements and had to fall back on internally generated revenue to barely survive. It also identified that in practice; except in 2010 when the College received 100% capital allocation, the funds released to her by the government were far below what was approved for the College. This situation has demoralized the Planning department that is responsible for budgeting in the institution as budget is now seen as an unavoidable and cumbersome ritual that must be performed every year; for which the outcomes do not seem to justify the efforts. It is recommended that the government should critically overhaul the budgetary process to reduce the overbearing influence of politics and ensure that a greater percentage of the budgetary allocations to tertiary institutions are determined mainly by their felt needs.

Keywords: Budgeting, Politics, Infrastructural Development.

BACKGROUND TO THE STUDY

Over the years, the Nigerian government, in her bid to achieve sustainable development has embarked on the process of budgeting. This process is carried out on an annual basis to ensure equitable allocation of funds to all the sectors of the economy. Budgeting has therefore become a major issue in Nigeria to the extent that all her citizens are eager to know the direction of the budget each year. Generally speaking, 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 (Nwachukwu, Okeke and Eme 2014). Nations and organizations use budgeting as one of the tools for allocating resources for the achievement of their aspirations. Budgeting has been defined as an accounting device used to plan and control resources of operational departments of governments and divisions (Reeve and Warren, 2008) cited in (Malgwi and Unegbu, 2012).

The United State Agency for International Development report identified the process of budgeting as a significant factor influencing infrastructure projects implementation in Nigeria. It then follows that the level of infrastructural development of any organization or entity is a byproduct of the budgeting process

The Federal College of Agriculture Ishiagu, one of the tertiary institutions in the country

established to train middle level manpower in the agricultural sector is the training wing of the National Root Crop Research Institute (NRCRI) Umudike. The college formerly sited at Umudike was later moved to its present location (Ishiagu) in July 1993 following the establishment of Federal University of Agriculture Umudike (now Michael Okpara University of Agriculture Umudike) in its former location. The college has the mandate "to develop and organize high quality practical oriented training with dynamic curricula to produce self-reliant technicians and technologists at National Diploma and Higher National Diploma levels, responsive to the needs of the industry" (FECAI Digest, 2006:3).

The relocation of the College to the new site threw up a serious developmental challenge to the institution. Except for a few new buildings, the institution is still maintaining the old structures she inherited from a secondary school. Classroom, hostel and office accommodation are inadequate. In addition, work materials, reagents for practicals, etc. are in short supply.

Since the institution engages in budgeting, one should expect that this process should address the infrastructural decay in the study area as records from the planning office show that infrastructural development is usually budgeted for and funds are released from time to time to address this sector based on their needs. The situation on

ground gives the impression that there are other factors that come to play in the budgeting process that determine the volume of funds and hence, the rate of development in tertiary institutions in Nigeria. It has become necessary to investigate how the Federal college of Agriculture carries out her budget, the powers that influence the outcome of the budgeting process and how this process affects infrastructural development.

STATEMENT OF PROBLEM

Over the years, the Nigerian government, in her effort to revolutionize the educational sector has introduced some far reaching reforms to improve education in the country. However, it is on record that universities and other tertiary institutions in Nigeria face the problems of underfunding as resources like lecture halls, laboratories, students' hostels, library space, books and journals are in short supply (World Bank Report, 2009). The country has not been able to meet the United Nations Educational Scientific and Cultural Organization's recommendation of 26% of the total budget allocation to the educational sector. The reasons for this infrastructural decay in tertiary institutions in Nigeria include poor funding by the government (World Bank Report, 2009) as well as the power play that take place during the budgeting process. The case is not different in the Federal

College of Agriculture Ishiagu that faces problems of inadequate hostel accommodation, classrooms, laboratory reagents, office accommodation etc.

Bearing in mind that the institution is funded by the government and engages in the annual ritual of budgeting, it is expected that the institution would rank high in terms of physical development and educational activities. This is not the case as the College is still facing the challenge of poor infrastructural development. This includes inadequate office and hostel accommodation, poor road network, ill equipped library and laboratories etc . The case is worsened by the presence of abandoned projects that litter the compound.

OBJECTIVES OF THE STUDY

The broad objective of this research is to investigate the political underpinnings of the budgeting process and its impact on infrastructural development in the College of Agriculture Ishiagu, Ebonyi state between 2007 -2010. However, the specific objectives of the study shall include:

1. To ascertain if the College follows due process in her budgeting activities.
2. To determine the interests at play in the release of funds meant for the Federal College of Agriculture Ishiagu.

3. To ascertain if the activities of these interests have any link with the infrastructural decay in the Federal College of Agriculture Ishiagu.

METHODOLOGY

The method used for the purpose of this research was content analysis of data collected from the Planning Unit of the Federal College of Agriculture and extant literature on the subject matter.

CONCEPTUAL REVIEW

Politics: Politics is generally seen as the production, distribution and use of resources in the course of social existence. It is that process whereby uniform rules are made and applied to all the members of a group. It usually involves the use of power by one person to affect the behavior of another person. Politics encompasses the various processes through which government responds to pressures from the larger society (Onyeneho, Arinze, Okereke and Jacob, 2017). A widely accepted definition of politics is “who gets what, when and how (Laswell 1936, cited in Carpenter 1936). Politics therefore is seen as the ability to use power to influence another person. In all aspects of human life including budgeting, the issue of who gets what, when and how comes to the fore.

Politics of Budgeting: To an economist, a budgetary process entails alternatives forgone and the rational allocation of limited public resources to satisfy unlimited societal needs. However, another school of thought has it that budgeting goes beyond the rational allocation of resources. Each step of the budgetary process involves negotiations and interactions among the political actors and stakeholders: the politicians (and appointed public officials), the bureaucrats (public administrators and civil servant) and the public (including the interest groups) Oyako (2015). According to Oyakojo (2015), branches of governments usually contend for the control of the budgetary power to influence the process for desired results and political gains. Budget is therefore seen as a plan of dominant individuals in an organization expressed in monetary terms and subject to the constraints imposed by other participants and the environment indicating how the available resources may be utilized to achieve whatever the dominant individual agreed to be the organization’s priorities (Omolehinwa, 2003).

Hence, the critical process of policy formulation, program selection, resource allocation and budget implementation entails interactions and compromise among stakeholders and political gladiators. Norton and Elson (2002) are of the opinion that there is a rising agreement that public

spending management is a political, rather than a purely technocratic, process. This is an indication that the budgetary process is more of a political rather than an economic exercise and the outcomes are determined by how well the stakeholders play their political cards rather than the principle of rationality. Under this arrangement, it is possible that the critical sectors of the national life that are not versed in the political game may be starved of funds leading to poor infrastructural development.

Infrastructural Development:

Infrastructure is a broad concept that embraces public investment in physical assets and social service. It refers to a network of transport, communication and public (social) services – all functioning as a system or as a set of interrelated and mutually beneficial services provided for the improvement of the general well-being of the population (Ogbuozobe, 1997). Infrastructural development refers to an all round change or improvement in the social amenities. There are three basic stages involved in infrastructural development. These according to Mogbo (2001) are: identification, definition, planning, and budgeting. Omotor (2004) identified the financing of educational infrastructural projects as substantially through public budgetary allocation and concluded that poor funding is a major challenge in the

development of the educational sector in Nigeria.

Budgeting. According to Malgwi and Unegbu (2012), budget is a term that originated from a French word “bougette” which means “little bag”. In Britain however, it was used to describe the leather bag in which the Chancellor of the Exchequer carried the statement of government needs and finances to parliament. However, today, the word budget has assumed a broader meaning and has been defined in different ways by different scholars. Budget is a comprehensive document that outlines what economic and non economic activities a government wants to undertake with special focus on policies, objectives and strategies for accomplishments that are substantiated with revenue and expenditure projections (Ugoh and Ukpere, 2009). It is a financial and /or quantitative statement prepared and approved prior to a defined period of time of the policy to be pursued during that period for the purpose of attaining a given objective (Malgwi and Unegbu, 2012).

From the above definitions, we can isolate some key features of budget. It is an expression of the intentions of government or organizations, it is stated in numerical terms, it is usually carried out prior to the actualization of the intention and it covers a specified period of time.

Budget can be classified into recurrent and capital expenditure. Recurrent expenditure deals with the issues that occur yearly like staff salaries and running costs for the maintenance of agencies and departments while capital estimates deals with capital projects like buildings, equipment, development projects etc. generally speaking, organizations and governments use budget as a road map to plan, allocate and control their resources. It is therefore regarded as the second most important document in governance aside from the constitution (Ugoh and Ukpere, 2009). Its importance to the national economy cannot be overemphasized. It has the capacity to shape the politics, the economy and society at large (Ibeanu, 2008).

Generally speaking, even though the executive plays visible roles in the budgetary process, budgeting is basically a legislative function (McCaffery, 1987 cited in Onuoha and Peter, 2010). Indeed, the budget has become indispensable in modern governance to the extent that there is hardly any activity that is not covered by it. According to Ibeau, (2008) the budget is an important instrument in any modern state because of its potential to shape the politics, economy and the society. The ubiquity of the budget is succinctly highlighted by Oguonu (2005:238) thus;

Without budgets, operations will lack direction, problems may not be

foreseen, and result will lack meaning, implication of future policies may be dwarfed by the pressures of the present; avoiding wastes will become inevitable, progress will be haphazard, directionless and uncontrolled.

When a country's budgeting is not properly carried out, the economy is destroyed and its developmental efforts is expected to be stifled and undefined. One can go further to assert that the level of a nation's development has a bearing on the quality of her budgeting and the implementation. 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.

Budgeting in Nigeria

Generally speaking, budgeting involves planning, monitoring and implementation of proposals. In terms of planning, Nigeria produces the best budget in the whole sub Saharan Africa (Ikhale and Jibueze, 2011). This however is not the case when it comes to budget implementation. Poor budget implementation by the executive arm, of the government at the local, state and federal

levels has sabotaged key public infrastructures such as transport, power, communication and others (Business day, 2011). About N450 billion and N350 billion were returned to the coffers of the Nigerian government as unspent funds in 2007 and 2008 respectively. This development, according to Onuoha and Peter (2010) is an indication that the country failed in the actualizing her budget for the period. Indeed between 1999 and 2009, Nigeria never had any budget implementation exceeding 50percent and even less in some areas (Onuoha *et al.*, 2010). To underscore the enormity of the budgeting procedure, the House of Representatives threatened to impeach the former Nigerian President, Dr. Goodluck Jonathan for poor budget implementation.

Usually, funds for capital and recurrent expenditure are disbursed to the Ministries, Departments and Agencies by the ministry of finance. Funds for recurrent expenditures are usually disbursed monthly while those of capital projects are done on a quarterly basis. The Ministries, Departments and Agencies are then expected to procure the goods and services that were captured in the budget in line with the Procurement Act 2007; after securing spending authorization from the ministry of finance. It is also expected that progress reports on budget implementation be sent to the Ministry of

finance, the National Assembly and the National Planning Commission.

The College of Agriculture keeps embarking on the ritual of budgeting annually. The table below shows the budgetary releases for that from 2010 to 2015. The College recorded the highest percentage of capital budget allocation in 2010 (100%), followed by 2011 (49.7%), 44.4% in 2012, 44% in 2013 and 40.4% in 2014. The College has been lagging behind in terms of capital budget allocations as shown in table 1. The situation where for four consecutive years, the budgetary allocations to the College fell short of the amount actually approved for her is alarming. Similarly, one notices a disparity

Table 1: Capital Budget Allocation to the College

Year	Appropriated	Released
2010	28,560,000	28,560,000
2011	188,000,000	93,500,000
2012	135,780,580	59,671,500
2013	57,075,197	25,347,280
2014	41,197,052	16,641,974
Total	450,612,849	223,720,754

Source: Planning Office of the Federal College of Agriculture, Ishiagu

The interests that Shape the Budgeting Process in Nigeria

between the expected outcome of the budgetary process and actual release of funds. This is easily seen in the poor level of infrastructural development being experienced by the College since she relocated to Ishiagu in Ebonyi state. The College faces the challenge of decayed infrastructure, inadequate office, classroom and hostel accommodation, farm inputs, untarred roads leading to offices and farms, inadequate agricultural machines, implements, reagents, stationeries etc. The poor infrastructural facilities in the college can therefore be traced to among other factors, the poor budgetary allocations. This is an indication that the impact of budgeting is not being felt by the College

One of the major players in the budgeting process is the ministry of finance. The ministry usually sets a ceiling for ministries, departments and agencies. This implies that the estimates forwarded to the ministry of finance must conform to the set ceilings. A higher upper limit means that more funds would be allocated whereas a lower limit attracts less funds.

Another interest that determines the amount available to institutions through the budgeting process is the legislators. Legislators play decisive role in the budgetary process. Generally speaking, the budgeting should be carried out and passed by the legislators in a politically neutral manner. However in practice, the legislature

continually attempts to influence and determine the policy content of the budget to suit their political interests. . Politicians usually press for enhanced allocations for institutions in their geopolitical zones where they have vested interests. In the words of Opawole, Jagboro, Babalola and Babatunde (2012:173)

“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”

Similarly, the ability of chief executives of tertiary institutions to penetrate and parley with the politicians goes a long way in attracting more funds to their institutions. This interaction is a give and take situation. In one aspect, the politicians secure enhanced budgetary approvals for the chief executives in the national assembly while on the other hand; the politicians are either given part of the allocation or are allowed to execute the contracts

Furthermore, the chief executives of tertiary institutions also play a role in the budgeting process. Generally speaking, irrespective of the estimates forwarded by the different units in any institution, it is the chief executive that has the final say in the estimates that are forwarded to the ministry of finance. It is therefore not out of place for them to ignore the legitimate and justifiable estimates from the different units and forward estimates that represent their personal interests.

THEORETICAL FRAMEWORK

This study would be hinged on a theoretical framework of the group theory. The major advocates of the group theory are James Madison, Alexis de Tocqueville, Bentley, David Truman, and Robert Dahl. The theory is also called pluralism because there are many groups existing in the society. The major thrust of the group theorists is that interactions of groups are the basis of

political life and all political activity is viewed as groups pursuing their interests against the interest of others. In other words, public policy is the outcome of the struggles by the various groups in the society. In essence, the different interests in every human society compete to control government policy, and these conflicting interests can balance out each other to provide good government. The ability of any group to influence public policy depends on its size, wealth, organizational strength, leadership, access to decision makers and internal cohesion.

The group theory is relevant to this study in that whereas the theory argues that public policy is a reflection of the struggles or demands of the people, the study considers an issue that actually affects every group in Nigeria (budgeting and allocation of funds). Whereas the political executives see the budgeting process as a political event conducted in the political arena for political advantage, economic analysts view budgeting as a matter of allocating resources in terms of opportunity cost. The kind of struggles and lobbying that takes place among different groups whenever the government calls for proposals makes the group theory relevant to this study.

CONCLUSION

This study also assessed the process of budgeting and the implementation in the

Federal College of Agriculture, Ishiagu, Ebonyi state. The findings of this research indicate that budgeting in Federal college of Agriculture Ishiagu did not actually yield the desired outcomes as her articulated felt needs did not form the basis for the allocations she received for the period under review and this had a negative effect on infrastructural development in the institution. It was discovered that, as a result of the poor funding and the fact that there are gaps between budgetary allocations and implementation, budget preparation is not usually carried out with the usual enthusiasm as it has become the general belief that no matter how well the budget is prepared, the government is bound to allocate fund that would not meet its targets. Budgeting is therefore seen as a necessary ritual that must be carried out annually. It has therefore become imperative for the Nigerian government to rise up to her responsibility to ensure that her painstaking and cumbersome process of budget preparation at the center is characterized to a greater extent by rationality.

RECOMMENDATIONS

Since it is clear that no organization can perform without funds, it has become imperative for the Nigerian government to pay attention to the festering problem of underfunding faced by the Ministries, Departments and Agencies.

The study has established that Federal College of agriculture is faced with the challenge of underfunding. There is therefore the need for the ministry of finance to release funds based on felt needs rather than the practice of politically motivated allocations outside the submissions received from ministries, Departments and Agencies.

Similarly, there is need for the government to ensure that amount appropriated for her Ministries, Agencies and Departments are actually released and on time to achieve the objectives for which they were budgeted.

Finally, there is need for the legislature to live up to their responsibility of carrying out their oversight functions properly as it would actually guide them in the appropriation of funds that reflect the felt needs of the institutions they represent.

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