

## **Budgets, Corruption and the Nigerian State**

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### **Abstract**

This paper provides an in-depth analysis of corruption in Nigeria, specifically focusing on how significant portions of funds allocated for public projects are systematically diverted into private accounts, leaving insufficient resources to execute the projects effectively. Using David Easton's Political Systems theory as a framework, the paper explores the mechanisms through which corruption disrupts the allocation of resources and undermines development. Through documentary analysis and an examination of newspaper articles reporting real-life cases, the study highlights the pervasive nature of corruption in public finance management. It further identifies key gaps in institutional accountability and transparency that enable these practices to persist. To address these challenges, the paper offers practical recommendations, including the need to strengthen institutions, enforce accountability in budget processes, and implement more transparent and robust mechanisms for monitoring public expenditures. By addressing these issues, the study emphasizes the potential for fostering sustainable development and restoring public trust.

**Key words:** Budget, Corruption, White Elephant Project, Nigeria, Legislature

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## **Introduction**

Corruption is not a new phenomenon (Tanzi 1998). This is because it is as old as man itself. It is a global phenomenon that causes poverty, obstructs development and drives away investment. It also debilitates the judicial and political systems that should be working for the public good (UNODC 2006). For developing countries, it has had terrible effects on livelihood, governance, socio-political and economic lifestyle. Analysts believe that developing countries lose about \$1.26 trillion per year to corruption, theft and tax evasion—enough to lift more than 1.4 billion above poverty line (Keulder 2021). In Africa, the impact of corruption could be seen in all facets. Thus, it has become one of the greatest priorities of governments across the continent as well as businesses. Though most governments have set up machineries to fight the scourge, most Africans believe that the governments are not doing enough (Keulder 2021), thereby creating a blame game between the public and private sectors (*Africa Renewal* 2010). In Nigeria, it was revealed that close to \$400 billion was wasted by Nigeria's leaders between 1960 and 1999—an average of almost \$5,000 per Nigerian (Ribadu 2009, 2010). Corruption remains one of the most significant challenges to sustainable development and governance in Nigeria, profoundly undermining public trust and the effectiveness of public institutions. A recurring pattern in Nigeria involves the diversion of substantial portions of funds allocated for public projects into private hands, resulting in incomplete or poorly executed projects due to inadequate resources.

This paper provides an in-depth analysis of corruption in Nigeria, specifically focusing on how significant portions of funds allocated for public projects are systematically diverted into private accounts, leaving insufficient resources to execute the projects effectively. Drawing on documentary analysis and newspaper reports of corruption cases, the study sheds light on the mechanisms and actors that perpetuate this practice. The structure of the paper follows the following: abstract, introduction, literature review, theoretical explanation, analysis and finally the conclusion. The paper argues that The Nigerian situation is so unique that a scholar posits that, “Corruption in Nigeria is often a simple process whereby large chunks of budgeted amounts for public projects are diverted into private pockets, such that the amounts of money finally available for the projects are not enough to execute them. By examining the impact of these diversions on public projects and governance, the paper aims to provide actionable recommendations, including

strengthening institutions and promoting accountability in budget processes, to mitigate corruption and foster a more transparent public financial management system.

## **Literature Review**

There are many facets of corruption. From nepotism, money laundry to bribery, the effect is the same---negative. Corruption in Nigeria has been described as the second hindering factor to foreign investment and that it is fueled by the rent-seeking posture of the country's political class (Roy 2017). Thompson, Afolabi, Raheem & Onifade (2020) argued that in spite of the anticorruption crusades of the Nigerian governments over the years, much has not been achieved and the coming of President Muhammadu Buhari on the back being an anti-corruption leader has not fared better as a result of ethnic, religious and party affiliations in particular. Some scholars have also used various theories to explain corruption across the globe and Nigeria in particular. Amundsen (1999) offers some theories to explain corruption. These are redistributive corruption and extractive corruption. Ogundiya (2009) explored the phenomenon of corruption through the prisms of prebendalism, patrimonialism, neopatrimonialism, soft state and the theory of two publics. Hiller (2010) argued that while many studies have linked corruption to politics and business, there are other variables which necessitates a systems theory of the phenomenon. The UNODC (2019) agrees that corruption is a complex phenomenon which no one theory could explain.

While these theories have been able to explain the causes and antidote to corruption across societies, they have not been able to adequately explain the situation in Nigeria. The Nigeria situation, like most developing countries is the process whereby large chunks of budgeted amounts for public projects are diverted into private pockets, such that the amounts of money finally available for the projects are not enough to execute them. At the end, the end product or output is inadequate, of less quality and inevitably led to loss of lives, livelihood, and economic losses. We shall next explain the political system theory

## **Theoretical Explanation**

The political systems theory is developed from the general systems theory, which first arose in Biology, and the was adopted in Anthropology and sociology before ultimately being borrowed in

Political Science (Onah 2010). The system was developed in the Political Science by Easton (1953) when he argued that the regularities of patterns and processes in political life is general. He furthered posits that the highest level of abstractions could make scientific generalizations possible. He then summed that politics should be seen as a whole and not a collection of different problems to be solved.

**Figure 1: The Political System**

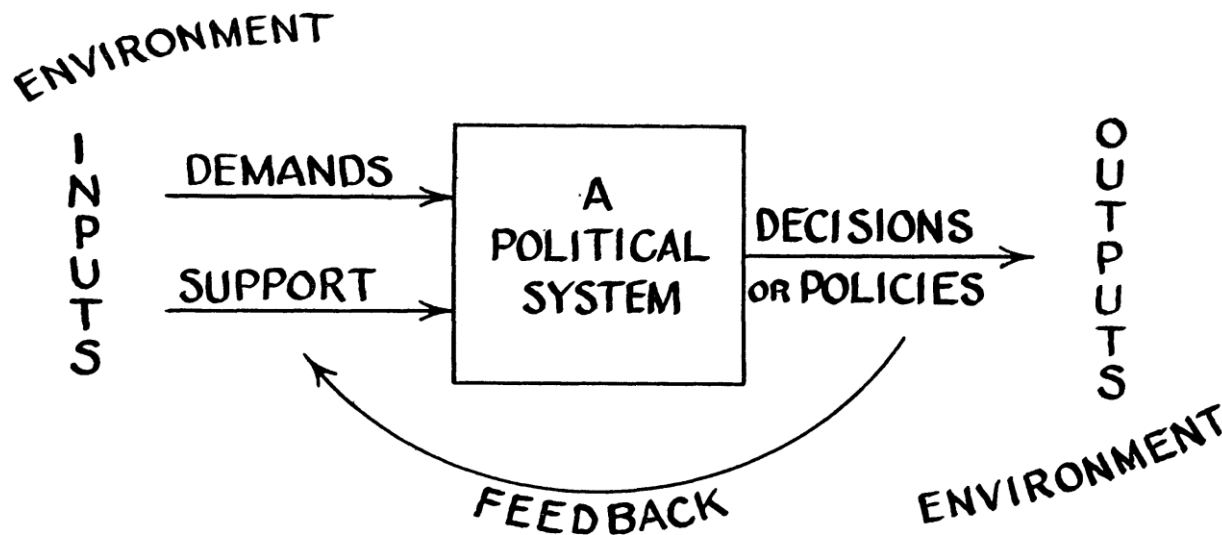


FIG. 1

**Source: Easton (1957, p.384)**

In his attributes of the political system, he identified the properties of identification, inputs and outputs, differentiation within a system, integration of a system; inputs and demands, inputs and supports, and outputs. The conclusion of Easton is that there will be a feedback which will determine whether the outputs is favourable to the people or not. When it is favourable, the system continues and survives, otherwise, there will be collapse or disequilibrium. As Onah (2010) captures it:

A system that can capture effectively the demands on it, receive enough necessary support, and process them into enough outputs to satisfy its citizens will survive and persists, unlike one that cannot do so effectively, which may soon collapse and disappear (2010, p.57)

The question is, in light of the present state of corruption in the country as well as the various agitations, mutiny among the military, riots among others instabilities, can one then apply this theory to the state of corruption in Nigeria?

### **Political System and Corruption in Nigeria**

The Nigerian environment is a complex one. Thus, like every other country, Citizens want basic amenities, laws to protect them and regulate them and want to live peacefully without violence. Thus, the citizens' makes demands such as good roads, portable water, good healthcare, quality schools, peace among others (Adebayo 2021). In order to satisfy some of these demands (Inputs), government initiates some supports thorough taxations, loyalty, obedience to laws and orders, respect of constituted authorities, concessions, tax rebate, subsidy removal among others. For example, the Federal Government has begun the process to concession about 12 highways because of paucity of funds. These inputs are then processed by the political system. At this stage, the key decision makers and policy formulation to implementation state is heightened. From the bureau of public enterprise (BPE), Ministries, Departments and Agencies (MDAs) to the National Assembly, contracts are awarded and all modalities are put into place. In the case of projects, contractors tender their interests and the best proposal is given attention. Then the contract is awarded and the contractors mobilize and begin the road projects. Then, the outputs are the public projects such as roads, refineries, hospitals, bridges etc. While these amenities are provided, there is a feedback where the users and the political systems also collates an assessment of the quality or perception of the public on what it has provided. And this go on. But how does corruption set in and how can the political system be used to explain?

### **Where does Corruption Set in?**

The Nigerian situation, like most post-colonial or underdeveloped states is unique. This is because most often than not, public projects are not only politicized but also used to siphon the commonwealth. By this, the input rather than coming from the citizenry who are in need of the projects are usually sponsored by proxies or the political system itself. Then the budgetary process where contracts are inflated in order for the actors involved to have more than enough for themselves. During the process, pseudo or fictitious companies are awarded contracts and large

chunks of the budgeted amounts for the public projects are either diverted into private pockets or shared among the actors. A reported revealed similar case in Kwara State:

From the secrecy of the amount earmarked for each project, through the details of contractors who kept changing their addresses and other information on the project signboards, to implementing projects different from what was advertised, the entire school rehabilitation project of the Kwara state government was poorly implemented, despite the huge amount budgeted for it (Akogun 2020).

In the case above, part of the building collapsed. The next stage where the government is supposed to supervise and oversee that the work is done, most of the government officials and even members of national assembly mandated for oversight functions usually demand for their own piece of the deal. Ministries, Departments and even Agencies are all culpable in the act. According to the ICP Boss, Professor Bolaji Owansoye (SAN):

...there was budget manipulation by most MDAs which resulted in MDAs receiving both appropriation and releases beyond their actual needs. While these surpluses were open to the risk of being misappropriated as is tradition. In 2019 ICPC reviewed 208 agencies of government that are funded from the Federal Treasury and came up with outstanding results which included discovery of N31.8 billion personnel cost surpluses for 2017 and 2018, and misapplication of N19.8 billion and N9.2 billion from Personnel Cost and Capital Fund respectively. some agencies of government engaged in massive capital project implementation through direct labour with attendant implication for corruption and loss of project quality and tax revenues (Chiejina 2021).

In fact, some of the members apart from demanding for their cut also wants to sexually take advantage of the contractors. Such explains the allegation against a former House of Assembly member, Hon Herman Hembe when he was accused by the former Director General of the Stock Exchange Commission Dr Arunma Oteh of demanding for bribe and sex (Ujah, Enocholase &

Eboh 2012). Recently, Senator Godswill Akpabio was also accused by the former NDDC Director, Dr Joi Nunieh, of trying to sexually exploit her (Nwachukwu 2020). To Page (2018),

Some types of corruption (for example, extortion or contract fraud) are more prevalent in some sectors than in others. Likewise, some are more or less damaging—either directly or via negative multiplier effects—depending on where they occur. This taxonomy acknowledges that corruption in Nigeria is not always clear-cut or limited in focus, but rather it is interconnected, involving a range of behaviors that cleave across sectors

Thus, in most cases, the output, which is the end product of the demands are usually of low quality, unprofessional and below international standard. In fact, such public projects usually wear out in time and at times lead to death traps. As a budgetary process nongovernmental, BudgIT Nigeria (2019) states:

If a road project with an award contract of N200 million was embezzled, this means that we have enriched the pockets of corrupt contractors (public office holder as the case may be), the damage on the road will lead to time wastage of commuters, the damage could even cause more road accidents, increase chances of robbery, increase deaths for pregnant women who want to access healthcare in neighbouring communities etc. The cost of this act of corruption is high (BudgIT Nigeria 2019)

The Nigerian situation is also perilous in that the people who are supposed to give feedbacks are also bought by the contractors. For example, some street urchins (*Omo Onile*) will demand their share from the contractors and do not care if the work is of quality. The media and other Civil Society organisation (CSO) also do not care and for those who care, the reportage they give to such issues die-out with time. Thus, the corruption process is process is such that large chunks of budgeted amounts for public projects are diverted into private pockets, such that the amounts of money finally available for the projects are not enough to execute them, thereby leading to shady and less quality projects which have enormous economic impacts on the users. More so, the feedback and environment have also been culpable in reporting such cases. And if it does, it is quickly downplayed and at times even coerced by the political system. Such was the clampdown

on the #EndSARS protesters in October 2020 (BBC 2010). Be that as it may, disequilibrium in the system has evolved in the various agitations across the country in recent times. The use of force in responding to the feedback have given birth to violence, thereby leading to different insecurities and agitations across the country.

## Conclusion

The paper analyses the process of Corruption in Nigeria whereby large chunks of budgeted amounts for public projects are diverted into private pockets, such that the amounts of money finally available for the projects are not enough to execute them. The paper revealed that the corruption sets in most times even from the input through the feedback and this has had adverse effects on the users of these public projects. The paper recommends that since it is holistic, then stakeholders must nip the problem in the bud holistically and also ensure that there is accountability at every stages of the political system. More so, the input, output must be free from strains, thus, all units that makes up the system must be up and doing.

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