

IMPLICATIONS OF BUDGET PADDING ON SOCIOECONOMIC DEVELOPMENT IN NIGERIA: A REFLECTION ON PRESIDENT BUHARI'S ADMINISTRATION, 2015-2022

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Abstract

Budget is government blueprint that includes projections of expected income and intended expenditures, as well as the schedule of activities done and the means of financing those activities on an annual basis. As a result, budget padding has been envisioned as a type of corruption during budgeting processes. Corruption in Nigeria has deepened so hard that it has infiltrated the process through which budget formulation and approval is made. Budget padding has remained a sharp practice which involves the inflation of the proposed budget artificially to give room for expansion or cover unexpected cost done either to increase project expenditure or decrease its expected revenue. This sharp practice has remained a reoccurring decimal in Nigeria's budgetary businesses especially during president Buhari's administration in the southeast. Consequently, adopting the theory of Principal Agent Theory, this study interrogates the implications of budget padding on socioeconomic development of Nigeria focusing on President Buhari's democratic administration. As a qualitative research, a secondary method of data collection as well as content analysis method was used. Thus, the study discovered that budget padding has a very serious negative implication on the socio-economic growth of the country since it has remained a conduit pipe through which public funds are siphoned. The study recommended that a strict law should be made against budget padding as there is presently no law against that in Nigerian constitution. Thereafter, the consequences of law should be applied on the perpetrators without presidential mercies against the defaulters.

Keywords: Budget, budget padding, budgetary process, socioeconomic development.

Introduction

The government's budget is a declaration of anticipated income and expenditure over a period of time, more often than not a year (Ojo, 2012). Therefore, it is a government tool employed to achieve a country's socioeconomic growth. Furthermore, Kwanashie, 2003 as cited in Igbuzor (2011, p. 4-5) provided a comprehensive characterization of the term budget, observing that:

In most economies, the budget is a major tool for macroeconomic management, and its effectiveness determines how well governments accomplish societal goals. It is as well an instrument for implementing social, political, and economic policies and priorities that have an impact on people's lives...A budget is a plan, and we all know that plans are highly reliant on data, research, and projections. A good budget must be the result of a process that is founded on strong and high-quality information, meticulous impact analysis, and a proficient feedback system to absorb lessons learned from previous budgets. The budget is an incorporated result of a dynamic procedure in which the relationships between many sectors are crucial to its overall influence and should be considered in a general manner.

It is important to note that no meaningful activity of government could be achieved without inclusion in a budget. Therefore budgeting remains one of the principles of democracy and requires some stipulated processes through which it is achieved. Thus budgeting requires participatory process through which some government actors such as the executives and legislatures partake in its formulation and

adoption. However, it is important to note that the executives prepares or formulates the budget and passes same to the national assembly of a state for scrutinization and approval. It is at this level of interaction that the concept of “Budget Padding” comes in. Although it is a new concept in our nation's political space but its effect has remained controversial and reoccurring decimal Nigeria's socioeconomic and political space. Indeed, Maheed (2016) claims that the issue of budget padding was invented by the legislative arm but the executive arm of government bears responsibility for such criminal conduct. The legislature does this basically because they have constitutional opportunity to approve a budget presented to them.

Therefore, budget padding involves making proposals bigger than the actual project demand; it is either increase in expenditure of the project or reduction in expected income. The goal of budget padding is to include figures or deface the budget without the document owner's permission in order to deceive budget preparation. Budget padding, according to Wahab (2016), is a practice used in when submitting a business budget proposal for endorsement; it artificially inflates the projected budget to allow for expansion or to cover unanticipated costs; it is done either to increase project expenditure or to decrease its expected revenue. In other words, budget padding refers to the act of manipulating the budgetary process by adding unauthorized expenditures or inflating the cost of projects beyond their actual values. This act is usually carried out by government officials (the lawmakers) for personal gains or to divert public funds for their own interest and uses. The impact of budget padding on regional or national development is not usually a healthy one. Thus budget padding, in the context of this paper, is another form of corruption that has reared its ugly head since 2016 which has constituted a cog in the wheels of not only the regional development (like in the southeast) but also in the national development.

Furthermore, the history of budget padding dated back in 2016 when the budget was presented to the lawmakers for their statutory inputs and approval. In the 2016 Nigeria Appropriation Act, Hon. Jibrin Abdulmumin, the past chairman of the House Committee on Appropriations, accused the Speaker and certain important officers of the House of Representatives of budget padding. He emphasized that the budget had been bloated with billions of Naira dispersed transversely around 2,000 bogus constituency projects. Abdulmumin, as well indicted a number of the chief executives of padding the budget outside of lawful plenary sessions and diverting N40 billion out of the N150 billion allotted to the National Assembly so-called constituency projects (www.placing.org/legist, 2016). It is unfortunate that since then till now, this canker worm that reared its ugly head had remained a reoccurring decimal in Nigeria's political space.

Similarly, Wahab believes that budget padding is a strategy used in business when presenting a budget plan for endorsement; they artificially exaggerate the proposed budget to allow for expansion or to cover unanticipated costs. It is done either to increase project expenditure or decrease its expected revenue (Wahab, 2016). The implication is that when the items and amount is balloon due to padding by inserting mutilated phony items, the government faces the problem of sourcing the funds to execute projects even when such projects amount ought not to have risen. Consequently, when government cannot borrow funds, some genuine projects that were not padded may be neglected or left undone while the padded ones are executed. Falana (2016) also averred that budget padding occurs when legislators decide to modify the government budget and insert other items that are not included in the projected plan submitted to the legislatures by the government. The legislators are empowered by the authority of the land to modify the budget and incorporate constituency projects with arbitrary costs.

Additionally, there are two perspective ways to explain the problem of budget padding within Nigerian political system. First is the politics behind budget padding among the ministries, departments and agencies as well as their lawmakers' and their effect on socio-economic development of Nigeria while

the second is the politics of lawmakers. The activities of lawmakers and MDAs result to padding of budget, alleged financial inducement and delay in passing of budget etc. Accordingly, the massive sum added into the budget by lawmakers and the budget office, as well as definite finances projected for key infrastructures by the executive that were either detached or cut down from the budget by the National Assembly, have remained a threat to the country's regional and national socioeconomic development. It is against this backdrop that this paper interrogates the impact of budget padding on socioeconomic development of the southeast region in Nigeria. Thus the paper was divided into sections vis-à-vis introduction, conceptual clarifications, methodology, data presentation and analysis cum findings, conclusion and recommendations.

Budget

A budget is a government policy document that outlines how the government prioritizes and fulfils its yearly and multiyear goals. Every fiscal year, it is a financial statement that estimates the expected government revenues and expenditures. Aside from bankrolling existing programmes as well as the prospective new ones, the budget is a vehicle for enacting fiscal policy in order to influence the overall economy (OECD, 2014). It has also been argued that a budget should be defined as monetary and quantitative explanations given before a certain policy is to be pursued in order to achieve a particular goal (CIMA, 2011). It is an annual plan that outlines anticipated government expenditures for the plan period as well as proposed revenue streams to fund them. It is a legal article that forecasts the revenues and expenditures of a specific economic phenomenon for a given time period (Kpedor, 2012). In other words, it is a legal declaration of the financial income reserved for implementation defined operations over a specified time period.

On his own part, Delee (2019) observed that budgetary control and budgeting comprises an organization's management establishing goals and constructing a procedure that acts as a structure within which a corporation successfully approach overall planned operations." Budgeting is the financial calculation of these expected activities, whereas budgetary control is the comparison of actual income or spending to planned income or expenditure to determine whether or not remedial actions are necessary. As a follow up, he equally added "The budget serves as an significant element of state monetary regulations as a useful tool for the accomplishment of the country's economic policy agenda in order to maintain macroeconomic equilibrium in the face of instrumental change." The primary goal of budgeting is to distribute scarce resources in the midst of contending public demands in order to achieve society goals and aspiration.

Furthermore, Agugom & Ehiogu (2016) argued that "budget is a constitutional plan of government which galvanizes together the estimated revenue and proposed expenses, involving the schedule of activities to be accomplished and the means of funding those policies." Dickson & Eminue (2020), are of the opinion that "a country's budget is a financial design bearing estimate of expected income and expenditure of a government over a period of one year. Hence it is a political document presented in figures which serves as a basis for the fulfilment of the people's expectations of political promises and overall development of the state".

Agugom & Ehiogu (2016) further noted that budget is a government master plan which harmonizes approximations of anticipated revenue and projected government expenditure; imply the agenda or programs to be carried out as well as the resources from which those agendas or programs should be financed". "The budget of any country is a financial arrangement or a recorded approximation of anticipated income and expenditure of a specific period of time, more often than not one year, therefore it is a legal manuscript organized in statistics that serves as a foundation for the fulfilment of the people's desire, delivering of campaign promises, and largely improvement of the entire country. This implies

that budget is not only a document that government makes to estimate the revenue and expenditure for an upcoming year based on the priority areas of the government, but also a tool for measuring the performance of government in each fiscal year in terms of delivery of democratic dividends to the electorates.

Thus, budget is an inevitable instrument for successful operation of government income and expenditure. It has to do with the allocation and use of resources as well as how the resources will be acquired which must pass through legislative processes leading to approval before it can be implemented.

Budget Padding

Literally, padding of budget refers to generating a budget proposal that is greater than the real estimate by including more projects and inflating figures to account for unforeseen expenses that may occur throughout the process of implementing the budget. Additionally, it refers to the deliberate insertion of projects into budget proposals by individuals other than the budget's original authors with the aim of gaining financial advantages at the expense of important projects. Budget padding, as defined by Sherifdeen Tella, an economics professor at Olabisi Onabanjo University Ogun State, and cited in Olatunji (2022), is the practice of increasing a budget's value or adding new items in order to make it larger than it was intended to be. It is occasionally used in private sector budgets or by companies when presenting a budget request for approval. This is done to allow for project expansion or to pay for unforeseen expenses. However, it has made its way into public budgets by being included in other projects in addition to those that were initially proposed. Most of the time, corruption is the driving force of such tendency.

Consequently, budget padding especially as it affects government budget is an unethical practice as it gives room for corruption. Temionu (2016), for instance argued that padding in whatever form, is one of the elements of corruption and its literal interpretation in accounting is false entry. Delee (2019), added that “budget padding is a misleading behaviour that promote dangerous corporate atmosphere”.

Overall, Odigbo (2019) elucidates that the dishonest insertion of randomly fixed constituency projects, increasing project expenditure, and apparent misplacement of national precedence have a propensity to obstruct the Legislature's legal obligation to ensure the preparation of a achievable budget for the development of the society. Therefore, budget padding as adopted in this work refers to new form of corruption exhibited by members of National Assembly in the discharge of their so called constitutional responsibilities.

Empirical Review on Socio-economic Implications of Budget Padding

Umoh, Adonnai & Mbah (2023) carried out a study titled *Effect of Budget Padding on the Economic Development of Nigeria*, and their major aim was to; evaluate the socioeconomic implications of budget padding, examine the powers of the legislature with respect to budget processes, and analyze the ethical and moral implications of budget padding. Anchoring on a descriptive research design and content analysis whereby the quantitative method was adopted using secondary sources of data the study reveals that the socio-economic implication of budget padding was perturbing as it affects known economic indices negatively. Equally revealed in the study was that the legislature has powers to scrutinize and approve national budgets but lack powers to insert new projects and programmes without recourse to the Executive. Based on the findings, the study recommended that; to attain national growth/development, there was need for strict adherence to the fundamental principles of good budgetary governance, like managing budgets within fiscal policy's clear, reasonable, and predictable bounds. Once more, decision-makers should make sure that budget credentials and the statistics are transparent, open and available.

They should also guarantee that there is a thorough report on new items added to the budget estimate as well as an inclusive, participation, and reasonable debate on budgetary decisions.

Amah (2019) in his study titled “Budget Padding: Causes and Solutions” in Nigeria. The study's broad objective was to examine the causes of budget padding in Nigeria. The study adopted descriptive research design as well as content analysis whereby the quantitative method was adopted using secondary sources. The study went on to reveal that budget padding creates illegal fund for their Preparers and Beneficiaries. It went on to pronounce that as budget padding includes the covert insertion of line items, it also makes it possible for such monies to be moved secretly, without anyone noticing it. A yearly release of the appropriation bills by the executive before presenting them to the legislative arms was advised by the study. In order to verify the budget's legitimacy, it was also advised that the Presidency hire a credible consulting firm to oversee and audit the process of approving appropriations bills.

A study on the implication of budget padding in Nigeria's economy with a focus on the 2016-2017 budgets and published by Omeje & Ogbu (2019) used variables such as budget padding and economic development and the study's conclusions showed that higher project estimates have a detrimental impact on Nigeria's economy. Budget padding is done with the intention of cheating, defrauding the nation, and enriching a select group of elected principal officers of the National Assembly by mismanagement of budget information and statistic, yet attempts are made to legalize the practice, according to Aguguum and Ehiogu's (2016) research titled *Budget Padding: The Nigeria Perspective*, with variables such budget padding and economic development.

On his own contribution to padding debate with the title, *Budget Padding: Causes and Solutions*, and using variables such as budget padding and ethical considerations, Amah (2019) discovered that budget padding is a deceptive practice and breeds harmful corporate atmosphere. Similarly, Okuma & Kuma (2019), on their work titled “Budget Padding in Nigeria” using variables such as Budget Padding and Nigerian Economy, discovered that padding of budget has no discernible effect on the Nigerian economy, and the executive branch of government was not involved in its preparation, including the fact that the legislative branch of government's engagement in 2016 budget padding was unlawful.

Theoretical Framework

The Principal Agent Theory of Stephen Ross and Barry Mitnick was used in the study. They introduced the principle agent theory in 1973. The significant link between the principal and the agent is examined using the principal agent theory. When an individual or organization (the agent) has the authority to decide or act on behalf of another (the principle), the principal agent problem arises. When agents are driven to act against the interests of the principal and instead operate in their own best interests, a dilemma arises.

The rational choice model, in which the agent has a number of responsibilities for the principal, is the main emphasis of the principal-agent theory. The agent has free access to a number of methods and tools to carry out these activities. But the principle anticipates that the agent will follow his or her preferred course of action. Since both the principal and the agent are seeking the greatest potential benefits, there will inevitably be an objective conflict between them. Opportunistic dishonesty and fraud are particularly likely. Common example of the above submission is the relationship between the elected officials (agents) with particular reference to the National Assembly, and the citizens (principal). In this situation, the principle substantially depends on the agent to carry out particular financial assessment or dealings that could raise their standard of living. There may be a variety of conflicts or incongruity due to the principal's reliance on the agent to make the appropriate judgments.

Applicably, this theory links padded budgets in Nigeria to the powers given to the National Assembly by the electorates through the ballot box which include the powers to approve national budgets. In an attempt to carry out this constitutional responsibility, they engage in diversion of public funds through budget padding, claiming that the funds are meant for constituency projects, which does not have any root in the constitution. In the end, such constituency funds end up in the private pockets of the agents - the legislators.

Methodology

This paper adopted the qualitative method using secondary sources of data collection obtained from internet sources, libraries, and academic journals, local publications such as newspapers, magazines to provide detailed accounts for the effect of budget padding on socioeconomic development. The descriptive research design and content analysis were equally adopted for this study.

Data Presentation and Analysis

The Socio-Economic Implications of Budget Padding

Budget padding in recent time has remained one of the challenges that constitutes cog in the wheels of socioeconomic development in Nigeria. Budget is an inevitable tool for socioeconomic. Scholars have argued that padding the budget comes with unintended economic consequences. Padding syndrome, according to Temiolu (2016), has struck Nigeria a dreadful blow since it is a risky instrument holding back our economy and has refused to let go in order to allow the motor of Nigeria's economy and nation-building to move forward. This is a confirmation that budget padding is dangerous for the economy and has the tendency to drag the nation backwards and destroy all the gains of democratic process. Omeje & Ogbu (2019) stated that Nigeria's massive revenue losses from the corruption of padding budgets, domestic and foreign investors, as well as the rise in the cost of goods and services, result in the production of subpar commodities. This suggests that the current capital shortages and economic downturn that Nigeria was facing is attributable mainly to corruption of budget padding. Investigations, for instance, showed that the 2016 national budget that the executive provided to the national parliament during the 2016 fiscal year differed from the one that the President had originally presented to the joint session of federal legislators. This was uncovered by the legislature during budget examination because some MDAs had inserted incongruous figures to budget estimates in order to inflate them when they were enacted into law and used for personal advantage. Because of the irregularities found, the presidency eventually accepted and replaced the first one with the second one, fully admitting that the budget had been bloated. It was stated that budget padding is not possible without the connivance of the executive arm many believe that the cabinet or legislature will definitely slash the budgetary proposal. Law makers increased budget estimates with the aim that excess would be skimmed off and cash equivalent delivered to them (Na'Abba, 2016).

Collaboratively, according to Odigbo (2019), the dishonest introduction of subjective constituency projects, exaggerated project expenditure, and apparent national priorities misplacement, all tend to impede the Legislature's legitimate duty to ensure the preparation of achievable budget for the society and development of national and socioeconomic trajectory. Thus, the amount lost to budget padding in Nigeria within the last seven years is estimated at N2.439 trillion as illustrated in the table below:

Table 1: The Summary of Budget Padding from 2016 to 2022

Year	Proposed Estimate (N)	Approved Estimate (N)	Amount Padded (N)
2016	6.077 trillion	6.060 trillion	284 billion
2017	7.289 trillion	7.441 trillion	-
2018	8.612 trillion	9.120 trillion	578 billion
2019	8.916 trillion	8.921 trillion	90.33 billion
2020	10.330 trillion	10,810 trillion	246 billion
2021	13.082 trillion	13.588 trillion	505 billion
2022	2022 16.03 trillion	17.13 trillion	735.85 billion

Sources: Budget Office of the Federation, Deloitte Nigeria, Premium Times Newspaper, Punch Newspaper 2022

The padded amounts on the table above obtained mainly from the speeches of President Muhammadu Buhari during the signing of the yearly Appropriation Acts into law, represent the reduction and increase in some budget items and the insertion of new projects by the National Assembly. For 2017, though the Minister of Power, Works & Housing, Babatunde Fashola alleged that his Ministry's budget was padded with strange projects by the National Assembly, no credible source has stated the amount padded (Umoh, Okonkwo and Mbah, 2023). Perhaps, from the above, one can see that padding of budget is completely a setback on national development.

So the issue of budget is critical to any reasonable government. This is the reason Egonmwan as cited in Dickson & Eminue (2016) argued that any discussion of the failure or success of a policy in developing nations of the global south must constantly include a discussion of the budget, program implementation and the project. They also noted that policies are transformed into physical phenomenon through project and program accomplishment, and the success or failure of a particular policy is directly related to how the budget is created, adopted, and carried out.

Budget padding, according to George-Hill (2016), is a systemic sickness that behaves like a transmittable illness that can taint MDA expenditure plans. It also chews up limited resources, results in resource siphoning and diversion, and results in poor appropriation plan implementation. The failure of the budget would therefore have negative impact on the implementation of strategic government projects and programmes.

The federal budget is prepared before the start of the year in advanced countries. The NASS introduces foreign initiatives and deformations at will, which causes tension between the legislature and the president. The document's assent will always be withheld by the president. Since 2000, no budget in Nigeria has been signed by the president a week after NASS approval. To have it signed into law, it would frequently take weeks or even months (Ata, 2013, and Olusola-Obasa, 2011, as referenced in Olaoye, 2014). The NASS's manipulation of statistics goes beyond simple fund reallocation to have an impact on national development. Award and Implementation of Constituency Project: In recent year details of intervention projects of 469 Senators and House of Representatives members in the six geo political zones have been secret because the law makers engage in self-enriching deals when implementing the projects, the constituents hardly know what is accrue to them.

Constituency Development Funds and Padding of Budget by Lawmakers

Through the use of Constituency Development Funds (CDFs), the federal government is able to provide funds directly to electoral districts for the aim of supporting regional infrastructural projects. The fund is established to help neighbourhood-level projects so that development funds are dispersed equally

across regions and to promote even growth in the country. The first budget that included CDFs was that of President Olusegun Obasanjo in 1999, and every budget of his predecessors has included them ever since then (www.placing.org/legist/). Though there have been some reservations about the idea's application as the engine for growth it was intended to be from its inception.

Consequently, constituency projects that gave rise to the constituency development funds are meant to confirm that the benefits of democracy get in touch with people in both municipal and rural areas, but they have only served as a channel for lawmakers to steal money from national budgets that has been bloated through padding. Numerous constituency projects continue to be mired in dubious and unethical business practices, according to the Independent unethical Practices (ICPC) and other related offences commission's most recent report. The stage three information of the constituency project tracking exercise by the ICPC, for instance, detailed numerous instances of "projects subtly awarded to lawmakers, overpaid contract sums, payment for non-existent projects," etc. The MacArthur Foundation funded the tracking exercise, which commenced in September 2021 and included programs in 17 states. The report claims that a number of the projects were diverted away from their proposed recipients and funnelled into the personal funds of lawmakers, and that in other instances, there was collusion between lawmakers, supervisors and executing agencies, who, in exchange for reward, signed certificates of completion for unfinished projects (Olufemi, 2022).

Additionally, it was discovered in the report that due to poorly constructed or unfinished projects, thousands of students in the states under consideration were denied access to learning facilities. For instance, despite the contractor receiving full payment for the job on the counsel of the project supervisor, a project to build a block of classrooms at LEA Primary School, Tsebawara village in Ajingi council area of Kano state, was abandoned in December 2020. According to the report, the initial plans for the building and equipment of the e-library in Katsina Central federal constituency were altered without the consent of the government. Even though, the project of N49.9 million budgets was approved and paid for, the contractor's construction was valued at N17.9 million. Instead of calling the finished project a vast hall, the ICPC refers to it a "cubicle." A project for the supply of educational equipments to City Science and Technical Academy in Benue state was allegedly sponsored by the senator representing the Benue north-east senatorial district; however, it was later discovered that the school is owned by the senator. In contrast, the chief executive officer of the National Tuberculosis and Leprosy Centre in Zaria, Kaduna state, is said to have awarded contracts worth N500 million to 15 contractors and paid the money for public interest. Then, he allegedly instructed the contractors to take 5% of the cash given to him as payment for their services and give him back the remaining money. According to ICPC, the CEO would later present the project sponsor with the funds in cash equivalent (Olufemi, 2022).

Additionally, it was claimed that lawmakers had allocated cash for dubious projects using medical outreach initiatives like healthcare intervention, disease awareness campaigns, and drug distribution to hospitals. However, according to the research, less than half of the funding allocated for such projects is actually used for their implementation. According to reports, Al-Jabi Integrated Nigeria Limited in Abuja received a training and empowerment program for women and youth worth over N149.9 million despite violating the federal government's policy on due process because the company is allegedly owned by Sokodabo Hamza, who is somehow related to the sponsoring lawmaker. Contracts are not supposed to be granted by law to a corporation owned by a sponsoring politician or a member of their family but that was not the case here. A contract for N199.9 million was allegedly given to Sinti Nigeria Limited by the Sokoto Rima Basin Development Authority in November 2020 in a case of similar abuse of office. However, it was then discovered that Jibrin Barau of the Kano senatorial district owns the corporation, when he was also the project's sponsor that is against the law. Additionally, it was revealed that the

business had previously received a contract that was supported by the same dubious lawmaker (Olufemi, 2022).

A contract to establish an ICT hub in Katsina Central Federal Constituency was given to Cool Choice Nig. Ltd, a business consortium that apparently belongs to the project's sponsor in the legislative arm of the government. Despite having a N49 million initial budget allocated for it, the study claimed that only N17 million was actually spent on the development scheme since the design had been modified to a less-effective one. Additionally, Muesther Unique Global Ltd was given a contract in Sokoto to furnish 102 motorcycles for public initiative, however only 19 motorcycles and 10 tricycles were actually delivered. When the project's alleged recipients were reached, they claimed not to have received any bikes or tricycles, but the legislator is said to have received payment in full for the contract and has claimed that the project had been completed absolutely. Furthermore, even though the executing agency in charge of water resources made full payment, a water project in Sokoto's Gwadabawa federal constituency region was left "uncompleted" (Olufemi, 2022).

In other instances, project cost inflation and overpayment also occurred in the Nigeria senate. One such instance of corporate gross dubiousness occurred in the federal constituency of Kwande/Ushongo, where 13 solar-powered borehole development scheme totaling N112.9 million were awarded to acclaimed contractor in the region. Later, it was claimed that the projects had been abandoned, and the contractor had been overpaid by N9.1 million by the government. Nevertheless, 2019 saw the delivery of a total of 72 motorcycles for a project in Yobe State's Nanger/Potiskum federal constituency. However, there is no proof that the motorcycles were distributed or transported to Yobe; instead, they were supposedly handed over to the sponsoring lawmaker in Abuja. It is worthy to note that motorcycle use was already prohibited in the state at the time the project was being considered. And the prohibition had been issued by the authority for about seven years prior to the approval of the project (Olufemi, 2022).

Summary and Conclusion

Budget padding refers to the act of manipulating the budgetary process by adding unauthorized expenditures or inflating the cost of projects beyond their actual value. This practice is typically carried out by government officials or lawmakers for personal gain or to divert public funds for their own interests. Thus, the paper was divided into sections vis-à-vis introduction, conceptual clarifications, methodology, data presentation and analysis cum findings, conclusion and recommendations. Adopting the theory of Principal Agent theory, the paper was able to analyze the impact of budget padding on socioeconomic development in Nigeria and came up with the following observation as follows:

Misallocation of resources: Budget padding distorts the allocation of resources, as funds that were meant for critical sectors such as education, healthcare, infrastructure development, and social welfare are diverted to unauthorized projects or used for personal gain. This misallocation hampers the development of key sectors essential for socioeconomic growth.

Infrastructure deficit: Budget padding leads to the mismanagement of funds meant for infrastructure projects. This results in delayed or incomplete infrastructure development, including roads, bridges, schools, hospitals, and power supply. Insufficient infrastructure hinders economic activities, impedes business growth, and reduces the overall standard of living.

Weakened public service delivery: With budget padding, the funds available for public service delivery are reduced, affecting the quality and quantity of services provided. Basic amenities like education, healthcare, sanitation, and social welfare programs suffer, thereby affecting the well-being of citizens and hindering human development.

Worsened poverty and inequality: When public funds meant for poverty alleviation programs or social safety nets are diverted through budget padding, the impact on the vulnerable populations is severe. Poverty levels rise, inequality deepens, and the gap between the rich and the poor widens, exacerbating socioeconomic disparities.

Erosion of public trust: Budget padding erodes public trust in government institutions and reduces citizens' confidence in the governance system. When people perceive their elected officials as engaging in corrupt practices, it undermines the social contract between the government and the citizens, hindering collective efforts for socioeconomic development. According to Sheriffdeen (2022), budget padding refers to when an item's value is increased or additional ones are added to the budget in order to make it larger than the initial estimations. It is occasionally employed in private sector budgets preparation or by companies when presenting a budget request for approval. This is done to allow for project expansion or to pay for unforeseen expenses. However, it has made its way into public budgets by being incorporated in other projects in addition to those that were initially proposed. Mostly, corruption is the driving force among other things.

Recommendations

Budget padding is economic sabotage. Stringent measures to nip the menace in the bud, special law should be made against this menace. Courts should be designated for trial of perpetrators and upon conviction, all looted funds should be recovered and the culprits should face jail term of ten years without option of fine and pardon. Addressing it requires comprehensive reforms, strengthening financial oversight institutions, promoting transparency and accountability, and enforcing strict penalties for offenders. These measures can help curb budget padding, ensure efficient utilization of public funds, and promote sustainable socioeconomic development in Nigeria.

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