

EVALUATION OF FEDERAL GOVERNMENT BUDGET AND RELEASES FOR ROAD INFRASTRUCTURE IN NIGERIA (1999-2014)

Alamu, Bosede Florence¹ & Alamu, Elijah.O.²

Department of Quantity Surveying¹

Department of Surveying and Geoinformatics²

Federal Polytechnic, Bida, Niger State

ABSTRACT

The issue of Budget allocation to road networks in Nigeria remains very volatile and constitutes a major source of political and government tension. On another hand, a major driver of economic growth and development has been declined to be effective road transport system. Given the appalling state of many roads across the geo political zones in Nigeria, understanding government decision viz-a-viz allocation to roads becomes imperative. This study analysed the trend in government budget and spending on road infrastructure between 1999 and 2014. The study also evaluated the effectiveness of government spending on the quality and quantity of Nigerian Federal Roads. Data on government budget and spending on Federal Road construction and rehabilitation for the period 1999 to 2014 was collected from the Federal Ministry of Works and analysed. A deviation between budget estimates and spending was also calculated to evaluate the budget process. Results were thereafter presented in tables and analysed using simple statistical parameters (frequencies and percentages). Findings revealed that the total government budget as well as total actual spending on federal roads from 1999 to 2014 is erratic and persistently under released ranging from -0.79% to -59.13% deviation while average under releases is -19.47% deviation and the total under released amounts to 215.9 billion Naira from 1999 to 2014 the study discovered that the Federal government spends less than its allocations in the annual budgets for Road within the study period. The study therefore concluded that inefficiencies in government budget allocation and spending affects efficiency in output and effectiveness of outcomes which are more likely to increase project cost and further risk of abandonment of projects. The study further recommends an improvement in the budget

process by specifying the spending plans for road infrastructure projects and budget discipline in fund releases.

Keypoints: *Budget, Releases, Allocation, Roads*

INTRODUCTION

A good road network is very essential in its ability to support the growth and development of other sectors in the economy such as agriculture, commerce and industry. In sub Saharan Africa, (Heggie, 1994) as articulated by Nworji and Oluwalaiye (2012) stated that road transport dominates other modes of transport as it carries over ninety percent of passengers and provides the only form of access to most rural communities. According to European Commission (2006) corroborated by Oni (2009) road network constitutes an important element in urban development as roads provide accessibility required by different land uses and the proper functioning of such urban areas depends on efficient transport network, which is a backbone to their very existence.

According to Ikeji (2011) budget is an annual legal financial document often passed by the legislative arm of Government through the chief executive or president approval as an instrument of economic management. In the opinion of Ogujiuba and Ehigiamusoe (2014) government budget is simply a financial statement of the proposed expenditures and expected revenue of the government for a given period of time, usually a year. It is one of the most important economic policy instruments of governments. The government budget is used to allocate resources to strategic priorities and to prevent misallocation of resources. It is also used to ensure macroeconomic stability and managerial efficiency (Ogujiuba and Ehigiamnsoe, 2014).

Budgetary allocations play an important role in development process of any country. Budgetary allocations according to Ikeji (2011) are made to enhance suitable improvement in human welfare or quality of life such as health, education, agriculture and transport services. Budget allocation is an inherent trait of federations all over the world, however Lamidi and Fagbohun (2013) holds that the issue of revenue allocation to road networks in Nigeria remains very volatile and constitutes a major source of political and government tension. Opawole et al (2013) related

that road development depends largely on the budgetary allocation by the government. Opawole et al (2013) revealed that sensitive stages, especially, identification, definition, planning, and budgeting, for infrastructure sector at macro-level have also been criticized to be dominated by the executive arm of the government with minimum input of the construction professionals.

In Nigeria, roads play significant roles in her social and economic life development and are seen as the centre of connectivity of all other mode of transport (Odeleye, 2000; Nworji and Oluwalaiye, 2012; Opawole et al., 2013). Umoren et al (2011) impressed that the road infrastructure has continued to grow much more than other mode in terms of size of the road network and associated infrastructure. FRSC (2011) reported that Nigeria has the longest network of roads in Africa, though road statistics are not up to date Oyedele (2000) supports that the Nigeria economy depends strongly on the functionality of its road transport system Out of the 139 countries assessed by the Global competitiveness report in the 2010-11 year, Nigeria declined in the rankings to 127th from 99th position. Nigeria also received poor assessment for its infrastructure, ranked 135th and placing 128th for quality of its roads. Railroad infrastructure placed 104th, quality of port infrastructure and air infrastructure placed 121th and 101th respectively (The Global Competitiveness Report cited in Mayaki, 2014). This sector should not be neglected but attended to urgently.

Budgetary allocation to the transport system from 1999 to 2014 shows that road infrastructure got a larger share compared with the other modes of transportation. The state of road infrastructure in Nigeria despite huge allocation to it becomes a subject of research (Ekpung, 2014). Road networks grew from 6, 500 km in 1960 to 10, 000 km in 1970 and to 29, 000km in 1980 (Ebenezar-Uzor, 2011 as cited in Mayaki, 2014). In 1990 Nigeria had 108, 000 kilometers of roads out of which 30,000 kilometers were paved, 25, 000 kilometers were gravel, and the rest were unimproved earth carrying 95 percent of all the nation's goods and passengers, the roads constituted the most important element in the transportation network. The estimated current

total road network is 198, 000 kilometers (Chidoka, 2011; Ministry of Works, 2013). Presented in Table 1 below.

Table 1: Length of Roads in Nigeria

Federal Roads	34,120km
State Roads	34,300km
Local Government Roads	129,580km
Total Road Networks	198,000km

Source: Chidoka, (2011).

From table 1 above, the responsibility for planning, developing and maintaining the nation's transport infrastructure is divided among the three tiers of Government. Intra-state roads are the responsibility of State Governments, while the Local Governments are required to cater for intra-urban and rural feeder roads, which account for about 66% of the existing road network. The Federal Government is responsible for the national highways which constitute only 17% of the existing road network. In addition, the Federal Government through its Agencies is also responsible for financing Inland Waterways/River Ports, Sea Ports, railways, airports and pipelines (Draft National Transport Policy, 2010). Seventeen percent (17%) of the total road network in Nigeria is owned and managed by the Federal government (trunk A roads), while another seventeen percent (17%) of the 198,000km total road network is owned and managed by the thirty six(6) states (trunk B roads) while the remaining sixty six percent (66%) is owned and managed by the seven hundred and seventy four (774) local government areas (trunk C roads) of Nigeria where a majority of people live.

Analysis of Budget Allocations and Actual Expenditure on the Nigerian Federal Roads Since 1999 to 2014

The budget process consists of budget estimates (approximation of cost of projects and sources of finance) and actual spending (amount actually realized as revenue and what was actually spent) (Olowolaju et al., 2014). This study did a trend analysis of both budget allocation and actual expenditure of the federal ministry of works on highway infrastructure, showing the growth

rates over the periods between 1999 and 2014 using descriptive statistics in the form of charts and tables. Frequencies and percentages were also used to analyze results. An analysis of the deviation of actual and budget allocations on highway construction and rehabilitation for the periods 1999 to 2014 was carried out, since it is possible that the actual spending may differ from the budget estimates. Table 2 presents total government budget and total Government releases for Road infrastructure in Nigeria from 1999 to 2014. The total deviation in Table 1 shows the numerical and percentage difference between what the Federal Government budgets for Road construction and rehabilitation annually for the period 1999 to 2014 and what was actually released for spending.

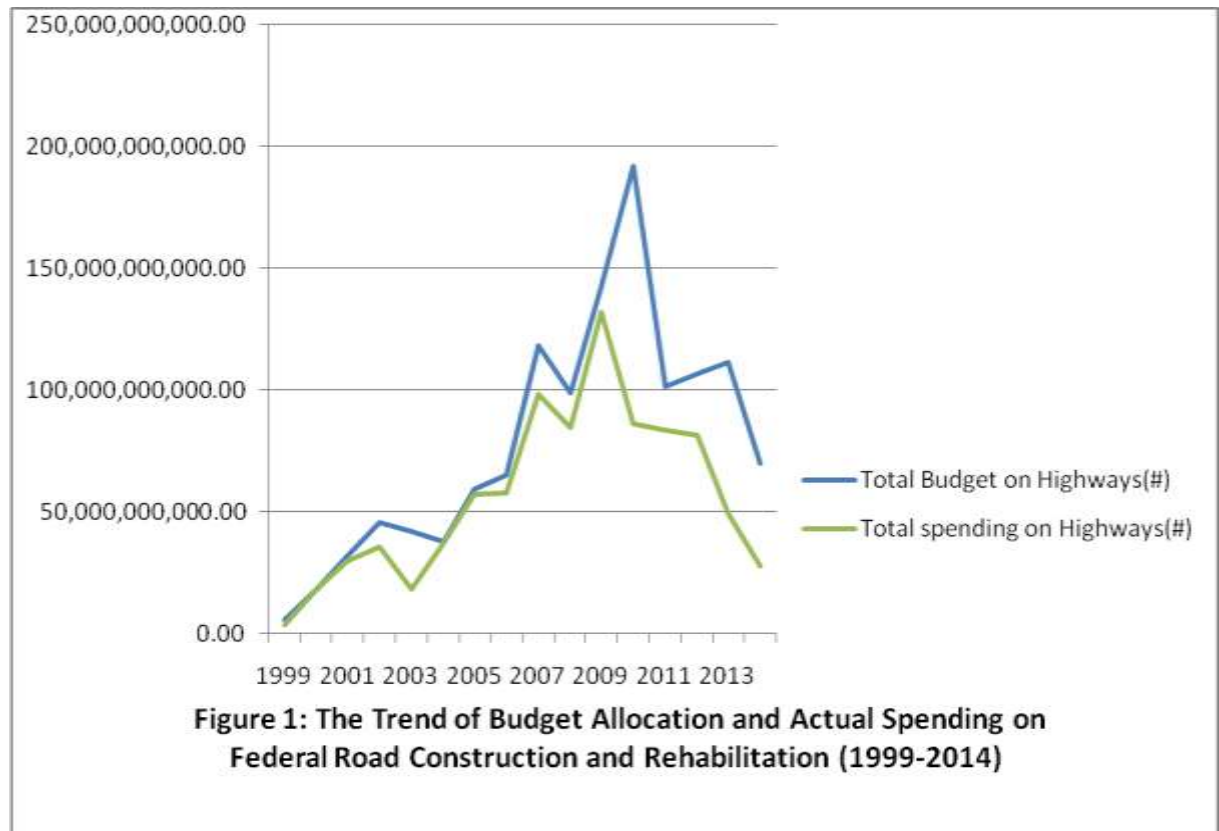
Table 2: Budget Allocation and actual spending on highway infrastructure

Year	Total Budget on Highways(₦)	Total spending on Highways(₦)	Deviation (₦)	Deviation (%)
1999	5,414,731,668.91	3,346,192,410.74	-2,068,539,258.17	-38.2
2000	18,254,855,467.85	18,111,530,510.15	-143,324,957.70	-0.79
2001	31,960,000,000.00	29,680,792,388.95	-2,279,207,611.05	-7.13
2002	45,659,841,385.65	35,301,407,324.31	-10,358,434,061.34	-22.69
2003	41,659,841,385.65	17,861,412,162.74	-23,798,429,222.91	-57.13
2004	37,629,545,761.08	36,887,337,824.05	-742,207,937.03	-1.97
2005	59,147,794,161.62	57,147,794,161.62	-2,000,000,000.00	-3.38
2006	65,082,944,794.83	57,652,597,924.30	-7,430,346,870.53	-11.42
2007	118,149,981,842.21	98,356,579,109.71	-19,793,402,732.50	-16.75
2008	98,356,172,482.21	84,357,847,191.21	-13,998,325,291.00	-14.23
2009	142,415,411,985.00	132,098,796,806.01	-10,316,615,178.99	-7.24
2010	191,809,701,865.73	86,207,636,804.44	-105,602,065,061.29	-55.06
2011	101,033,110,921.14	83,705,257,088.93	-17,327,853,832.21	-17.15
2012	106,702,846,702.30	81,689,093,594.57	-25,013,753,108	-23.44
2013	111,362,739,080.00	49,415,236,272.87	-61,947,502,807	-55.63
2014	69,898,708,704.00	27,457,511,403.73	-42,441,197,300	-60.72
Total	1,244,538,228,208.18	899,277,022,978.33	-345,261,205,229.85	-392.93

Source: Federal Ministry of Power, works and housing, National Population commission (2015)

It can be observed from the above table that total government budget as well as total actual spending on Federal roads from 1999 to 2014 is erratic. The Table shows persistent under releases

ranging from -0.79% to -59.13% while average under releases is -19.47%. Total under releases amounted to 215.9 billion Naira from 1999 to 2014.



SOURCE: Author's Analysis (2016)

The graph in figure 1 shows the trend analysis for both total budget estimates and actual budget for the period 1999 to 2014 which clearly demonstrates that there has been increased spending on Road infrastructure within the study. The erratic nature of the budget allocation and budget releases are likely to:

- i. Increase project costs
- ii. Reduce quality of output and
- iii. Increase risk of project abandonment.

Table 3: Summary of Budget, Total Releases and Deviation of Budget Allocation

Zones	Total budget (₦)	Total releases (₦)	Deviation (₦)	Deviation (%)
North Central	117,542,370,632.57	104,500,622,381.32	-130,417,482,421.25	-11.1
North East	193,127,307,977.20	142,126,862,860.29	-51,000,445,116.91	-26.41
North West	116,944,223,779.86	94,510,475,477.11	-22,433,748,302.75	-19.18
South East	99,472,188,386.89	82,288,848,528.58	-17,183,339,858.31	-17.14
South South	485,410,409,167.10	454,645,696,520.93	-30,764,712,646.17	-6.34
South West	102,412,525,047.90	75,841,660,938.11	-26,570,864,109.79	-25.94

Source: Federal Ministry of Power, works and housing, National Population commission.

Table 3 gives the summary of the total Budget allocation, budget releases and deviation between budget and releases and the percentage differences for each zone from year 1999-2014. The South South zone received the highest budget allocation and budget releases of 485.4 billion Naira and 454.6 billion Naira. This implies that it has the lowest deviation. The South East zone received the least budget allocation and budget releases of 99.5 billion Naira and 82.3 billion Naira respectively. The regional average deviation range from -6.34% (South South) to -26.41% (North East). This shows that the budget allocation and budget releases do not show systematic pattern required for efficient completion of projects. Therefore, the likelihood of delays, high costs and incomplete projects is high.

Analysis of Output and Outcomes

In 1999, a total of 5,414,731,668.91 Naira was budgeted for the construction and rehabilitation of Federal Roads in Nigeria by the Federal government and 3,346,192,410.74 Naira was released for spending and the physical road infrastructure in Nigeria as at that period was 194,394 km (Mayaki, 2014). In year 2014 however, 69,898,708,704.00 Naira was budgeted and 27457511403.73 Naira was spent for Federal Road construction and rehabilitation

whereby road networks increased from 194,394 km to 198,000 km (Chidoka, 2011). One would expect the total road network to have grown more than 198,000 km between the two periods 1999 and 2014 when funds spent on projects are compared. The case is that, overall, the Nigeria road network is grossly inadequate and is in poor shape. From Table 3 of the 956.57 billion Naira budgeted, 740.72 billion Naira was released. The expansion in the road network in the period does not justify the budgetary releases. The poor state of some of the roads such as the Bida- Minna, Benin-Shagamu and Lagos-Ibadan roads suggest that many roads may have deteriorated between 1999 and 2014. Therefore, the aggregate expenditure on roads infrastructure provision in Nigeria can be said to be unproductive.

CONCLUSION

The state of Federal Road in Nigeria today did not correspond with increasing annual budget allocation. Budget for Federal Roads is at increase while the Road for which the Budget is Being allocated is deteriorating. The Inefficiencies in government Budget allocation and spending therefore affects efficiency in provision of physical road infrastructure as well as effective outcomes. The under releases tend to increase project cost, reduce project quality and increase risk of project abandonment.

RECOMMENDATIONS

Given the very important place of road transportation in our everyday life, the state of road infrastructure needs to be kept in good condition. Budgetary allocations as well as actual spending on Federal Roads for construction and rehabilitation need to be efficient and effective. The study recommends an improvement in the budget process; this could be done by specifying the spending plans for road infrastructure projects and budget discipline in fund releases. The Federal Ministry of Works and all the stakeholders involved in road provision should ensure proper monitoring and evaluation of projects awarded yearly to ensure value for money is achieved. This can be done through supervision of project sites by professionals in the field of the ongoing project at regular intervals until works are completed, this is to curtail the problem of spending without results and check substandard use

of materials. This study also recommends further studies in the area of evaluation of public spending on other capital projects.

REFERENCES

- Chidoka, O. (2011). Successes and Challenges of a Lead Agency and the Multi sectoral Nature of Road Safety.
- National Transport Policy Paper, (1993).
- Ekpong, E.G. (2014). Trend analysis of public expenditure on infrastructure economic growth Nigeria. *International Journal of Asian Social Science*, 4(4), 480-491.
- European Commission (2006). Road infrastructure: the backbone of transport system. European Commission.
- FRSC, (2011). Road Mirror 2010. No. 2. Federal Road Safety Commission, Nigeria.
- Ikeji, C.C. (2011). Politics of revenue allocation in Nigeria: a reconsideration of some contending issues, *Sacha Journal of Policy and Strategic Studies*, 1(1), 121-136.
- Lamidi, O.K. and Faghohun, F.O. (2013). Advocating for direct revenue allocation to Nigerian Local Governments: a catalyst for National development, *Journal of public administration and Policy research*, 5(6), 133-140.
- Mayaki, H.M. (2014). An Evaluation of government provision and maintenance of infrastructures in Nigeria: the case of road transport infrastructure. A project thesis submitted to the department of Economics, Admadu Bello University, Zaria.
- Ministry of Works (2013). Road infrastructure and related development in Nigeria- an investors' manual. Federal Ministry of Works.
- Nworji, I.D and Oluwalaiye, O.B. (2012). Government spending on Road infrastructure impact on the growth of Nigerian economy, *International Journal of Management Business Studies*, 2(2), 1-7.

- Odeleye, J.A. (2000). Towards financing and planning road safety audit operations in Nigeria. A paper submitted to the Nigerian railway corporation, Lagos.
- Oduwole, O.S.V. (2009). Road infrastructure management strategic framework for Africa: a case study of Nigeria Roads. A paper submitted to the school of Engineering Technology, Federal Polytechnic, Owerri, Imo State, Nigeria.
- Ogujiuba, K.K. and Ehigiamusoe, K. (2014). Capital Budget Implementation in Nigeria: Evidence from the 2012 Capital Budget, *Contemporary Economics*, 8(3), 299-314
- Olowolaju, P.S., Ajibola, O., and Falayi, I. (2014). Federal government statutory fund allocation to states in Nigeria, West Africa: Any reasonable story to tell, *American international Journal of Social Science*, 3(4), 152-165.
- Oni, A.O. (2009). Examining the pattern of commercial property values and the relationship between the explanatory variables of the road network in Ikeja Nigeria. A PhD Thesis submitted to Department of Estate Management, Yaba College of Technology, Lagos.
- Opawole, A., Jagboro, G.O., Babatunde, S.O., Opawole, M.O. (2013). Critical factors in road infrastructure development in Osun State, South Western Nigeria.

BIOGRAPHY

Alamu Bosede Florence, a lecturer in the department of Quantity Surveying Federal Polytechnic Bida, Niger state is a Registered Quantity Surveyor. Born in the year 1976 at Oke- Opin kwara State. She attended New Tundun-wada primary School within the year 1983-1988 and had her Secondary education within the year 1988-1994 at Government Day Secondary School, Tunga, Minna Niger State. She obtained National Diploma in Building Technology (year 2000) from the Federal Polytechnic Bida, before proceeding to Federal University of Technology Minna where she obtained her first degree (B.tech) in Quantity Surveying in year

2006 and Master of Technology in Quantity Surveying in the year 2017. She is Married to Surv. Elijah Olusanjo Alamu.

Alamu, Elijah Olusanjo is a lecturer in the department of Surveying and Geomatics, Federal Polytechnic Bida. He is a holder of both the Higher National Diplomal (HND) and Bachelor of Technology (B.Tech) in Surveying. He also holds a Master of Technology (M. Tech) degree, in Remote Sensing. He became a registered Surveyor in October 2003. He has a blessed marriage

Reference to this paper should be made as follows: Arc. Boyce A. Odoko (2018). Nigerian Cities needs Underground Sanitary Sewage Pipe System Fed to Treatment Plant. *J. of Environmental Science and Resources Management* Vol. 10, No. 4, Pp. 7-17
