

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background to the Study**

Planning, allocation and utilization of financial resources for projects are crucial decisions for the actualization of corporate objectives in private and public organizations. The budgeting process is employed to integrate these decisions (Shapiro, 2001; Ugwu, 2006; Ekwealor, 2007; Ugoo, 2008, Fort, 2012). In private organizations, the bottom line is profit. However, budgeting in the public sector or government establishments is concerned with enhancing the welfare of citizens; via the provision of infrastructure and services for the people. Meyers (1999) emphasizes that, because time and wealth are scarce resources to all organizations, including the government, effective utilization of these resources requires careful planning and control, which a budget seeks to achieve. Hence, the need for an efficient budgeting process to allocate scarce resources to vital sectors of an economy in an informed manner.

Budgeting in its generic sense is defined as a financial and quantitative statement, prepared and approved prior to a defined period, of the policy to be pursued during that period, for the purpose of attaining a given objective. It represents a detailed plan of action that is prepared in relation to a particular period of time. The budgetary process translates financial resources into human purposes (Ekaete, 1989; Chartered Institute of Cost and Management Accountants (CICMA), 2003; Kafareti, 2006). In addition to this, Ugoo (2008) submits that a well prepared budget acts as a mechanism to plan for revenue and expenses related to specific operations within a given time frame.

The government or public budget is more encompassing, than the generic definition of a budget. It not only contains estimate of incomes and expenditure (Federal Government of Nigeria, 1999), but also proposes policy thrusts particularly with regards to the direction which the economy is expected to follow (Altinyele, 1980). To corroborate this, Aderibigbe (2012), established that the role of a budget in an economy cannot be overemphasized, because it is an important tool for economic planning, resource mobilization, allocation and control.

Fort (2012) surmises that a public budget is a very important tool for financial planning, economic policy and development and is regarded as the most crucial instrument for governance. This is because it not only provides leaders access to state resources, it also sets out a platform for allocating these resources for the welfare of the people. Budgets are critical for the performance of the primary function of every government, which is to provide public goods and services (welfare) as enshrined in the constitution. According to Emma (2001) and Ekwealor (2007), it contains the government's proposed policy initiatives and targets to be achieved in both physical and financial terms. For the purpose of estimating financial requirements of various sectors of an economy, most governments adopt the system of annual budgeting.

According to Chark (1995), budget also helps to measure efficiency and inefficiency in a system. In view of this, Curristine, Zsuzsanna, & Journard (2007) clearly emphasize that for efficiency in public organizations to be achieved, budget practices and procedures must be changed or improved and result-oriented approaches to budgeting introduced.

A budget constituent of the Nigerian government, at both the federal and state levels in its annual budget exercise, is the provision of housing. Housing (shelter) is undoubtedly a major welfare concern to the inhabitants of any geographical location on earth. It is of supreme importance to man and one of the best indicators of a person's standard of living and his place in society (Ugonabo and Emoh, 2013). It is unarguably one of the basic necessities of man and ranks second after food in the hierarchy of man's needs. However, according to Ebie (2009), it is the first and most important of all rights.

Ebie (2009), states that housing, in all its ramifications, is more than mere shelter. It embraces all social services and utilities that make a community or neighbourhood a livable environment; which makes it a human right. This position is reinforced by section 16(1)(d) of the 1999 constitution under the Fundamental Objectives of State Policy, which compels the Nigerian State "to provide suitable and adequate shelter for all citizens". It reinforces the call for public sector driven mass housing provision in Nigeria. Over time, the need for adequate shelter has continued to attract global attention especially in developing countries where the urbanization process has been growing at an alarming rate (Jiboye, 2009; Omoniyi and Jiboye, 2011).

Nigeria, like other developing countries is saddled with uncontrollable growth of the urban population caused by lack of provision of infrastructural facilities. The proportion of the Nigerian population living in urban centres has increased phenomenally from 7% in the 1930s, 10% in 1950, 20% in 1970, 27% in 1980 to 35% in 1990 (Okupe, 2002). Over 40% of Nigerians now live in urban centres of varying sizes. The incidence of this population in urban centres has created severe housing problems, resulting in overcrowding in inadequate dwellings, and has resulted in a situation where 60% of Nigerians can be regarded as “houseless persons” (Federal Government of Nigeria, 2004).

The foregoing gory picture of housing in Nigeria applies to a high extent to Anambra State, in the south-eastern geo-political zone of the country, which makes the State a peculiar one of focus. The 2006 National Population Census established that Anambra State has a population of 4,182,032 which makes it the 9th most populous State in Nigeria (National Population Commission (NPC), 2006). The State population was also projected to be 5,073,868 by the end of 2013 using the 2.8 % population growth rate of the 2006 census. The State is also experiencing rapid urbanization and because of its relatively small land mass, it is becoming one huge urban area.

According to the National Bureau of Statistics (NBS) (2006), Anambra State is the second most urbanized state in the country having 62% of its total population living in urban areas. Consequently it has one of the highest population densities in Africa and the second most densely populated state (1,500 – 2000 persons per square kilometer) in Nigeria. These situations have resulted to challenges of inadequate and unaffordable housing for the inhabitants, especially the poor and low-income groups, thus leaving the state in dire need of mass provision of housing facilities for the residents. The Demand for better housing units, especially in the urban centers of the State has been on the increase. In plain language, the demand for houses out-stretches the supply (Anambra State Government, 2009).

To corroborate this ugly scenario, Okoli (2007) stressed that since its creation, Anambra has been faced with the housing problem. The problem is so pronounced, that over 75percent of the state workers still operate from Enugu State; a journey of at least one hour to Awka and other cities outside the state capital. This has led to low productivity, lateness and truancy.

To compound these challenges, Anambra State still grapples with poor budgeting procedures (Anambra State Government, 2009a). Ineffective and inefficient budgeting procedures by the State government reflect in the housing budgeting process and have impacted negatively on the housing sector. It has contributed to denying the residents the benefits of housing delivery schemes. Specifically, these problems bother on poor budget performance arising from poor preparations, undisciplined implementation and extra budgetary expenditures, weak project monitoring and evaluation procedures, excessive bureaucratic bottlenecks in passing and approval of budget, lopsided or skewed allocation, lack of scientific basis or criteria for dictating budget ceilings and final budget sums, absence of housing cost professionals or experts in making decisions regarding final housing budget allocations, inadequate needs assessment of the citizenry on housing priorities before budgetary allocations, absence of a mechanism for obtaining statistical data on housing needs.

Economists expect any budget that is properly formulated and implemented to be comprehensive, transparent and to be characterized by probity, accountability and measurability. If a budget is effectively and religiously implemented, it opens up several economic windows. It helps a nation to achieve national development objectives within a given time frame. These include measurable economic growth rates that reduce poverty, raise income, makes for equitable wealth distribution and economic stabilization (Fort, 2012).

The problem of housing is obviously a common one. The housing need of every single individual or organization may be impossible to meet, giving limited resources. This research however argues that inefficiency and ineffectiveness of budgeting procedures in Anambra state is one factor that influences both delivery and availability of housing. The housing budgetary process in Anambra State (from preparation and allocation through implementation and monitoring) can be improved, to make housing available. Appropriate, efficient, realistic, adequate, verifiable, ethical and transparent budgetary measures should be adopted and adhered to, in order to improve confidence in the system and alleviate the plight of the citizenry.

It is against this backdrop that this research appraises critically, the performance of Anambra State's housing budget and their implications to the delivery of housing infrastructure. This is with a view to establishing weaknesses and inefficiencies in the system and developing a

framework to address or mitigate them. It encapsulates a holistic investigation of the problems bedeviling the budget performance of the housing sector in Anambra State. Details of this and statement of the research problem have been presented and discussed in subsequent sections of this research.

## **1.2 Statement of the Problem**

Anecdotal evidence suggests that the housing budget of Anambra State is fraught with poor performance, arising from inefficient planning and preparations, low involvement of housing cost professionals and lack of infrastructural support for the State's Housing Corporation. Extra budgetary or undisciplined expenditure, weak budget monitoring and evaluation and poor implementation are other budgeting problems facing Anambra State (Amakom, 2013). There is also the issue of lopsided or skewed allocation, where housing budget ceilings and final housing budget allocations are not established on any known scientific basis or criteria. The housing budget system also suffers excessive bureaucratic bottlenecks, weak political will and political interference in passage and approval. In addition to this, the housing budgeting process in Anambra State is characterized by lack of citizen participation and inadequate needs assessment of the citizenry before allocations are made. To worsen this, Anambra State, presently, does not employ any mechanism for obtaining statistical data on housing needs to achieve long term planning. The following explanations further provide a clearer insight and understanding of the afore-highlighted problems.

First, Emma (2001) maintains that a major cause of budget failure is the absence of accurate data for planning purposes; hence budget preparation needs absolute reliance on accurate data. Currently, there is paucity or unavailability of data on housing needs in Anambra State, which is urgently needed to plan long term housing development objectives.

Second, housing budget preparations in Anambra State is not fully participatory, i.e. preparation of the housing budget is not done with the needs of the people in mind (people-centered), hence, the benefits of the budget to the people are not maximized. Ordinary citizens of Anambra State do not know their housing budget. It is the principal officers who do everything. This is the system that has been going on. Apart from insulating the budget process and documents from

public scrutiny, there are no representations from civil society, grass root or community based organizations from the planning and preparation stages, through the approval, passage and implementation stages to checkmate unethical issues. Preparations are characterized by favouritism, nepotism, settling political squabbles, personal contracts and enhancements. The masses do not make their inputs. Because the budgets are not predicated on the inputs and proper needs of the people, the projects encapsulated in the budgets are usually not of priority to the people, the costs of such projects are seen as inflated and the projects are invariably poorly implemented because they are not monitored by the people. Even when the right projects are captured in the budget, they are usually not fully implemented, due to either inadequate allocation of funds or non-release of funds.

Third, enough time is often not given for the budget preparation process. A comprehensive needs assessment requires sufficient time to carry out, so that the pressing needs of the people are captured. In addition to this, anecdotal evidence reveals that the budget is usually submitted late, usually one month before the date of commencement, and therefore hurriedly considered by the State legislature, without a thorough job being done. Such delays also deny the people the benefits of early initiation, commissioning and completion of housing projects. Sequel to this, there is also no serious and effective mechanism for evaluating the efficiency of utilization of housing budget funds, monitoring and reviewing housing budget performance to ensure effective budget implementation. As a result, the people do not usually benefit fully from the intended purposes (housing projects) of the budget.

The fourth problem bedeviling the Anambra State housing sector budget is that housing and construction cost professionals such as the Quantity Surveyors are not fully involved. According to Anyadike (2002a), the Quantity Surveyor's role in society is that of ensuring that the resources for construction and development are utilized to the best advantages of the economy. Unfortunately, Quantity Surveyors are not fully involved in the decision making process of final housing budget allocations in Anambra State. Quantity Surveyors are often sidelined or relegated to the preparation of housing development estimates, tendering and interim valuation, during the implementation (construction) stage.

The common practice is that at the beginning of the budget cycle each year, the Ministry of Budget and Economic Planning sends a budget circular to the Ministry of Housing, stipulating their budget ceiling (or limit) to be adhered to. This housing budget ceiling and the final allocation are not founded on any known scientific basis or criteria such as percentage of federal allocation or internally generated revenue, needs survey, percentage contribution to Gross Domestic Product (GDP), hence, they seem to be fixed arbitrarily annually, albeit with political influence. Thus, estimates prepared by Quantity Surveyors in the Ministry of Housing are often cut down, with the reason that such estimates must not exceed the budget ceiling because of lack of funds. The remaining budget sum is often grossly inadequate and the implication of this practice is that the initially intended housing project size or scope is reduced to avoid exceeding the budget limit. This also leads to a piece-meal release of funds annually, to execute work items of housing projects not executed in the preceding year, resulting in a slow pace of housing development. To compound this, these sums are often slashed again, during the final stages of the budget approval by the State executive council.

Lastly, another setback of the Anambra State housing budget is that the allocation for infrastructural provision for the Housing Corporation which reflects annually in the published budget rarely gets into the coffers of the Corporation. Hence, the Corporation is left to 'fend' for itself, while other sectors enjoy direct government support annually. The implication of this is that when the Housing Corporation is totally ignored because it is expected to make profit to 'survive'. The costs of such infrastructure (access roads, drainages, electricity) are built into the housing cost. This further aggravates the plight of the citizenry because unaffordability and dearth of housing facilities is increased.

Given the above background, there is need for a holistic approach or framework to address the housing budget management problems identified, hence the development of a model for effective housing budget performance targeted by this research; which is geared towards improving housing delivery.

### **1.3 Aim and Objectives of the study**

The aim of this research is to develop a model (framework) for effective housing budget performance and delivery in Anambra State. The following objectives are the premise for achieving the aim of the study:

- i. to assess the trend of housing budget allocation for the period (1999 – 2016) under study;
- ii. to critically appraise, Anambra State Government's housing budget practices and the criterion(a) it adopts in establishing annual housing budget ceilings and allocating annual housing budgets;
- iii. to identify and rank the planning, preparation and implementation problems facing housing budget performance in Anambra State;
- iv. to compare the annual housing budget allocation and annual actual housing expenditure of Anambra State from 1999 – 2016;
- v. to determine the proportion of annual housing budget allocation of Anambra State in comparison with the State's annual capital budget and other key economic sectors; and
- vi. to develop a model (framework) that will enhance the performance of the annual housing budget of Anambra State.

### **1.4 Research Questions**

The following research questions formed the basis of the study:

- i. What trend has the allocation of housing construction budgets in Anambra State taken from 1999 - 2016?
- ii. How well are the housing budget practices of Anambra State faring? And what criterion(a) does the Anambra State Government adopt in establishing annual housing budget ceilings and allocating annual housing budgets?
- iii. What are the major planning, preparation and implementation problems facing housing budgeting performance in Anambra state?
- iv. To what extent has the annual actual housing expenditure of Anambra State deviated from the annual housing budget estimate from 1999 – 2016?
- v. What proportion of the State's annual capital budget is allocated for housing and what is this proportion in comparison with other key sectors of the State's economy?



- vi. What nature of model or framework can be developed to enhance annual housing budget performance in Anambra State?

## **1.5 Significance of the Study**

Results from the research, first, will provide a housing budget performance model or framework which the Anambra State government will adopt as guide in improving the housing budgeting process and ultimately performance, to ensure effective delivery of housing amenities for its teeming urban residents, raise their living standards and create a conducive atmosphere where economic development will thrive.

Second, the study will assist the Anambra State government in the rational and objective planning, control and allocation of its limited financial resources, amongst competing sectors of the State's economy.

Third, it will contribute to the existing body of knowledge by updating and enriching housing and public budgeting literature and also isolating in order of severity, the problems bedeviling the housing budgeting performance of Anambra state, to enable necessary government policy actions to be taken in order to address them.

Lastly, the study will provide a data base for subsequent researches in housing and housing budget issues in Anambra State, and beyond.

## **1.6 Research Hypotheses**

Based on the objectives of this research, the following hypotheses were formulated and tested in the cause of this research:

Hypothesis 1.H<sub>0</sub>: There is no significant trend in annual housing budget allocation in Anambra State for the period under study.

Hypothesis 2. H<sub>0</sub>: There is no causal relationship between the State's annual housing budget and the annual federal allocation.

Hypothesis 3.H<sub>0</sub>: Housing budget problems have no significant effect on housing budget performance in Anambra State.

Hypothesis 4.H<sub>0</sub>: There is no significant relationship between annual housing budget allocation and annual actual housing expenditure in Anambra State.

### **1.7 Scope and Delimitations of the Study**

This research covers an 18 year period; from 1999 to 2016. The base year, 1999 is an important year in the history of Anambra State and Nigeria, because it marked the beginning of the democratic dispensation in Nigeria. The choice of this year is based on the premise that the democratic era followed some form of laid down rules, guidelines or due process, such as the constitution and other policies for budget preparation or procedures.

The nature of housing projects that this study focuses on are residential, mass housing schemes/housing estates and public buildings such as office, commercial, health, educational buildings executed by the State Government for the period under study.

The categories of respondents covered by the study include: Quantity Surveyors, Builders, Estate Surveyors, Land Surveyors, Architects, Town Planners, Accountants, Economists and Public Administrators. The rationale behind this is that, by virtue of their training, they are in the best position to provide answers to questions bothering on budgeting, estimating, construction management, financial management, planning and administration of housing development.

### **1.8 Limitations of the Study**

The following limitations were encountered by the researcher in the cause of this research:

- (i) There was the problem of data collection from public offices due to excessive bureaucratic bottlenecks of the public sector and ‘official secret syndrome’. During the oral interviews, there was also lack of co-operation of some staff who failed to understand the purpose of the research. They became either guarded or reluctant and suspicious when questions on financial issues were asked, especially when it concerns the expenditure of housing projects of the State.
- (ii) There was also limited publication and empirical researches on public budgeting procedures, especially for the housing sub-sector in Nigeria and Anambra State respectively. Most publications and researches focused on general public budgeting

and how it affects the economy as a whole, and do not specifically address the peculiar nature and problems of housing.

- (iii) More research assistants were needed to administer the questionnaires, which gave rise to some financial constraints and delays. Some questionnaires were lost in the hands of the respondents, but were replaced.

## **1.9 Assumptions of the Study**

According to Leedy and Ormrod, (2010), assumptions are conditions that are taken for granted. The following underlying assumptions were therefore made and held constant in carrying out this research. The assumptions also provided a direction to the understanding of the research as conceptualized:

- i. Housing is an essential infrastructure, and a major welfare consideration for every citizen of Anambra State;
- ii. Financial resources for housing development will always be limited;
- iii. The Procedure for preparing the housing budget for the period under study was the same;
- iv. The budget allocation formula was constant or remain unchanged during the period under consideration;
- v. The housing budget allocations were used for housing development purposes only;
- vi. The rate of population increase was the same for the period under study;
- vii. The respondents are experienced enough and well informed to give authoritative feedback on the information sought;
- viii. The sources of data for the research are authentic and reliable.

### **1.10 The Study Area**

Anambra possesses a history that stretches back to the 9th century AD, as revealed by archaeological excavations at Igbo-Ukwu and Ezira. Old Anambra State was created in 1976 from the then of East Central State with its capital at Enugu. A further state creation exercise by the then regime on 27th August 1991 divided Anambra into two States, Anambra and Enugu (<http://www.nigeriagallery.com/Nigeria/States>). Anambra State is one of the 36 States in Nigeria, located in the south-east geo-political zone of Nigeria. Its name is an anglicized version of the original 'Oma Mbala', the native name of the Anambra River. The indigenous ethnic groups in Anambra state are the Igbo (98% of population) and a small population of Igala (2% of the population) who live in the North western part of the state. The State's theme is "Light of the Nation". (<http://www.anambrastate.gov.ng>). The people are very industrious, and most of the industrial base of the state is private sector driven, spanning from agro-allied, automobile and manufacturing situated mostly in the Nnewi industrial belt. Onitsha market is reputed to be the biggest in West Africa.

The State lies approximately between latitudes 5<sup>0</sup>50' and 6<sup>0</sup> 45' North and Longitudes 6<sup>0</sup>35' and 7<sup>0</sup>30' East (Umenweke, 2000). Anambra State is in the tropical zone of Nigeria, with two distinct seasons, dry and rainy seasons from December to April and May to October. While annual precipitation ranges from 1500mm to 2000mm rainfall with July as the rainiest month (Umenweke, 2000). According to him, humidity is relatively high between 65-80 percent throughout the year; daily temperatures up to 25<sup>0</sup>c are recorded on very hot days in January and March. The State shares boundaries with Delta to the West, Imo to the South, Enugu to the East and Kogi to the North as depicted in figure 1. It has a total land mass of 4,416 km and situates on the Eastern side of River Niger. The State has 177 communities (towns) in 21 Local Government Areas. It comprises three major towns namely, Awka, its capital city, and the Seat of Government, the commercial town of Onitsha and the industrial city of Nnewi.

According to the NPC, (2006), Anambra State has a population of 4,182,032 made up of 2,007,391 males and 2,174,641 females, which makes it the 9th most populous nationwide. It also has estimated average population density of 1,500–2,000 persons per square kilometer, making it the second most densely populated state in Nigeria, after Lagos State. Statistical data

from the National Bureau of Statistics (NBS), (2012) indicates that Anambra State also has the lowest poverty rate in Nigeria. With an annual population growth rate of 2.21 percent per annum, Anambra State has over 60% of its people living in urban areas making it one of the most urbanized places in Nigeria. In fact, according to the NBS (2006), Anambra State is the 2nd most urbanized state in the country, with 62% of its total population living in urban areas.

Faced with decades of neglect and bad governance, the shift in rural/urban migration has posed serious problems to available infrastructural provision and on the State's resources. This pressure is prevalent in the major towns of the State, and as a result, they have become characterized by inadequate and deteriorated road networks, walkways, unregulated building patterns, sanitation, uncontrolled street trading, mountains of garbage, and chaotic transport systems, creating congestion, noise pollution and overcrowding, exorbitant rents (Ugonabo and Emoh, 2013).

In an attempt to address this situation, the administration of Peter Obi (a former governor of the State), with the assistance of the UN-HABITAT produced 20-year structural plans (2009–2028) for the three major cities in the State, Onitsha, Nnewi and Awka Capital Territory to restore urban planning and guide their growth into the future. The plans contain policies and proposals for land use, city beautification, road infrastructure, industrial development, waste disposal, water supply, health, educational facilities and housing, which will turn these cities into successful urban areas, generate employment, wealth and provide high living standards for its residents. Anambra became the first State in Nigeria to adopt Structural Plans for its cities and with effective implementation, these reforms should be felt in all sectors of the State, the housing sector inclusive and should systematically grow the State as a major economic center in Nigeria and West Africa (<http://www.anambrastate.gov.ng>).

Anambra's political history can be described as varied and up until recent history, troubled. It is a state with a long list of "firsts" in Nigeria history that dubbed the sobriquet "The Light of The Nation" (<http://www.anambrastate.gov.ng/politics>). On May 29, 1999, Chinwoke Mbadinuju was sworn in as civilian governor of Anambra state, after many years of military rule. His administration was marred by heavy problems, especially in the education sector. On May 26, 2003, Chris Ngige was sworn in as the new governor of the state, but he was removed in March

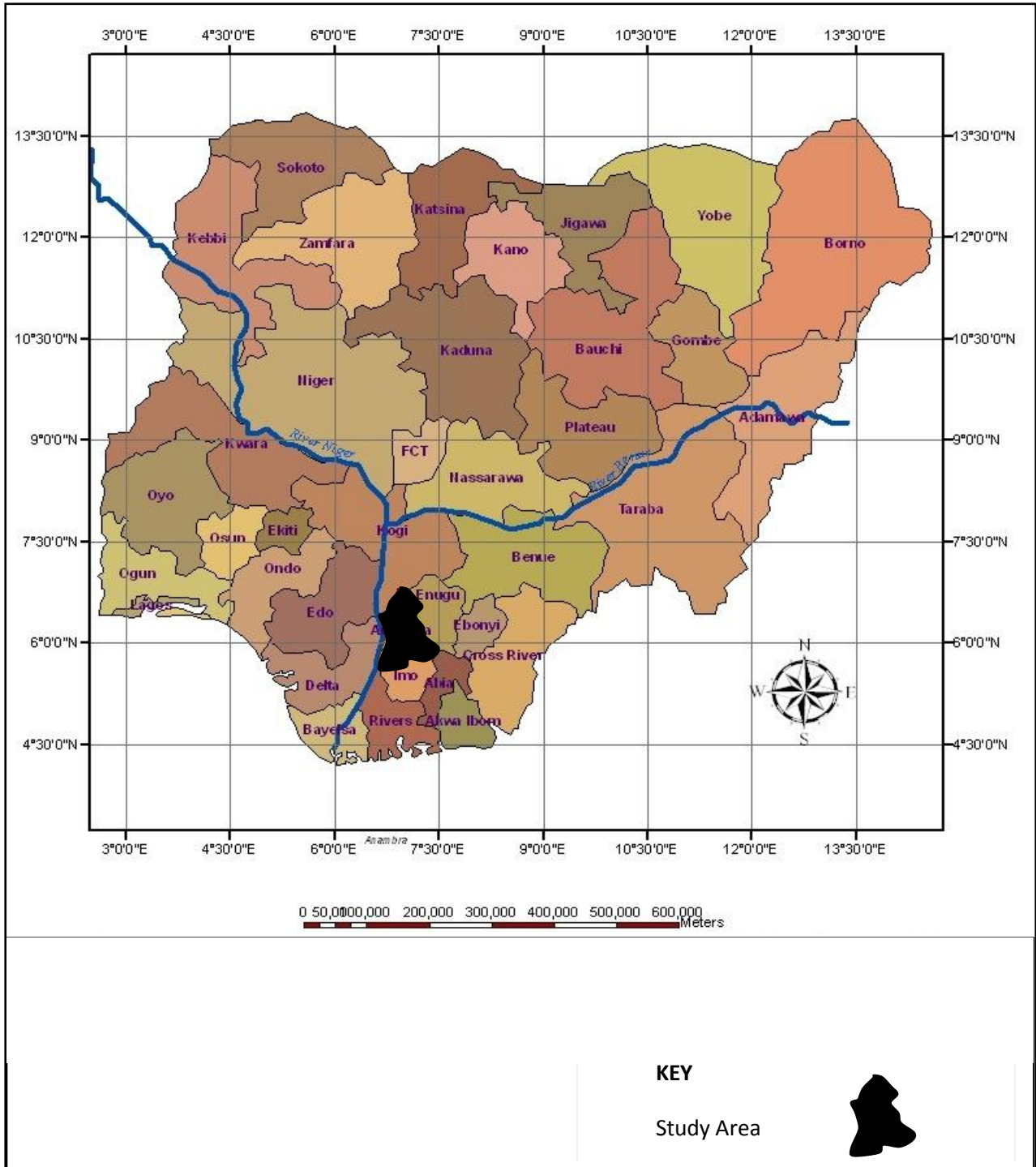
2006 when Peter Obi dragged him to court on charges of electoral malpractice. The Court of Appeal in Enugu asserted that his election victory in 2003 was fraudulent and ordered him to leave the seat. Before his departure however, he executed a number of projects which were mostly road construction. Peter Obi was in turn ousted by a faction of the Anambra State House of Assembly on November 2, 2006 and replaced by Virginia Etiaba, his deputy. On February 9, 2007 Mrs. Etiaba handed power back to Obi after the Court of Appeal had nullified Obi's removal.

On April 14, 2007, Andy Uba was "elected" the new governor of the state and, on May 29, was sworn in as the new governor. The election was reported to be massively rigged and was disapproved all over the country. On June 14, 2007 the Supreme Court of Nigeria removed Andy Uba from office and replaced him with his predecessor Peter Obi, on the ground that Peter Obi's tenure had not ended, therefore there was no vacancy in the governorship. On Saturday, 6 February 2010, Peter Obi was re-elected governor for a second term of four years. The regime of Peter Obi was characterized by massive infrastructural development in areas of education, roads, bridges, ICT and commerce and investment. Dr. Willie Obiano was sworn in on the 17th of March, 2014 as the new governor after the expiration of the Peter Obi second term, having won the November 16th, 2013 election. The regime of Obiano also witnessed infrastructure development especially in areas of agriculture, community development and works. There were efforts in his regime to upgrade the State capital, Awka. For instance, the twenty million Naira assisted 'choose your own community development projects' was initiated, three fly-overs were constructed between the Amawbia and Arroma end of the Enugu-Onitsha Expressway, a distance of about three kilometres within Awka city. In October 2015, the State government signed memorandum of understanding with Galway modular housing company, Affordable Building Concepts International for 10,000 housing units in the State. The project is however yet to commence as at 2017.

Construction activities in the works sector and concentration of construction industry participants such as clients, contractors and professional consultants are found in the State capital of Awka and other commercial towns such as Onitsha and Nnewi. In Anambra State, the importance of the construction Industry has been described succinctly as occupying an important position in the

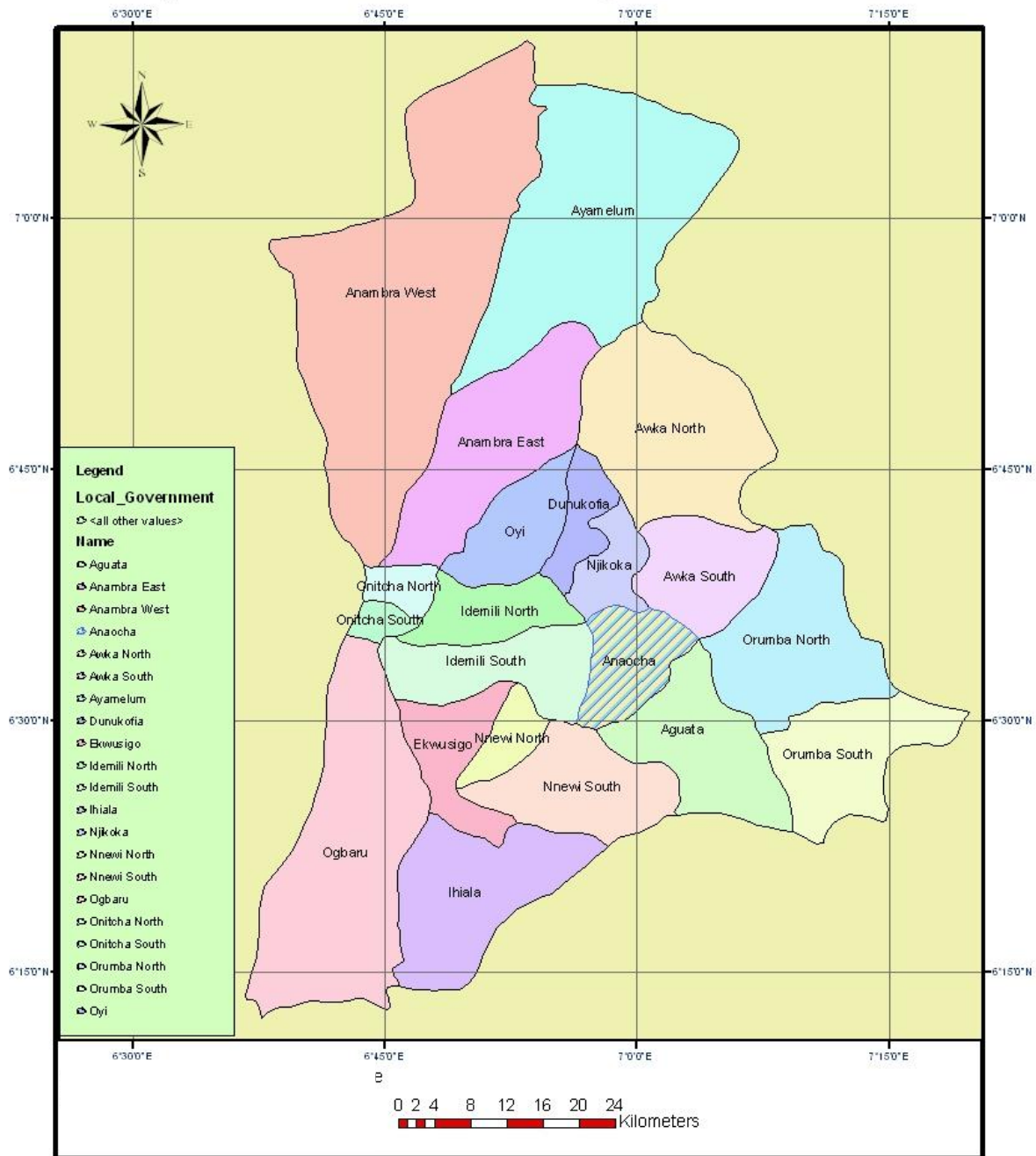
structure of the State economy. The contribution of the construction industry over the past few years represents a significant percentage of the State's Gross Domestic Product (GDP) (Anambra State Bureau of Statistics, 2015). Construction activities also provide a substantial source of employment, especially for unskilled labour.

The foregoing data/information underscores the need for development of housing infrastructure in the State. The information/data also informed the selection of the State as the study area, albeit where the proposed housing budget performance model can be included into the State's structural plans to impact positively on the economic growth of the State. Figures 1.1 and 1.2 are the maps of Nigeria (showing the study area; Anambra State) and Anambra State (showing the various towns) and their coordinates.



**Figure 1.1.** Map of Nigeria, showing Anambra State (Study Area)  
**Source:** National Space Research and Development Agency (2013).





**Figure 1.2.** Map of Anambra State (Study Area)

**Source:** Department of Surveying and Geo-informatics, Nnamdi Azikiwe University, Awka (2015).

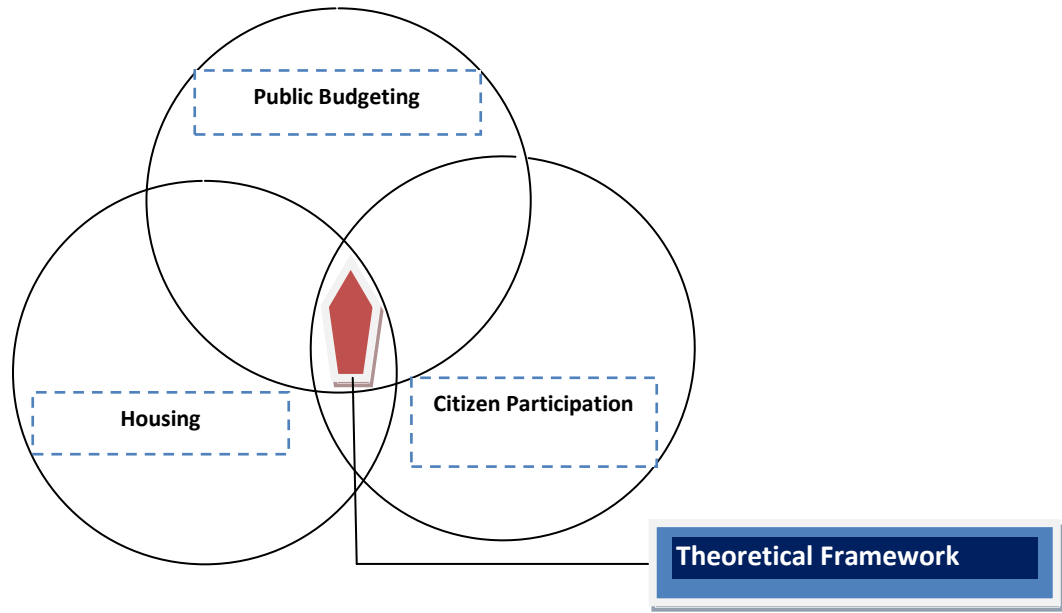
## **CHAPTER TWO**

### **THEORETICAL AND CONCEPTUAL FRAMEWORK**

#### **2.1 Location of the Theoretical Framework**

Public budgeting emerged as a result of the search for a procedure which the public sector can use to get priorities projects competing for limited resources. The overall aim of budgeting for housing infrastructure is for financial planning, control and monitoring housing development or housing construction projects. The result of this process has led to a better understanding of government's financial decision and commitment in ensuring quality, affordable and available housing for the citizens. Housing budget performance therefore finds expression within the ambit of public budgeting, housing and citizen participation.

These fields of research are undoubtedly important for the planning, budgeting, construction, management and delivery of housing facilities for citizens of any locality. For instance, public budgeting provides the financial plan or how the available financial resources will be expended or allocated efficiently and effectively to housing facilities for the citizens, while knowledge of housing needs and priorities of the citizens informs the amount to be budgeted. Thus, an essential tool for effective public budgeting for housing is citizen participation. When the public budgeting process/decisions lacks reliable and comparable data on citizen housing needs and priorities, then the ability to make housing budgetary decisions is impaired and this further increases the dearth of housing facilities. In other words, the housing budget has failed to achieve its expected performance in addressing the housing need of the citizenry. From the foregoing, the theoretical framework for this research lies at the intersection of public budgeting, housing and citizen participation. Figure 2.1 shows a graphical illustration of the location of the theoretical framework for this research.



**Figure 2.1.** The position of the theoretical framework (Researcher’s construction, 2017)

The fundamental theories of public budgeting, housing and citizen participation, which will aid in the explanation and better understanding of the problem of housing budget performance are discussed in subsequent sections. However, in the context of this research, efficiency and effectiveness of housing budgeting as well as adequacy of allocated housing budgets are core issues being addressed and as such, three budget theories, namely: the theory of incrementalism, the progressive theory and the agenda-based theory sufficed.

## 2.2 The Budget Theory of Incrementalism

The theory of incrementalism, which was the dominant theory of budgeting in the 1960s was first propounded by Wildavsky (1961) and was later applied empirically by Davis, Dempster, and Wildavsky (1966). It models budget makers as backward looking and changes in budget allocation as incremental and, in its strictest form, increasing or decreasing by the same proportion each year. With the current budget allocation tightly tied to the previous year’s budget, it looks at change over a year rather than over longer time periods. The theory suggests that little or no room is left for actors to have an effect by lobbying for changes in budget allocation. Incrementalism is based on small, marginal changes from existing allocations. It contends not only that comprehensive rationality is impossible, but also that policies are seldom

changed radically as a result of extensive reviews. It is a tendency of government to tinker with policies rather than to question the value of continuing them (Hogye, 2001).

In view of the above assertions, Wildavsky (1961) states that budgeting is more than allocating the scarce resources between X and Y activities; it is about meeting the conflicting needs of a society by bringing about compromises in the political marketplace through incremental adjustment(s) in budget allocation. Hence, “budgeting is incremental, not comprehensive. The beginning of wisdom about an agency budget is that it is almost never actively reviewed as a whole every year. . . instead, it is based on last year’s budget with special attention given to a narrow range of increases or decreases” (Wildavsky, 1964,p.15).

According to (Schick, 1990), budget processes were seen as stable, predictable, changing little from year to year and based on well defined roles that could be represented by relatively simple decision rules. Schick argues that a process which concentrates on an increment is preferable to one that attempts to review the whole budget because it moderates conflict, reduces search costs, stabilizes budgetary roles and expectations, and reduces the amount of time that officials must invest in budgeting, thus increasing the likelihood that important political values will be taken into account. The term incrementalism promises budgetary growth within most of the programs.

Statistical analysis of incremental outcomes typically measures the amounts and rates of increase. However, incrementalism offers little explanation as to how decisions are made or how the increment is divided. This led to incrementalism being seriously challenged as a theory of budgeting in the late1970s because of the narrowness of its analytical focus and changes in the environment and processes of budgeting (LeLoup, 1978).

The incremental budget theory has been applied to the budget-making process of a variety countries and organizations (Cowart, Hansen, & Brofoss, 1975). However, the logic and applicability of the incremental model has been challenged almost from the time it was first proposed, including through questions regarding the definition of what amount of budgetary change would be considered incremental, but more importantly through doubts about the

assertion that neither policymakers' objectives nor politics and pressure groups feature in the equation (Natchez and Bupp, 1973).

The incrementalist theory of budgeting has some intuitive appeal for housing provision because allocations should be increased annually to fill the needs of citizens lacking basic housing and as well accommodate the constantly increasing population due to migration. It also addresses the issue of skewedness in housing budgetary allocations, where some years may go without any additions or increase made in housing allocation. However, it appears theoretically more interesting to seek to understand under what conditions, situations or circumstances budgetary compositions are slow moving, and under what circumstances they are prone to greater shifts.

### **2.3 The Progressive Theory of Public Budgeting**

The progressive theory of budgeting was propounded by Walker (1930). She is considered the only American writer on public finance who has given extended attention to the problem of the objective distribution of expenditures or rational allocation. The perspective of Walker (1930) centers on the challenges and opportunities of urban life. She however focused her attention on expenditures of city governments and what struck Walker's attention was whether budget distributions were similar. What perplexed Walker was that there were many texts on procedure of budgets, but the question of allocation was so severely let alone. Sequel to this, Walker also intended to provide a theory to aid decisions for allocation of government expenditures. After a careful study of Walker's works, Key (1987) also supported her views by emphasizing that the basic budget problem is: "on what basis shall it be decided to allocate  $x$  dollars to activity A instead of activity B?" This question of proportion has been a central issue in budgeting for many years.

Progressivism was a middle-class reform sentiment characterized by the use of informed, moderate, and complex thought with concerns for urban reform, social welfare, and interests of consumers. Progressives felt the responsibility to organize, legislate, and administer to address urban social problems. They were both pragmatic and intellectual in their approach (Hofstadter, 1955). Although Walker's theory was developed during the late 1920s, outside the time line set

by historians of the Progressive movement, it is in the Progressive tradition with an emphasis on informed, rigorous, scientifically based knowledge used to administer government.

The second meaning of progressivism that applies to Walker's theory is the use of progressive ideals as part of social and intellectual thought. The progressive philosophy holds a core value of a society that develops and improves with the help of government as the agent to produce this change. This type of progressive philosophy is a base for Walker's theory. Progressive criteria included administrative values that public officials needed to understand and use in making budget decisions.

The value context, or preconditions, for the progressive theory which was set forth by Walker include the following:

(a) There is a developmental or evolutionary nature of cities, the assumption that governments actively seek to improve to reach a level of excellence. It was assumed that the services and methods used by public officers were evolving for the better, and that public officers could manage this development to a higher level of existence and quality of life. In addition, it was thought that the most advanced progressive cities managed by rational administrators would not accept the minimum level of service or an ordinary level of service. Instead, they would seek to achieve a level of services in quality and quantity that was as close to excellent as they could achieve.

(b) There are the progressive criteria for government crystallized in the four values of honesty, economy, efficiency, and proportion. These four progressive values for good administration reflected interests and norms of both scholars and society, in definition and operation. These values developed from approximately 1840 to 1930. As requisites, these values were held to be neither independent nor exclusive; instead, they are cumulative in nature. The fundamental requirement was honesty in government.

Honesty was recognized by reformers because it was needed to address and to prevent looting, plunder, and graft. Economy is a retrenchment and paring down or cutting down of government especially to keep the tax rate and government receipts low. The value of efficiency is not the same as economy. Efficiency emphasized use of resources. The tools used to gain efficiency and

minimize waste were scientific management and production reforms. Proportion, the final progressive value means a balance in activities being pursued.

The values of honesty, economy, and efficiency are thus central to budgets, particularly with regard to the problem of expenditures. For Walker, it was one way to provide guidance to achieve proportion, hence Walker's study considered the value of proportion; the problem of budget proportion and allocation.

The progressive budget theory centered on the premise that the means to decide how to allocate between options was an expression of balance between citizen demand and government service provision. A theory of expenditures based on economic ideas was preferable to reliance on abstract pleas to the claims of justice that was non-economic. In other words, despite some limitations, allocation based on economics provided facts to replace judgmental arguments.

Consequently, Walker (1930) rejected judgmental approaches of budgeting because they were justification for appeals to the claims of justice. Walker believed these judgmental approaches did not provide systematic assistance to those making the budget plans and decisions because justification was in essence an apology. Instead, she based her work on the economic and scientific approach to budget allocation. The economic-scientific approach to budget in her view considered a rational modern analytic technique; it uses research grounded in economic theory and models with carefully gathered empirical data, and systematic analyses, using statistics and other quantitative methods. Thus, there does seem to be a need for any criterion to be laid down clearly, showing in rigid proportions the amounts to be expended on each and every budget function or program. Walker (1930) further notes that budget allocation decisions should be based on measurable criteria. In considering measurable criteria, there needs to be a way to determine proportion and to weigh budget choices.

Some of the weaknesses of Walker's theory relate to her lack of measuring citizen satisfaction or other approaches to quality of services provided. The other criticism is in Walker's measure of quality. What Walker used for quality of services was the frequency of service; this is an output measure. She followed this up with direct observations, site visits, statistical data analysis, interviews and evaluation of budget procedures and documents. Citizens were not surveyed.

Today, research expectations would include either more systematic objective measures of services provided through performance measures (Hatry, Winnie, and Fisk, 1981) or citizen satisfaction surveys.

In summary, the main points of Walker's contributions with respect to the progressive ideals of budgeting are as follows:

- i. Governments are progressive in that they seek to provide a higher level of quality and quantity of services rather than the bare minimum;
- ii. Budget allocations include four values: honesty, economy, efficiency, and proportion;
- iii. Extending the marginal utility concept from economics to budgets postulates that for a given amount of revenue there is an ideal equitable distribution for expenditures;
- iv. There is a core of similar services that all cities provide, although differing factors between cities such as geographic location, state laws, and local decisions affect individual governments' budget allocations;
- v. There is a budgetary distributional norm for the basic government services that can be empirically established;
- vi. The empirical study of budget allocation should be based on cohorts of similar governments (cities of certain sizes);
- vii. The distribution of services should be compared based on quality of services actually provided; and
- viii. There may not be any government that mirrors the aggregate norm, but governments should be able to explain how and why they differ from the norm.

The progressive theory of Walker (1930) had a number of themes and ideas that may contribute to contemporary housing budget issues, especially as it relates to this research. These include: what proportion of services, problems in data collection, allocation, values, and progressive ideals or values.

In the context of this research, first, it is paramount that housing budgets allocations are based on rational and extensive data collection on the citizens housing needs and priorities. Thus, there should be rational and extensive data analysis to make housing budget decisions. Second, the progressive values of honesty, economy, and efficiency underscores the need for the Government



via departments and agencies to be transparent in utilizing housing funds prudently and ensuring that monies are provided for housing works as at when due, and proper monitoring of budget funds is carried out during budget implementation or project execution. This is to further achieve efficiency in the entire housing budgetary process from formulation to execution and ensure effective housing delivery.

## **2.4 Punctuated Equilibrium: The Agenda-Based Theory of Budgeting**

Key (1987) describes budgeting as the process of deciding whether to allocate more resources to activity X over activity Y. As such, he considered budgets as a process for deciding who gets what and how much. In other words, public budgeting is a reflection of priorities and constraints—what gets put on the agenda and what does not. Punctuated equilibrium is a theory that reflects efforts to control and shift the priorities addressed on the agenda.

Baumgartner and Jones (1993) propounded the theory of “punctuated equilibrium” which addresses both incremental and large budget changes. It asserts that there is a state of equilibrium followed by a punctuated change followed again by equilibrium. The state of equilibrium is during quiet periods of incremental change. Punctuations are breaks from the equilibrium norm.

Punctuated equilibrium is an agenda-based theory. The official agenda is where decisions are made and policies are chosen for implementation. The process of deciding which issues are placed on the agenda is competitive. This competition is due to the cognitive limitation of the decision makers. Like incrementalism, punctuated equilibrium recognizes the individual's limited ability to process information. The decision maker cannot address all problems simultaneously. Jones et al. (1996) and Jordan (1999) concur with this view by stating that neither individuals, private organizations nor public institutions can attend to all policy problems simultaneously; therefore, shifts in attention cause punctuations. Therefore, successful participants in this agenda-setting process will see their problems addressed, while others will not. Within a political and often crowded environment, it is understandable that some issues do not make it to the agenda for consideration. Therefore, it is important to attract attention so that the issue is distinguishable in the crowd.

Kingdon (1984) discusses three mechanisms used for bringing problems to the attention of budget decision makers. One mechanism is *indicators*, such as infant mortality rates. Indicators are used to assess the magnitude of a problem and to recognize changes in a problem. A change in an indicator could mean a change in the state or condition of a system. For example, an increase in infant mortality rates may indicate the need to provide more funding for prenatal care. In the area of housing provision, an indicator could be population density of slums.

Another mechanism is the *focusing* mechanism, which includes events, crises, and symbols. The focusing mechanism reinforces preexisting perceptions, serves as an early warning, or combines with other events to draw attention. An example of this mechanism is the UN building bombings. Both of these focusing events or crises led to concern over domestic terrorism and the funding of federal law enforcement agencies.

The third mechanism is the *feedback* mechanism. This mechanism provides information by responding to a condition. Formal feedback may include systematic monitoring and evaluation studies, and informal feedback includes citizen complaints. Because feedback may be positive or negative, bureaucrats may try to highlight or limit the flow of feedback to policy makers.

A critical part of attracting attention to a budget issue is the problem definition. The definition of a problem influences how budget decision makers view the problem and subsequently impact how or whether they address the problem. Problem definitions seek to place the problem within a certain context or a frame of reference, making the image of the problem becomes more defined. Schneider and Ingram (1993) argue that the image determines whether the issue is perceived in a negative or positive context. Rochefort and Cobb (1993) also argue that certain portrayals such as urgency or novelty can increase attention.

Furthermore, Portz (1996) states that not all problem definitions are created equal and because budget decision makers cannot address all issues simultaneously, some issues are removed from the agenda or fade away. Kingdon (1984) provides a number of reasons for the fading of an issue. One explanation is that attention to a problem will continue to grow until there is negative feedback. Not only are their advocates or policy entrepreneurs working to maintain their

positions on the agenda, there usually are participants that are actively opposing that issue's position on the agenda as well. This opposition, especially when well organized, can create negative feedback that puts the issue's position into question. Another is when the novelty of the issue has ended. The problem may no longer pose a threat, or has ended. The failure to effectively address or solve a problem obviously leads to its lower prominence on the agenda. Timeliness is also important. Kingdon's final explanation is that the spotlight on a problem fades when there is realization that the financial and social cost of the solution is enormous. Portz (1996) argues that having a viable solution is critical. The budget problem cannot be addressed if the solution is outside of the scope of the decision makers.

The process that an issue, such as housing must go through to get on the agenda of the government is the foundation of punctuated equilibrium. The massive need for housing, calls for large budgetary shifts, hence priorities should be adjusted and reflecting it in the budget expenditure. This will also help the government budget for the future, i.e. the longer term, since most annual budgets often ignore the long-term.

An indicator, such as high population density in Anambra State, should drive the need for this housing priority. In addition to this, when events such as increase in crime rate, unemployment are on the increase, it also informs the need for government to focus on the area of housing provision, since housing construction also creates employment and reduces pressure on youths to source for financial means of paying exorbitant rents or building their houses. It is also paramount that a feedback mechanism is in place to provide feedback from citizens on how well their housing needs are being catered for.

In summary, the benefit of the budgeting application of punctuated equilibrium is that it brings the agenda into focus. Budget activity does not take place out of tradition but rather in the context of the official agenda. The agenda-setting process is made up of individuals, groups, and events competing for the attention of decision makers. This perspective of budgeting is more aligned with budgeting as a reflection of priorities.

## **2.5 The Positivist Theory of Housing**

The term “Positivism” was popularized in the first half of the 19th Century by the French sociologist and philosopher, Auguste Comte (1798-1857) who is considered to be the father of the positivist movement. The positivist theory, which best suits the context of this research is the socio-economic view. It states as follows:

- i. Housing is an item of consumption for all social groups;
- ii. Government authorities should make housing available to all community members as part of government's obligation to achieve justice by distributing available services to all community members. This in turn, will guarantee loyalty from the citizens.

Housing provision should therefore, not be discriminatory, or biased, but should cut across all classes of individuals, irrespective of their social or societal status. This is reinforced by the UN Universal Declaration on Human Rights was issued in 1948 recognizing for the first time the human right for housing (Soliman, 1996). According to Ezenagu (2000), housing is synonymous with shelter: and for that shelter to pass the criteria of habitability, it must meet minimum standards. This means that every nation must set an attainable level of housing that the nation’s inhabitants must attain, irrespective of income, level of education, religion or political affiliation. Housing, thus, affects virtually every individual in any society including the homeless and destitute. Thus, individuals of all social groups require housing, but the need is palpable for those of the low and middle income bracket as well as the destitute who have no means of affording the exorbitant prices of houses, hence the need for government intervention.

To emphasize the need for housing, Ibem and Amole (2010) describe housing as an integral part of human settlement that fulfils basic need, and has a profound impact on the quality of life, health, welfare as well as productivity of man. Similarly, Jiboye (2009) surmises that housing is universally accepted as the second most important human need after food. From the foregoing, it can be construed that housing represents one of the most basic human needs and the government has a duty to provide it for its citizenry. Every human thus, deserves a decent and affordable housing, because without affordable housing, the provision of other amenities is greatly at risk.

Grimes (1976), also explains that housing need is the minimum shelter or accommodation required to meet the basic minimum requirement of a family or an individual. It relates to

standards of accommodation deemed acceptable by society. Similarly, Onibokun (1982), opines that housing need is the extent to which the supply of adequate housing falls short of the demand of households in terms of their psychological and physiological needs. Needleman(1965) notes that housing to be the extent to which the quantity and quality of existing accommodation falls short of what is required to provide each household or person with accommodation of a specified minimum standard or above. It is pertinent at this juncture to mention that housing need is something more than numerical quantity of dwelling. As further explained by Needleman (1965), neighbourhood conditions, structure, internal adequacies of dwelling units, number of people in the household and their peculiar requirements and traditions combine to constitute different needs for individual families and households.

Ezenagu (2000), argues that housing need is fairly difficult to measure precisely due to the fact that the range and degree of need varies considerably. However, a minimum standard of housing necessary for a household to meet its physiological requirements can be taken as housing need. Housing need is thus primarily concerned with meeting the basic housing requirements of all households without regard to whether they can afford it or not.

The idea of basic minimum standards is often subjective and relative in meaning (Grant, 1976; Ezenagu, 2000). What may be acceptable as minimum standard in country A may not be acceptable in country B. Using Nigeria as an example, variations as to what constitutes minimum standard may exist within numerous geo-ethnic groups. Another pertinent issue is who sets the standards. Standards are sometimes determined by professional groups, or by politicians and administrators. Often the standards set by the professionals are considered objective, however a peculiarity of housing standards is that in most cases, they are not formulated by the users of the housing goods and services (Grant, 1976).

Standards can be based on preferences of users of housing, sometimes called subjective or felt needs because they were not set by professionals. Standards can also determined by the market, through the ability of individuals to pay or afford housing. This approach is equally subjective. These illustrations indicate that it is not always easy to establish housing needs for the citizens, since standards can differ. Grant (1976) further maintains that there seems to be an impossibility of objectively establishing housing needs apart from the standards and values of society at large.

Nevertheless, the standard of housing should not fall below the accepted social and health norm (United Nations, 1973). This reinforces the need for grass root interaction of the government with the citizens or potential users of housing.

Housing need can be estimated for a group of people across a geographical space, be it a city, state or even a nation (United Nations, 1973; Grant, 1976; Ezenagu, 2000). There are two main components of housing needs, namely (i) existing shortages or accumulated housing needs and (ii) future housing needs. In a developing country like Nigeria, estimating housing needs is very difficult, due to paucity or scarcity of data. Institute for Housing Studies (IHS) (1989) suggests three steps in estimating housing accommodation needed in a locality. These steps are:

- a) How many people; that is, the population of the people involved.
- b) How many households – this refers to family units.
- c) How many dwellings.

The first measure determines the target population whose housing needs are to be met. The second reveals the number of households requiring dwelling units while the third measure brings out the difference between need established and the number of existing dwellings. It is simply the number of dwellings needed in order to actually meet all known housing needs.

Onibokun (1982) asserts that housing need is a socio-geo-political goal. The key performance test on needs estimate is population acceptance. Thus, the derivation of this need would necessary be dependent not only on broad societal goals, but more significantly on the versatile quantitative and qualitative as well as the psychological and socio-economic components of individual household's needs in the different levels of society at different time periods and over different geographical or cultural areas.

IHS (1989) maintains that in estimating housing needs for the citizens, provision should be made for the existing resident population, forecast of future resident population in terms of households, assessment of present and future requirements and finally allocation of land for residential use. Housing needs are multi-faceted and they encompass the quantitative need, the issue of quality and standard, psychological as well as physiological needs (Onibokun, 1982; IHS, 1989).

Furthermore, Grant (1976) stresses, that the fundamental objective of meeting housing needs by the government is to ensure efficient and satisfactory housing for the existing resident population as well as well as meeting their future demand. Households vary in need due to inherent differences, and consideration of these attributes will certainly lead to providing needs acceptable to various groups of persons or households.

There are various strategies for meeting household needs, including government policies and programmes related to urban renewal, slum upgrading and clearance, slum improvement/rehabilitation, direct mass housing construction, sites and services schemes, provision of mortgage credit facilities (Ezenagu, 2000). However, government policies and programmes must not be formulated without first, establishing the housing needs of the people. Data will be required to establish such needs and where they are not available, establishing a data bank will be worthwhile.

From the foregoing, it would seem that the positivist theory suggests that housing is a right for every individual and government plays a very important role in filling the housing needs of its citizens, i.e., making housing available to community members and bridging the gap between housing supply and demand. The Nigerian government is not left out, as this constitutes part of its statutory obligation. The Government can effectively achieve this, by making concerted efforts in establishing housing needs of all groups of citizens via carrying out extensive research in order to obtain data on citizen needs. No doubt this can be very challenging owing to housing budget cutbacks, poor housing budget procedures, lack of political will and blatant disregard for public/mass housing schemes (Afolayan, 1987; Bichi, 2002).

## **2.6. Citizen Participation Theory**

The roots of citizen participation can be traced to ancient Greece and Colonial New England. However, Spiegel (1968) is largely credited with the citizen participation theory. Spiegel (1968) states that citizen participation is a desired and necessary part of community development activities that meaningfully ties programs to people. Similarly, Cogan and Sharpe (1986) assert that citizen participation is a process which provides private individuals an opportunity to

influence or have a direct voice in public decisions. It has long been a component of the democratic decision-making process.

Nnanna (2010) opines that citizen participation is one of the community development strategies geared towards involving community members in the development process. It is predicated on the axiom that genuine and sustainable development and change can only be made possible when people are carried along in planning, monitoring and in sharing the benefits of development projects and programmes.

According to Omuruyi (2001), the involvement of the local people in the development process is imperative taking into consideration the fact that local inhabitants are more equipped with the requisite knowledge that can be exploited to engineer development. Citizen participation is akin to the bottom-top development strategy, which places premium on harnessing the cognitive and material strength of the grassroots populace as against the top-bottom approach, where the views and ideas of community people are considered or utilized while designing projects aimed at enhancing the economic development of their community. This is expressed in the saying that he who wears the shoe knows where it pinches.

Cogan and Sharpe (1986), note that, there are a variety of techniques available to planners to solicit public input in the planning process. These forms of public involvement are described as follows:

- a) **Publicity:** Publicity techniques are designed to persuade and build or facilitate public support, relating to citizens as passive consumers.
- b) **Public Education:** Public education programs present or disseminate relatively complete and balanced information so that citizens may draw their own conclusions.
- c) **Public Input:** Public input techniques collect information or solicit ideas and opinions from citizens. They are most effective when combined with feedback mechanisms which inform participants of the extent to which their input has influenced ultimate decisions.
- d) **Public Interaction:** Public interaction techniques facilitate the exchange of information (two-way communication) and ideas among citizens, planners, and decision makers.



When these techniques are effectively utilized, each participant has the opportunity to express his or her views, respond to the ideas of others, and work toward consensus.

- e) Public Partnership: Public partnerships offer citizens a formalized role in shaping the ultimate decisions. It is aimed at securing advice and consent.

A key point that Cogan and Sharpe (1986) make is that the number of citizens who can be involved is inversely related to the level of active involvement. For example, public relations efforts can reach a larger number of citizens, while public partnership limits participation to a few.

Beierle (1999) also provides a comprehensive array of strategies to employ in constructing effective participatory practices. Commonly cited strategies are careful selection of a representative group of stakeholders; a transparent decision-making process to build trust among the participants; clear authority in decision-making; competent and unbiased group facilitators; regular meetings; and adequate financial resources to support the group process through the potentially long learning and decision-making process.

Bridges (1974) cites five advantages to be gained from active participation in community affairs. These include: (a) citizens can bring desired change by expressing their desires either individually or through a community group (b) the individual learns how to make the desired changes (c) citizens learn to understand and appreciate the individual needs and interests of all community groups (d) the citizen learns how to resolve conflicting interests for the general welfare of the group and (e) the individual begins to understand group dynamics as it applies to mixed groups.

Ikpeme(1983), notes that public involvement results in better decisions. He argues that community decisions that involve citizens are more likely to be acceptable to the local people. Citizen participation serves to check and balance political activities. Participation allows fuller access to benefits of a democratic society (Homans, 1974). Citizen participation in the decision-making process reduces the likelihood of leaders making self-serving decisions. Cahn and Jean (1968) suggest that there are three rationales for citizen participation:

- i) Knowing that one can participate promotes dignity and self-sufficiency within the individuals.
- ii) It taps the energies and resources of individual citizens within the community.
- iii) It provides a source of special insight, information, knowledge and experience, which contributes to the soundness of government decisions like infrastructure budgeting.

Thomas (1995) and Beierle (1999) stress that the citizen participation process can help the citizens on one hand and aid government decision making on the other. In view of this, they group the advantages of citizen participation as follows:

- a) Decision Process:
  - i. Citizens learn from and inform government representatives, while the government in turn learns from and informs citizens;
  - ii. Citizens persuade and enlighten citizens, while the government persuades citizens, build trust and allay anxiety or hostility;
  - iii. Citizens gain skills for activist citizenship, and the government builds strategic alliances and gains legitimacy of decisions.
- b) Outcomes: Citizens break gridlock; achieve outcomes, gain some control over policy process and better policy and implementation decisions are achieved. Government also achieves their intended programmes, avoid litigation costs and actualize overall policy implementation.

Arguments for enhanced citizen participation often rest on the merits of the process and the belief that an engaged citizenry is better than a passive citizenry (Arnstein, 1969; King, Feltey, & Susel, 1998). With citizen participation, formulated policies might be more realistically grounded in citizen preferences. Incorporating a role for citizens into government decision-making will produce more public-preference decision-making (Oldfield, 1990).

According to Cogan and Sharpe (1986), many organizations choose to exclude or minimize public participation in planning efforts claiming citizen participation is too expensive and time consuming, yet, many citizen participation programs are initiated in response to public reaction to a proposed project or action. However, there are tangible benefits that can be derived from an

effective citizen involvement program. Cogan and Sharpe (1986) identify five benefits of citizen participation to the planning process:

- a) Information and ideas on public issues;
- b) Public Support for planning decisions;
- c) Avoidance of protracted conflicts and costly delays;
- d) Reservoir of good will which can carry over to future decisions and
- e) Spirit of cooperation and trust between the agency and the public.

The theory of citizen participation applies to a large extent to the Nigerian public budgeting scenario. One of the major problems facing the participatory approach especially when budgeting decisions are being made, is lack of political commitment and government support. This assertion is corroborated by Eustella (2004), who surmised that for any development approach/strategy to succeed, government at various levels need to accept it and make committed efforts to see to its general acceptance and implementation.

In addition to this, Onwuka and Nnodu (2010) maintain that one major factor that hampers development in Nigeria is the communication gap between local efforts and national programmes or policies. This involves public participation. Such communication will increase opportunities for community members to be involved in determining their destiny. Several good government programmes have failed because participation is lacking. In addition to this, despite huge annual budgets dearth of vital infrastructure like housing still abound because of the lack of citizen participation.

## **2.7 The Conceptual Framework**

The concepts of performance and participation were considered appropriate and thus were chosen as the conceptual framework for this research, since they are the underlying ideas that explain effective budget performance by the public sector or government to provide or deliver housing facilities for the citizens.

### **2.7.1 The Concept of Performance**

Generally, the concept of performance is used everywhere and applies to everything including the manufacture of cars, people or group benchmarking, business analysis, human resources and consumer advocacy. The performance concept covers many topics and criteria which can be categorized as physical, functional, environmental, economical, psychological and social. These aspects depend on the situation and context (Szigeti and Davis, 2005). Vujovic (2012) also asserts that the concept of performance is context or system specific, and it assumes a clear statement of objectives against which performance is measured. Hence, performance depends on the situational context and public sector objectives. In the light of the foregoing complex reality of performance, no single definition will suffice. However, one can come to grips with the idea of performance as how well a product or service fulfils the planned purpose or objective. It can also be referred to as the production of valid results. According to Curristine *et al.* (2007), performance means the yield or results of activities carried out in relation to the purposes being pursued. Its objective is to strengthen the degree to which organizations achieve their goals.

The focus of this research is on budget performance by public organizations or the government, an area with large potential for improving the operations and efficiency the budgeting process in the public sector and ultimately ensuring housing provision for the citizenry. Thus, when treating the concept of performance in this section, budget performance will be explained with respect to public sector activities since the former is a critical function of the latter in achieving its objectives. The concept of performance is central to budgeting, since its underlying principle focuses on what a budget is required to achieve via proficient means of preparation. This implies that the allocated budget is evaluated to determine whether the objectives are realized in terms of citizen/user needs, expectations and satisfaction.

Improving public sector performance is a critical means to improving the quality of services provided (McKinsey, 2011). According to Curristine (2005), enhancing public sector performance has taken on a new urgency as governments face mounting demands on public expenditure, calls for higher quality services and, in some countries, a public increasingly unwilling to pay higher taxes. To address these challenges, the public sector needs to enhance their performance by adopting new and improved approaches to budgeting. These approaches seek to move the focus of budgeting away from inputs towards results. To this end, organizations should be flexible in order to improve performance. They are then held accountable for results measured in the form of outputs and outcomes. Thus, performance supports better decision making by politicians and public organizations, which leads to improved efficiency, effectiveness and accountability, and ultimately, enhanced outcomes for the citizens and society at large. Curristine (2005) further stresses, that the desire to improve public sector performance is not new. Governments have always wanted results from their spending and regulation. What is new is that, increasingly, governments are facing overall spending constraints. With insufficient money to spend, more attention must be given to achieving better results from existing funds.

In the traditional public sector bureaucracy, performance is driven by ensuring compliance with set rules and regulations, controlling inputs, and adhering to the public sector ethos or principles. This system generally worked well when governments had less complex and more standardised tasks to perform – and when complying with a set of rules was considered more important than efficiency or effectiveness. However, this system has been criticized, because the tendency is to become more focused on process than on results, and this provides weak incentives to use funds efficiently to achieve objectives (Curristine, 2005).

Improving performance in the public sector can relieve the financial pressure of shrinking budgets, while serving communities and citizens. McKinsey (2011) asserts that the public sector can deliver improvements on par with those achieved by the private sector, by:

- i. Setting clear, long range aspirations for performance;
- ii. Intensifying efforts to measure public sector performance;
- iii. Putting performance data at the heart of decisions about making policy and delivering public services;

- iv. Holding regular, collaborative decisions on performance with those accountable for delivering progress and
- v. Establishing comprehensive, sustained performance improvement programs that are led by deeply engaged public leaders- both elected officials and professionals.

Meeting these performance imperatives is not always easy. Delivering change on this scale is inevitably complex and particularly so in government, where the concerns of many stakeholders must be addressed. These difficulties explain why there have been too many failed or abandoned projects. Comparing different public sector departments in the same country, similar government activities or operations in different countries can provide the insights needed to shape performance improvement efforts. It is also pertinent to explain the underlying causes of differentiated performance. Public sector leaders need to understand the relative importance of each causal factor or performance driver to decide where and how to intervene to improve performance and prioritize scarce resources (McKinsey, 2011).

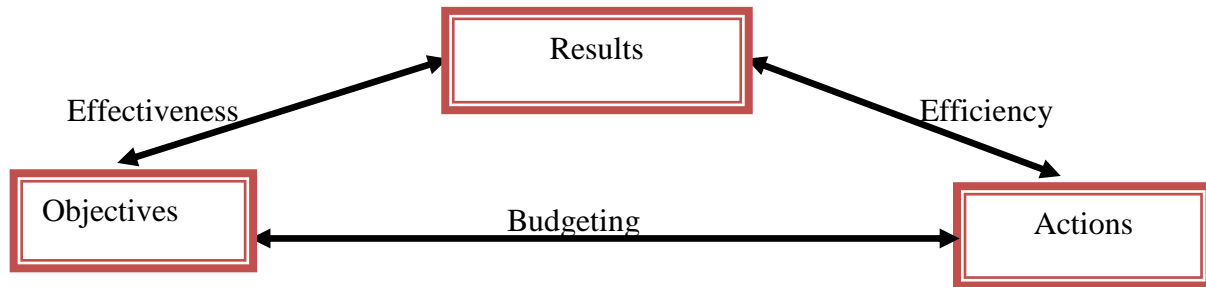
McKinsey (2011) also emphasizes the critical importance of taking an integrated approach to making policy and delivering public services. Policies developed without considering execution can fail to account for the resources required and how they must reflect citizen needs. At the same time, excellence in the delivery of government services can be just as important to performance measurement. To begin planning a scheme, it is critically important to separate the effects of various interrelated drivers of performance to isolate the ones that can be addressed most effectively.

It is imperative to note, that in the view of Curristine (2005), the strongest trend in performance currently, is the introduction of performance-oriented budgeting and performance management. Broadly, performance management covers performance information, evaluation, performance monitoring, assessment and performance reporting. These can also be regarded as mechanisms used to assess the efficiency and effectiveness of public programmes and agencies.

According to Profiroiu (2001), assessing public organizational performance is difficult, caused by the difficulties that exist in the definition of performance: the first difficulty appears from the

meaning of the concept of performance; the second appears from the way the performances are obtained, and the third from evaluating the performance. Figure 2.2 helps explain Profiroiu's view of performance. Measuring public sector performance, in the conception of the author, implies taking into consideration the distinction between: the means used (inputs), the process (throughput), the product (output) and the effect achieved (outcome). Performance assessment can be achieved through some measurement categories, namely:

- a) Measuring the resource economy, which can be determined by comparing the price of the inputs with the designated value.
- b) Measuring the costs, which involves measuring in monetary expression the resource consumption in order to provide a particular service.
- c) Measuring the efficiency, which takes into account the obtained result in relation to the resources used, and a project is effective if the maximum results are achieved with a given level of resources, or if it uses the minimum resources for a certain level of the result.
- d) Measuring the effectiveness, which is quantified by the ratio of the actual result to its expected level. The process of measuring the effectiveness faces difficulties concerning the assessment and the quantification of the results, which often have non-physical form, and cannot be directly measurable. The results of the public projects can have both economic and social nature.
- e) Measuring the quality of services, which is designed to follow the degree to which the public product/service satisfies the requirements of the citizens. In this sense, the quality includes the effectiveness of a project. The deficiency of this method consists in the fact that the quality is a vague concept and far too complex that is not sufficiently reflected by indicators. The concept of quality encompasses not only the quality of the service offered, but also the quality of the process and the quality of the system.
- f) Measuring the financial performance
- g) Measuring the overall performance



**Figure 2.2.** The triangle of performance (Profiroiu, 2001)

### 2.7.2 Performance Determinants

To understand the concept of performance, two terms, namely; efficiency and effectiveness will help to explain for instance; not only the relationship between housing users (citizens) and those who provide the budget for the housing (public sector or the government), but the manner of preparation and allocation of the budget for housing delivery. In fact, efficiency and effectiveness have been described as central terms used in assessing and measuring the performance of organizations and processes (Mouzas, 2006; Heli, 2011). According to Ilona and Evelina (2013), effectiveness and efficiency are exclusive performance measures, which organizations can use to assess performance. In general, performance in public organizations, can be defined as an appropriate combination of efficiency and effectiveness (Heli, 2011).

Creiu et al. (2007) define efficiency as getting the maximum possible results with a given level of resources or a smaller one. It is measured as a ratio between inputs and outputs, while effectiveness means achieving the defined objectives. Efficiency is oriented towards successful input transformation into outputs, where effectiveness measures how outputs interact with the economic and social environment (Ilona and Evelina, 2013). In view of this, efficiency of public budgeting implies a relation between the economic and social effects resulting from implementing a budget program and the effort made to finance that program.

Drucker (1977) distinguished efficiency and effectiveness by associating efficiency to “doing things right” and effectiveness to “doing the right things”. However, high efficiency does not stand for high effectiveness (Eccles,1991). Drucker (2001) believes that there is no efficiency



without effectiveness, because it is more important to do well what you have proposed (the effectiveness) than do well something else that was not necessarily concerned. The relationship between efficiency and effectiveness is that of a part to the whole, the effectiveness is a necessary condition to achieving efficiency.

A measure of effectiveness assesses the ability of an organization to attain its pre-determined goals and objectives. Thus, effectiveness is the extent to which the policy objectives of an organization are achieved or the extent to which the manager achieves the output requirements of the job, by what he achieves rather than what he does (Redding, 1970; Asmild *et al.*, 2007). Effectiveness depends on judging observable actions or behaviours leading to the accomplishment of organizational goals (Willcocks, 1992). It shows the success of the resources used in achieving the objectives set (Mandl, Dierx, & Ilzkovitz, 2008).

According to Mihaiu, Opreana, & Critescu (2010), measuring effectiveness requires: (a) estimating the costs, the resources consumed in the effort; (b) estimating the results, or the outputs; (c) comparing both. When the results obtained are low, compared to the resources spent, the organization is regarded as underperforming. In view of this, the public sector has being almost universally designated as ineffective because of the alleged low level of that often characterizes it. However, identifying and measuring inputs and outputs in the public sector is generally a difficult operation. It is difficult to assess in money. The difficulty of measuring efficiency in the public sector is largely caused by the inability to quantify accurately the effects (outputs) such as improving quality of human life, providing social and environmental needs.

Mandl *et al.* (2008) distinguish between two types of efficiency, namely: technical and allocative efficiency. Technical efficiency measures the pure relation between inputs and outputs. Technical efficiency gains are a movement towards best practice. However, not every form of technical efficiency makes economic sense, and this is captured by allocative efficiency, which introduces costs and benefits. Allocative efficiency reflects the link between the optimal combination of inputs taking into account costs and benefits and the output achieved. Thus, the measurement of allocative efficiency requires in-depth analyses of the area in question as well as

information on the broad country-specific strategies and most notably information on input prices (Herrera, 2005).

Furthermore, Mandl *et al.* (2008) stress that effectiveness implies a relationship between outputs and outcomes. In this sense the distinction between the output and the outcome must be made. For example, for housing, an output is represented by the degree of house ownership, and the outcome can be the level of public housing development of the active population of that country. Thus, the effects resulted from the implementation of a program (outcomes) are influenced by the results (outputs), as well as by other external factors. Therefore, effectiveness, illustrating the success with which resources were used in order to achieve the objectives pursued, is harder to achieve than efficiency, since the latter is not influenced by outside factors (OECD, 2004).

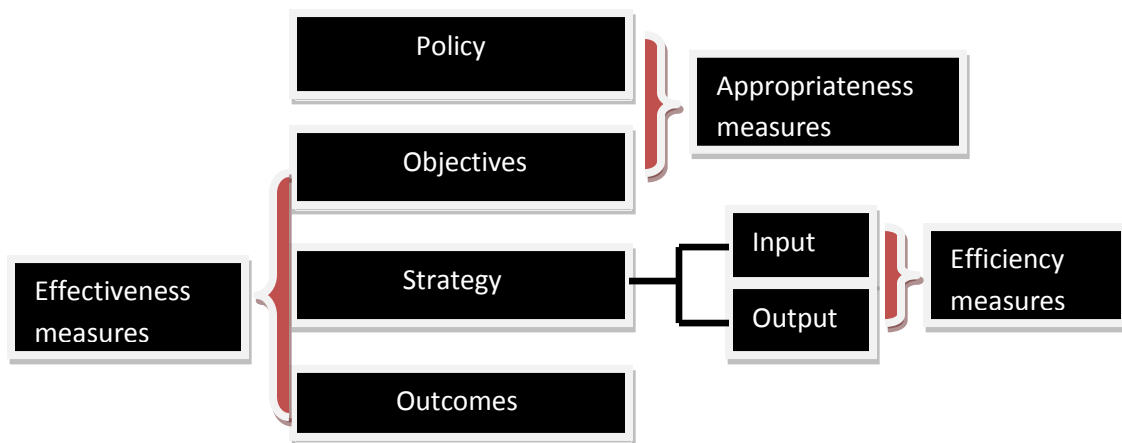
The direct factors of influence of efficiency are as follows:

- a) The inputs. In the public sector the resources are much harder to quantify than in the private sector, because most times, the public services overlap and resources from several sources are used. But, in general, the inputs are given by the expenses incurred for the project.
- b) The outputs. They are more difficult to quantify in the public sector than the inputs, because they can have both an economic and a social dimension. In the private sector the outputs have a market value; they are easily evaluated, while in the public sector this process is cumbersome, and involves much more forecasting. To evaluate the outputs from the public sector, we must first define some indicators that will be evaluated, and through which a level of efficiency will be determined. The mechanism is complicated and kind of vague in some areas (Mandl *et al.*, 2008).

Effectiveness on the other hand has as influence factors; the outputs, the outcomes and the environmental factors. The latter, the environmental factors (such as lifestyle and various socio-economic influences) exercise a major influence over the effectiveness. The quality of the public administration is a factor that affects both the efficiency with which the public money are used and the effectiveness. Corruption is another external factor that influences the effects of public

policies. The effects covered by a project (the outcomes) are often achieved within a longer horizon, and more outputs are needed in order to achieve an outcome (Mandl *et al.*, 2008).

In summary, measures aimed at monitoring efficiency are mainly concerned with the relationship between input and output variables while those aimed at monitoring effectiveness are concerned with the extent to which achieved outcomes are compared with stated objectives. At a strategic level, for example, the public sector; the appropriateness of chosen objectives against policy direction are evaluated. These relationships are shown in Figure 2.3.



**Figure 2.3.** Performance measurements in the public sector (Then and Tan, 2002)

### 2.7.3 An Overview of Performance Management

Performance management is the process of setting agreed objectives and monitoring progress against these objectives. The performance information gained from this process can be used to make management decisions about prioritisation and the allocation of resources to confirm or improve policy decisions (Curristine, 2005). Performance management also has diverse definitions: it can refer to corporate management or systems for evaluating and assessing or measuring performance. A more holistic definition, is that it is a management cycle under which programme performance objectives and targets are determined, actual performance is measured and reported, and this information feeds into decisions about programme funding (OECD, 2005; Northern Territory Government (2012).

The problem for public organizations is that improvements in performance take time to achieve but the electoral pressures are such that they need to show improvements in the short term. Some governments believe that the public will be more convinced that services have improved by the presentation of numerical performance information. However, even with numerical information there are questions about quality and accuracy. While governments present performance results as objective evaluations, this information, depending on the nature of the political system, can become part of the political conflict between the government and the opposition. This is more a problem in political contexts where the norm is adversarial rather than consensual politics. In this context, the opposition can use the very same results to discredit the government's performance and to raise questions about their objectivity.

A related issue is whether the public and interest groups are willing to accept the government's presentation of performance results. Performance results are generally aggregated outcomes for the whole country, a region or a single large institution. Even if accurate, the general conclusion may be at odds with some individual experience. Thus it is almost inevitable that performance results will be challenged on the basis of that experience. The views of the public are more likely to reflect personal experiences or views presented in the media rather than the government's performance reporting (Currstine, 2005). A great deal of rhetoric has surrounded the introduction of performance management. Supporters claim that it has the capacity to transform public organizations' processes. However, it is important that it should not be seen as a panacea and that governments have realistic expectations about what it can achieve and the time needed to reach these objectives.

#### 2.7.4 Performance Information

Performance information refers to the status and progress information about schedule activities, deliverables, budget, resources. It is used as an input for several processes e.g. to estimate work remaining to complete the project (Curristine, 2005; Department of National Treasury, South Africa (2010). Performance information can also be referred to as the raw data of the project's status, or the 'as of now' status of the processes. It refers to what work has been completed, or how much time has been elapsed, or the cost incurred. It provides us information about the current status of the project deliverables. This information is utilized in performance measurements and the performance reporting.

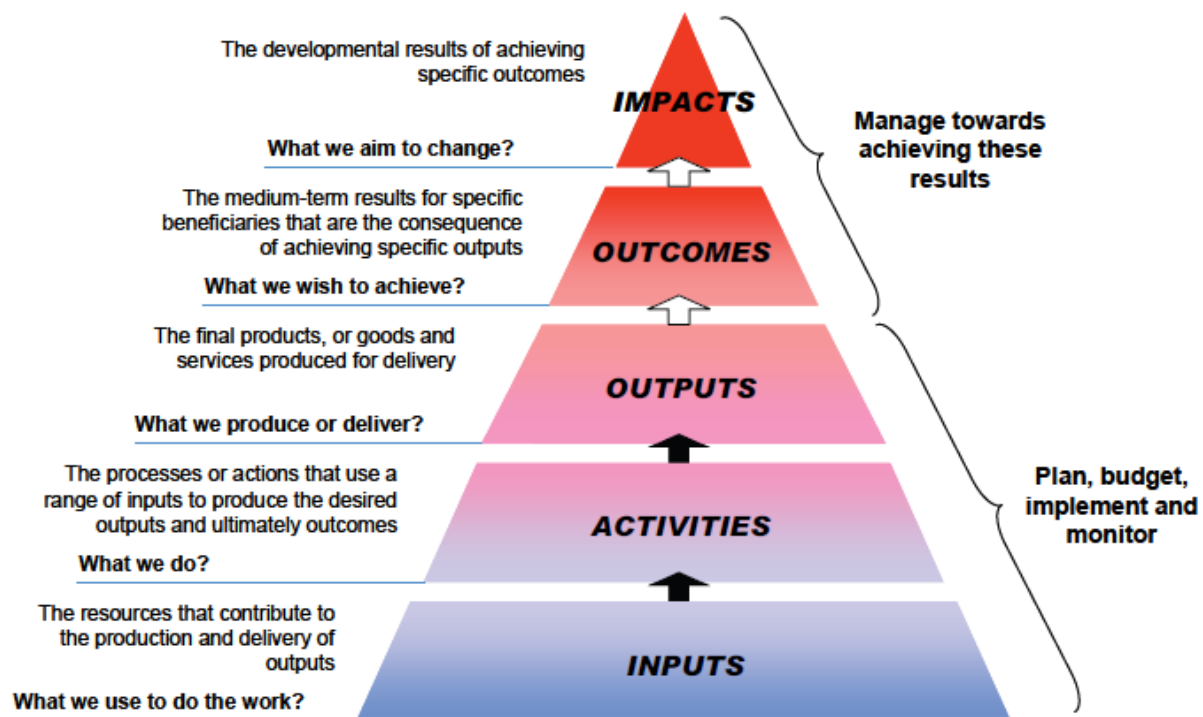
Performance information includes, but is not limited to:

- a) **Scope:** How much of the scope of the work has been physically completed?
- b) **Time:** Schedule progress; e.g. status of activities; i.e. how many activities have been completed, and how many have been started and their current status, etc.
- c) **Cost:** How much cost has been incurred to date?
- d) **Quality:** Here technical performance measurements are noted. For example, characteristics of product; i.e. physical properties, quality metrics, number of defects and rejection rate, etc.
- e) **Risks:** Risks status which includes how many identified and unidentified risks have occurred, how many new risks have been identified, effectiveness of response plan, how much contingency, or management reserve has been utilized.
- f) **Procurement:** Procurement related activities; e.g. how much material supplies have been delivered by the supplier, and how much money is paid to the contractor, etc.

According to Parmenter (2007) all organizations keep records and notes of their activities or operations. This simple checking becomes monitoring when information is collected routinely and systematically against a plan. Inputs, outputs (specific elements of service), outcomes (specific products or elements of service provided by the organization), outcomes (changes or difference made as a result of the organization's outputs) and impacts (longer-term or broader changes) are usually monitored. Finding ways to collect monitoring information is also a key

part of monitoring and evaluation. Tools for collecting data can be grouped under four basic heads: surveys and questionnaires, observation, interviews, keeping records and notes.

Performance information is potentially, limitless, complex and expensive to collect. Any formal system of gathering such information must of necessity be highly selective. There are limits to how much information decision makers can use; people have “bounded rationality” and so do organisations. Decisions are taken by busy, often distracted ministers and directors who operate under complex incentives. Providing them with more information does not necessarily help their decision making and may actively hinder it (Department of National Treasury, South Africa (2010). According to Curristine (2007), the use of performance information in the budget process seeks to move the focus of decision making in budgeting away from inputs (how much money can I get?) towards measurable results (what can I achieve with this money?). The key performance information variables are shown in figure 2.4.



**Figure 2.4.** Key performance information variables (South African Department of National Treasury, 2010)

A number of benefits can be derived from the use of performance information (PI):

- a) It generates a sharper focus on results within the government.
- b) It provides more and better information on government goals and priorities, and on how different programmes contribute to achieve these goals.
- c) It encourages a greater emphasis on planning and acts as a signaling device that provides key actors with details on what is working and what is not.
- d) It improves transparency by providing more and better information to legislature and to the public, and has the potential to improve public management and efficiency. involves the efficient allocation of public expenditure in accordance with government priorities.
- e) It improves allocative efficiency by providing the government with information that facilitates the allocation of funds towards high-performing programmes and which are preferred by the citizens

According to Curristine (2005) and OECD (2005), performance information is important for effective management, including planning, budgeting, implementation, reporting, monitoring and evaluation. It helps to assess and improve policies in:

- i. Managerial analysis, direction and control of public services;
- ii. Budgetary analysis;
- iii. Legislative oversight of the executive and
- iv. Public accountability

Castro (2011) however, maintains that results of the public sector, including budget allocations, presents its own set of information challenges. First, collecting information on performance indicators is not easy. For example, output indicators are mainly based on administrative records (day-to-day data produced by programs on their own), which can be very weak in many developing countries. Outcome indicators, on the other hand, often rely more on statistical estimations (discrete observations obtained through survey approximations), which in many countries are not collected regularly enough to inform critical government decisions. In such weak institutional environments, national statistics offices should be considered a valuable resource.

Second, performance information needs analysis. Even if good information exists, it cannot be considered performance information until it is processed and organized in a structured, accessible, and timely manner. Utilization strongly relies on sound analysis rather than on the existence of large volumes of indicators. The challenge is, therefore, who should conduct such analysis and how, so that the information can be digestible and useful for decision makers. Because this analysis can be demanding and time consuming, it requires a technical unit made up of sufficient capable professionals who specialize in conducting regular assessments and reporting performance information within the government. Experience also shows that it takes time and practice to develop quality and timely performance information, which in turn requires direct knowledge of the specific policies and programs to identify with precision what will be measured (Northern Territory Government, 2012).

### **2.7.5 Performance Measurement and Reporting**

Performance measurement was developed some 60 years ago as part of efforts to introduce program budgeting techniques in the United States. The very first attempt at performance budget was initiated by the first Hoover Commission in 1949. The main intent was to downsize the post-World War II government by specifying expected outputs rather than focusing directly at expenditure items (Vujovic, 2012).

During the last decade there has been an upsurge of interest in performance measurement from developing countries, emerging and transition economies. As detailed in recent studies, such as that of World Bank (2010); growing number of countries in Latin America, Asia and Europe are considering performance improvements on very wide and diverse front. What all these diverse attempts at performance budgeting have in common is the desire to demonstrate increased influence of policy analysis on budget preparation, improve the quality of support for strategic decision-making, incorporate performance information in the budget system, and show greater accountability of the government. Performance measurement thus, aims at improving effectiveness, efficiency, and accountability of programs in achieving desired outcomes (Henri, 2008).



Henri (2008) further emphasizes that performance measurement focuses on quantifying the effectiveness and the efficiency of a process or action with a set of metrics. According to Neely (1999), performance measurement represents management and control systems that produce information to be shared with internal and external users. It plays a key role in the development of strategic plans and evaluating the achievement of organizational objectives (Ittner and Larcker, 1998) as well as acting as a signaling and learning device (Simons, 1990). Similarly, Castro (2011) asserts that performance measurement is an essential part of a broader process often referred to as performance based management or managing for results, the objective of which is to improve efficiency, effectiveness, and accountability in government.

Otley (1999); Kaplan and Norton (2001) also maintain that measurement of performance clearly presents where (i) stakeholder interests determine the organizational key objectives, (ii) strategies and plans are formulated and adopted, and the processes and activities required are identified, (iii) performance is measured and rewarded, and (iv) feedback is provided. However, the latter step gives precedence to the learning process that is enhanced by the opportunity to revise ineffective strategies and foster the emergence of new ones. In order to stimulate learning and contribute to strategy formulation, performance measurement systems focus attention on strategic priorities, create visibility within the organization to ensure coordination, inspire action and enhance communication considered essential to learning (Vitale and Mavrincac, 1995). By providing and measuring information on critical uncertainties, it helps focus organizational attention and efforts toward those uncertainties. The discussions, debates, action plans, ideas and tests throughout the organization foster learning that encourages the gradual emergence of new strategies and tactics. More than just being a diagnostic system, performance measurement also represents an interactive device (Simons, 1990; Nanni *et al.*, 1992).

The use of performance measurement is associated mainly with control of accomplishment of organizational objectives and strategy implementation. Performance measurement is thus implicitly linked to the notion of diagnostic control systems (Simons, 2000), described as formal feedback systems used to monitor organizational outcomes and correct deviations from preset standards of performance.

Performance measurement encompasses several uses that have been summarized above by means of five elements: decision-making, control, signaling, education and learning as well as external communication (Simons, 2000). A stakeholder approach defines the contribution of performance measurement according to three roles: coordination, monitoring and diagnosis (Atkinson *et al.*, 1997). The coordinating role refers to the decision makers' attention that must be focused on organizations' primary and secondary objectives. The monitoring aspect is associated with the measurement and reporting of performance in meeting stakeholders requirements. The diagnosis role refers to analysis of cause and effect relationships.

OECD (2007) in a survey of countries, confirmed that the primary objective of introducing Performance measurement systems is to: improve efficiency and effectiveness of government (its organizational units, programs and budget as a whole); and provide the executive and legislative branch of government with specific performance information to enhance decision making and improve setting future targets and priorities. The secondary objectives identified by the survey were to: help reduce expenditures; reallocate resources between activities / programs and provide a basis for monitoring (by the Ministry of Finance or by audit institutions).

An effective system of performance measurement and reporting is critical if the public sector is to achieve its policy goals in a way that is transparent and accountable. Doyle (2014) stresses that performance measurement system aims to:

- a) Fully inform government's resource allocation to best achieve its policy goals;
- b) Help departments to understand how well they are meeting government's performance expectations, and provide the basis for them to continually improve their performance and
- c) Enable the community to understand the challenges facing government, and its achievements in addressing these and areas for further focus.

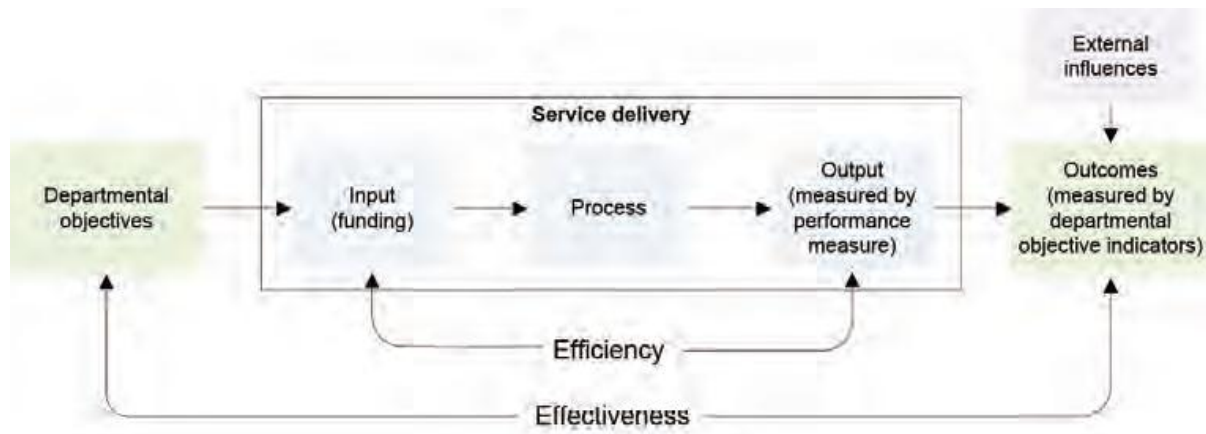
The performance requirements are communicated through a series of guides that are part of the government's budget and financial management guidance. The effective implementation of the performance measurement and reporting system is critical if government is to be fully

accountable for past performance and prepared to meet the significant performance challenges facing the state (Doyle, 2014).

Figure 2.5 describes the design of a performance measurement and reporting system and how the components are meant to combine to measure effectiveness and efficiency. According to Doyle (2014), this system clearly explains to government, legislature and the wider community how performance is:

- a) **Effective and Efficient**—by delivering budgeted outputs according to prescribed quantity, quality, timing and cost targets. Demonstrating how well departments' activities and outputs are contributing to government's intended outcomes for the community through quantitative, objective indicators—for example measuring improved housing, safety, health.
- b) **Sustainable**—based on a longer-term appreciation of future challenges, their performance implications and the type of reforms necessary to sustain and improve performance.

This system requires departments to measure and benchmark efficiency by: setting output performance measures that demonstrate the efficiency and effectiveness of output delivery and value for money and also enabling 'meaningful comparison and benchmarking over time (*see figure 2.5*).



**Figure 2.5.** Components of a performance measurement system (Doyle, 2014)

With these in place, the public sector would have made significant progress in transforming performance measurement and reporting from an output-focused system without connection to

government's policy objectives to an integrated system of outputs and outcomes that explains performance and identifies emerging risks and the strategies that are likely to drive improved outcomes in the medium to long term (Doyle, 2014).

However, implementing this performance measurement system can be very challenging because it requires:

- i. The commitment of government;
- ii. Proactive central agency leadership, providing clear guidance, effective support and the capability to monitor progress and overcome implementation barriers and
- iii. Committed and capable departments, with the conceptual and technical strength to redefine approaches to measuring and reporting performance.

Curristine (2005) corroborates the assertions of Doyle (2014) by stating that many organizations still struggle with issues of performance measurement; this is especially the case for outcomes. A key challenge is obtaining good quality information which is valid, reliable, and timely. Numerous challenges, as stated below, can be encountered including setting clear objectives, finding accurate measures of performance and having good systems of data collection.

- (a) Setting objectives:** Setting clear objectives can be a problem when there is no agreement on what the mission is, or there are diverse missions, overlapping and fragmented programmes, and stakeholders with different interests.
- (b) Finding accurate measures of performance:** The design of measures is made difficult by finding measures for specific activities, and by relating what a programme actually contributes towards achieving specific outcomes. Output and outcome measures each present a different set of challenges (OECD, 2002). Outcomes are technically more difficult to measure; they are complex and involve the interaction of many factors, planned and unplanned. Also, there are problems with time lag issues and in some cases the results are not within the control of the government. Outcomes, however, have a strong appeal for the public and politicians.
- (c) Establishing and maintaining systems of data collection:** To ensure quality, there needs to be a process by which data collected are verified and validated. However, setting up and maintaining these systems can be both complex and costly. Information can help to

improve standards and provide some legitimacy for the reported results. It is especially challenging to assure the quality of the data when agencies are dependent on third parties to provide the information.

Hatry (1999); Wang (2000); Kaplan and Norton (2001) state that one of the main reasons for the failure of performance measurement system is that it is often designed by individuals other than their actual users (Jääskeläinen, 2010) also asserts that many studies have identified an essential problem of measurement systems in the public sector is that they try to measure everything instead of focusing on core areas.

### **2.7.6 Performance Indicators and Targets**

Reh (2010) maintains that once an organization has analyzed its mission, identified all its stakeholders, and defined its goals, it needs a way to measure progress toward those goals. Performance Indicators (PIs) are those measurements. PIs are regarded as quantifiable measurements or metrics agreed to beforehand, that reflect the critical success factors of an organization. (PIs) have thus been defined as a set of quantifiable measures that an organization uses to gauge or compare performance in terms of meeting their strategic and operational goals. However, in its simplest form, a PI is a type of performance measurement that helps understand how an organization or department is performing.

PIs are also referred to as "key success indicators (KSI) and are considered as measurable value that demonstrates how effectively an organization is achieving its key business goals and objectives. Thus, organizations use PIs to evaluate their success at reaching targets or evaluate factors that are crucial to their success. PIs also differ depending on the organization. PIs can be quantitative (numerical) or qualitative (related to people's perception or experience) and they are usually developed when setting aims and objectives. PIs can also assess the quality of service delivery (e.g., access, reliability) or customer satisfaction (e.g., user or customer complaints, responses to surveys). A good PI acts as a compass that helps the organization understand whether it is taking the right path or making progress toward its strategic goals. In order to be

evaluated, PIs are linked to target values, so that the value of the measure can be assessed as meeting expectations or not.

With respect to the public sector, Vujovic (2012) asserts that performance indicators depend on the budget context and public sector objectives. In an output based budget system, the primary focus of performance measurement is on output (i.e. delivery of services). In that context, performance indicators emphasize technical and economic efficiency in producing desired output (services) under existing budget constraint. In result or outcome-focused budget systems performance is measured with respect to the achievement of desired results. Performance indicators are focused on both output and results, i.e. budget/program impact on outcomes. Indicators can measure a broad range of dimensions of an activity including the perceptions of service users, the increase in quality or quantity of a service and improvements in assets or infrastructure of a government (Northern Territory Government, 2012).

Furthermore, Northern Territory Government (2012) observes that a performance indicator for a public budget is designed to show how much progress is being made towards meeting the planned objectives within the performance context. These objectives are developed within the constraints, opportunities, resources and context that the public sector operates in. The context of an indicator allows the interpretation of the indicator. This may include:

- i. A predetermined target;
- ii. A trend in performance over time and
- iii. Benchmarked relative performance.

This contextual information allows public organizations to determine performance through comparisons with previous performance over time. This implies that indicators should remain reasonably consistent from year to year so that performance can be tracked. Performance indicators can come from any part of the process to achieve an objective. However for the purpose of budget planning and reporting they usually have more meaning if they connected to the outputs or outcome of the planned activity.

In the view of Schiavo-Campo and Tommasi (1999), selecting the right PI to track and evaluate program performance in public organizations requires an understanding of the causal

relationships, i.e. what cause leads to what result. Indicators of causes and results are important elements in monitoring and evaluating program performance. The value of results-focused indicators is limited. Whereas cause indicators generally reflect the use of a public resource, results (good and bad) could potentially be influenced by a host of factors outside the control of government, such as economic fluctuations, demographic changes, an exogenous rise in transport costs, or changes induced by other policies and programs.

According to McGill (2006); IMF (2009) and Rozner (2013), PIs are by no means a new phenomenon. In the public sector, growing interest in PIs has been driven by more complex factors, including the following:

- a) Increasing citizen demands for government accountability;
- b) Increasing legislative scrutiny of government operations;
- c) Ongoing shifts from input- to program- and performance-based budgeting and
- d) Mounting fiscal pressures and the resulting need to use public funds and deliver public services as efficiently and effectively as possible.

Against this backdrop, PIs have become an important part of the suite of tools used to systematically monitor, evaluate, and continuously improve service performance. In and of themselves, PIs cannot improve performance. However, they do provide “signposts” that signal progress toward goals and objectives as well as opportunities for improvement. Rozner (2013) further opines that PIs provide feedback to inform and improve public service delivery and promoting accountability by demonstrating to stakeholders the results that government is achieving.

In the same vein, Curristine (2005) maintains that well-designed PIs help public sector decision makers to do a number of things, including:

- a) Establish baseline information (i.e., the current state of performance);
- b) Set performance standards and targets to motivate continuous improvement;
- c) Measure and report improvements over time;
- d) Compare performance across geographic locations ;
- e) Benchmark performance against regional and international peers or norms and

- f) Allow stakeholders to independently judge performance.

However, Curristine (2005) further notes that though, performance indicators and targets provide a snapshot of performance in time they do not provide a guide to future performance nor do they explain why a target has been achieved. Therefore, when making decisions about the performance, it is important to consider different types of performance information. To obtain an encompassing picture of programme performance, evaluations and performance indicators can be considered with other formal and informal sources of information and feedback. Unlike targets, evaluations can explain the results of a policy or programme and what changes will improve its performance.

Performance targets help to clarify performance expectations for an organisation for a given time period (Curristine, 2005). Organizations however, continue to struggle with the issues of target level and numbers. There are problems with setting targets too low and/or too high. Setting targets too low means that agencies are not challenged to improve performance. Setting them too high, while it can motivate organisations, also creates unrealistic expectations and situations in which agencies will fail (Perrin, 2002). It takes time to get the right level and to get the comparative data to realise that targets are set at too high or too low a level. Another challenge is the issue of avoiding distorting behavior. This is a challenge for the public sector. Possible perverse effects include goal distortion – that is, organisations focusing on a few specific indicators and targets, usually the most achievable at the expense of the overall objectives or programme. In extreme cases of goal distortion, agencies or staff, under pressure to meet targets, may deliberately present misleading information.

Mackay (2007) and Parmenter (2007) explicate that once a broad framework for monitoring has been set up, making clear the planned outputs and outcomes, some realistic indicators are then identified, against which information can be collected. Indicators are thus specific, observable characteristics that can be assessed or measured to show the quality or quantity of aspects of the organisation, its resources, its process, or the results of its activities. The most common indicators relate to outputs and outcomes, and there is need to distinguish between the two. Output indicators demonstrate the work the organisation does and show progress towards



meeting its objectives, while outcome indicators demonstrate changes which take place as a result of the organisation's work, and show progress towards meeting specific aims. Targets can now be set against the indicators, and monitoring will demonstrate whether these have been achieved.

It is imperative that whatever PIs are selected, they must reflect the organization's goals, must be key to its success, and must be quantifiable (measurable) (If a PI is going to be of any value, there must be a way to accurately define and measure it). PIs usually are long-term considerations. The definition of what they are and how they are measured do not change often. The goal for a particular PI may change as the organization's goals change, or as it gets closer to achieving a goal. PIs should also reflect the range of the organization's activities and the perspective of the stakeholders interested in the services of the organization (Parmenter, 2007).

In addition to this, indicators to be used should best be restricted to key performance indicators that are directly linked to service delivery and budget. Too many performance indicators can result in excessive amounts of time collecting data that is not being used to inform decision making. However, too little performance information can lead to uninformed decision making and a lack of assessment about the progress made towards achieving objectives. So the number and type of indicator is best determined by the decisions that need to be made and the information that needs to be communicated (Northern Territory Government, 2012).

Parmenter (2007) also stresses that when setting PIs, that 'what gets measured gets done'. If only three PIs are set, this is what people will focus on and other areas of the organization's operations may be neglected. Organizations should aim to set indicators that are both qualitative and quantitative and incorporate the breadth and depth its services. The following outlines some critical questions that organizations should ask when setting PIs:

- a) What activities and services do you provide?
- b) What are you trying to achieve for your stakeholder groups?
- c) What would you expect to see at different points in the process and at the end that indicates you will achieve or have achieved your aims and objectives?

- d) What standards of performance achievement do you already have, for example requirements from funders, local authorities or regulatory bodies?

To be effective, a PI must:

- a) Be well-defined and quantifiable;
- b) Actually be crucial to achieving organizational goals;
- c) Be applicable to the organization’s Line of operations and
- d) Be thoroughly communicated throughout the organization.

Table 2.1 shows essential information required to communicate performance indicators in an organization.

**Table 2.1.** Information required for communicating Performance Indicators

Indicators	Measurement	Source	Explanation	Representation
Housing Construction	Percent of budget spent on housing construction	Ministry’s/Agency/ Department’s financial statements	Annual amount spent by 30 June each year	Graph of percent of budget spent compared with previous years

**Source:** Adapted from Northern Territory Government (2012)

Castro (2011) asserts that the process of performance measurement involves the use of PIs to assess the degree to which intended results are being achieved. But for indicators to be relevant, timely, and of sufficient quality to facilitate better government decisions, certain technical elements need to be considered in their selection: These elements are as follows:

- a) Establishing goals, outcomes and outputs;
- b) Defining targets and setting performance indicators;
- c) Linking funding to results with performance indicators;
- d) Consultation on and validation of indicators and
- e) Monitoring system

Schiavo-Campo and Tommasi (1999) note that there are numerous advantages of designing indicators that are consistent and are able to be used over a long period of time. The advantages are as follows:

- a) The data collection required to inform the indicators can be built into the day to day operations so that it does not become an onerous and costly one-off task.

- b) The cost, both financial and time, of gathering data is progressively reduced through efficiencies gained through it being a repeated operational task with well developed capture and storage systems.
- c) Management, constituents and other interested stakeholders become familiar with the indicator and are able to better understand its meaning and context.
- d) Indicators become useful when appropriate comparisons are developed. Benchmarks can then be established which validate the goals of the organization.
- e) Indicators provide an understandable method for making assessments and communicating performance information to stakeholders.
- f) PIs can efficiently and effectively show key aspects of complex actions and processes with visual information and succinct explanations. This can include graphs, tables, scales, and scorecards.

In summary, PIs allow comparison over time if they are reliable. Once an indicator has been chosen and the measurement source identified a ministry, department or agency can continue to use the same indicator consistently over many years if the associated objective is still relevant. This provides the audience with a way to see if council performance is continuously improving over time (Parmenter, 2007).

There are a number of general characteristics that can help to ensure that proposed PIs will be useful and effective. In the view of Drucker (1954) and Rozner (2013), PIs can be identified and used in any context, but the objective should be to select those measures that have certain inherent qualities that deliver the most value as a tool for policy analysis, performance improvement, and communication of results. The acronym “SMART” is often used to refer to the characteristics of good PIs. Each letter of the acronym represents an important characteristic.

To determine whether the PI meets the criteria for each characteristic, the following checklist should be considered:

- i. **Specific:** Does the indicator convey at a glance what it is measuring, and how the measurement is derived? PIs should communicate clearly to the public what the organization is doing. Is the PI precise and unambiguous?

- ii. **Measurable:** Can the measurement be expressed as an objective value (e.g., number of persons or percentage of the working population housed)? Do reliable data exist? Can they be easily collected? Is the PI appropriate to the subject?
- iii. **Achievable:** Does the indicator measure something within the program or activity's manageable control? Is the PI of a reasonable cost?
- iv. **Relevant:** Does the indicator measure the most important result of the activity? Does the PI serve to assess performance?
- v. **Time-bound or Time phased or Trackable:** Is there a deadline for achieving the performance indicator? Are data reported at sufficiently regular intervals to support tracking and management decision making?

Different sources offer different definitions or characteristics for the “SMART” acronym, because in reality, there are more than five issues to consider when evaluating the merits of one performance measure or another. For instance, Schiavo-Campo and Tommasi (1999) opine that the quality of PIs must align with the CREAM test, which means PIs should be clear, relevant, economic, adequate and monitorable. It helps, however, to have the above criteria as a handy checklist when exploring and developing PIs.

PIs come in many combinations and permutations. For instance, Reh (2010) suggest that, undoubtedly, Key performance indicators define a set of values against which to measure, but there is a raw set of values, which are fed to systems in charge of summarizing the information. These raw set of values are called *indicators*. Indicators identifiable and marked as possible candidates for PIs can be summarized into the following sub-categories:

- i. Quantitative indicators: that can be presented with a number.
- ii. Qualitative indicators: that can't be presented as a numerically,
- iii. Leading indicators: that can predict the outcome of a process or activity.
- iv. Lagging indicators: that presents the activity's success or failure
- v. Input indicators: that measure the amount of resources consumed during the generation of the outcome
- vi. Process indicators: that represent the efficiency or the productivity of the process
- vii. Output indicators: that reflect the outcome or results of the process activities

- viii. Practical indicators: that interface with existing organization's processes.
- ix. Directional indicators: specifying whether or not an organization is getting better.
- x. Actionable indicators: are sufficiently in an organization's control to effect change.
- xi. Financial indicators: used in performance measurement.

According to the Northern Territory Government (2012), PIs are usually grouped into:

- (a) **Efficiency indicators:** The way that resources are transferred into goods and services.
- (b) **Quality indicators:** The quality of goods and services, how well they are delivered to the constituency and to what extent they are satisfied.
- (c) **Effectiveness indicators:** How well the service delivery compares with the planned purpose or objective.

The most insightful of explanations on the variants of PIs is perhaps that provided by Rozner (2013). According to Rozner, for the sake of alignment and consistency, PIs are broadly divided into four categories, namely: inputs, processes, outputs, and outcomes. These indicators are commonly accompanied by specific measures of efficiency. Each indicator type is described below.

**A) Input indicators** measure resources, both human and financial, devoted to a particular program or activity (e.g., number of workers/staff/professionals). They can also include, among other items, buildings, money, equipment, buildings, supplies, and personnel. Input indicators can also include measures of characteristics of a target population (e.g., number of persons eligible for owning houses).

**B) Process indicators** look at the ways in which goods and services are provided. For instance, in the context of construction, they often measure the consistency or timeliness of activities carried out in constructing buildings, roads, bridges and others and in some cases, compliance with specifications.

**C) Output indicators** measure the quantity of goods and services produced, the results of process activities, or the efficiency/efficacy of those activities (e.g., buildings produced, roads paved).

**D) Outcome indicators** measure the broader results achieved through the provision of goods and services. These indicators can exist at various levels: population, agency, program, and/or activity. Population-level indicators measure changes in the condition or well-being of citizens, families, or communities. Changes in population-level indicators are often long-term results of the efforts of a number of different programs, agencies, and initiatives. Agency-level indicators measure results for which a ministry, department, or agency is responsible, while program or activity-level indicators measure the results for which a program or activity is responsible. Agency- and program-level outcome indicators are often defined more narrowly than those pertaining to the population as a whole; for example, housing ownership among a specific age bracket of the population. Identification of appropriate indicator levels helps to ensure that expectations are not set unrealistically high.

**E) Efficiency indicators** describe how well a given level of resources produces outputs (e.g., percentage of work progress per day or month). They can also describe the level of work process efficiency, including tasks (administrative or site) involved in operating or executing a particular program or service, which can be useful for planning and program managers in assessing program performance and funding requirements.

Schiavo-Campo and Tommasi (1999) note that once a program's objectives are established and PIs are selected to measure performance, the ministry or agency staff responsible for planning, budgeting, monitoring and evaluation and must work with other relevant authorities to agree on performance targets. A performance target combines the selected indicator with a target level, specifying the quantitative degree or amount of performance the program is expected to achieve by a specific date, given the planned structure and funding level. A performance target, thus, provides an unambiguous definition of success. It signals what is important. It tells people what is expected and by when.

Spending ministries annually must vie for scarce budgetary resources and, at times, allocations will decrease (or increase), necessitating adjustments to the target levels for relevant performance indicators. Generally speaking, the type of indicator will be an important determinant in deciding how much the target level should change when the funding level

changes. Target levels for input, process, output, and some efficiency indicators will often change when budget allocations change, because these indicators measure results that are closely tied to the expenditure of funds. If the same direct results of government action can be achieved with less money, then it may be appropriate to reduce funding. Conversely, increased allocations might be justified if one can demonstrate, through reporting on PIs, that greater results could be achieved with even more money.

Developing and using PIs requires systematic processes and methods for gathering, managing, analyzing, distributing, and ultimately reporting performance information. Therefore, once PIs and targets have been developed, it is necessary to establish:

- i. The minimum data that need to be collected;
- ii. Data sources: for example: Population-based sources(censuses, surveys) and Institution based sources (organization's records for tracking revenue and costs);
- iii. Data collection methods and
- iv. Policies, capacities, and infrastructure needed to support data access, processing, and management.

As described above, PI data elements should be collected and recorded, to the extent possible, at their source, including as part of routine service delivery. The frequency of data collection, therefore, can vary from daily to monthly, or less often, depending on the nature of the event being captured. However, For the purpose of monitoring PIs, it may not always be necessary to process those data with the same frequency as they are collected. The frequency of data analysis and reporting will depend on the urgency of decisions to be made based on the PI or the level of monitoring required (Schiavo-Campo and Tommasi, 1999; Gash, Hallsworth, & Akash, 2009).

In an attempt to delineate between the levels of implementing PIs, Castro (2011) states that the task of setting performance indicators must differentiate between high (macro) and low (micro) levels of results in the government's implementation chain. The high level refers to the external influence of all programs and includes impacts, outcomes and outputs, which are primarily of interest to national planning and budget officers. The low level alludes to internal program management and involves outputs, activities and inputs, which are mostly of concern to the sector and agency budget and program officials. Both sides of the results chain are crucial for

measuring performance, and outputs are the “bridge” between the high and low sides of the government’s implementation (see Table 2.2).

**Table 2.2.** Performance Indicators and the Results Chain at different levels of Government

Micro/Managerial level (Sector/Department/Agency)			Macro/Influence level (National Budget/ Planning Office)	
Inputs	Activities	Outputs	Outcomes	Goals (Impacts)
Efficiency			Effectiveness	
Resources to produce outputs	Tasks undertaken to transform inputs into outputs	Products/ services produced/ delivered	Intermediate effects of outputs on beneficiaries	Long-term improvement in beneficiaries

**Source:** Castro (2011)

### 2.7.7 Budget Performance

Omolehinwa (2014) defines budget performance as the extent to which the budget:

- a) Provides infrastructural facilities for all citizens;
- b) Facilitates economic growth and development, without having to allow a few people to monopolize the resources of the state;
- c) Provides the enabling environment for business activities to thrive, including security for all, affordable interest rate;
- d) Convince the generality of the citizens that they are not excluded from the resource allocation as the government is thinking about them, thereby encouraging them to pay their taxes.

From the foregoing, it is obvious that the implementation of budget is one of the key instruments of public service delivery as well as development. Efficiency and effectiveness of a public budget refers to the interplay of relationships between inputs, outputs and final outcomes of budget objectives. This means that if the final outcomes of a public budget cannot be reached, inputs, activities and outputs mean little or nothing (Amakom, 2013).



Rozner (2013) explains the components of budget performance as follows:

- a) **Inputs:** The resources that the budget program uses in the delivery of goods and services.
- b) **Activities:** The processes and actions undertaken to achieve the budget program's objective(s).
- c) **Outputs:** The products, services, or results that the budget program delivers.
- d) **Outcomes:** The resulting benefit for society; the long-term consequence of government/public sector budget actions.

Rozner (2013) further depicts a typical example of the application of these components in Table 2.3.

**Table 2.3.** Components of Assessing Budget Performance.

<b>INPUTS</b>	<b>ACTIVITIES</b>	<b>OUTPUTS</b>	<b>OUTCOMES</b>
Money, Asphalt, paving machines, labour,	Road paving	KM of road surfaced	Reduced travel time, lower cost of business
Money/allocation, materials, manpower (client's and contractor's staff, consultants, skilled and unskilled labour), plant and equipment, management/monitoring	Housing construction	Number of housing units per year	Improved home ownership and residents' satisfaction

**Source:** Adapted from Rozner (2013)

Traditionally, governments did little to justify the use of budget funds. They only had to provide evidence that budget resources under their control were used in line with the prevailing laws, rules and standards. The traditional accountability ended with a simple proof of (cost and input) compliance. Related performance measures were narrowly defined and focused on compliance with rules/standards and observance of constraints on inputs (Vujovic, 2012).

Furthermore, as Vujovic (2012) informs; without questioning the importance of such basic compliance monitoring, citizens increasingly demanded to know more what has been done with their taxes. Civil and political pressures pushed the governments to augment the concept of accountability and provide systematic evidence on what has been done with budget resources.

Gradually, governments expanded the reporting to include typical output measures (miles of roads paved, number of public houses built, number of renovated public schools and new hospital beds, number of treated patients with communicable diseases, number high school graduates etc.). Accordingly, with output based budgeting, the measurement of performance shifted towards monitoring technical and economic efficiency in the production of public sector goods and services, while performance indicators reflected the need to eliminate technical inefficiencies and secure economic efficiency (i.e. employ optimal combination of resources) in the production of public goods and delivery public services.

However, budget performance measurement in the public sector poses special challenges since it is not always clear what the ultimate objective is and what aspects of program performance should be measured to confirm efficacy. Credible performance measurement starts from a good and detailed understanding of the program whose performance is to be measured. Often this requires full analysis of the program to arrive at its constituent parts and properly understand how all components fit together to produce outputs and desired outcomes. Once the ultimate outcome is understood, it is relatively easy to design a consistent set of performance indicators on the basis of standard selection criteria. Furthermore, there may be situations where ultimate outcomes are intentionally misstated due to unresolved tensions between multiple objectives or due to hidden political agendas (McKinsey, 2011).

Although budget performance measurement in the public sector is a complex technical exercise, its rationale is often profoundly political. Recent drive to improve performance measurement enables strong, meaningful and credible accountability between government and the citizens. Performance measurement makes it possible for government to demonstrate to the public and the legislature that it is contributing to outcomes that matter. In order to close the apparent gaps between the delivery of public goods and services and the achievement of long-term objectives (Ruffner, *et al.*, 2005). There are many examples in the long history of budget reforms where the stated program objective (e.g. build x number of low cost housing units to help the low income families) was actually a convenient and publicly appealing cover for completely different true political objective (e.g. resolve a pressing contentious issue and remove the endless political debates on housing to address more important social and economic problems).

According to Creiu *et al.* (2007), assessing budget performance involves the use of performance indicators to assess actual progress compared with previously set targets. Budget programming is very important to define objectives and only such an approach allows a consistent assessment of how public money is spent, that is rational and transparent. To eliminate subjectivity and arbitrariness in the allocation of budgetary resources, budget management must assess correctly "the 3 E's" – economy, effectiveness and efficiency of resource use:

- (a) Economy – minimizing the cost of resources to achieve expected results while maintaining quality outcomes;
- (b) Effectiveness – degree of fulfillment of objectives and effect relationship between projected and actual results;
- (c) Efficiency – obtain the maximum possible results with a given level of resources or lower one (Axelrod, 1995; Ruffner, *et al.* 2005).

Budget planning takes time, because it is based on information available at that time and the estimated completion of future actions. Undoubtedly, the reality or implementation may not go as planned, since there could be major deviations. However, from the budgeted perspective (both negative and positive), it is important that the budgetary system is not rigid and should have sufficient flexibility that ensure adaptation to risks and opportunities. During budget execution, it is particularly important to monitor results and take corrective actions. No budget planning system can be successful without adequate and effective control. The budget is closely connected with the control. A well prepared budget cannot be placed in a shelf and left there. It is important to continuously compare at fixed interval (monthly, quarterly) deviations between actual performance and the budgeted performance (Creiu *et al.*, 2007).

The economic crisis and the ever growing budget deficit are an excellent opportunity to finally move to planning medium and long term. Public budgets should be projected to a period of four years. Rather than try to implement all activities in a single year, they are phased in periods of four years. Progress is usually measured only in terms of performance, and according to worldwide practice of budgetary organizations, performance measurement is generally directed to either the target (output) or by performance indicators (outcome) In addition, performance and the execution of public budgets must be transparent to the public. As public information, there

are quite a few data on budget implementation of various public entities as compared the original budgets, or complete data about budget revisions and their justification should be made known to citizens (Creiu *et al.*, 2007).

Iceland Ministry of Finance (2006) established that many western governments have developed systematic procedures to link government budget appropriations to performance targets. To this end, good information is required concerning the performance of public services and the cost of improving the performance. Careful budget design requires a variety of information. The main task is to determine what information is useful in determining budget amounts at various stages of the budget process in order to improve the decision-making process. The task is to determine what data is required and how much should be spent to obtain it.

Budget performance targets have to be reviewed every two years. In every case it is expected to be clear who is responsible for delivering progress towards individual targets, such that the chain of responsibility is clear at all stages. Reaching specific targets always has a cost, and although targets and performance information are used in tandem, there cannot be an automatic link between the setting of a target and the actual budget appropriation. Since performance information is important, it is imperative that it is trustworthy. A number of methods are used to verify such information and assess budget performance results. The dissemination of budget performance information to the public and other interested parties is also important. The assembly of performance data is also useful to call attention to areas that need to be reassessed, while using formula for allocating funds is generally favourable, although they turn out to be quite complicated, since they demand increased performance monitoring, and a formal review of performance measurements for purposes of data confirmation (Iceland Ministry of Finance, 2006).

In a study carried out by Doyle (2014), the transition of the Australian government to output-based budgeting (funding departmental inputs to it funding departments to deliver outputs to specific standards, as the means of achieving policy goals) did not fully address the budget performance issue because of the absence of comprehensive information on outcomes. In view of this, in 2011, the government amended the budget framework by requiring departments in the

public sector to (a) include objectives (intended outcomes) in Budget Papers to better show how departmental outputs will benefit the community (b) clearly show how outputs influence or link to objectives (c) include objective indicators as statistical and rigorous measures of the contribution of outputs to achieving specific objectives and (d) develop a four-year corporate and 10-year long-term plans to inform budget decisions, by analyzing challenges, and proposing mitigation strategies.

In the Nigerian setting however, Omolehinwa (2014) advises that; to achieve performance targets or enhance budget performance, there must be clarity of roles and responsibilities for the various officials and institutions in order to know the job specifications, provision of relevant information to the various stakeholders at the right time in order to assist in taking the right decisions, preparation of the budget on a timely basis and approved, before the beginning of a financial year, allocating resources to programmes on the basis of the country's priorities and programme effectiveness, avoidance of overloading of MDAs' budgets so that they can have the absorptive capacity to implement the budget. In order for the MDAs to take capital budget implementation seriously, there should be a stable commitment of funds so that the MDAs can plan ahead in the knowledge that there will be no sudden cut-off of funds at the implementation stage.

Omolehinwa (2014) further proposes that the government should not resort to escapism by including in the capital budget, projects that it has no intention of implementing in the first instance, only to turn around later to start looking for excuses for not implementing them. The government should also be able to determine the actual work done by the contractors so that disagreement will not cause delay in budget implementation. The budget system should be able to provide feedback to government on the progress of the programmes or projects as it relates to performance of costs, targets and time schedule in comparison with the original plan. The reports received by the government on budget implementation should be also able to assist the government to review or modify programmes or projects and to serve as a basis of further resource allocation

As the final submissions of Omolehinwa (2014); the budget system should be able to identify the problems affecting the implementation of the budget, if any and suggest solutions as to how any identified implementation problems can be resolved not only in the present but also in the future. As much as possible, the citizens should be carried along by the government so that the budget reflects their preferences, the MDAs should carry along not only the other tiers of government but also the host communities in the implementation of the capital projects, there must be in place managerial culture that promotes compliance with formal rules.

### **2.7.8 The Role of Budget Performance in Housing Delivery**

Within the context of this research, the variables considered for budget performance for housing provision by the public sector include accuracy of data on housing needs, citizen participation, duration of the budget preparation, mechanism for evaluating housing budget funds during implementation, involvement of cost professionals like the Quantity Surveyor in the budget process. Housing budget performance therefore depends on the extent to which the housing budgeting process meets the expectations of the citizens in terms of the above measures. The evaluation of these measures involves the collection of both quantitative and qualitative data.

Unlike the private sector, where profit provides handy metrics or performance, in the public sector, gauging performance is complex. Public sector needs to understand its inputs (finance, staff, equipment) and output (such as number and quality of houses provided annually) and outcomes (such as improvement in housing delivery over a number of years), public policy outcomes-the eventual impact on society and are affected by multiple factors, some of which are affected by multiple factors, some of them beyond government control (McKinsey, 2011).

Few sectors of the economy depend on performance metrics as much as the housing sector does. Within any housing system, there can be many indicators of performance such as the facility level (bungalows, block of flats, duplexes). These indicators are systematically measured, aggregated, and tracked at higher levels. These performance indicators, or KPIs, are used because they highlight those aspects of performance that are integral above all others in providing insights on attaining the housing sector goals (Rozner, 2013).

Nevertheless, it is possible to identify appropriate measures to track every element of public sector performance: inputs, outputs and outcomes. For instance, to gauge the quality of housing provided, the number of rented houses- among a multitude of other indicators. While not a complete measure of outcome of housing policy, it is a good indicator- a high rate of tenancy is associated with dearth of public housing delivery. Qualitative measures such as perceptions of citizens are also important indicators of housing budget performance.

The delivery of housing services can be improved in two ways: by improving productivity or financial management. These performance drivers are often mixed up, but each is measured in a different way and requires different improvement tactics. Productivity can be realized as improved outputs – for instance increasing the number of houses provided on an annual basis. This can be achieved by a range of measures, such as better training on taking statistics of housing needs and precisely segmenting or prioritizing citizen needs.

Sound financial management can be realized by reducing revenue ‘leaks’ through better fraud detection. Distinguishing between different drivers of performance in this way equips public sector decision makers to make better decisions on how to improve budget performance and determine where to focus time and resources (McKinsey, 2011). In other words, underlying performance culture should be underpinned by transparency. Transparency will only create pressure for improvement, if the metrics are robust and clear.

To improve housing budget performance, the public sector must think beyond redrawing the lines and boxes on the organizational chart: every stakeholder must be involved on a day-to-day basis. This requires ensuring that talent is able to move across agencies, functions and geographies as necessary to best serve the public. A similar scenario is involving housing cost professionals in the housing budget decision making of the public sector. Whatever the rationale, restructuring housing budget is unlikely to deliver value, unless the right changes are made, both to formal roles and responsibilities and, more importantly, to underlying mindsets and behaviours. An extension of this issue is persuading people to change how they work, which is rarely and easy task.

In summary, the message is that budget performance is based on the practice of thinking in terms of goals rather than means. It therefore depends not only on the measurability of variables but also on what factors are being considered and the methodology to be used. A good and effective budget performance system provides direct benefits to both the public organization and the society at large, by a rigorous and focused approach to the achievement of goals (Then and Tan, 2002). An important issue in the process is to understand what factors to be evaluated and this is necessary to achieve the desired results. A good budget performance process must have three key aims:

- i. The subjectivity of assessment should be minimized;
- ii. The assessment should provide a consistently reliable result when used on similar projects; and
- iii. The result should offer a meaningful indication of the budget's total performance.

Clearly, drawing upon this, the message again is that public organizations must recognize the contribution of budget performance to the achievement of their organizational and societal objectives and targets such as housing. To respond to changing economic environment, the benefits derived from budgeting transcends merely providing technical solutions to public sector; rather it also impacts on the financial performance of public organizations. Then and Tan (2002) agree that within an organizational setting, budget performance also provides a basis for monitoring achievements from the budget policy to final outcomes.

## **2.8 The Concept of Participation**

According to Roberts (2003), two questions are central to the nature of participation: Who is a citizen and how should the citizen participate in government decision making? Responses to these questions have varied. Those who value indirect citizenship participation, or representative democracy, cite the dangers, costs, and logistical difficulties of involving all members of a society. Those who value direct citizenship participation cite increased state legitimacy and the benefits of social learning when all citizens are involved.

Roberts (2003) further states that available data on citizen participation come from “experiments” in different programs (e.g. Model cities of the world) and different sectors (e.g.



education, social services, health and infrastructure). They also come from explorations of citizen participation at the individual, group, inter-group, and network levels. Citizens participate as individuals when they vote, respond to surveys and attend hearings. Citizens participate as group members when they join advocacy and voluntary groups and participate in citizen panels and advisory committees. Citizens participate as members of large groups when they join stakeholder collaborations that bring together competing interests groups, administrators, and politicians to craft and implement public policy. Citizens also participate as members in a network, especially those reliant on the internet and information technology, when they push issues on the political agenda that have been neglected or avoided by formal authority.

Citizenship participation is the cornerstone of any democratic government in the world today, but there is still a deep ambivalence about citizens directly participating in their government. For instance, advocates or proponents such as Box (1998) push for greater citizen involvement to curb the abuses of a representative system; they propose direct rather than indirect citizen involvement, since in their opinion. Words such as developmental, educative, therapeutic, integrative, legitimating, protective of freedom, instrumental and realistic, characterizes some of the basic arguments in support of direct citizen participation.

Opponents to direct participation regard direct citizen participation with distrust (Dahl, 1989). They doubt the ability of the masses to make a positive contribution to governance; in fact, they are viewed as a potential threat to the system and are incapable of action other than a stampede. Citizens lack the special training and resources needed to be cogent about complex policy problems. In their view, substantive involvement by citizens in governance is unworkable, however desirable it may be. Words like false notion (people being are either too passionate and selfish or too passive and apathetic), inefficient, politically naïve, unrealistic, disruptive and dangerous summarise the arguments of opponents to direct participation.

Proponents are of the stance, that the active role of citizens in governance is an important ideal (Box, 1998; Skocpol and Fiorina, 1999). Direct participation keeps community life vital and public institutions accountable. It resolves conflict through “a participatory process of ongoing, proximate self-legislation and the creation of a political community capable of transforming

dependent private individuals into free citizens and partial and private interests into public goods (Barber, 1984). Proponents argue that citizens have the knowledge and the ability to participate more fully in the political, technical, and administrative decisions that affect them and they have demonstrated this capability when they have been given the chance. Most important, it is their right to be engaged in the decisions that touch their lives (Barber, 1984; Box, 1998).

Opponents on the other hand, also view direct participation with skepticism, even wariness. Indirect citizen participation has its advantages. It protects citizens from the dangers of direct involvement. It buffers them from uninformed public opinion; it prevents the tyranny of the majority; and it serves as a check on corruption. It also meets the needs of a complex, postindustrial society that requires technical, political, and administrative expertise to function. Unlike public officials, citizens do not have the time or the interest to deliberate for the purpose of developing informed public judgment. They either do not know how to participate, do not want to, or do not even care to try. Given the size and complexity of the modern nation state, direct citizen participation is not a realistic or feasible expectation (Dahl, 1989).

The literature built up around participation is complex. As a contested concept (Day, 1997) notes that it is not surprising that it is plagued with definitional problems. Citizenship participation can refer to a range of different actions by different people (Pateman, 1970). For some, citizen participation is a legal concept, while to others, it is substantive concept.

As a legal concept, it is a political status or role conferred upon people (Cooper, 1984). Legal definitions emphasize the procedural aspects of involvement—the extent to which citizenship is defined in constitutions and statutes that prescribe the qualifications, rights, and obligations within a particular government’s jurisdiction (Cooper, 1984). Citizens owe allegiance to the State or nation, must abide the laws, and risk their lives for the national defense (Rosener, 1978). In turn, citizens are guaranteed the rights of voting and formal equality.

As a substantive concept, it is ethical and sociological. It draws from the idea of community, the concept of duty, and emphasises on civility, all rolled into one (Dimock, 1990). For example, the Greek philosophers viewed “citizenship as the main goal of life” (Dimock, 1990). Central to

this ideal is the belief that government must be guided by a moral purpose—the realization of values in the lives of its citizens (Hart, 1984). The citizen’s primary responsibility is to know what those values are, why they should believe in them, and what the implications for action might be. Furthermore, each individual should act as an independent and responsible moral agent. If any situation should compromise values, the citizen has to act with civility in defense of those values (Hart, 1984).

The substantive perception of participation is however, more encompassing, because it comprises both collective and individual virtue and moral purpose. Its scope is broader than the legal definition suggests and it extends not only to formal governmental arrangements, but it also includes voluntary organizations and community involvement. Its focus is on building and sustaining community—political, economic, and social—and the development of the community’s values, norms, and traditions (Cooper, 1984). Its requirements are a sense of responsibility and civic devotion to one’s commonwealth and a dedication to human and environmental betterment throughout the world (Dimock, 1990).

The definition of Arnstein’s (1969) is illustrative of the latter when she incorporates substantive interests of the polity, such as race, class and gender, to define citizen participation as a categorical term for citizen power. It is the redistribution of power that enables the have-not citizens, presently excluded from the politics and economic processes, to be deliberately included in the future. It is the strategy by which the have-nots join in determining how information is shared, goals and policies are set, resources are allocated, programs are operated, and other benefits like contracts and patronage are obtained.

This research adopts the substantive definition that includes the important elements of power and decision making. Direct citizen participation is defined herein as the process by which members of a society (those not holding office or administrative positions in government) share power with public officials in making substantive decisions related to the community. The preference here is that it is more inclusive and extends to all types of citizens. Citizens come in many different stripes and colors; focusing on one type of citizen to the exclusion of others subverts the concept. Although redistribution of power may be an intention or an outcome of citizen

participation, it should not be a limiting factor in its definition. The most logical differentiation among participants is between those who hold elected and administrative government positions and those who do not. In this sense, citizen participation would refer to those members of society who serve without pay and do not have formal governmental decision making authority in the formulation or implementation of public policy. The focus is on direct participation (when citizens are personally involved and actively engaged) as opposed to indirect participation (when citizens elect others to represent them) in the decision process.

There are however dilemmas that have to be addressed if direct citizen participation is to be treated more seriously in the society. They include:

- a) **Size:** The modern administrative state is very large and complex. Direct citizen involvement will have to accommodate numerous groups and individuals. Direct participation was formulated for small groups meeting face-to-face and operating in relatively constrained public spaces. How can direct citizen participation overcome the limitations of scale (Dahl, 1989; Fishkin, 1991)?
- b) **Excluded or oppressed groups:** There are disadvantaged citizens who have been systematically excluded from representative decision making (Dahl, 1989; Sanders, 1997). Will there be room in the participatory process for ethnic and religious minorities, indigenous peoples, women, the old, youth, the unemployed, the underclass, and recent immigrants? And who will speak for future generations?
- c) **Risk:** Many complex technologies pose substantial hazards and risks to individuals, communities, regions, or even to the entire planet. Imposition of risks on people without even their tacit consent is an act of cruelty. Those exposed to risks (chemical, radioactive, and biotechnological hazards) are capable of political mobilization, that they threaten the stability of the political-economic order, and thus place legitimation at issue (Drysek, 1996). How do we deal with these risks?
- d) **Technology and expertise:** Citizens find it difficult to compete with professionals in terms of their knowledge, information, and expertise (Drysek and Torgerson, 1993). Administrative and technical elites crowd out both citizens and their representatives in the participatory process. How can ordinary citizens participate in the decisions made about complex technologies, especially when there can be wide disagreements among the

experts and the costs of gaining the knowledge, information and expertise to stay current in these debates can be prohibitive?

- e) **Time and crises:** We are in an era of accelerating crises. Decisions often have to be taken quickly without involving large numbers of people. There may not be time for large-group deliberations. Besides the decision costs involved in reaching agreements (Fishkin, 1997), citizens may not have a great deal of time to give to participatory processes (Grant, 1994). How will we deal with time constraints and crises?
- f) **The common good:** Direct participation may not truly reflect the common good. The common good depends on deliberation not just assurance of political equality or the capture of public opinion through the latest polls, faxes, 800 numbers, computers and other technological marvels. Power to the people does not necessarily produce thoughtful deliberative power. Incentives have moved us toward direct democracy at the cost of deliberative democracy (Fishkin, 1991). How can direct democracy be more deliberative to enable people to think more seriously and fully about public issues?

It is imperative to note that direct citizen participation can manifest at all levels of government, although it tends to be more evident locally and regionally due to problems of scale. We find its expression in programs and policy areas such as education, policing, health and social services, justice and environmental systems, economic, community and infrastructural development. Citizens also are involved throughout all stages of policymaking—analysis, initiation, formulation, implementation and evaluation (Roberts, 2003).

### **2.8.1 Essential Features of Participation**

One of the essential features of participatory approach is that in matters relating to community development, especially with respect to intellectual contributions, group or community members are treated and regarded as equals (Nnanna, 2010). In other words, the opinions and ideas of all members are duly considered and accepted based on the relevance of the issue at hand.

In the participatory approach, the culture of silence which characterizes the elitist and top-bottom development model is broken and discouraged. This is achieved mostly through education, enlightenment and sensitization of community members especially the poor, with a view to

awakening their consciousness to the fact that they have the ability and potential to contribute meaningfully to the development process.

In the participatory approach, premium is placed on dialogue as a veritable tool and means of generating ideas and solutions to development objectives. Dialogue is akin to ‘brainstorming’ gives room for and encourages free and active contribution, participation and interaction by all members of a group or community in efforts aimed at solving a common problem. This is premised on the notion that two or more good heads are better than one and as such, when more people are involved in the decision making process as regards solving community development objectives, better results are achieved.

Another characteristic feature of the participatory approach is that community members are made, ab-initio to understand that whatever development project or programme that is being executed in their communities belongs to them essentially and not to government. This serves the purpose of not just enlisting their full participation in planning and execution of projects, but making them custodians of the projects. Participatory approach presupposes the active participation and involvement of people in the planning, execution and control of projects that will benefit them. This demands a degree of training and orientation of community members to make for meaningful participation and contribution (Nnanna, 2010).

How best to accomplish meaningful citizen participation or involve citizens in government decision processes is a complex puzzle and has long being a concern for nations. However, urban scholars such as Saltzstein (2003), suggest that the local government level has the best opportunity to promote face-to-face interaction between the elected officials and the populace after all, the citizens represent key stakeholders for government programs and their input should be solicited since they have the highest stake, that is they are the ones most likely to be impacted by the decisions being made (Aimee, 2001; Ebdon, 2002).

Boschken (1992) supports this conclusion when he indicates that if an organization does not know its stakeholders, what they want from the organization and how they judge performance, there is little likelihood that they will be able to satisfy their key stakeholders. He also suggests

that more important than having great numbers of participants is to purposively select participants to represent the range of stakeholder views

A successful citizen participation program must be integral to the planning process and focused on its unique needs; designed to function within available resources of time, personnel, and money; and responsive to the citizen participants (Cogan and Sharpe,1986).Because of these reasons, specific projects demand different approaches to public involvement. However, Cogan and Sharpe indicate that most successful citizen participation programs contain some common elements. To be effective, they suggest that citizen participation programs must:

- i. Meet legal requirements;
- ii. Clearly articulate goals and objectives;
- iii. Command political support;
- iv. Be an integral part of the decision making structure;
- v. Receive adequate funding, staff, and time;
- vi. Identify concerned or affected publics; and
- vii. Delineate clear roles and responsibilities for participants.

A program that incorporates these elements will generally be effective in meeting the expectations of both the planner and the participants.

Thomas (1995) and Beierle (1999) outline a number of considerations that may be described as ideal indicators for the implementation of enhanced citizen participation in agency decision-making. They group them into low-cost and high-cost indicators. They are as follows:

**(a) Low-Cost Indicators**

- i. Citizens readily volunteer for projects that benefit the entire community.
- ii. Key stakeholders are not too geographically dispersed participants can easily reach meetings.
- iii. Citizens have enough income to attend meetings without harming their ability to provide for their families.
- iv. The community is homogenous, so the group requires fewer representatives of interest groups. Smaller groups speed decision-making.

- v. The topic does not require representatives to master complex technical information quickly.

**(b) High-Benefit Indicators**

- i. The issue is gridlocked and a citizen mandate is needed to break the gridlock.
- ii. Hostility toward government entities is high, and the agency seeks validation from community members to successfully implement policy.
- iii. Community representatives with particularly strong influence in the community are willing to serve as representatives.
- iv. The group facilitator has credibility with all representatives.
- v. The issue is of high interest to stakeholders, and may even be considered at 'crisis stage' if actions are not changed.

Cogan and Sharpe (1986) also suggest that citizen participation programs can make the planning process and planners more effective by:

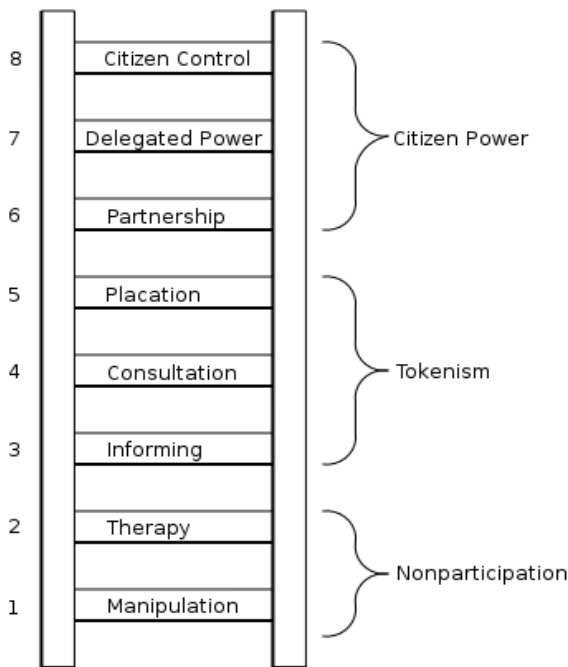
- (a) Reducing isolation of the planner from the public;
- (b) Generating a spirit of cooperation and trust;
- (c) Providing opportunities to disseminate information;
- (d) Identifying additional dimensions of inquiry and research;
- (e) Assisting in identifying alternative solutions;
- (f) Providing legitimacy to the planning effort and political credibility of the agency; and
- (g) Increasing public support.

Well-planned citizen involvement programs relate the expectations of both the citizens and the planner. Arnstein's "ladder of citizen participation" (see Figure 9) can assist the planner in determining his or her perceptions of a program's purpose and compare this with the anticipated perceptions of citizen participants. In successful citizen involvement programs, the disparity between the planner's and the participant's expectations is minimal. If expectations are different, conflict is probable. This conflict is damaging to the planning process (as well as the agency's reputation), and to the relationship between the participants and the planner. Often, it is avoidable because its source is in conflicting expectations rather than conflicting demands (Cogan, *et al.*, 1986).



### 2.8.2 The Ladder of Citizen Participation

The “ladder of citizen participation” was first described by Arnstein (1969). This theory provides an overview of the different ways the public can be involved in decision making. It describes eight levels of participation, which are divided into three main categories. Even though it was first published over 40 years ago, planners, architects, politicians, power holders and many others still acknowledge these different levels of participation. These levels can be represented as a ladder, as shown in Figure 2.6.



**Figure 2.6:** The Ladder of Citizen Participation (Arnstein, 1969)

Arnstein(1969) categorizes the first two levels in her ladder of citizen participation as *non-participation*, this is where the public is not directly involved and may be manipulated into thinking they are part of decision making, where the power holders have created a phony form of participation, perhaps around a decision already made. At the first level there is *manipulation* where people are “educated” and may be advised to sign proposals they believe to be in their interest. The second level of the participation, which Arnstein calls *therapy*, involves the power holders “curing” the people. The power holders promise to assist the citizens and have them

engage in different activities where their opinions may be “cured”, and in the end accepted by the citizens.

Arnstein refers to the third, fourth and fifth levels as *tokenism*. This is where the citizens become involved but only to certain extent. The *informing* level is where the citizens are informed of what is happening. This is a one-way information process, where people receive the information in newspapers, in the media, online or by other means. *Consultation* is the fourth step, in which citizens’ opinions can start to affect the power holder’s opinion. This is a common form of citizen participation utilized in urban planning. If consultation and information is taken into account as part of the planning process, this can be effective. However, if the consultation and information is not taken into consideration at the end of the day, this step will be of limited value and could therefore fall back into the non-participating level.

The fifth level in Arnstein’s ladder is where a citizens’ opinion will start influencing the power holder’s decision. Arnstein calls this level in the ladder *placation*. At this level, citizens may be hand-picked to sit on a governing board that makes decisions on the planning process. According to Arnstein, this process is more likely to work if the board members are equally split (citizens and power holders), so the citizens cannot be outvoted in the process. The last category in the participation ladder is what Arnstein calls *citizen power*. This is where the citizens get to influence the decision making directly. At the sixth level the power holders and citizens create a *partnership*. Arnstein considers partnership relatively high on her ladder as she believes this can keep both citizens and power holders content.

The seventh level is what Arnstein calls *delegated power*. At this level the citizens can start taking control, and the power holders need to start negotiating with the citizens. Compared to the example given for *placation* (the fifth level), the majority of the board members would be the citizens. This would mean that the power holders would need to negotiate decisions with the board members.

The final level is what Arnstein calls *citizen control*. The words describe this level, since it gives the citizens the power to decide. This can be achieved through referendums, but since those are often costly and difficult to arrange it would most likely slow down the process substantially.

They are therefore often only utilized for larger decisions. In many cases, local authorities do not, however, give their citizens full control in such elections, but treat the results instead only as advisory for the final decision made by the city council or other such decision making bodies.

### 2.8.3 Supportive Conditions for Effective Participation

Ebdon and Aimee (2006) suggest four groups of factors that must be considered: the structure of the city, the types of participants, the mechanisms used to foster participation and the process itself. Table 2.4 summarizes these groups of factors and their corresponding conditions.

**Table 2.4.** Supportive conditions leading to desired participation outcomes

<b>Factor Group/ Variable Name</b>	<b>Description of Supportive Condition</b>
<b>City Structure</b> Size Form of Govt. Legal Requirements	Larger cities are more likely to structure participation opportunities City manager will emphasize and council will support participation Structured to foster the incorporation of citizen input during resource allocation
<b>Participants</b> Invitation Selection Reasons	Council encourage participation as valuable interaction Purposive criteria to foster opportunity as well as representation Citizens doing civic duty, not because of isolated dissatisfaction
<b>Mechanisms</b> Opportunities Timing Coverage	Multiple opportunities for access and interactive Early in process, sufficient, but not an unusually large duration City wide concerns or large societal interests rather than single issue or geographic focus
<b>Process</b> Purpose Format Preferences	Explicitly stated and ensures sufficient education/knowledge/information transfer Presents materials in laymen’s terms (tables, charts, graphs, comparisons) Participants reveal sincere preferences that weights the relative importance of items
<b>Desired Outcomes</b>	Decision makers use information for stated purpose Two-way communication and feedback on utilization Participants are satisfied and perceive impact

**Source:** Ebdon and Aimee (2006)

### 2.8.4 Citizen Participation in the Budget Process

Calls for citizen participation in resource allocation decisions have been heard in the past. During the early 1900s, Frederick Cleveland, noted that government should be both responsive and efficient and that ensuring effective government decisions was the duty of both elected officials and citizens. The introduction of rational administration separated from value driven political decisions might have signaled an ideal opportunity to solicit input from the citizenry regarding

budgetary preferences. However, the emphasis on technical expertise brought about by the call for rational analysis silenced the average citizen and shifted control over the debate to government officials (Kelly and Rivenbark, 2006).

Citizen participation in government budgeting processes or decisions is a topic that has received attention for many decades. Many State and local governments are currently struggling with fiscal stress - in some cases, the worst they have experienced in decades (Ebdon and Franklin, 2006). Painful decisions are required regarding spending and service reductions. Many governments are struggling with how to include citizens in budgetary decision making. Thus, this appears to be an important time for citizens to play a role in helping elected officials determine the best solutions for government and the community. Participation in the budgetary process can be very useful in educating the public about key trade-offs and gaining valuable input from citizens about their priorities and preferences.

For a nation like Nigeria, which has for a long time suffered under the weight of the misconceived notion that budgeting decisions for most major development projects like road construction, electricity, water supply, and housing should be carried out by the government alone, makes it an arduous and onerous task enlightening and re-orienting the citizenry otherwise? Much is required to convince an average Nigerian into believing that he should, as a duty contribute to projects initiated by the government.

For the community to buy into project decisions, it needs to be involved from the initial stages of plan formulation, through planning, and design to execution and evaluation. In Anambra State for example, communities are directed to monitor project execution in their jurisdictions when the contract specifications are not known to them. What do they monitor? For them to monitor effectively, the contract terms must be known to them. Similarly, for them to participate fully in such project development, they should have been carried along, when the budget provision for such projects were been made and not when it has already been approved and published. For community participation in the budgeting process to work, a great deal of openness is required from government. After all, as Peter Obi, a former Governor of Anambra State says, the money

for projects belong to the people. If that is so, vigilance and monitoring on the part of the community demands full knowledge.

From the foregoing, we can say that if the public budgeting problem in Nigeria will ever be solved, then public participation becomes inevitable; if the housing budgeting problem in Anambra State can be meaningfully handled, then public participation must be resorted to. Cook (1975) notes that citizen participation can legitimize a program, its plans, actions and leadership. To legitimize can often mean the difference between success and failure. Unsupported leaders can become discouraged and drop activities that are potentially beneficial to community residents. Without this support, scores of worthwhile housing projects would never be achieved in many communities of Anambra State.

This research has, as one of its problem variables, the absence of voluntary citizen participation in housing budget decisions of the government. Hence, citizens do not just participate or get involved in housing budget decisions, they must also be carried along; and their opinions must be sought before final budget approvals. In other words, citizen participation begins when the public for whom policies are made are carried along from the on-set of the making of the policies or decisions guiding the allocation of housing budgets till the time of executing the housing schemes.

## **CHAPTER THREE**

### **REVIEW OF RELATED LITERATURE**

#### **3.1 Overview of Budgeting**

In the traditional sense, the primary purpose of preparing a budget is to understand and control costs (Fagbenle and Owolabi, 2004). This notion of budget has transformed into using budget proposal as an instrument for individual, public and private policy. It is useful to all parties involved in a project as a planning and control tool. Budget could be employed by the client to get priorities among projects competing for limited resources. It enables the client to set the machinery in motion for meeting the interim valuations as when due and also used to justify the elimination of uneconomic project(s) as well as the revision of his objectives to meet the demand of a project. Budget could also be employed by the consultants as cost control tool in managing projects in order to meet clients' requirements of function and ensuring completion on time within the set cost and required quality standards.

Several authors have provided useful definitions of budget, and a number of them are examined as follows: The Chartered Institute of Cost and Management Accountants (CICMA) (2003) defines budget as a comprehensive and coordinated plan qualified or expressed in financial or monetary terms, prepared and approved prior to a defined period of time, usually showing planned income to be generated or expenditure to be incurred during that period and the capital to be employed to attain a given objective. Thus, a well prepared budget acts as a mechanism to plan operations or activities.

The two aspects of every operation are revenues and expenses, and the budget must plan for revenue and expenses related to a specific operation. Planning should not only be done for revenue and expenses, but the resources necessary to carry out operations. CICMA (2003) also maintain that a budget is an action plan, simple or complex set out to be pursued from the first month of the year to the end of the year (i.e. annually) or it can also be done quarterly. This plan details all projected inflows and outflows during some future period and shows how to allocate limited financial resources to achieve them. A budget states the course of future action, and thus serves management's primary functions in the same manner that the architect's blue prints aids

the builder and the navigators flight plan aids the pilots. Individuals and families often use of budgeting techniques as an aid to careful management of their resources while budgets play an important role in operating most instrumental plans of the government from rural school districts and small villages to gigantic agencies of the federal government. Idris (2009) further stresses that budgeting does not stop at the establishment of specific goals for future operations but there must be a periodic comparison of actual results with these goals.

According to Muhammed (2009), the objectives of a budget are to: (i) assist/ direct managers to plan for a business policy over a defined period of time for an organization (ii) coordinate all the functions of an organization in such a manner that the different departments of the organization can be brought together and reconcile into a common cost (iii) evaluate performance and cost at the end of the budget period by making comparisons between actual and the target set in the budget, in order to determine any deviation and the correlation measure that may be taken without delay and (iv) serve as a guide and useful device for influencing managerial behavior and motivating managers to perform in line with the organizational goals and objectives by clearly defining the responsibilities and target for each unit.

Budgets can be used by both private and public organizations and budget processes can broadly be classified as either capital or operating budgets. According to Muhammed (2009), capital budgeting or investment appraisal is a process concerned with analyzing, evaluating and selecting the most profitable project for investment. A capital budget is concerned with current investment that will pay for itself and yield acceptable rate of returns over its life span. It entails determining whether an organization's long term investments or ventures such as a new building, new machinery or plant, new products, and research development projects are worth the funding of cash through the firm's capitalization structure (debt, equity or retained earnings). It is simply the process of allocating resources for major capital, or investment, expenditures. One of the primary goals of capital budgeting investments is to increase the value of the firm to the shareholders. Hence, it seeks to evaluate potential expenses or investments that are large in nature (Patel, 2009). On the other hand, an operating budget is a plan for expenditures required to maintain the functioning of a business venture or public organization. For example, a typical operational budget might include anticipated material, machine and labor/man power costs

needed to run the business and to manufacture products or provide services. Operating budgets are usually completed in advance of the accounting period (Oladapo, 2001; Patel, 2009).

Capital budgeting decisions, both at federal, state or local Government level poses some challenges. It is however a part of strategic planning. Strategic investment decisions comprise future investment directions, rate of growth and growth strategies. This process provides an impetus for the generation of ideas. Ideas are studied and evaluated in the capital budgeting process and many decisions are taken in this process. Oladapo (2001) states that budgetary planning for capital projects is very topical at a time where the downward trend in economic fortunes. Such downward trends have adverse and disturbing effects particularly on the building and construction industry. The effects are evident by the number of abandoned capital project sites, which are not-only on the increase, but are fast becoming a source of concern. Oladapo (2001) further laments that the major reason attributable to most abandoned projects is poor budgetary planning. The present approach, to project budget planning, execution and monitoring is open to abuses and inefficiency, which calls for urgent action by the government or public sector.

### **3.1.1 Public Sector Budgeting**

According to Emma (2001); Ugwu (2006); Ekewealor (2007); Malgwi and Unegbu (2012), the word 'Budget' was derived from the French word 'Bougettte' meaning a wallet or leather bag. The word was first used in 1733 by Mr Wapole, the British Chancellor of Exchequer in England, who used to carry his official papers in a leather bag to the House of Commons. These official papers contained the yearly financial plan which he would place before the house (Edwards, 1945)

Hence, budget in its literary sense means a leather bag or satchel to carry official papers in. From this association, it came to mean those papers themselves, more specifically the papers containing the financial proposals for the year or those plans of government finances submitted for the approval of the legislature (Ugoo, 2008). Thus, Budget is British in origin and has been accepted by other countries from there, including Nigeria.



### **3.1.2` The need for Public Budgeting**

Ugoo (2008) opines that the needs and demands that make claims on government resources are limitless; yet the resources to meet all these demands and claims are limited. There is therefore the need for a financial plan which not only mobilizes public resources but endeavours to allocate the same to the competing needs of the society. The scope and content of a budget differs from place to place and country to country, according to the participants in the budgetary process and the underlying norms, values, interests and the economic goals of the budgetary actors. Wealthy nations such as the USA, Germany, Japan, France and Saudi Arabia are likely to have large annual budgets. On the other hand, poor states such as Togo, Republic of Benin, Chad, Malawi and Lesotho have small annual budgets.

Whatever the size and the content of a country's budget, it is often meant to serve as a plan of action for those who will implement it, but there is often a wide gap between the intentions of those who prepare the budget and actual accomplishment. Although the language of the budget may require that certain objectives and goals be accomplished through planned expenditure at the end of the financial year, investigations in public organizations may reveal that no funds have been spent for these goals and objectives, rather, funds have been diverted to unbudgeted projects or expenditures. Sometimes, certain stated objectives are not attended to because there are no funds to implement them. In some other circumstances vital projects have been abandoned because of financial mismanagement, hence the need for proper budgeting.

### **3.1.3` Meaning and Definition of Public Budgeting**

Public sector budgeting, sometimes called government budgeting is concerned with the estimation of proposed expenditures for specific purposes and period and it embodies the means for controlling the estimated amounts to be raised as well as the proposed amounts to be spent for specific objects. It is a programme that guides all activities relating to collection and expenditure. It is a frame-work of the accounts by which transactions affecting such collections and expenditures are recorded (Ugoo, 2008). According to Ugoo (2008), a budget need not always be annual, as there may be long-term budget covering many years, or short-term, monthly or even weekly budget. However, in public sector budgeting or budgets of governmental authorities, it is almost universal practice to prepare budgets on an annual basis. Several

definitions of public budgeting abound, and the following comprises a number of them. However, it is instructive to note that the various definitions of budgeting depend on the authors' perspectives.

In its contemporary sense, budget means the plan of the expenditure and revenue to balance that expenditure, of usually a public authority (Ugoo, 2008). According to Muhammed (2009), it is a blue print of a projected plan of action for the forthcoming year including government decision and policies. From the definitions of Ugoo and Muhammed, budget can thus, be surmised in the following simple terms; a plan of work; a prediction; a link between financial resources and human behaviours to accomplish policy objectives and a mechanism for making choices among alternative expenditures. Emma (2001) describes a budget as a financial projection of the government showing income and expenditure in the year. In the view of Ekwealor (2007) it is a financial statement or better still, the document which contains estimates of the revenue and expenditure for a year.

The definition of Ekwealor (2007) concurs with that provided by the Nigerian Constitution (1999), which defines a budget as the annual financial statement containing an estimate of all anticipated revenue and expenditure of the government for the coming year. Premchand (1990) provides two useful descriptions of a public budget. First, it is a pre-determined statement of management policy during a given budget period which provides a standard for comparison with the results actually achieved. Second, it is the process of formulating into a plan all the estimates of income and expenditure of an organization with the ultimate intention of directing, coordinating and controlling the monetary commitments of such organization towards the attainment of its goals and objectives. Premchand (1990) further states that a public budget consists of projected inflows and outflows of an organization in order to map out plans to be achieved at the specified period of time and achieve set targets.

Perhaps, one of the most comprehensive definitions of a public budget is that provided by Meyers (1999) and Ugwu (2006); they define a public budget as a government plan quantified in monetary terms, prepared and approved prior to a defined period of time usually showing income to be generated and/or expenditure to be incurred during that period and the capital to be

employed to attain a given objective. However, the quantification is not limited to only monetary items. It may include non monetary items such as labour hours required, number or personnel required in a department or agency. Lucy (1993) sees a public budget as a quantitative expression of a government plan of action prepared in advance, while Saifullahi and Abubakar (2013) explicate budget as an aggregate policy instrument for organizing and articulating governmental goals and objectives often expressed in terms of programmes and projects. It is usually accompanied by a financial plan and the instruments for not only attaining some pre-determined goals but also for imposing checks and balance on the relationship between the government and the governed.

Budget is synonymous with planning, since both are concerned with systematic, rational, intelligent, articulate measures and control. It could be perceived as a public policy ready for implementation. In short, it is a distributive policy. Hence it facilitates the distribution of resources to individual units of the government. The resource of the government is broken and distributed to other units for their different goals. It is pertinent to note that Budgeting should not be seen as exclusive responsibility of the government finance officer. When budgets are handled by only those with accounting or finance background, it makes the formats and methodologies assume accounting or financial orientation, a budget should be easily understood by all stakeholders (Emma, 2001; Ekewealor, 2007).

Nwosu as cited in Ugoo (2008) explains that a budget as a document contains words and figures which proposes expenditure for certain items and purposes. The words describe items of expenditure such as salary, education, health services, transport, public works and services. Figures are also attached to each item or purpose. In this sense, a budget becomes a link between the financial resources and human behavior to accomplish an objective. In a more general sense, budgeting is concerned with the translation of financial resources into human purposes. Invariably, those who prepare public budgets intend that they should provide guide for future events and behavior.

From the foregoing contributions of various authors, four essential elements of a budget can be extracted as follows:

- (a) It is a financial plan of operations;

- (b) It is or a fixed period which is normally one year;
- (c) It contains both estimated incomes and expenditures and
- (d) It enables authorization to collect incomes and incur expenses once approved.

Premchand (1990) opines that with the expansion of modern state, government budget has come to occupy great importance in modern society. The effort of every state to create social welfare, has intensified the importance of budget. Budget is the heart of the government because it is essential in authoritative allocation of resources. Budgeting is a top level management device which demands the active involvement of the Head of Finance and other top notches in the government. In multitude of cases, a budget committee is formed comprising among other things; the heads of the major departments, the Chief Executive or his deputy may head the committee or the Head of Finance may be called upon to head the committee. However, in all circumstances, the role of the Head of Finance as a major member of the committee or as the Head of the Committee is very crucial.

Budgeting involves extensive decision making, and as a rational exercise, resource allocation calls for prudence. Emma (2001) emphasizes that in order to ensure proper resource allocation, the following steps to public budgeting are necessary:

- a) Determine the available resources at your disposal or realistic revenue expected.
- b) Set the objectives over which the resources should be undertaken (what you will do with the money).
- c) Define the objectives.
- d) Rank the objectives in order of priority.
- e) Determine the alternative courses of action for the attainment of the objectives (way of achievement).
- f) Evaluate the alternative courses of action.
- g) Establish decision criteria (principles or bases).
- h) Allocate the resources.
- i) Establish control measure and feedback mechanism.
- j) Adjustment of future plans and objectives for purposes of future allocation.

### **3.1.4 Significance of Public Budgeting**

CICMA (2003) suggests that any government that plans to undertake economic and other activities must have some policies they follow. These activities and policies can only be achieved by collecting the necessary incurring expenditures and revenues. The government usually describes the intentions and policies that it will pursue in the next financial year and draw up a financial plan or a budget. In fact, for any government to function effectively, it must embark on realistic policies in which to convert available resources to the development needs of the state. This is the primary purpose of a public budget (Chark, 1995; Fagbenle and Owolabi, 2004; Jumare, 2009). According to Idris (2009), a public budget provides the standards by which actual achievement is measured. It serves as a basis for reviewing past performance of the government for the previous year and also states what the government intends to do in the following year.

Ugoo (2008) stresses that all large public organizations prepare annual budgets. To many, the term budget connotes a restraining influence on action, hence many people either as individuals or members of organizations seem to develop a negative attitude to budgeting. Since resources available are not always sufficient to service the needs or opportunities which the organizations would like to serve, budgeting remains the most tactical instrument for both decision making as well as allocation of resources. The annual budgeting procedure can be therefore be seen to be perhaps the single most important decision and control routine from both organizational and economic points of view. From an organizational point of view, the leadership is able to use estimated revenues and expenditures to arrive at a planned allocation of resources. From an economic view point, the short- term budget constitutes an important determinant of a number of economic decisions.

According to Holmes (1998) and Fort (2012), the original purpose of a budget was purely financial- to provide money for government expenditure. It has however, metamorphosed into a plan to secure the right relationship between income and expenditure; as an authorization to raise and spend the amounts specified on various endeavours and finally as a means of control of expenditure. This is why Ekwealor (2007) maintains that public budget is a device to aid management or the chief executive in operating an organization more effectively. It can be said to mean setting of concrete goals in financial terms. Ekwealor (2007) further submits that public

budget should be a document through which the Chief Executive prepares before fund raising or presenting to a fund granting authority, which he also uses as a basis in making a report regarding the manner in which he or his subordinates have administered affairs during the last completed year. He also uses it to show the present condition of public treasury and on the basis of such information sets forth his programme of work for the year to come and the manner in which he proposes that such work should be financed.

A budget can be regarded as a form of contract. The executive and national legislature agree to make money available under specified conditions, while the various ministries, departments, boards, commissions and agencies agree to spend the funds in ways that have been agreed upon. Consequently, budgeting is not merely a one way process in which the executive makes proposals or prepare the estimate, the legislature approves or authorizes and the administrators implement. To the extent that a budget is carried or passed, it imposes a set of mutual obligations and control upon the contracting parties (Jumare, 2009). In view of this, recalcitrant ministers can also be disciplined through substantial cuts in their future budgets (Emma, 2001; Ekewealor, 2007).

In a sense, a budget also serves as a communication network especially during preparation, because each participant receives information on the preferences of others and transmits his own preferences and interests through the decisions and choices he makes. It also serves as an instrument of control because limits are set on the amount of money specific ministries, departments, agencies can spend within a given financial year. They are not expected to incur extra or additional expenses without supplementary appropriations or funds transfer (Fagbenle and Owolabi, 2004).

Ekewealor (2007) posits that the budgetary process is an exercise which generates interests among varied interests and groups such as those members of legislatives, and executives, professional bodies, traders, contractors and in-fact the ordinary citizen. This is so because the fundamental question of who gets what from the government is answered in a typical budget, be it national or local. It is often presented with a considerable wealth of judgment, reflection and imagination. Budgets also have been said not to be merely matters of arithmetic and statistical

figures. In several ways, they embody the main desires, interests and hopes of the society. According to Ekwealor, public budgets also publicize the activities of government as well as instill responsibility and accountability in the government structure and expenditure. Since a budget contains a detailed description of the estimated receipts and proposed expenditures and disbursements under the various heads. It enables authorities decide individual items of revenue and expenditures in the overall context of the plan.

Furthermore, Ekwealor (2007) posits that, being the financial plan of the government, the budget is a device for consolidating the various interests, objectives, desires and needs of the people into a programme whereby they may jointly provide for their safety, convenience and comfort. The budget is the most significant single current document relating to the social and economic affairs of the people and the proposed programme of the government for the implementation of these affairs. Budget speech of a finance minister often unveils the entire and fiscal programmes of the government. However, how these programmes are and should be executed often raise important issues.

From the foregoing, it can be surmised that public budgets are produced for the following reasons: (a) to aid the planning of annual operations (b) to coordinate the activities of the various parts of the organization and to ensure that parts are in harmony with one another (c) to communicate plans to the various responsibility centre/unit officer (d) to motivate officers and managers to strive to achieve the organizational goals (e) to control activities and (f) to evaluate the performance of officers.

### **3.1.5` Advantages of Public Budgeting**

Public budgeting as stated by (Ugoo, 2008) offer the following advantages:

- a) **Action is based on study:** Owing to the fact that executives and operating heads make the plans which they are bound to execute when approved, careful study becomes imperative before any action is taken. The failure or success of the budget plan is a function of not only execution but how well they are articulated.
- b) **Co-operation is secured in the entire organization:** Operating heads and all who have something to do with operations assist in the formulation of the best operating plans for

the organization. As such, the result of their work represents the judgment of the entire organization.

- c) **Policies are established:** There are declarations of policies in the budget, in that emphasis is given on the essentials of projects to be undertaken. A system of priorities is often established especially where there are limited resources.
- d) **Programmes for activities are related to expected or available resources and economic conditions:** There is a holistic consideration of the economy of the nation in budgeting of public expenditure. Government's spending may be contracted or expanded depending on the realities of the economy.
- e) **Development of balanced programmes:** The priority and essentiality of projects are studied and related to the end in view before determining how money should be spent and what is to be expected in the prosecution of chosen projects or actions.
- f) **Attainment of coordinated effort:** In the budgetary process, coordination of all departments, units, divisions or agencies is necessary, because without that, concerted action cannot be attained.
- g) **Control of operations:** In a sound and efficient budgetary system, there is a control mechanism for expenditures. Expenditures are tied to projections and estimations that have already been done. This helps to determine deviations from pre-determined goals.
- h) **Revelation of organizational weakness:** In the execution of plans, responsibilities are delegated. Responsibility can only be accepted if authority is delineated. Where plans are developed and responsibilities for accomplishments are delegated, weaknesses and lapses if any, in the organization will be revealed.
- i) **Prevention of waste:** Owing to the fact that budgeting analyzes the reasons for proposed expenditures in advance, waste and embarking on white elephant projects are prevented. A good budgetary system does not allow for abandoning projects as enough studies would have been carried out before subsequent approvals.

In the view of Chark (1995), the advantages of a public budget cannot be overemphasized because it compels management to plan for the future, helps to coordinate, integrate and balance the efforts of various departments in the light of the various objectives of the organization, facilitates control by providing definite expectations, improves quality of communication, helps to optimize the use of the organization's resources, increases morals, develops an atmosphere of



cost consciousness, permits management to focus attention on significant matters and measures efficiency and inefficiency.

### **3.1.6 Factors influencing Public Budgeting decisions**

Government budget has been described as a stabilizer because if properly used, as a fiscal policy, can stabilize an economy (CICMA, 2003). The public budget as an instrument of economic policy dictates the direction of the economy and expresses intentions regarding the utilization of the community's resources. In operational terms, it leads to the determination of growth and investment goals (Ugoo, 2008). At the national level, the budget is concerned with the macroeconomic balance in the economy. The policy options in this regard include specification of the amount of growth that is compatible with factors such as employment and price stability. Government budgeting provides the basis for legislative control, authorization and accountability to the legislature and provides a base for executive management within ministries and departments (Ugoo, 2008).

According to Emma (2001), budgeting in the government is not for formality sake, or for the interest of knowing how income keeps pace with expenditure. The following comprise reasons why governments must prepare budgets:

**a) Resource allocation:** Resource is always scarce and thus should always be prudently used. The budget provides a rational basis for allocating resources to various sectors of the polity. It is evident that the governments (at all levels or tiers) are faced with multi-dimensional development programmes and other needs. The lean resources could only be prudently and equitably allocated through the tool of budget.

**b) Legal basis for authorization of expenditure:** From the foregoing discussions, it can be deduced that the constitutions of governments demand that the estimates of the revenue and expenditure must be laid before the appropriate authorities for authorization subsequent to expenditure.

**c) Macro-economic Framework:** The litmus test of government budgets is its effect on macro-economic indicators such as employment, price stability, inflation, national income parameters and general well being of the citizenry (Ani, 1999). This is greatly accomplished by the budget.

Thus, government budget is a fiscal instrument which generally sets out monetary policies. These affect the various macro-economic indicators outlined above.

**d) Accountability and Probity:** The budget serves as an instrument to inform the citizenry how their money has been spent and the plan of the government on future expenditure. When this is done, there is every tendency that embezzlement, misappropriation and mismanagement of government would reduce.

### 3.1.7 Principles of good Public Budgeting

According to Ekewealor (2007), there are no rigid principles or rules for budget making, but the following have been formed on the basis of long experience in leading countries.

- a) **Principle of the chief executive for the formulation of the budget:** As the chief executive is responsible for running the administration, he is in the best position to say that funds are required for it. It should therefore be the duty of the chief executive to formulate the budget. In Nigeria, it is the Office of Budget, in England, it is the Treasury, and in U.S.A., it is the Bureau of Budget. These offices help their Chief Executives in preparing the budget and advised by a body of specialists.
- a) **Principle of Balanced Budget:** The Budget should be balanced, that is, the estimated expenditure should not exceed the revenue or income. When the amounts of the expenditure and revenue in a budget are equal or nearly so, it is called a Balanced Budget' If the expenditure is less that the revenue, it is termed 'Surplus Budget' and if the expenditure is more than the estimated revenue, it is called a 'Deficit Budget'.
- b) **Principle of estimate being on cash basis:** This means that budgets should be prepared on the basis of actual receipts and expenditure expected during the year and not on the basis of receipts which are to be realized in some other years or expenditures which was ordered in the year. For example, if certain sums of account of arrears of tax relating to the year 1989 – 1990 are realized in 1990-1991, they should be shown in the receipts estimates of the year and not the former.
- c) **Principle of Budget on the basis of Gross and not on Net:** This principle means that all transactions both of receipts and expenditure should be fully shown in the budget and not merely the resultant net position. For example, if there is a department with an estimated

expenditure of N30 and receipt of N25, it should be shown in both expenditure and receipts and not only the net charge of N5.

- d) **Principle of close estimating:** Close estimating means that the estimate should be as exact as possible. There should neither be too much of over estimating nor under estimating. If there is over estimating of expenditure, people will have to be unnecessarily taxed and if there is underestimating, the whole budget may be thrown out of gear when it comes to execution.
- e) **Principle of annuality of the Budget:** This means that the Budget should be prepared on an annual basis. In other words, it means that the legislature should grant money to the executive for one year. But annuality of the Budget does not mean that there should be no long term planning. For example, the policy of planned development does have long-term budgeting usually 5 years, but these long-term plans do not involve actual voting of appropriations for the legislature, though it may be called upon approve the plan in principle.
- f) **Principle of rules of lapses:** The annuality principle of budgeting also implies that money left unspent during the year for which it was sanctioned must lapse to the public treasury and the government cannot spend it unless it is re-sanctioned in the budget of the next year.
- g) **Principle of the unity of the Budget:** It is also an important principle of budget-making that the government should have a single budget incorporating all revenues as well as expenditures of the government. With this, it will be very easy to know the financial position of the government. But if there be a number of department wise budgets, some of them may show surplus and others deficit thereby making it impossible to know the net financial position of the government as a whole except by complicated calculations and adjustments.

### **3.1.8` Classifications of Public Budgets**

According to Emma (2001) and Muhammed (2009), a budget comes in two dimensions, namely: short and long term budgets.

**A) Short Term Budgets:** In most cases, this is known as ‘recurrent budget’ and it normally covers a period of one year. It is used in the day-to-day running of the organization and actual performance. This type of budget forms a substantial base for the preparation of future budgets.

**B) Long Term Budgets:** This type of budget is mostly concerned with capital revenue and expenditure over a long planning horizon. This type of budget may cover up to a period of five years or more as the case may be. But it has some shortcomings. First is that it does not include items that may outlive their usefulness before the expiration of the life span of the budget. Furthermore, budgeting is normally based on forecast and the longer the period of the forecast, the weaker the forecast.

Long term budgets need to be revised regularly, to ensure that they are realistic. Annual budgets are normally revised annually and for each annual revision, the long term plan is equally revised annually. This is necessary because within a year, economic political, social or cultural changes may necessitate revision of the year’s budget and such revision may lead to minor or major adjustments which may also lead to modification of the long term budget.

### **3.1.9` Causes of Public Budget failure**

Emma (2001); Ugwu (2006); Ekewealor (2007); Ugoo (2008) and Fort (2012) share similar opinions that violation of the principles of budget formulation leads to budget failure and this manifests in the following ways: (a) performance generally falls short of the budgeted expectations due to the growing laxity in implementation procedure whereby there is no strict adherence to the budgetary control measures which their budgets contain (b) the growing tendency of government budgets to be prepared before the modality for their implementation is fully articulated (c) it takes unduly long time to pass legitimate budget proposals before the relevant decrees are promulgated with the consequence that new activities are held back (d) unstable value of the currency, as a result of which budget amounts get tripled at the implementation stage (e) distortion of budget plans and indiscipline during budget

implementation (f) no formal planning units staffed by professionals in most government agencies. This is a hindrance to effective budget planning (g) over planning, i.e. stipulating more projects than available resources are taken because of political undertone in order to fulfill campaign promises (h) the cost of performing statutory functions is too heavy that little is left for other projects. There is thus, no need to plan for what cannot be implemented (i) some federal and security agencies like police, armed forces, etc make demands on the lean resources which the government is forced to meet, since some of the demands are not covered by the budget, it constitutes a source of planning error (j) untimely release of funds and (k) absence of accurate data for planning purposes. Preparation of budget needs absolute reliance on accurate data such as schools, transportation, housing, health and other social data.

### **3.1.10` Public Budgeting Techniques**

Budgeting in the public sector can be viewed as more problematic than in the private sector and this makes the alignment of the budget process with intended outcomes a complex task, hence the employment of different approaches to budget preparation. Methods of budgeting deals with how the budget estimates are compiled. Each however comes with its strength and weaknesses.

The various budgeting techniques to be discussed are outlined as follows:

- Lump sum Budgeting
- Traditional/Line item Budgeting
- Incremental Budgeting
- Zero-base Budgeting (ZBB)
- Planning Programming Budgeting System (PPBS)
- Performance Budgeting
- Priority-based Budgeting
- Participatory Budgeting

Certain types of budgets can be prepared under uncertain conditions, they include:

- Rolling Budget
- Contingency Budget

### **(a) Lump sum Budgeting**

This method of budgeting was used until about World War I. In lump sum budgets, agency, ministry or department funds were fixed as an overall amount with little political control on how to spend it. In modern times, public agencies hardly use such lump sum budgets. Small scale contracts could be based on lump sums, where detailing each of the items could be time consuming and more costly (Chartered Institute of Public Finance and Accountancy (CIPFA), 2009).

### **(b) Traditional/Line Item Budgeting**

Ekwealor (2007) and Ugoo (2008) define line item budgeting as a financial plan showing estimated expenditure which is expressed in terms of the kind of item or objects to be purchased or maintained, as well as the estimated revenue required to finance them during a specified period, usually a year. The main purpose is to design the budget in a way that will ensure the accountability of spending officers.

Similarly, CIPFA (2009) maintains that this method of budgeting outlines the items on which money will be spent, but may not necessarily provide information on what exactly will be done. Each line item is given the same weight or importance even though some are more complex. Generally a line item budget has categories such as personnel, equipment, maintenance, etc. Revenue sources are linked to each item of expenditure, providing a greater degree of relationship between revenue source and expenditure.

Ekwealor (2007) further stresses that traditional budgeting is not output oriented for it is measured in terms of financial inputs. Thus, those who propose, debate or decide on the budget are in no position to make meaningful judgments upon them, because they do not know what outputs are being achieved with either more or less funds. They are forced to treat budget making as a non-rational process because they work in an information vacuum. The result is ritualistic budget behaviour. Those who spend public money do so in the belief that any failure to spend in the current period may result in a reduced budget in future years or periods. Consequently, when they prepare budgets, they allow a margin to accommodate the expected cuts of budget examiners/committees.

Therefore, the major emphasis of this budgeting system is on financial control and accountability. There is no effort to specify the objectives and purposes for which expenditures are made. It does not involve long range planning and there is an absence of programme structure. It is highly criticized for being fragmented, non-pragmatic and non-sequential. It therefore presents an incomplete picture of programmes and instead of portraying the programmes and discussing what the ministries or departments are trying to accomplish, it talks about items or objects of expenditure in no particular context. Moreover, the traditional budgeting enhances the gamesmanship of burying money in figures by managers.

According to Ugo (2008), the major shortcomings of the traditional system are: (i) emphasis on cost and expenditure and not on service outputs which are to be financed (ii) it funds programmes of low or expired usefulness on an over-generous scale (iii) It fails to fund new programmes of high priority and it fails to clarify the cost of alternative methods of achieving programme objectives.

### **(c) Incremental Budgeting**

Muhammed (2009) states that this is a system of budgeting, where the proposed year budget depends on the previous year budget, which is used as a base. Hence, the previous budget is a basis for the current budget by increasing or decreasing the level of activity or expenditure. According to Fozzard (2001), in the incremental budget, the previous year's budget is carried forward for the next annual budget. It is adjusted for known factors such as new legislative requirements, additional resources, service developments, anticipated price and wage inflation and so on. The process is mainly concerned with the incremental (or marginal) adjustments to the current budgeted allowance.

Ugwu (2006) and Ugo (2008), in an attempt to explain this technique, surmise that before the annual budget is prepared, a base should be determined from which the process will begin, then the current level of operating activity and current budgeted allowances for existing activities is taken as the starting point for preparing the next annual budget. The base is then adjusted for changes, which are expected to occur during the new budget period. Hence, this budget process is concerned with increment in expenditure which will occur during the budget period. For

instance, allowance for budgeted expenses is based on previous budgeted allowance plus an increase to cover higher prices caused by inflation.

Furthermore, CIPFA (2009) maintains that a key characteristic of the approach is that budget preparation is a process of negotiation and compromise. “Incremental budgeting is therefore based on a fundamentally different view of decision making than more rational approaches. This is because negotiated settlements between interested parties require willingness to compromise. If consensus breaks down, compromise cannot be reached and the incremental process becomes invalid. According to In view of this, CIPFA (2009) stress that use of this method requires a relatively stable form of representative government.

Fozzard (2001) and CIPFA (2009) further opine that the process of the incremental budget itself is straightforward. The key stages are: (i) establishing the base: decide what is committed expenditure and then make adjustments to reflect unavoidable changes, for example: full-year effects of the capital programme (ii) adding to the implications of the development budget to reflect proposed growth and (iii) aggregating and producing the new budget.

The following advantages are associated with the use of the incremental budgeting approach, as Ugwu (2006) and CIPFA (2009) point out:

- a) It is easily understood (as it is retrospective), makes marginal changes and secures agreement through negotiation;
- b) It is administratively straightforward (and therefore cheap);
- c) It allows policy makers to concentrate of the key areas of change. Ministers, elected representatives and senior officials are not required to study long and detailed budgetary documents and
- d) It is particularly useful where outputs are difficult to define/quantify.

However, Ugwu (2006) also asserts that the major disadvantage of this technique is that it perpetuates or prolongs any past inefficiencies. CIPFA (2009) outline the following as the disadvantages of incremental budgeting:

- a) Backward looking – it focuses more on the previous budget than future operational requirements and objectives;



- b) Does not allow for overall performance overview;
- c) Does not help managers identify budgetary 'slack';
- d) Often underpinned by data or service provision which is no longer relevant or is inconsistent with new priorities;
- e) Encourages systemic inertia and 'empire building';
- f) Tends to be reactive rather than proactive, and
- g) Assumes existing budgets are relevant and satisfactory.

#### **(d) Zero- base Budgeting**

Zero-base budgeting (ZBB) is a rational budgeting technique, which was first introduced in Georgia in 1972 and subsequently to the federal government of the USA in 1976, by President Carter (Phyrr, 1970; Griesemer, 1983). Okoye (1997); Ekwealor (2007) and Ugwu (2006) define a ZBB as one based on the goals and activities of the present year. The technique has nothing to do with the previous year's activities. Hence, it is regarded as the direct opposite of the incremental budget. Similarly, Obikeze and Obi (2004) and Muhammed (2009) stress that this method of budgeting starts from zero level or fresh, rather than merely adding or subtracting from previous budget. This is a budgeting process which requires the budgeter to justify his entire budget from scratch.

ZBB essentially utilizes the programme structure as a framework for making decisions and the concept behind this technique is that existing programs and activities should not automatically be funded, but rather should have to justify their continuation as part of the annual budget cycle. Each program or project is thus vulnerable to zero funding. In its pure form, zero-based budgeting prepares budget estimates starting from zero. It disregards what was allocated and spent in the previous financial year, in other words, a program expires after a certain time unless specifically renewed. It assumes all projects are new (Edwards, 1945; Austin and Cheek, 1979). Budget from zero entails allocating resources without taking the previous year into account. It means each expenditure objective has to be justified on an annual basis. According to Ekwealor (2007) and Ugoo (2008), ZBB process is interested in addressing the following questions: (a) are the current activities efficient and effective? and (b) should current activities be eliminated or reduced to fund higher priority new programmes

According to Ekwealor (2007), ZBB involves identifying decision units, analyzing each decision unit in 'decision package', evaluating and ranking all decision packages to develop the appropriations request and finally, preparing the detailed operating budgets reflecting those decision packages approved in the budget appropriation.

The advantages that accrue from employing the ZBB, as the Northern Ireland Assembly (NIA)(2010) and Ekwealor (2007) assert, are as follows:

- i. Efficient allocation of resources: This is because resources are allocated to sectors not as a matter of routine, but on the basis of importance or usefulness of the programme to the overall objective of the year's budget;
- ii. Reduction of waste in government spending. The annual review of programmes helps the government to terminate or modify programmes that are not performing well. It also makes programme managers to sit up and
- iii. It incorporates planning, policymaking and performance evaluation into the budgetary process, thereby leading to better planning, decision making and ultimately better management of government programmes.

The demerits of this type of budgeting are:

- i. Managers feel threatened as a result of effective evaluation of their programmes. It seems like a trial on their part and if they are not able to manage their programmes properly and defend them, the programmes could be scrapped;
- ii. It requires a great deal of effective administration, communication and training of managers who will be involved in the analysis and
- iii. It is rigorous to adopt because of identifying appropriate decision units, developing adequate data to produce an effective analysis. The contents if some programmes are not well defined which makes analysis less than perfect.

#### **(e) Performance Budgeting**

According to Ekwealor (2007), this method of budgeting originated in the USA in the 1930s and recommended by the Hoover Commission of 1949. The essential nature of this budgeting technique is that the whole budgetary concept of the federal government is fashioned by the

adoption of a budgeting based upon functions, activities and projects” The focus is essentially on functional costing and work measurement. Decisions based on this method of budgeting relate costs to budgeted performance (budgeting control).

In the view of the Andrews (2004); CIPFA (2009), the main aim of this approach is to connect performance information with the allocation and management of resources. Performance-based budgets need to contain information on the following elements:

- i. inputs (measured in monetary terms);
- ii. outputs (units of output);
- iii. efficiency/productivity data (cost per activity) and
- iv. effectiveness information (level of goal achievement).

Similar to zero-based budgeting, the performance-based approach begins at a policy level with the organisation developing goals and explicit policy objectives. Managers then must develop relevant performance measures which will track the achievement of these objectives.

These performance objectives are then integrated with budget preparation to allow for the alignment of spending plans with performance reporting at the time the budget process is initiated. At the end of each budget period performance-based audits can be completed, which measure the results of programmes using the same performance measures produced in the budgeting process (CIPFA, 2009). A fundamental question however arises though: to what extent is performance information available? Secondly, is that performance information used at each stage of the budget decision-making process (i.e. preparation, approval, execution and audit evaluation)?

According to Andrews (2004), performance budgeting is flavoured by figures and estimates, stressing programmes, activities and projects and its purpose is to focus on programmes and thereby enable analysts to compute per unit or per activity costs for each programme in order to determine how efficiently money was spent. Performance budgeting emphasizes more management orientation by seeking to bring more management supervision on the budget. However, it does not involve any long range and integrated planning with programme structure as target of performance.

In a similar vein, Young (2003) states that a performance budget classifies expenditures by administrative units, by functions, and by items. It includes outputs as well as inputs to government activity. Administrative skills are emphasized; activities are given preference over item purchases; management responsibility is centralized. It involves: (i) formulation and adoption of a plan of activities and programs for a time period; (ii) funding, i.e. relating program costs and performance to resources; and (iii) execution, i.e. achievement of the plan within the time frame.

The fundamental setbacks associated with performance budgeting according to Andrews (2004) are as follows:

- i. Translating strategic goals and objectives into performance measures can be very difficult. In many public services, outcomes are difficult to measure and there is a tendency to fall back upon less appropriate output and input measures;
- ii. Systems for collecting cost and performance information may need to be developed;
- iii. Problems may exist in respect of presenting this information to those making decisions on budgets. Information may need to be presented in appropriate formats to a variety of users;
- iv. There may be procedural problems caused by failure to change existing budgeting rules and processes. Organizations continue to publish budget and performance in separate documents;
- v. Lack of political acceptance may prevail. Performance information represents a threat to the 'political' aspect of budgetary decision making, since its explicit measurements tend to limit the discretion politicians can exercise;
- vi. Management may not accept a performance budgeting process. There are often problems in defining who is accountable for performance and managers may fear that they will be reprimanded for failure to achieve published performance targets, and thus may try to avoid being accountable.

#### **(f) Planning Programming Budgeting System (PPBS)**

PPBS was developed by economists and system analysts working at the RAND Corporation in the early sixties and was introduced for all United States Agencies by President Johnson in 1965. It is a cost control and budgeting system which seeks to present purposes and objectives for which funds are required. It tries to determine or identify goals and objectives, select programmes that best achieve the goals, outlines projects and activities needed to implement the programme and converts all these to monetary values (Okoye,1997; Ekwealor, 2007; Ugoo, 2008). It also presents expenditure in terms of programmes, sub programmes (rather than mere items) and the alternative courses of implementing them with analysis of cost and benefit.

This type of budget is common in public finance. It entails the government budgeting for a long period of time, but the ideas of PPBS are almost the same with the ZBB at the end of each planning period. The result would be thoroughly reviewed and modified to suit another planning period. It provides regular procedures for viewing goals and objectives, for selecting and planning programs over a period of years in terms of output and resources (Obikeze and Obi, 2004; Muhammed, 2009). According to CIPFA (2009), PPBS involves four stages of budget making: (i) planning, where program goals are defined; (ii) programming, where different alternatives of achieving the goals are identified; (iii) evaluation, where the costs and benefits of the various alternatives are evaluated; (iv) implementation, where the best alternatives are adopted for implementation.

The PPBS in the view of the Northern Ireland Assembly (2010) has attracted various criticisms, among which are:

- i. It is costly and time consuming;
- ii. It is over ambitious in its attempt to bring sweeping changes into the budgetary process;
- iii. It is difficult to identify and quantify objectives in the public sector;
- iv. It has a centralizing bias by concentrating too much budgetary power in the hands of the president and agency heads;
- v. Its insistence on qualification tends to neglect intangible or unquantifiable benefits and
- vi. Outcomes can be difficult to measure.

Ekwealor (2007) outlines the following advantages derived from the use of PPBS:

- i. It increases the responsibility and accountability of management and ensures that only feasible projects are included in the budget estimates;
- ii. It permits greater co-ordination of programmes and projects with the result that a system wide goal oriented and directed planning is achieved by the government;
- iii. It makes it easier for priorities to be established and for performance to be measured effectively;
- iv. It make it easier for workers to know what objectives their units are pursuing and work towards achieving such objectives;
- v. It minimizes the excessive influence of politics on budgeting and as such improves the policy making process.

#### **(g) Priority- based Budgeting**

Priority-based budgeting is a modification of the zero-based approach. It focuses on corporate priorities and allocates growth and savings in budgets accordingly. It is based on a thorough on-going review of departmental services. According to CIPFA (2009), the review requires a statement of the objectives/purpose of the service; targets/standards the service is trying to achieve, and; various thresholds at which the service could operate. Based on analysis of these statements, elements of spending by each department or unit could be classed as essential/highly desirable/beneficial and this information would be presented to decision makers.

#### **(h) Participatory Budgeting**

This approach is used primarily by the local government in Great Britain. It however originated in Brazil in the mid-1980s. Participatory budgeting attempts to give local groups ownership of the budgetary process. Local communities have a say in prioritizing services or projects through activity such as community-led debate, neighbourhood votes and public meetings (CIPFA, 2009; Northern Ireland Assembly, 2010). For a successful participatory budget, selected projects and programmes have to be localized in nature. In some respects, participatory budgeting has the potential to empower communities and raise the level of democratic input to decision making. However, its nature limits the scope of functional areas to which it can be applied.

According to CIPFA (2009), participatory budgeting is based on the following principles:

- i. Citizens' groups have as much power as possible in the decision-making process;
- ii. Representation must be fair and equitable;
- iii. Appropriate training is given to participatory groups. This may require a dedicated council team;
- iv. There is some commonality/theme in the type of budget/grant being allocated e.g. regeneration; neighbourhood development; project based, so that decision making can be made by reference to some benchmark or standard;
- v. The process is linked directly to the council's budget-making process and
- vi. It is generally targeted at 'hard to reach' groups not otherwise involved in decision-making processes – thus making the biggest gains.

The potential advantages of the participatory approach include:

- i. Improved decision-making;
- ii. Better understanding of budgeting processes;
- iii. People will take ownership of actions where they have been involved in the decision-making process;
- iv. Projects more likely to be delivered transparently;
- v. Less cynicism or apathy towards the local authority and
- vi. Reaching parts of the community otherwise excluded from decision-making.

The possible disadvantages are:

- i. The ministry, agency or department may be seen as abrogating its responsibilities;
- ii. Participation may be low;
- iii. Decisions may be biased towards those groups who can articulate their need over true need;
- iv. Budget allocations may be one-off and give rise to problems of continuity of funding;
- v. Many key local services, of community interest, are outside local government control may need formal partnership arrangements to make progress;
- vi. Organisations which benefit from additional funding may not necessarily adhere to the same budgetary/financial disciplines and procedures as other public bodies.

### **(i) Rolling/Continuous Budget**

A rolling budget can be defined as a budget constantly updated by adding a further period, e.g. a month or quarter and removing the earliest period (CIPFA, 2009). According to Muhammed (2009), it is a short term budget where the annual budget is broken down into weekly, monthly, fortnightly or quarterly. A quarterly rolling process, therefore, would mean that a budget would be prepared every three months, each time rolling forward for one year. The first quarter would be planned in great detail and remaining quarters less so, reflecting the uncertainty about the long-term of the organisation. According to CIPFA (2009), on the control side, the budget will provide a more reliable standard against which to judge performance.

The potential advantages of using rolling budgets as CIPFA (2009) put it are that:

- i. They reduce uncertainty in budgeting which is important in highly volatile industries where sales levels and prices may fluctuate;
- ii. Managers need to reassess the budget frequently;
- iii. More realistic budgets will aid motivation and
- iv. Planning and control will always be based on up-to-date information which covers a significant period into the future.

The disadvantages of rolling budgeting are that:

- i. It is time and resource intensive;
- ii. Managers may find the constant revision of budgets disruptive and unsettling and
- iii. Continuous updating may not be justified where the changes are not continuous.

There are fairly evident problems with attempting to introduce rolling budgets in the public sector. Public bodies usually have fixed limits over the budget period, and unless the overall system of budgeting is changed, it would be difficult to introduce for certain departments or agencies (CIPFA, 2009).

### **(j) Contingency Budgeting**

Contingency budgeting is useful for new organisations where detailed budgeting is difficult because there is no past experience to draw upon. The absence of reliable detail is compensated for by a contingency budget to cover as many areas as required. The use of contingency budgeting ultimately assists in ensuring best practice as it requires organisations to evaluate



alternative scenarios and develop contingency plans to ensure that project implementation risk is minimised. Sophisticated techniques using contingency budgeting are increasingly being used to deliver IT projects where up to 50% of allocated budgets may be set aside after the essential or minimum expenditures are determined. This means that alternative strategies can be used in the event of project failure or delay. In these scenarios budgets are viewed more as a guide to an efficient expenditure pattern (CIPFA, 2009; Northern Ireland Assembly, 2010).

### **3.1.11 The Nigerian Public Budgeting System**

According to Malgwi and Unegbu (2012), the Nigerian government use budgets as a guiding tool for planning and control of its resources. This involves knowing how much money the country earns and spends over a defined period. Hence, budgets in Nigeria not only serves as an instrument of revenue/expenditure estimation but also as a catalyst for mitigating corruption in the use of public resources for the good of the state. Nigerian budgets can also be regarded as a plan for financing the activities of the Nigerian government during a fixed future period, usually one year; prepared and submitted by the executive to the legislature whose approval is absolutely essential before the plan can be executed. Under a military dispensation, it is a plan prepared and submitted by the executive to the Supreme Military Council (SMC)/Armed Forces Ruling Council (AFRC) for approval. The basis for budget preparation in Nigeria is the financial year; from 1st January to 31st December. The date of commencement however varies in different countries. For example, in England and U.S.A, it is 1st July and 30th June (Ugoo, 2008).

Every year, Nigerians are treated to the rituals of budget announcement. Nigerians look forward to this yearly affair because it has become the medium through which government informs of the handling of the economy in the previous year, the direction of the present year's economic policy and the prospect for the future. Yearly budgets in Nigeria are usually characterized by certain philosophical phrases which are reflections of the prevailing economic circumstances and method the leadership is adopting to realize the development objectives given that circumstance. We therefore have budgets with such phrases as *'Budget of Hope'*, *'Austerity Budget'*, *'Belt tightening Budget'*, *'Budget of relief'*, *'Budget of Reconstruction'*, *'Budget of Redemption'*. These are all philosophical reflections in both a boom and recessed economy (Fort, 2012).

Ugoo (2008) submits that some of the main objectives which Nigerian budgets have tried to stress in the past are: efficient utilization of limited resources through the re-ordering of government priorities; reduced government expenditure; re-engagement of the traditional resource base neglected because of the rich oil sector; fight against inflationary pressure; income redistribution; self-sufficiency in food through agricultural production; greater incentives to local industries and an increase in the export of traditional produce in order to influence the balance of payments position and release pressure on the dwindling external reserve level

Apart from the aforementioned main objectives which Nigerian budgets have tried to achieve, Ugoo (2008) also states that there are the broad national objectives which also has to be achieved through the budget. They are: increase in per-capita income, more even distribution of income, reduction in the level of unemployment, increase in the supply of high level manpower, diversification of the economy, balanced development, and indigenization of economic activities.

Ugwu (2006) explains that the Nigerian annual budget is divided into either twelve monthly periods or a year. Alternatively, the annual budget may be broken down by months for the first three months and by quarters for the remaining nine months. The quarterly budgets are then developed on a monthly basis as the year proceeds. This process is known as continuous or rolling budgeting and ensures that a twelve month budget is always available.

According to Ugoo (2008), under the administration of the annual budget in Nigeria, the budget preparation process requires a call circular to the various departments, establishments, ministry or representatives who are expected to participate in the budget discussion as well as serve as budget committees. The budget committee constituted usually consists of high level officers who represent the major segment of the organization. The person who heads the budget committee is known as the budget director whose is saddled with the duty of receiving departmental or organizational submissions for onward transmission to the chairman for authentication and verification. The major task of the committee is to ensure that budgets are realistically established and that they are satisfactorily coordinated.

The normal procedure is for functional heads to present their budget to the committee for approval. The committee will prepare a budget manual which is expected to describe the

objectives and procedures involved in the budgeting process and it will provide a useful reference source for officers responsible for budget preparation. In addition, the manual may include a time table which specifies the order in which the budgets should be prepared and the dates when they should be presented to the budget committee. The manual should be circulated to all individuals, who are responsible for preparing budgets. The important stages are as follows:

- (a) Communicating details of budget policy guidelines to those people responsible for their preparation of the budgets;
- (b) Determination of factors that restrict performance;
- (c) Preparation of various budgets;
- (d) Negotiation of budgets with superiors;
- (e) Coordination and review of budgets and
- (f) Ongoing review of budgets.

On receipt of the budget submission from the committee, the chairman is expected to go through the documents, make any necessary adjustment, corrections, modifications, additions based on the mission or corporate objectives, and then forward it to the legislative arm of the council as a bill document. The legislative council reads the budget document carefully, discuss every aspect of it, make any amendment if any and send it to the Executive for his consent and authentication. Once the executive sign the document, it becomes a legal document to use for spending and control of money at any tier of government. It should be noted that any department, establishment or ministry has a vote on which funds can be drawn.

It is pertinent to note that the key indicator of performance and growth is the embedment of budget discipline at all the tiers of government, thus money spent must be justified and satisfied by all the established budgetary and budget monitoring organs (Ugwu, 2006; Ugoo,2008; Malgwi and Unegbu, 2012).

### **3.1.12` Basis for Budget preparation in Nigeria**

According to Ekewealor (2007), if a budget is to be a realistic plan of operations, it should be based on some factors. Any change in the budgetary framework should be sufficiently justified by an annotation explaining the reasons for the change. The major factors on which public budget in Nigeria are based include:

- i) The body of laws or rules governing the budget format, timing and procedure (the Constitution of the Federal Republic of Nigeria, and Federal Guideline on each annual budget and the Call Circular).
- ii) The forces of public life which utilize the Budget as an instrument of probity.
- iii) The administrative establishments within the executive arm which initiates, formulates, seeks approval and supervises the execution of the budget (that is, Ministry of Finance and Economic Development and each controlling Ministry/Non Ministerial Department).
- iv) The legislative element which determines the rules within which administrative aspiration and performance are to be carried out(the Legislature Successive Constitutions of the Federal Republic of Nigeria and the Relevant Decrees e.g. Decree 50 of 6th December, 1991).
- v) The productive capacity of the community as modified by the extent to which this capacity may reasonably be expected to be diverted to this public sector (Internal Revenue Effort).
- vi) Relationships which exist between the Federal and State Governments between the Federal and Local Governments and between State and Local Governments.
- vii) The political factor which includes the promised amenities as articulated in the manifesto of the party in power or as the case may be, in the avowed policy of a military Government.

### **3.1.13` The Roles of the Key Players in the Nigerian Public Budget System**

#### **a) The Executive**

The Chief executive is responsible for formulation of the final policy of the government and the preparation of the estimates of expenditure and revenue for the financial year. Thus, according to 1999 constitution of Nigeria, Chapter 5, Section 79, the president shall cause to be prepared and laid before the House of the National Legislature not later than 60 days before the expiration of

the financial year, estimate of the revenue and expenditure of the federation for the following year. He is assisted in this job by a central department (Emma, 2001). The estimate prepared by the disbursing officers is reviewed by the head of department who gives to the estimates final shape and then includes them in the budget. In addition to this, the executive shall observe and comply with the checks and balances spelt out in the existing guidelines and financial regulations governing receipt and disbursement of public funds and shall be liable for any breach thereof.

The Chief executive shall also face periodic checks in order to ensure full adherence to the financial control and management Act of 1958 and all its amendments. To this end, all instructions relating to expenditure (budget) of public funds shall be in writing. The executive shall maintain liaison with the legislature and the leader of the legislature vis-à-vis budget planning and implementations. Consequently, the executive shall at the end of the year present his budget proposals to the legislature for it to consider and approve.

#### **b) The Legislature**

According to the democratic principle, no tax can be levied or collected and no expenditures can be made by the government except with the previous consent of the legislature. The executive makes the demands and the legislature grants them (Emma, 2001). It may also be noted that in parliament countries, the legislature performs its functions under the leadership of the executive. Though, constitutionally, the legislature has the power to exercise on account of party control. The majority of members belong to the same party to which the executive belongs. They are under party discipline and cannot vote against the financial proposals brought by their government. However, in USA, the legislature is not subject to such control by the executive.

At the Local government level, the local government council, which is the legislative arm consists of the deputy leader and councilors (Nigerian Constitution, 1999). This arm of the Local government has the responsibility to debate, approve or amend the annual budget subject to the chairman's vote which may be set aside by two thirds majority of the members of the Local Government Council. In addition to this, the legislature examines and debates the monthly statements of income and expenditure rendered to it by the executive.

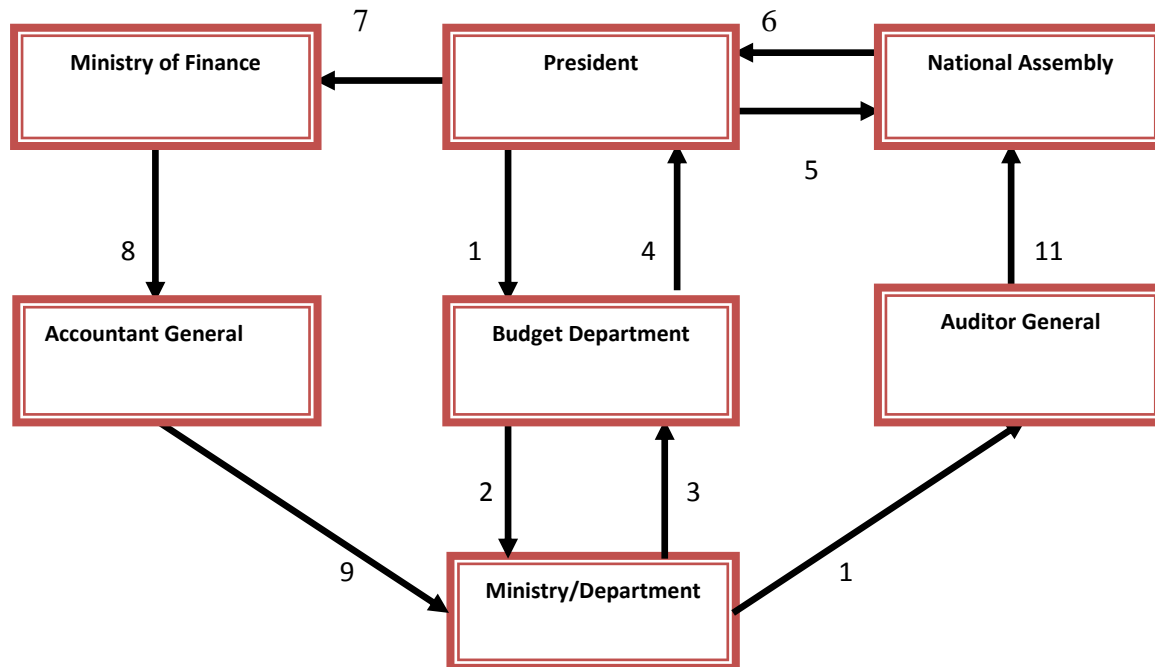
### **c) Heads of Departments**

As soon as the budget is passed by the legislature, the controlling officer, who is usually the head of the department allocates funds to the disbursing officers who are responsible for the disbursement of money. The controlling officer has to keep constant watch on the funds. It is his duty to see that first; no expenditure exceeds the amount voted by the legislature. Second; no money spent by any officer is in excess of his authority (Ekewealor, 2007).

### **d) Audit:**

A very important agency of finance control is the audit department. In Nigeria, audit is headed by the Auditor-General of the Federation. The function of the audit is to exercise control over the drawing of the money from the public exchequer or treasury according to the budget. It also examines the accounts, ascertain and points out to the legislature the cases of expenditure contrary to grants made by the legislature (Ugoo, 2008).

In an attempt to provide a concise summary of the major players in the budget cycle at the Federal Government level, Muhammed (2009) explained that the president's duty is to ask the budget department in the Federal Ministry submit budget proposal for the year; the budget department will then ask the various Ministries/Departments to forward their budget proposals. The president forwards the budget to the National Assembly for verification and approval, the budget will be sent back to the president and then to the Ministry of Finance. The budget will also be sent to the office of the Accountant General of the Federation and then back to the Ministries/Departments, Auditor General for audit and finally, the National Assembly. Figure 3.1 captures the Nigerian federal budget players as well as the connections of their roles.



**Figure 3.1.** Participants in the Federal Government Budget Cycle (Muhammed, 2009)

### 3.1.14 Processes/Stages of Public Budgeting in Nigeria

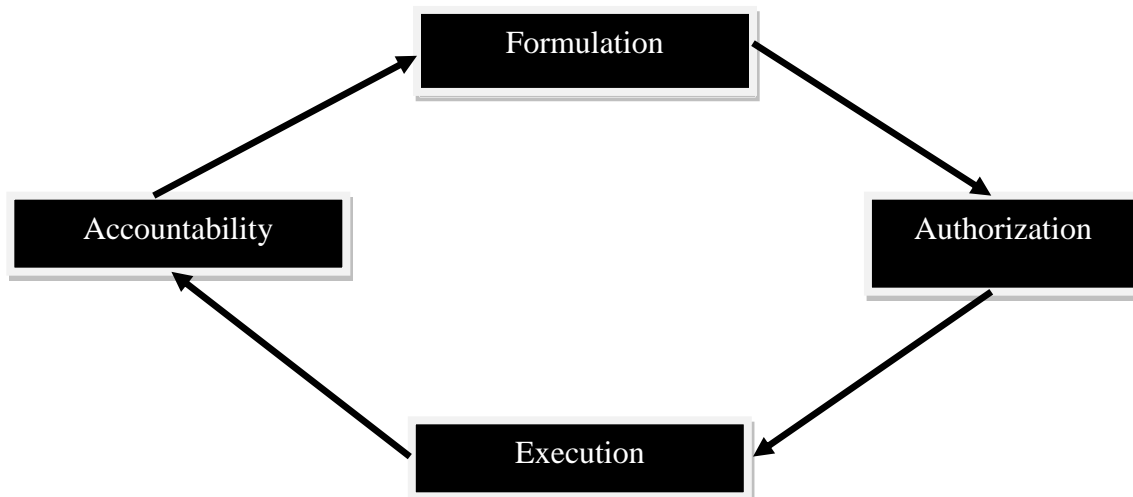
The fundamental requirements of the budgetary process or cycle are firmly established by the Nigerian Constitution (1999). The specifics are contained in the various laws, decrees, regulations and instructions. The budget cycle is a complete set of events occurring in the same sequence, every year and culminating in the approved budgets. The ‘president-in-council’ articulates the government objectives in terms of economic, social and other welfare parameters, and the ‘Budget and Planning Ministry’ sends a call circular inviting all ministries and parastatals to submit advance proposals of their estimates for the forthcoming financial year, beginning in the following January, according to budget guidelines.

According to Emma (2001), the budget in the bureaucracy and all other government institutions is normally an annual event with a life cycle starting from 1st January to 31st December of every year. As obtains in the first, second and third tiers of the Nigerian government, the budget cycle normally spans through four stages viz:

- a) Formulation/Preparation stage
- b) Authorization stage
- c) Implementation/execution stage

d) Monitoring, evaluation and feed back stage

Ugoo (2008) represents the annual budget cycle pictorially as shown in figure 3.2.



**Figure 3.2.** The Public Budget Process/Cycle (Ugoo, 2008)

#### **(a) The Formulation/Preparation Stage**

This is the first phase of the budgetary process and covers estimation of government revenues and expenditures, the determination of budgetary priorities and activities within the constraints imposed by available revenues and by borrowing limits, the translation of approved limits, the translation of approved priorities and activities into expenditure levels. Estimates are prepared by the various administrative units and other agencies of government, collated and reviewed and endorsed by the Ministry/Non-Ministerial departments to the various departments and where applicable, to the Parastatals, Agencies, Commissions or Tertiary institutions under its control, hence, budget proposals by the departments are first collected and collated by the Budget Sub-Committee within the Ministry for initial scrutiny, summarization and recommendation to the Ministry of Finance. It is finalized by the president and then submitted to the legislature as a basis for the preparation of the annual Appropriation Act (Ugoo, 2008).

According to Emma (2001), at this stage, the budget and planning officer on the advice of the executive prepares circular to all departments and units normally between June and August of the preceding year. Similarly, Ekewealor (2007) notes that budget preparation is formally initiated yearly, about five months to the end of the financial year. The circular invites the people concerned to prepare their estimates in respect of expected revenue (if any) and expenditure of



their departments for the following year. . The necessary formats for the preparation of each type of proposal are also enclosed within the Circular. When the estimates are received, they are usually compiled by the budget and planning unit in the form of draft estimates in readiness for the finance committee's consideration.

The estimate of revenue comprises all avenues available for government to source their revenue. It is pertinent to remark that before revenue estimates are made, the actual collection of the previous two years should be considered with necessary adjustments arising from demographic changes and variation in tariff structure if any. The expenditure estimates in like manner are usually prepared in two parts: Recurrent expenditure and Capital expenditure. Recurrent expenditure (comprising recurrent revenue and expenditure) includes the money required for the day-to-day running of the government's programmes and services which reoccur from year to year. The disbursement must be made at regular intervals. Capital estimates (comprising capital receipts and expenditures) on the other hand usually involves large sums of money meant for government projects and programmes. Provision is normally made to cover projects that could continue the subsequent fiscal year.

When the draft estimates have been completed, it is then presented to the legislative committee for further scrutiny and consideration. It is the duty of the committee also to consider application for reallocation of funds and supplementary estimates and make appropriate recommendations to the executive. The final budget submission made to the National Assembly by the president is in form of a Budget speech supplemented by analysis and statements containing details of revenue, expenditure and debt, as well as an assessment of the anticipated impact of the budget on the country as a whole. Details of government operations for the budget year and for past and current years are also included in the statement.

#### **(b) The Authorization Stage**

This constitutes the second phase of the budgetary process, where legislative approval is either given or not to the proposals. The legislative committee has the mandate to authorize the budget. No disbursement of fund is made without first obtaining the authority. The legislature reviews and modifies the budget proposals of the president and formulates an Appropriation Bill following the process established by the constitution, which specifies that no money may be paid

from the treasury except in accordance with an appropriation made by law (Emma, 2001; Ugoo, 2008).

There is a special legislative advisory body the Joint Finance Committee which closely scrutinizes the budget proposals before legislative approval. Appropriations are approved by the legislative body in the form of (i) a General Appropriations Law which covers most of the expenditures of the government, (ii) Supplemental Appropriations Laws that are passed from time to time and (iii) certain automatic appropriations intended for specific purposes. As in other laws passed by the legislature, the Nigerian constitution provides for an approval of the Appropriations Act by the president.

### **(c) The Execution Stage**

This phase is distinctly different from the earlier two stages because during this phase, the results which are the reasons for the entire cycle are achieved. Specifically, it covers the various operational aspects of budgeting, such as the establishment of obligatory authority ceilings, the evaluation of work and financial plans for individual activities, the continuing review of government fiscal position, the regulation of funds release, the implementation of each payment schedule and other related activities (Emma, 2001; Ugoo, 2008). This phase is further subdivided into the Implementation and Monitoring and Evaluation stages.

- i) **Implementation:** This is the process of disbursement and collection of funds. It is a harder task than the preparation because budget as a distributive policy can only make its intended impact only when the implementation is smooth and strictly carried out. The most important aspect of budget implementation is the revenue generation aspect. The success or failure of the entire budget if the revenue projections are not met, the expenditure projection, stands the chances of failing. The state has various ways of generating revenue including different taxes like income tax, pay-as-you-earn and Value Added tax (VAT).
- ii) **Monitoring and Evaluation (M&E):** The budget is monitored through various agencies of the bureaucracy or government. The audit department plays a vital role in this regard. Heads of various ministerial and para-ministerial departments report on the general

pattern of the expenditure. Heads of department also report on the progress of programmes, projects and services carried out by their departments. These reports make for proper monitoring and evaluation, which undoubtedly guides the budget of the next year. Control reports will usually be in the form of figures, tabulations, though sometimes, the necessary information may be conveyed more coherently by graphs and charts.

In an attempt to explicate the format of the control report, Eze (2000) states that the report should be clearly headed and the period shown, information not relevant to the purpose for which the control report was prepared should be omitted, the report should not attempt to portray such information that clarity is lost, the names of the persons preparing the reports and the recipients should be given, simplicity should be encouraged and the use of technical accounting jargons and terms should be avoided, information included in each report should be limited to the sphere of the person to whom it is furnished, promptness in the preparation of the report or statement is preferred to absolute accuracy, as their purpose is not merely to convey information but to convey it promptly for immediate action and finally, all returns should be reviewed periodically to ensure that they are still necessary

### **3.1.15 Budget Planning, Control and Accountability in Nigeria**

According to Eze (2000) and Ekwealor(2007), budgetary planning includes the preparation of forecast of development of the economy. This will have a major bearing on the Perspective Plan which is a long term plan for between 15 and 20 years and on the Rolling Plan which is a medium term plan for three years. The latter has in its train hindsight on the previous year in perspective for the following years. Policies on investments and borrowing needs and possibilities are also addressed. Furthermore, decisions in selecting key factors are extremely important, because this is where the factors that will lead to success are identified. In government budget, one of such factors is revenue. The higher the revenue expectation is, the higher the probability of budgetary success. However, it has to be noted that proper management of actual revenue is as important as the generation of higher revenue than envisaged in the budget. Good plans are marred at the altar of execution and this is exemplified in failed projects.

Ekewealor (2007) defines budgetary control as the control through the appropriate use of Budgets. Ekewealor further summarizes the requirements for effective budgetary control as follows:

- i. Clear objectives or goals for the budget period. These goals are expressed in quantifiable and measurable terms.
- ii. A tight and realistic Budget indicating the clearly, resources requirements for the attainment of goals. This covers revenue generation and cost requirements.
- iii. Breaking down goals into sub-goals attainable in mini periods e.g. monthly, quarterly, half yearly, etc.
- iv. A comparison of the variances into various segments of causes to aid future forecasts and corrects the imperfection of the past.

Budgetary control advocates the exercise of discipline in the Budget implementation. This is exemplified in the laid down financial instructions of States Government, financial Memoranda for the Local Government and financial regulations for the Federal Government.

Eze (2000) maintains that budget accountability begins with an audit of the accounts produced during the execution phase, preferably, by an auditor independent of the administration. If the categories in place in the budget relates specifically to incomes and expenditures, which is the case when a traditional budget is in operation as in most states in Nigeria presently, the audit can lead only to judicial proceedings against officials suspected of dishonest spending.

However, if the budget also includes quantified programme budgets, then the audit can respectively judge efficiency and effectiveness. Judgments of efficiency and effectiveness are highly relevant to formulation of the budget for the following year.

### **3.1.16` Components of the Nigerian Public Budget**

Ekewealor (2007) states that States' share of Federation Account which is normally supplied by the federal Government to the Ministry of Finance comprises:

- a) **Consolidated Revenue Fund charges:** This includes proposal on salaries and allowances of statutory office holders, provision is made for known public debts including debts owed to suppliers and contractors and provision for Staff Pensions and Gratuities.

- b) **Personnel Costs:** Comprising provisions for salaries and attributed allowances to staff. Prior to this, an adequate, comprehensive and up-to-date Nominal Roll of staff should be provided or presented, with sufficient data. Hence, the Nominal Roll must be in agreement with the list in the Personnel Costs Estimate proposals.
- c) **Overhead Costs:** Overhead costs proposals are usually made in the prescribed format and constitute recommendations for subventions (funding/payments/allowances/assistance) to Parastatals, Commissions, Tertiary Institutions and Agencies.
- d) **Capital Expenditure Estimate:** The Capital Expenditure Estimate proposals are predicted on the Rolling Plan. Before a provision is made in the annual Capital Expenditure Budget, it must have been entrenched in the Rolling Plan. Usually, top priority is given to care and establishment of on-going projects that have attained more than 70% completion level and on-going projects considered critical to the fulfillment of the statutory responsibilities of the Government.
- e) **Capital Receipts:** Ministries/Non-Ministerial Departments will provide for Capital Receipts only if the related projects are funds specific and the funds are obtainable from Donor Agencies/Loans from internal and external sources. The Ministry of Finance will have adequate records of such funds flow and will eventually provide for all Capital Receipts which are made up of: Recurrent Surplus transferred to Capital Development Fund, savings from the previous year, external loans(if any), internal loans(if any), Grants (if any) and miscellaneous.

### **3.1.17 Flexibility of Government Budgeting in Nigeria**

According to Eze (2000); Ekwealor (2007) and Ugoo (2008), most public sector budgets can be regarded as fixed budgets as the level of resources often determines the level of activity and service provision. These resource levels are usually established in advance of the financial year. Normally, all government budgets are classified and coded according to the type and vote. This enables money to be allocated to specific identification purposes. No transfer is permissible between votes. This limitation enhances control exercised by the system. However, occasions may arise where more funds are needed and have to be provided after preparation of the main

budget. In such a situation, a Supplementary Appropriation Bill is presented to the legislature within 30 days for the purposes of replacing the amount so advanced.

Terms such as vehement, supplementary estimates and contingency fund depict flexibility of government budgets and are explained as follows:

- a. **Vehement:** This refers to the transfer of funds between sub-heads of expenditure within the same head.
- b. **Supplement estimates:** By the constitutional provision, supplementary estimates are made if in respect of any financial year, it is found:
  - i. That the amount appropriated for the payment is insufficient, or
  - ii. That a need has arisen for the expenditure for a purpose for which no amount has been appropriated by the laws, a supplementary estimate showing the sums required shall be laid before the House and the heads of any such expenditure shall be included in ‘Supplementary Appropriation Law’.
- c. **Contingency Fund:** Flexibility is also offered by the use of contingency fund. When there is an unforeseen and urgent need, advance is made from the contingency fund to meet the need. Thereafter, supplementary estimates shall be presented and a Supplementary Appropriation Bill is presented within 30 days for the purposes of replacing the amount so advanced.

### **3.1.18` Characteristics of Budget Administration in Nigeria**

Emma (2001) explicates that for public budget in Nigeria to be efficient and effective, it must have certain essential features, namely: a budget period, a budget center, a limiting factor, a budget committee, a budget officer and a budget timetable.

**(a) Budget Period:** This is the period covered by the Budget. It is the period for which forecast can be reasonably made in an organization. It is customary to use the budget as the unit of time for which the vital comparison of the actual expenditure to which budget is made. In many cases, a budget for a long period is built up as a general objective of an organization, but supplemented by a short period budgets prepared in greater details for the attainment of the objective.

The short period budget is compared period by period with the long term budget so that the management can see if and how projects are progressing satisfactorily along the general lines

laid down. In some cases, the long term budgets are made as a result of experience on the short term budgets.

**(b) Budget Centre:** Control in budgeting could only be attained through people, thus, budget allocation and actual cost approvals have to be assigned to people who can be held accountable for its control. Therefore, an organization is broken down into budget centre like departments, units, sections. A budget centre is thus a location to which cost may be charged like those mentioned above, and the responsibility of this cost being wholly and exclusively borne by a single member of the organization. For example, the head of a department is such a single member that can be held responsible for the department's budget votes.

**(c) Principal Budget Factor of Limiting Factor:** Certain factors hinder the expansion of an organization. For instance, in a trading organization, such factor could be sales, but in the Bureaucracy or public organizations, it is fund. However, there are other factors which may also limit enterprise activities, such as shortage of manpower, machinery, fund, space. Where a limitation is imposed by any of the underlying factors, it is known as 'principal budget factor' for the particular organization concerned. It must therefore be determined and its values (effects) assessed before any other factor is budgeted for. The main objective of the management is to make plans which will ensure that the principal budget factor is utilized to a maximum. In some cases, principal budget factor or limiting factor does not remain constant and if the limitations imposed by one factor are removed, then another factor takes its place.

**(d) Budget Committee:** It is important to have a coordinating authority which is necessary to resolve difficulties and disputes which arises between the departmental heads in relation to the budget they submitted. It must be borne in mind that the aim of budgeting is to produce a forecast of how all the various sections of the business should behave, decision of this nature are that of the chief executive, though a committee is normally appointed, which comprises the departmental heads. This committee is called the 'budget committee'.

**(e) Budget Officer:** In addition to the budget committee, a budget officer is always appointed and his work is essentially that of a secretary to the committee and entails the following functions:

- i. Ensuring that the committee's secretarial work is carried out – preparation of agenda, minutes and sending notices of meeting;
- ii. Ensuring that the committee's instructions are passed to the appropriate people;
- iii. Collecting data and opinions for consideration by the budget committee;
- iv. Keeping managers and departmental heads abreast of the budget time table by ensuring that they submit their preliminary budgets according to schedules or in time and
- v. Coordinating and briefing members of the committee on budget matters.

The budget officer in many cases is normally an accountant or someone with finance background.

**(f) Budget Time Table:** Before preparing the major budget, it is imperative to prepare many of the smaller but key budgets. If these smaller budgets are not completed quickly, then the preparation of the major budget would be held up which in turn will delay the summary budget and ultimately the master budget. Delay in issuing the master budget is awful. A budget produced after the start of the period for which it was meant to control has very much reduced value and may delay operations and activities or projects.

In order for the master budget to be issued before the period begins, it is necessary to prepare a carefully articulated time table for all budget activities. Onah (1998) stresses that this time table must be rigidly adhered to, since delays in preparation of budgets can lead to serious consequences. Table 3.1 shows the time table for the budgetary process used by the Local Government.



**Table 3.1.** Time table for the budget process (Peculiar to the Local Government System)

<b>Time</b>	<b>Activity</b>
1st June	Issue of call circular by the local government executive committee to the treasurer
Not later than 10th June	Issue of call circular by the treasurer to the Heads of Department
10th June	Submission of departmental estimate proposals to the treasurer.
Not later than 31st July	Submission of Treasurer's summary of departmental estimate proposals to Executive Committee.
31st July	Submission of amended estimate proposals to the Council
Not later than 15th December	Approval of Estimates by Council
Not later than 31st December	Forwarding approved estimate to the Governor
First day of the financial year	Implementation of estimates

**Source:** Onah (1998)

**(g) Budget Manual:** To assist everyone engaged in budgeting and budget administration, a budget manual is normally issued. A budget manual is a document that sets out such matters as the responsibilities of people engaged in the routine operation of the budget. It also indicates the control measures required by the budget operators. The manual also sets out persons involved in budgeting and budgetary control to enable them maximize their contribution to the budget compilation and their benefits from the control data ultimately reported back to them.

## **3.2 Overview of Housing**

### **3.2.1 Definition and Meaning of Housing**

Oliver (2006) and Banham (2007) opine that residential spaces can be classified into three levels namely shelter, home and house. Unlike a house, a home is much more than a physical structure. Shelters are provided to protect people, whereas the creation of a home represents deep social structures. According to Oliver (2006), 'house' means a 'small dwelling' describing the physical structure of the building. Morakinyo, Okunola, Ogunrayewa, & Dada (2015) explicate housing provision for the citizenry as the gradual, continual and replicable process of meeting the housing needs of the populace, the vast majority of who are poor and are incapable of providing

adequately for themselves. It ensures housing strategies that are stable and are not subject to the variations or fluctuations in the political circumstances of the country. Housing provision also requires proper definition of housing needs, and the participation of the private sector.

The National Housing Policy (NHP)(2006) defines housing as the process of providing a large number of residential buildings on a permanent basis with adequate physical infrastructure and social services in planned, decent, safe and sanitary neighbourhoods to meet the basic and special needs of the population while Martins (1988) defines housing in an enlarged context, as shelter plus those important social services, infrastructure and utilities that go along to make a community or neighbourhood a livable environment.

Grimes (1976) maintain that housing encompasses more far more than living space and shelter. Its nature and value are determined by the services it offers. These services are varied, including neighbourhood amenities, access to education, and health facilities, security. The worth of houses depends on quality considerations such as design , density, building materials, floor space, access to employment and other income-earning opportunities, public facilities, community services and ,markets.

There are several types of housing types in Nigeria and some of them are common or popular with the populace. According to Ezenagu (2000), the foregoing comprises a list of common housing types, found in both the urban and rural areas of Nigeria.

- (a) Mud Houses: Mostly found in rural areas or in urban slums;
- (b) Bungalows: These are of different kinds such as (i) single family bungalows (ii) multi-tenement (iii) bungalows comprising blocks of flats;
- (c) Storey Buildings: These are in form of (i) single-family storey buildings (ii) storey buildings comprising blocks of either two or four flats (iii) storey buildings comprising multi-tenement storey buildings;
- (d) Block of Flats: These are apartment buildings or houses and could be one, two, three or multi storeys. Usually, the flats comprise one, two, three or more bedrooms;
- (e) Duplexes: These are storey buildings that are double or two fold nature. They are either detached or semi-detached and

- (f) Terrace Houses: This is a continuous row of houses in one block but different from block of flats.

According to United Nations (2006), housing is one of the foremost problems confronting governments all over the world. The problem is most acute in developing countries, though it varies from one country to another. Over time, the need for adequate shelter has continued to attract global attention especially in developing countries where the urbanization process has been growing at an alarming rate. The phenomenal rise in population, increase in number and size of most cities in the past decades have led to acute shortage of adequate dwelling units in many urban centers globally (Jiboye, 2009). Consequently, in recent time, the issue of housing has formed part of the major discussion in several global summits such as the 1992 Rio-de Janeiro summit on environment and development, the 1996 Habitat summit at Istanbul, the 2000 New York, United Nations Millennium Development Goals (MDGS) summit, 2002 World Summit in Johannesburg and the 2005 La Havana, UN sustainable Cities Documentation of Experience Programme (UN-Habitat, 2007; UNDPI, 2008).

Okupe (2000) and Olusola (2002) maintain that with different policies and user solutions that abound for the purpose of reducing quantitative housing deficiency, it is possible to solve the problem, if housing were used only for shelter needs. However, in addition to serving as a shelter, housing is also a produced commodity, consumer good, assurance for families and means used for reproducing social relations and an investment tool protecting the value of money against inflation

### **3.2.2 The Importance of Housing**

According to Ezenagu (2000), the importance of housing cannot be overemphasized because a house is not just for one to live, but living itself. Thus, housing is valued not just for what it is, but for what it does. Housing is of supreme importance to man and represents one of the most basic human needs which has a profound impact on the health, welfare, social status, attitudes and economic productivity of an individual. It is also one of the best indications of a person's standard of living and of his or her place in society (Okupe, 2000; Morakinyo *et. al.*, 2015). Morakinyo *et. al.* (2015) further stress that housing has a profound impact on social interaction

and general welfare of individuals and groups in any environment. Ural (2008) considers housing as a human habitat which is a dominant factor in the recognition of a society's success among the family of nations.

Ebie (2009) concurs with the above positions by stating that housing is unarguably one of the basic necessities of man which used to be ranked second after food in the hierarchy of man's needs but is now regarded as the first and most important of all human rights. According to him, the importance attached to the provision of housing stems from the fact that housing in all its ramifications is more than mere shelter since embraces all social services and utilities that go to make a community or neighbourhood a livable environment. Housing being a right entails that all strata of a society including the less privileged members of the society, the old, the disadvantaged, the wondering psychotics should own or have access to decent, safe and sanitary housing accommodation at affordable disposal prices or rental with secure tenure.

The housing sector also plays a more crucial role in the country's welfare as it directly affects not only the well-being of the citizenry, but also the performance of other sectors of the economy. Onibokun (2000) states that in many developing countries, housing construction makes up as much as 20 – 30 percent of gross fixed domestic capital formation. Housing construction accounts for about 2 to 5 percent of GDP in most developing countries. The true importance of housing may be greater than what we know or can imagine. In developing countries, there exists self-help construction as well as commercial activities by independent contractors. These are not reported at all and are greatly under-valued. This means that unrecorded investment arising basically from housing is substantial even in industrialized countries.

Burns and Grebler (1977); Ezenagu (2000) summarize the benefits of housing to man and society as follows: (i) provision of shelter/accommodation (ii) an investment, which yields flow of income (iii) source of social prestige/status (iv) employment generation (v) provides collateral security for loan (vi) a durable good which can be inherited (vii) contribution to physical development (viii) stimulates economic growth (ix) cultural significance: serves as the best physical and historical evidence of civilization, depicts values, norms of a tribes or race (x)

promotes communal life in terms of environment/sanitation purposes, maintenance of public properties, security, exercising civic duties, organization of rallies/protests.

### **3.2.3 An insight into the Low and Middle Income Groups in Nigeria and their Housing Predicaments**

Anokam (2016) opines that many Nigerians are willing to own houses but low income and inability to access housing funds through housing mortgage institutions have remained their major challenges. For instance, a recent study by the Millard Fuller Foundation, an international US based humanitarian organization, stated that most Nigerian workers are earning less than N500, 000 per annum or N40, 000 per month. The report also says about 80 per cent of Nigerians cannot afford a house that is more than N1 million naira.

According to Enhancing Financial Innovation and Access (EFInA) (2011), the following features characterize the low income earners in Nigeria:

- a) They are engaged in both formal and informal sectors of the economy;
- b) Their average monthly salary/take home pay ranges from N5,000 to N40,000;
- c) Those in gainful employment still engage in one or two businesses to make ends meet;
- d) Some claim to get some irregular sums of money as gifts from relatives, friends and boyfriends, especially when in urgent need and
- e) They also engage in some menial jobs and enjoy from the national cake doled out by politicians.

The Federal Government of Nigeria (2004) through its National Housing Policy defines the low-income group as all employees and self-employed persons whose annual income is N100, 000:00 and below (i.e. the equivalent of salary grade level of 01-06 within the civil service) or whose annual income is 20% or below the maximum annual income of the highest salary grade level within the civil service structure at any given time, whichever is higher. In Nigeria 75% of the population is estimated to be of the Low-income group or fall below the poverty line, which is on the average of US\$1 per day (Olotuah, 2006). In reality, most employees who work outside the public sector or outside the organized private sector, as well as many self-employed Nigerians earn well below the national minimum wage. This, by implication indicates that a majority of Nigerians fall into this category, which also forms the nucleus of the nation's economy.

The current trend of development in the country is that private developers who engage in commercial housing affordable to the few privileged ones in the society do so mainly for profit making and not for the masses or low income earners. Since many of these developers operate on short-term loans which must be recouped (Adedeji and Abiodun, 2014). In addition to this, public sector intervention in housing in Nigeria over the years encompasses: building of staff quarters; housing loans to workers; direct housing construction and sites-and-services programmes. These programmes, aside from direct house construction of low-cost houses by the Federal Government, are not directed at low-income earners. In fact, various civilian and military Governments have made concerted efforts to provide adequate housing to this group, but recent studies have shown that, the low income group has not adequately benefited from the Government programmes (Sani 2003).

In summary, the low-income groups who constitute the majority of the Nigerian society are the most vulnerable and most affected by the lack of housing facilities, to the extent that high cost of housing and the affordability gap has almost eliminated the low-income earners from the housing market. In other words, rapid urbanization has made access to decent housing to be elusive to many low-income earners in most Nigerian cities (Aribigbola, 2008).

On the other hand, the middle class (middle-income category) as defined by the African Development Bank (ADB) (2011), is a group of individuals or households with annual income exceeding \$3,900 (N627,900) in purchasing power parity. The middle class is also defined by the ADB in relative terms, as individuals and households that fall between the 20th and 80th percentile of the consumption distribution. Three sub-categories of the middle-class in Africa were identified by ADB:

- (a) **The floating class** – this group has per capita consumption levels of between \$2 and \$4 per day. This category is precariously close to the poor, and can easily fall back into poverty.
- (b) **The lower-middle class** – this category has per capita consumption levels of \$4 to \$10 per day.
- (c) **The upper-middle class** – this category has per capita consumption rates of \$10 to \$20 dollars per day.

Nigeria's middle class in 2010, including the floating class was put at 22.8% of the total population by the African Development Bank. The IMF also identified Nigeria as one of the most striking examples of a country with a growing middle class, with its GDP increasing five-fold from £29bn (N7.975tr) to £158bn (N43.45tr) between 2000 and 2011 (Smith and Lamble,2011).

The distinguishing characteristics of the middle class as identified in the survey by Renaissance Capital (2011) include better education than the poor, reduced likelihood of deriving income from subsistence farming or manual labour, increased likelihood of keeping salaried jobs or owning small businesses, and increased demand for adequate housing, including efficient supply and distribution of basic utilities and services. As stated in the ADB (2011) report, fostering the growth of the middle class should be of prime importance to policy makers, as the state of the middle class is a valid development indicator, associated with faster poverty reduction. Housing policies that target the well-being of the middle income can be a sure way of further growing the Nigerian economy.

### **3.2.4 Institutional Structure for Housing in Nigeria**

Several public and private sector institutions are directly or indirectly involved in housing in Nigeria; however, there is still the need for improved efficiency, collaboration and mechanisms among them to improve housing delivery. The institutional structure for housing is characterized by public, quasi-public and private sector organisations. The main public sector institutions involved in housing consist of government ministries/departments that provide the regulatory and administrative framework for housing delivery, while the role of each ministry is also necessary. The cumbersome and lengthy regulatory approval processes involved tend to limit the private sector participation in the housing industry because this process leads to inefficiencies, wastefulness, exploitation, delays and high project cost (Daramola, 2004). In general, inadequacy of financial and human resources are the main constraints to the efficient coordination, implementation and enforcement of the public sector's housing effort (Ebie, 2004). Table 3.2 outlines the key players in Nigerian housing delivery.

**Table 3.2.** Key Players in Nigeria’s Housing Delivery

S/NO	Regulators	Financial institutions	Developers
1	Central banks of Nigeria	Federal mortgage bank of Nigeria	Federal housing authority
2	Federal ministry of lands, housing and urban development.	99 Primary mortgage institutions	36 state Housing corporations
3	Security and exchange commission	24 deposit money banks	36 state ministries of housing and urban development
4	Federal and state ministry of lands, housing and urban development.	Commercial banks and mortgage institutions	800 real estate developer
5	Central banks of Nigeria	Federal mortgage bank of Nigeria	55 Insurance companies

**Source:** Pison Housing Company (2010); Olusola (2014)

The following provides a background of the specific nature and roles of these players.

**(a) Central Bank of Nigeria (CBN):** The CBN is the apex regulatory authority of the financial system. It was established by the Central Bank of Nigeria Act of 1958 and commenced operations in July 1959. Among its primary functions, the CBN promotes monetary stability and a sound financial system and acts as banker and financial adviser to the federal government (Central Bank of Nigeria, 2008). It is the banker of last resort to the licensed 24 banks and approves licences to financial institutions, which include Deposit Money Banks, Primary Mortgage Institutions, Microfinance Banks, Finance companies, Bureaus De Change, and Development Finance Institutions (Federal Republic of Nigeria, 1991). In 2005, the federal government in conjunction with the CBN set up the Financial System Strategy (FSS) and year 2020 Mortgage committee (Nubi and Omirin, 2007).

**(b) Federal Mortgage Bank of Nigeria (FMBN):** The FMBN is the apex mortgage institution in Nigeria with a broad mandate as follows: Link the capital market with the housing markets. Encourage the emergence and promoting the growth of viable primary mortgage loan originators to serve the needs for housing delivery in Nigeria, mobilise domestic and foreign funds into the housing sector; collect and administer the National Housing Fund (NHF) in accordance with the provisions of the NHF Act, the NHTF, established in 1992, was aimed at addressing housing finance challenges in the low-income sector. It was formulated taking into consideration the housing demand gap and the difficulty of accessing finance (Bichi, 1997; Anugwom, 2005). Through commercial banks and other financial institutions, it was granted a take-off fund of



N250 million (US\$1.7 m). Key objectives of the fund include ensuring the provision of housing units is based on realistic standards that house-owners can afford, giving priority to housing programmed designed to benefit the low-income group and encouraging every household to own its house through the provision of credit or funding (Enuenwosu, 1985; Akinlusi, 2007).

**(c) The Ministry of Lands, Housing and Urban Development:** The Ministry of Lands, Housing and Urban Development (formerly the Ministry of Housing, Urban Development and Environment) was created in 2002 with housing accorded for the first time a separate status free from the bureaucracy and financial stranglehold of the Ministry of Works. The Ministry of Lands, Housing and Urban Development's roles includes policy formation, setting standards for the sector, establishing building standards and codes for housing delivery, and safety in collaboration with relevant professional bodies (Mabogunje, 2003a).

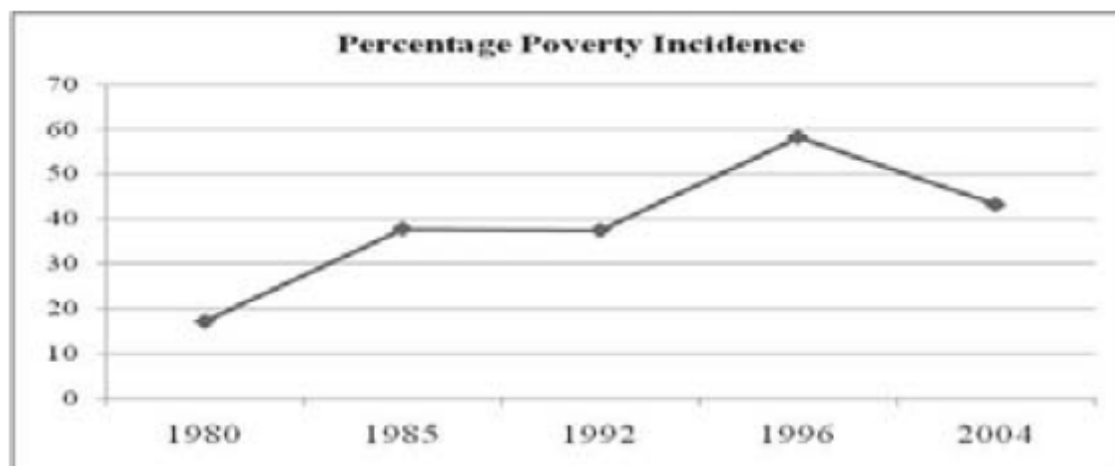
**(d) Housing Corporations:** Every State in Nigeria has an established State housing corporation to largely operate as property developers of the government. The corporations funding comes mainly from government budget allocations, and units are usually sold for cash. Often the middle income earners are the target market for these developments. Buyers either pay cash or are allowed to make installment payments during the period of construction, as mortgage finance is not provided. However, the cumulative results from all of these initiatives remain inadequate. For example, the Lagos State Development and Property Corporation, the most active state housing corporation in Nigeria has produced less than 25,000 units since inception about 35 years ago (Pison Housing Company, 2010).

**(e) Private Developers:** Activities of private estate developers were concentrated in Lagos State in the early 1990s. Prior to that, private real estate developers had nominal success. A major operator between 1988 and 1993 was HFP Engineering Limited, which, under a joint venture agreement and using prefabricated technology, delivered over 2,500 units of housing including 1,434 units at Victoria Garden City, in Lagos. More recently, activities of private developers are now coordinated under the Real Estate Developers Association of Nigeria (REDAN). It comprises over 850 companies across the country (Pison Housing Company, 2010).

### 3.2.5 The Present Housing Situation and Challenges in Nigeria, and Government's Efforts

The right to adequate housing that is safe, secure, healthy, available and inexpensive is enshrined in the Habitat Agenda the global call on human settlement and shelter (UN-Habitat,2006). Despite this essential role played by housing as a basic need, an adequate supply of this commodity has been lacking in virtually all societies throughout history. The situation is particularly serious in a developing country like Nigeria where population growth and urbanization are increasing very rapidly and where the gap between housing need and supply is greatest (Morakinyo *et al.*, 2015).

The consistent decline in economic growth and development in the face of rapid urbanization has resulted in a sharp increase in the number of poor people living in urban areas in Nigeria. There is no gain saying that Nigerian cities have continued to grow both spatially and demographically under conditions of economic stagnation and underdevelopment, which have led to high rate of unemployment and urban poverty. Although, the United Nations Population Fund (UNFPA) (2011) report reveals that around 64 percent of Nigerians live in poverty, figure 3.3 shows that urban poverty increased from 17.2 percent in 1980 to 58.2 percent in 1996, but declined to 43.2 percent in 2004 in Nigeria. One of the principal factors responsible for this development is the high rate of rural-urban migration, which has been heightened by the sharp disparities between urban and rural areas in terms of access to job opportunities, basic amenities and services and this has contributed a large proportion of low-income earners in urban slums who are unable to gain access to decent housing at affordable cost in Nigeria (Edewor, 2014).



**Figure 3.3:** Poverty Incidence in Nigeria (1980 – 2004) (FGN, 2006)

Furthermore, Nigeria, Africa’s largest economy, has one of the highest rates of urbanization put at around 5.8 percent (National Economic Empowerment and Development Strategy (NEEDS), 2004). It is among the countries with the worst urban housing situations in the world (UN-Habitat, 2006). This challenge is particularly very critical among the urban poor and low-income earners (Mbamali and Okoli, 2002) who constitute about 80 percent of Nigeria’s estimated 60 million urban residents (Aluko and Amidu, 2006).

According to Olusola (2002), the housing problem in Nigeria basically relates to quantitative and qualitative insufficiencies. This condition remains because housing has typically been regarded as an unwanted stepchild, a frustrating nuisance in the family of projects that constitutes development or economic programmes. Paradoxically, past theories of economic development regarded housing as a non-productive, durable consumption good or service with an extremely high capital output ratio. Nigeria belongs to the category of countries where the above conditions prevail (UN-Habitat, 2006).

Ugonabo and Emoh (2013) corroborate the above views by surmising that there is massive shortage of housing in Nigeria and for too long, housing policies, programmes and deliveries of successive governments in Nigeria have failed to meet the aspirations and expectations of many citizens, particularly the low and middle-income earners. In addition to this, the housing affordability problem and slum-housing proliferation continue to constitute major challenges. According to a survey by Un-Habitat (2010), more than three-fifths of the total urban population in Nigeria still live in housing conditions described as slums as shown in Table 3.3.

**Table 3.3.** Urban Slum Population in Nigeria (1990–2010)

Year	Urban Population (thousands)	Urban slums Population	Percentage of Urban Population living in slums
1990	33,325	25,763	77.3
1995	42,372	31,127	73.5
2000	53,048	36,930	69.6
2005	65,270	42,928	65.8
2007	70,539	45,309	64.2
2010	78,845	48,805	61.9

**Source:** UN-Habitat (2010)

Pison Housing Company (2010) states that there are about 10.7 million houses in Nigeria. Irrespective of the policies, organisations and regulations which the Nigerian government has put in place since independence in 1960, there is still a shortage of housing, especially for the low-

income section. The Federal Mortgage Bank of Nigeria (FMBN), which is answerable for the provision of mortgages to low-income earners through the National Housing Trust Fund (NHTF), has operational and financial capability restraints that limit its efficiency. With this, the few low-income earners who own their houses usually obtain land and build incrementally with their funds, while the high-income house-owners buy with money, or mortgage finance, usually pay back over a maximum period of 10 years (Akinlusi, 2007).

In recognition of the crucial role of housing in the economy, the Nigerian government has over the years initiated policies and programmes to address the housing challenges, but with little or no success. Experts have put the housing shortage in Nigeria as at 2005 at between 12million to 14 million (Adejumo, 2008: Oluwaluyi, 2008). According to Babade (2007), to adequately house the urban population in Nigeria, a conservative figure of 409,227 housing units should have been constructed in 1990. Due to neglect, the figure rose to 783,042 units in 1995; 1,333,176 units in the year 2000; 1,543,318 units in 2003 and 2,171,603 units in 2010. This is serious considering the poor state of Nigeria's housing sector.

The purpose of mass housing is to provide decent housing at reasonably reduced costs, to households unable to afford the heavy investment of acquiring land and building houses at prevailing market rates. Sadly, mass housing provision in Nigeria has been bedevilled by several challenges over the years. These challenges have been quantitative as well as qualitative (Ibem, Anosike, & Azuh, 2011). Quantitative challenges manifest in housing deficits, which have persisted since independence. Housing deficit in Nigeria was estimated at 18 million units in 2008 (Onwuemenyi, 2008). This is expected to remain on the ascendancy, as provision of new housing units, has not been commensurate with natural population growth estimated at 3.2% per annum (NPC,2006) nor with the unabated spate of urbanisation in the country.

In Nigeria, housing deficit as at 2007 stood at between 12 million to 14 million units by 2008, had risen to 18 million units (Onwuemenyi, 2008). Ajanlekoko (2001) estimated the national annual housing requirement at 600,000 units. Awosedo (2008) put the housing needs of Lagos alone at 170,000 units per annum in order to meet up with vision 2025. With an annual population growth rate of 3.2% (NPC, 2006) and rapid urbanisation, the housing deficit is expected to remain on the ascendancy. This is further compounded by the challenges faced by

government and its private sector partners in providing adequate housing, which include inadequate knowledge of the nature and scope of the country's housing problems, and a narrow concept of the housing need (Ayedun and Oluwatobi, 2011). Studies by several authors have shown that in spite of optimistic housing policies by the government since the 1960s, results have remained largely unimpressive, as housing provision has remained far short of policy projections (Ukoha and Beamish, 1996; Diogu, 2002; Jiboye, 2009).

The housing situation in Nigeria puts existing housing stock at 23 per 1,000 inhabitants. Housing deficit is put at 15 million houses, while N12 trillion will be required to finance the deficit (Mabogunje 2003, 2004). This is about 4 times the annual national budget of Nigeria (Federal Housing Authority (FHA), 2007). Home prices and rents, on the other hand, have grown ahead of general inflation. Making matters worse, the composition of homes for sale and rent on the market has been inexorably shifting towards very expensive homes (Nubi, 2008). The National Rolling Plan(NRP) of 1990–1992 estimated housing deficit at 4.8 million. The 1991 housing policy estimated that 700,000 housing units are to be built each year if housing deficit is to be cancelled. In spite of a series of government policies towards housing delivery, one thing that is clear is that there exists a gap between housing supply and demand (Agbola, 1998; Olomolaiye, 1999).

The Nigerian public sector has no doubt shown some concern in its social responsibility of ensuring adequate housing for the populace. It has been involved in housing intervention in the last eighty years through various programmes. The Nigerian National Housing Policy highlights the objective of government of ensuring accessibility to adequate housing by all Nigerians. The public sector has however recorded very poor level of success (Agbola, 1993).

To lend credence to this view, Aduwo, Edewor, & Ibem (2016) state that between 1975 and 2010, a number of mass/social housing programmes involving direct construction of housing by the government were initiated by both the Federal Military and Civilian Governments in Nigeria. Some of these housing programmes included the National Low-Cost Housing Scheme (1975-1980), Shagari's Low-Cost Housing Programme (1980-1985), the National Housing Programme (1994-1995), the National Prototype Housing Programme (2000-2003), the Presidential Housing Mandate Scheme (PMHS) (2004-2006) and PPP housing schemes. Although there are

conflicting figures on the actual number of housing units completed in each of these programmes, Table 3.4 shows that between 1962 and 2010 a total of 653,271 housing units were expected to be constructed in the different housing schemes across the country. However, only 95,594 housing units were actually constructed (the figure on the number of housing units constructed in the 2000-2003 period is not available, and thus excluded from the data in table 3.4).

**Table 3.4.** Implementation rate of low-cost Housing Schemes by the Federal Government of Nigeria (1962- 2010)

Period	Proposed number of housing units	Number housing units produced	Percentage achievement
1962-1968	61,000	500	0.81
1971-1974	59,000	7,080	12.00
1975-1980	202,000	30,000	14.85
1981-1985	180,000	47,234	26.24
1986-1999	121,000	5,500	4.55
2000-2003	20,000	-	-
2004-2006	18,000	840	4.67
2006-2010	10,271	4,440	43.23
Total	653,271	95,594	14.63

**Source:** Onibokun (1983); UN-Habitat (2006); Ibem *et al.* (2011)

It is obvious from the foregoing that none of the previous public housing programmes achieved up to 50 percent of targeted number of housing units. Apart from the period between 2006 and 2010 in where there was 43 percent achievement, in other periods, the achievement levels were far less. Thus, the impact of these programmes in addressing the existing housing problems among low-income earners in the country can best be described as poor.

A number of reasons have been adduced by Atolagbe (1997) and Philips (1997) for the poor performance of the Nigerian public sector in housing intervention, especially for the low-income earners. These include: wrong perception of the needs of low income earners, provision of too few houses which are nonetheless too expensive for low income earners and failure to stimulate the private sector for greater participation in housing delivery. According to Olowoyeye and Mshelgaru (2010), the major constraints to housing development in Nigeria are: land acquisition problems, high cost of building materials, inadequate infrastructure, inadequate skilled manpower and high cost of labour, difficulty in obtaining loan from the federal mortgage bank, poor implementation of government policies, guidelines, regulations and bye laws.

Similarly, studies carried out by Ibem *et al.*, (2011); Jambol, Molwus, & Daniel (2013); Ibem, Opoko, & Aduwo (2013) and Aduwo *et al.* (2016) advanced reasons for the failure of previous Federal and State mass housing schemes in Nigeria to: lack of adequate funding, corruption in the implementation and allocation of complete housing units, political interference and the lack of adequate monitoring and evaluation of the programmes, poor implementation strategies, lack of appropriate procurement regulations to address probity, accountability and efficiency concerns, the procurement process being handled by officers that lack relevant skills and knowledge, uneven spread of housing projects, exclusion and deprivation of households that earn their incomes from the informal occupation, unequal access opportunity for intended beneficiaries, over-centralisation of roles in Federal Government line agencies which gives undue advantage to few individuals to monopolise the implementation of housing processes, low organizational capacity of the three public agencies: National Building and Road Research Institute (NIBRRI), Association of Housing Corporations of Nigeria (AHCN) and the FMBN charged with the responsibility of implementing mass housing schemes (large volume of housing projects to implement at certain time also outweighed the administrative capacity of implementation agencies), the third tier of government; the LGAs and community-based organizations such as housing co-operative societies not been actively involved in housing schemes and representing the interest of the grassroots people, lack of participation of local urban authorities, non-governmental organizations, community development associations and other grass root organizations.

With respect to participation, the previous housing efforts have so far been based on top-down approach, instead of the bottom-top approach. The Ibem *et al.*, (2011); Jambol, Molwus, & Daniel (2013); Ibem, Opoko, & Aduwo (2013) and Aduwo *et al.* (2016) therefore contend that the prospects of low-income housing in Nigeria are contingent upon the adoption of community-based approaches. Others are: lack of adequate data on the exact number of low-income households who really need housing in Nigeria, i.e., poor data capturing on the rate of urban population growth which has been the bane of planning and programming in Nigeria.

Although, a number of population censuses have been conducted in Nigeria, the results in many cases are still being contested. Hence, there are no accurate and reliable data on the number of

low-income households in urban areas for which provision is to be made. Without accurate data, it is difficult to generate effective plans and programmes that would have tangible impacts on the life of the people. This has been one of the principal challenges in the design of targeted housing programmes for the low-income people in Nigerian cities; and thus partly accounts for the failure of most public housing programmes in the country.

Another reason for the poor performance and failure of public housing programmes by the Nigerian government as indicated by the Federal Government of Nigeria (2004), in its National Housing policy, is the lack of adequate monitoring and evaluation of housing policy implementation. This assertion was corroborated by Ibem and Amole (2010) who note that proper programme evaluation was rarely done in Nigeria, and as a result, it is very difficult to assess the real outcome of housing programmes in the country. The above tends to suggest two things. First is that there is inadequate evaluation research on public housing programmes in Nigeria. Second, proper evaluation of public housing programmes using appropriate evaluation tools and methods are rarely done in Nigeria. One of the key consequences of this is paucity of information on the actual outcome of previous and current approaches to solving the housing problems in this country. Table 3.5 shows the poor performance recorded by national housing programmes from 1975 – 1995.

**Table 3.5.** Performance of National Housing Programmes from 1975–1995

Period	Planned output	Achieved	% Achievement
1962 - 1968	24,000	500	2.1
1970 - 1974	54,000	-	0
1975 - 1980	202,000	28,500	14.1
1981 - 1985	200,000	47,200	23.6
1994 - 1995	121,000	1,014	0.8

**Source:** Pison Housing Company (2010); Olusola (2014)

The major reason for housing programmes is to ameliorate or improve on existing poor housing conditions of individuals or groups of persons, and thus enhance their quality of life.

Due to the multi-disciplinary nature of housing which cuts across disciplines such as housing studies, Architecture, Quantity Surveying, Building, Geography, Physical planning, Estate Management, Economics, Sociology and Public Administration just to mention this few, the purpose for evaluating housing programmes differs among researchers (Ibem and Amole, 2010).



The most striking opinion is provided by Hanson, Lloyd, & Lorimer (2004) who opine that evaluation of public housing stem from the need to document the problems of public housing, develop solutions to them and make recommendations and guidelines for future public housing policies and programmes.

Furthermore, Osasona (1991) and Hanson *et al.* (2004) are of the view that evaluation of public housing is necessary in understanding the various policies underpinning public housing programmes and judging their effectiveness in operation. On the other hand Arimah (2000) and Sengupta and Tipple (2007) viewed the evaluation of public housing as a way of developing parameters for assessing the performance of the public sector in housing delivery. In their opinion, the examination of the process and product of public housing is vital in measuring the performance of public housing sub-sector. McKinsey (2011) provides a logical framework that can guide public decision makers in implementing, as well as comparing the objectives and outcomes of public housing programmes, as shown in Table 3.6.

**Table 3.6.** Logical Framework for comparing the objectives and outcome of public housing programmes

<b>Objectives</b>	<b>Indicator</b>	<b>Achievement Level/Remarks (below or above average)</b>
To evolve appropriate institutional framework for public housing delivery  To promote greater private sector participation in the provision of housing.  To enhance home ownership among all socio-economic groups  To develop self-sufficient housing estates, secured and serene environment that meets the daily challenges of all residents  To provide adequate housing for all interested persons in the State  To improve on the standard of living of residents of public housing in the State.  To provide ..... number of housing units between 2011 and 2019.	Public housing organizations' capacity in public housing  Public-Private Partnership housing delivery strategy  Tenure status of respondents Housing affordability among target population  Provision of housing services, infrastructure and access to neighbourhood facilities  Housing adequacy Residential satisfaction  Residents' satisfaction with life in public housing estates  Less than ..... number of housing units provided between 2011 and 2016.	

**Source:** McKinsey (2011)

### **3.2.6 Housing Needs, Demand and Supply in Nigeria**

Nubi (2008) stresses that housing is a priority for the attainment of living standard and it is important to both rural and urban areas. These attribute make demand for housing to know no bound as population growth and urbanization are increase very rapidly and the gap between housing need and supply becomes widen. This housing deficit has continued to accumulate over the years as a result of poor housing policy implementation by successive governments in Nigeria. Onu and Onu (2012) corroborate this assertion by stating that the consequences of migration from rural areas to urban centers has been increasing at an alarming rate and this has resulted in the increase in housing demand in most of our urban centers in Nigeria. The rate of urbanisation in Nigeria has increased remarkably since the oil boom period which has consequently led to an unprecedented increase in population and resulting in high demand in housing. Sadly, the efforts of the government at all levels (Federal, State and Local) in making provision for adequate housing units for the Nigerian populace are yet to be fruitful (Israel and Bashiru, 2008).

It is pertinent to note that housing need relates to social housing while housing demand is related to private housing (Alison, 2004). Effective housing demand is different from Desire housing demand. Effective housing demand can be explained as a desire to buy a house that is backed up with an ability to pay for it. On the other hand, Desire housing demand can be termed to be willingness to buy the house with the consumer's lack of the purchasing power to be able to buy the house. Until there is purchasing power in terms of money to buy the housing unit, such housing demand has not become effective housing demand. According to Maclellan *et al.* (1998) consumer housing demand for owner occupation, low cost home ownership options and housing affordability as ways of analysing the effectiveness of a housing market system.

Bourne and Hitchcock (1978) opine that the main determinant of the housing demand is household composition while other factors such as income, price of housing, cost and availability of credit, consumer preferences, investor preferences, prices of the substitutes and price of the complement also play a role. Housing demand in urban centres is a manifestation and reflection of different household desires to live in an urban centre (Todd, 2007, Akinyode and Tareef, 2013). Various reasons have been attributed to an increasing taste for urban living and these reasons include: employment opportunity, urban amenities and utilities consumption

opportunities. This situation has consequently led to housing shortage and most people are also found living in indecent buildings (Olayiwola *et al.*, 2005) due to their socio-economic background which cannot cope with ever increasing prices of decent houses.

Supply of housing units in Nigeria can be viewed from the formal and the informal sectors as shown in Table 3.7. The formal refers to supply from the private sector and the various elements of the public sector. Okupe (2000) observes that the history of housing development in Nigeria is that of the private sector driven. In short, the private sector contributes a larger proportion of housing stock in the country. This view is supported by Olusola (2002) who states that housing delivery in Nigeria is provided by either the government or private sector, but despite federal government access to factors of housing production, the country could at best expect 4.2 % of the annual requirement. Substantial contribution is still expected from other public and private sectors. It should be acknowledged that private sector developers account for most of urban housing in Nigeria (Federal Office of Statistics (FOS), 1983). Thus, various government strategies formulated towards overcoming the enormous shortage through several housing reform programmes, have failed and housing continues to be a mirage to the ordinary Nigerian.

Consequently, Adejumo (2008) asserts that to meet ever-growing demand, Nigeria needs at least 100,000 new housing units annually. Existing housing stock in Nigeria is so dismal, yet studies show a direct correlation between affordable housing and better living standard. Estimates show that Nigeria needs an average of 1 million housing units per year not only to replenish decaying housing stock, but also to meet rising demand (Peterside, 2005).

**Table 3.7.** Suppliers of Housing in Nigeria

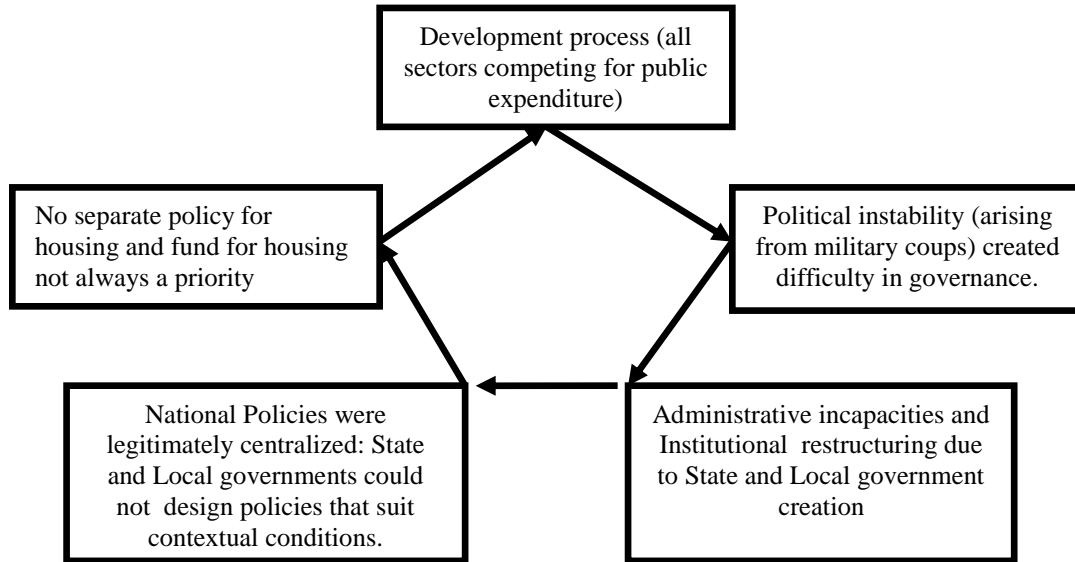
Formal (public sector)	Formal (organised private sector)	Informal sector
Federal ministry of housing	Real estate developers	Individual
Federal housing authority	Primary mortgage institutions	Families
State ministry of housing	Corporate bodies	Co-operatives
State housing corporations	Real estate investment vehicles	Community
Local government housing programmes	(trusts) development finance institutions	developments efforts

Source: Pison Housing Company (2010); Morakinyo *et al.* (2015)

Housing is supplied using land, labour and various inputs such as electricity and building materials. The quantity of the new supply is determined by the cost of these inputs, the price of the existing stock of houses and the technology of production. House prices and the growth rate of house price are the two measures identified by Todd (2007) of the intensity of urban housing demand. According to him, housing is in inelastic supply in some cities either through little or no open land, restriction of local regulations on development that make it prohibitively expensive or slow.

Morakinyo *et al.* (2015) identifies the following as the three major reasons for the inadequate housing supply in Nigeria: (i) shortage of qualified and experienced tradesmen; (ii) difficulty in acquiring land for construction and (iii) public housing not been able to meet the demand of Nigerians. Israel and Bashiru (2008) corroborate this view by stating that the materials cost of building, unbearable conditions on getting loan from the mortgage banks and government policies have been factors militating against bridging the gap in housing supply and demand. They therefore suggest the use of indigenous building materials and technology, provision of habitable houses at subsidize rate and amendment of some parts in 1978 land use act in order to assist in increasing housing delivery.

Similarly, Ajanlekoko (2001) states that the Nigerian government is unable to match demand with the simultaneous provision of adequate housing and infrastructure). The factors responsible are complex, interrelated and interconnected and range from inadequate financial resources to low capacity in the public sector to implement many projects. Jambol *et al.* (2013) surmise the interactive issues influencing the supply of housing in Nigeria in figure 3.4.



**Figure 3.4.** Interactive issues influencing supply of housing in Nigeria (Jambol *et al.*, 2013)

The complexity and time duration in housing supply is another major problem which contributes to the shortage of housing supply. Houses take a long time to construct and cannot easily be made ready for consumption if there are changes in demand. Housing supply hence, naturally responds slowly to supply, the minimum time for such a response being the time taken to mobilize all necessary resources to start and complete new buildings. Okechukwu (2009) is of opinion that there is need for proper understanding of the nature and complexity of housing production for the purpose of solving these problems. He explains this position by attributing the slow rate of housing production to the bulky nature of building materials, high cost of their transportation to the site, high and diverse labour component, high initial cost of housing production due to interest rates and inflation.

The wide gap between housing demand and supply is largely due to slow response of supply to demand. The housing market often suffers from lags in supply adjustments. That is, even if households with inadequate housing were willing and able to pay for better housing, the response on the supply side might be long in coming (Rothenberg and Edel, 1972). This is due to the long time it takes to build new houses in response to new demand. The rate of housing construction is not nearer in meeting existing demand in Nigeria. Ajanlekoko (2001) shares this view and concludes that the rate of housing construction is nowhere near meeting existing demand. The

failure of the private sector housing to accommodate the larger percentage of the populace most especially the poor, necessitated the direct public housing delivery option. Housing supply does not only reflect the ability to build; it also represents the historical stock of the past construction. Some cities such as St. Louis, Detroit and Philadelphia in USA have an abundant supply of homes because they once were more desirable than they are today (Edward, 2010). In these places, housing prices are often lower than the cost of new construction, because of abundant supply.

According to Olusola (2014), the gap between need for housing and the capacity to acquire the desired housing type, has resulted in an effective demand crisis for affordable housing in the country. While it is clear there is a housing deficit, it is crucial to recognize that people can only acquire what they can afford. Affordable housing to low- and middle-income households is the affordability gap. Affordability gap has been defined by Olusola (2014) as the difference between the required monthly mortgage repayments on the least expensive house and the 33 % (an industry standard as recommended by the International Labour Organisation (ILO) that can be deducted from the total salary of a potential homeowner. The gap affects 52 % of the population or 65 million households. While some households achieve affordability with supplementary, informal income, this is not counted in loan origination procedures. Affordability analysis shows that low-income earners can afford housing units at two million Naira (Morakinyo *et al.*, 2015). Analysis of population and population growth in Nigeria (*see Table 3.8*) and the stock of dwelling units help to understand affordability. As at 1991, the total dwelling units in Nigeria was estimated at 15.2million and more than 70% was in tenement rooms (called ‘face-me-I-face-you’) (*see Tables 3.9 and 3.10*) Unfortunately, there is no more recent data available. However, a study carried out by Onibokun (1990), projected housing needs up to the year 2020 as shown in Table 3.11.

**Table 3.8.** Nigerian Population and Households -2006

Population (2006)	Number of households	Population, 2010 (assumed growth Rate of 3.80 %)
140, 431, 790	32,771,253	163,025,239

**Source:** National Bureau of Statistics (2007)

**Table 3.9.** Estimated Housing Stock, by dwelling types in Nigeria -1991

	Urban %	Urban units (million)	Rural %	Rural units (million)	Total %	Total units (million)
Maisonette	2	67	0	12	1	79
Duplex	3	101	0	–	1	101
Detached bungalow	10	337	20	2,289	17	2,627
Semi-detached	2	67	1	60	1	127
Flat	15	506	0	–	3	506
Tenement (Room)	65	2,194	77	9,200	74	11,393
Others	3	101	2	287	3	388
Total	100	3,373	100	11,848	100	15,221

**Source:** UN-Habitat (2001) Report on National Housing Trend

**Table 3.10.** Housing needs in Nigeria (1991 – 2001)

	Urban areas	Rural areas	Total
Housing stock 1991 ('000 units)	3,373	11,848	15,221
Estimated no of households 2001 ('000)	7,289	15,295	22,584
Required output 1991-2001 ('000)	3,916	3,447	7,363
Required annual output, 1991-2001 ('000)	391.6	344.7	736.3

**Source:** UN-Habitat (2002)

**Table 3.11.** Estimated Housing needs in Nigeria, between 1990 – 2020

Income Group	1990	2000	2020
Low-income	8,413,980	14,372,293	39,989,286
Medium-income	7,770,005	13,273,291	33,573,900
High-income	7,624,230	12,419,068	28,548,633

**Source:** Onibokun (1990)

### **3.3 Housing Budgeting**

Housing budgeting essentially relates to housing procurement through budgetary allocation. The Economic and Social Rights Centre (2013) asserts that housing budgeting is aimed at enhancing the realization of the right to adequate housing ownership. This is in view of citizens' constitutional right to adequate shelter and a healthy living environment at affordable cost to all socio-economic groups, particularly the low-income earners. An appraisal of the budgetary allocation for housing can be a starting point for the analysis of whether or not the government is doing enough within its power to fulfill its obligations and enhance the attainment of this right, hence, financing of physical infrastructure for public housing sector in order to ensure successful housing delivery is substantially through budgetary allocations of the government.

Results of a study carried out by Mac-Barango and Shittu (2017) revealed that a strong positive relationship exists between budgetary allocation and prices of building materials from 1994 - 2004, implying that the budgetary allocations to the housing sector can be predicted using values of the prices of the building materials. According to Mogbo (2001), wrong appraisals of the during a budgeting exercise for infrastructure in the public sector, is a major cause of poor performance that arises from inadequate budgeting and that budgetary financing correlates with physical infrastructure. Anyadike (2002b) articulates reviews emphasizing budgetary planning as a tool for rational allocation of financial resources in the housing sector. Alagidede (2012) also observes that government can, through its policies, either retard or stimulate the economy. It is able to achieve this through spending on physical infrastructure. Thus, the pace and pattern of investment in housing construction sector is critical, the sector establishes a number of inter sectoral linkages of the economy and produces multiplier effects.

Budgetary allocations involve an analytic review process that translates the requirements and needs of the housing sector to financial and economic terms. Alagidede (2012) posits that the needs and requirement of the physical construction sector are labour, material and equipment which translate the techno-economic specifications produced, by the architectural, engineering and design services into concrete physical entities. Anyadike (2000), concludes that a thorough analysis of constituents' of projects and their resources requirements form a good basis for



budgetary allocation and also cautions that budgetary allocation should not be undertaken without appropriate plans for continuous funding to completion.

Mogbo (2001), links inadequate budgeting by the public sector to the low level of implementation of infrastructural development and emphasizes that the poor performance is caused by budget deficit. Uncompleted projects and outright abandonment are some of consequential effects which the lack of connectivity between the budget sizes and projects, they are expected to finance can cause (Nwuba, 2004; Alagidede, 2012). These observations are in line with that of the Economic and Social Rights Centre (2013) where one percent of the national budget was allocated to the Ministry of Housing in Kenya. This was grossly inadequate to deal with the herculean task of providing housing, especially for to the growing numbers of the poor and middle income groups. In an attempt to address this issue, the Ministry of Housing proposed far-reaching changes to the Housing Act to commit a higher percentage of annual national revenues to finance housing development

Results of housing budget studies carried out by the Economic and Social Rights Centre (2013) in Kenya, revealed that: (i) despite housing being an indispensable part of human dignity there has been inadequate budgetary allocation for the provision of affordable housing, especially for the poor (ii) over time, the financial resources that have been allocated to the sector have been inadequate when compared to the required financial resources (iii) spending of budget allocations to the sector are bedeviled with myriads of challenges including; perpetual annual under-expenditure, under-collection of earmarked Appropriations, unsupported and unvouched expenditure (iv) there is lack of transparency in budget information from the housing sector. A review of budget information for housing from fiscal year 2007/08 reveals that detailed documents on housing financing are not available to the public. The readily available information is just estimates of expenditure books; which are highly aggregated and written in technical and sophisticated budget language (v) it is difficult to fully analyze the 2013/14 budget as it is highly aggregated, without any details of expenditure in the mentioned programs and (vi) the budget information is not in line with the constitutional requirements for transparency, accountability and fairness for their participation in the budgetary process.

### 3.3.1 Antecedents of Housing Budgeting in Nigeria

Public expenditure for housing first appeared in official government records in early 70s and this was in the period when the second NDP was being implemented. Prior to this time, other welfare items such as health, education, social welfare, water supply received budget priority but this was not the case with housing. When housing first received budget attention, it was only the federal government that provided funding while State and Local governments did not (Ekundare, 1971).

Similarly, the capital expenditure schedule shows that housing was not initially included but an afterthought allocation of N2.634 million was later made (Awotona, 1990). In the third and fourth NDPs and the fourth NRP, budget estimates (in Nigerian Naira) of N1.830 billion, N2.686 billion and N2.0 billion were respectively provided by the federal government. The values of these amounts of monies were good in the periods at which the budgets were made because the exchange rate of Nigerian Naira(₦) to US dollar (\$) was almost at par and the inflation rate was at a single digit in some of the periods. The budgetary provisions, number of houses projected to be provided and number of houses actually provided during these periods are presented in Table 3.12.

**Table 3.12.** Federal Government Housing Budget and Milestone

Period	Budget amount	Number of houses projected	Outcome
1 <sup>st</sup> NDP 1962-68	-	24,000	About 500 units completed (*)
2 <sup>nd</sup> NDP 1970-74	₦2.634 million	54,000	- (**)
3 <sup>rd</sup> NDP 1975-80	₦1.830 billion	66,000	About 23.3 % success rate (***)
4 <sup>th</sup> NDP 1982-86	₦2.686 billion	440,000	About 13.3 % success rate (****)
5 <sup>th</sup> NDP 1987-89	Projects were suspended due to economic recession and government's focus turned to implementation of Structural Adjustment Programme (SAP) (*****)		
1 <sup>st</sup> NRP 1990-92	Consolidating on SAP and dealing with macroeconomic issues (*****)		
2 <sup>nd</sup> NRP 1991-93			
3 <sup>rd</sup> NRP 1993-95			
4 <sup>th</sup> NRP 1994-96	₦2.0billion	121,000	About 2000 units completed (*****)
5 <sup>th</sup> NRP 1997-99	-	-	- (*****)
6 <sup>th</sup> NRP 1999-01	-	-	- (*****)

**Sources:** (\*) FGN (1962); (\*\*)Ekundare, (1971); (\*\*\*)Lewis (1977); (\*\*\*\*)UNDP (1982)

The participation of State governments in funding public housing started during the second NDP but like the federal government, they were not consistent in providing the funding. Awotona (1990) confirmed this evidence and also revealed that housing received less priority in State governments' budget compared to other welfare services. During the second NDP for instance, the aggregate expenditure of 11 states on health care services was N87.362 million, the expenditure on education was N179.542million and town and country planning including housing provision received an expenditure of N27.576 million. The situation was similar in subsequent NDPs and NRPs and more worrisome was the non participation of Local Government Councils (LGCs) in the funding of housing (Ikejiofor, 1999; Ademiluyi, 2010).

### **3.3.2 Criteria for Housing Budget Allocation**

Limited studies have been carried out to identify the criteria adopted or basis for allocating budget for public housing schemes. Majority of studies dwelt on criteria for general infrastructure budgeting. However, the closest to housing was carried out by Mogbo (2001) which forms an excellent basis for discussion on economic and financial issues and variables that should be considered as useful parameters that influence budgetary allocations and capital funding to the housing sector: They include derived revenue, anticipated revenue, gross national product (GNP) and gross domestic product (GDP), the final cost/m<sup>2</sup> of previous project cost, past final and initial construction cost and time trends, the population (needs) to be served, the percent and past trends of the population for housing stock and citizens' preferences (Fozzard, 2001).

Other studies such as Fort (2012), Opawole, Jagboro, Babalola & Babatunde (2012), Lewis (1952) and Walker (1930) identified certain considerations in public budget allocation that will ensure successful implementation of public infrastructure. For instance, Opawole *et al.* (2012) in an attempt to proffer recommendations to address the poor spate of budget implementation in Osun State, suggested an infrastructural workshop, which is a workshop comprising representation of construction professionals, financial administrators and political executives specifically organised in the last quarter of the year to brainstorm on issues relating to infrastructure budget of next fiscal year. These issues among others would include identification

of the state infrastructure demand/need, technical evaluation of the projects, cost assessment of the projects to enhance connectivity between the projects and budget, consideration of the state revenue and allocation intended for infrastructure development projects, identification of projects demanding urgent attention that could be incorporated in the budget, and cost/benefit analysis of the projects among others.

Fort (2012), stresses that in formulating a budget, a number of factors should be considered. Some of these factors include: a holistic needs assessment, a projection of what is to be done, given an expected revenue level, the reasons for the successes and failures of the current and past budget, the outstanding and priority projects, the present economic environment i.e. whether the economy is expanding or contracting in terms of demand (reduction or deepening poverty level), the output from production sectors such as manufacturing, services, construction and the socio-political environment.

Anecdotal information gathered from E. Nonso (personal communication, February 23, 2017) in Anambra State, Nigeria, revealed that factors such as past performance of the sector, funds available at the time, budget ceiling and allocation of the previous year, percentage of the total revenue, past contribution of the sector to GDP, and sole discretion of the governor can serve as criteria for budget allocation in the State.

Walker (1930) recognized the difficulty for politicians and budgeters to decide if one or another public object has greater claim. Walker had confidence that practical understanding could result from the ideal of marginal utility as a way to determine the appropriate distribution of government expenditures or inform allocation decisions. Similarly, Lewis (1952) offers a microeconomic solution to the problem; one that would increase the allocative efficiency. He argues that the traditional microeconomic theory, in particular the concept of marginal utility, could be used to determine the relative value of a good or service to justify resource allocation that in the aggregate would improve social welfare.

### **3.3.3 Factors Affecting Housing Budget Performance**

#### **(a) Poor Budgetary Allocation/Funding and Planning**

A study by Omotor (2004) relating to infrastructure development in the educational sector identified the financing of educational infrastructural projects as substantially through public budgetary allocation and that poor funding is a major challenge in the development of educational sector in Nigeria. It concluded that financing is one of the most fundamental issues that is germane to the success of infrastructure development. Furthermore, a study carried out by Olayiwola and Adeleye (2005) on the challenges and problems of rural infrastructural development in Nigeria from 1960-1990 identified the major problems and challenges posed by the various rural infrastructural development as lack of spatial focus in rural development planning, lack of perceptual focus in the development plans, the restriction of means of rural infrastructural provision in public funding, and the lack of action and appropriate institutional arrangements for the execution of rural infrastructural programs. Oforeh (2006) identifies shortfall in budgetary allocation for infrastructure as the inability of the policy makers to plan adequately for the sector and thus consequently have impacted negatively on implementation of infrastructural projects in Nigeria. This is evident from the present level of stock of infrastructure in Nigeria.

Opawole, Jagboro, & Opawole (2016) also argue that budget allocation mechanisms play a greater role than corruption in explaining why infrastructure projects do not always come to fruition in Nigeria especially in the transportation, housing, water, and rural/urban electrification projects. Results from their study revealed that the budget allocations in Osun State from 1999 - 2008, expressed as percentage of capital budget for education, rural/urban electrification, health, transportation, water, and housing are 14.98 %, 1.56 %, 7.71 %, 22.73 %, 14.8 %, and 1.43 % respectively while the mean allocation for the projects is 6.60 %, 0.69 %, 3.39 %, 10.67 %, 7.60 %, and 0.62 %. Furthermore, the highest level of implementation (54.51 %) was obtained in health infrastructural projects. This is followed by education infrastructure with a mean percentage of 53.69 %. Housing infrastructure, transportation, rural/urban electrification, and water infrastructure projects were rated as executed at 36.69 %, 45.33 %, 46.44 %, and 49.36 %, respectively. The study concluded that the budget allocation is inadequate to cope with the level of projects proposed and the projects intended to be financed did not receive adequate technical

evaluation as evidenced by the level of implementation of public-financed infrastructure in Nigeria which is below average.

### **(b) Low Involvement of Construction Professionals**

Budgeting for infrastructure sector at the macro level has been criticized to be dominated by the executive arm of the government with minimum input of the construction professionals (Mogbo, 2001; Oforeh, 2006). This was corroborated by Opawole, Jagboro, Babalola, & Babatunde (2012) from results of their study, which identified low level of involvement of construction professionals in the budgeting process for the infrastructure sector. The fact that the contribution of construction professionals were ranked low in the activities involving pre budgetary processes indicates that vital professional inputs of these professionals are neglected in preparation of the macro-economic framework for development of infrastructure sector; identification the state's infrastructure needs; technical and cost evaluation of infrastructure projects; preparation of budget estimate for infrastructure projects; and preparation of implementation plan of budget for infrastructure sector. This poses negative implication on the successful of implementation of projects as evident from cases of abandoned and suspended infrastructural projects budgeted. According to Oforeh (2006), policy makers who plan for infrastructure development in both the national and state budgets lack adequate knowledge of the complex technological processes of construction and the cost characteristics of infrastructure constructions. The implication of this is that the involvement of construction professionals is beneficial to infrastructural development and their inputs or activities can enhance better connectivity between budget and the infrastructural projects.

### **(c) Lack of Political Will and Commitment**

The United States Agency for International Development (USAID) (2005) report identified the process of budgeting as a significant factor influencing infrastructure projects implementation in Nigeria. The study reported the major problems of the budgeting process as lack of political will and commitment to abide by stipulated rules and budget guidelines; inability to develop a macro-economic framework for budget formulation; ambiguities in the roles of various agencies involved in the formulation and monitoring of the budget; periodic changing of budget line items classifications; lack of coordination in the disbursement of funds after budget approval and slow budget process fraught with errors. The findings established by USAID (2005) was also

corroborated by the assertion of Olomola (2009) and Opawole *et al.* (2012), that the non-incorporation of the opinions of construction professionals in budgeting process for infrastructure development suggests that the budgeting process is dominated by political executive opinion by which this poses as a significant factor affecting the performance of implementation of infrastructure budgets in Nigeria.

**(d) Budget Indiscipline, Poor Policy Implementation, Bureaucracy and General Inefficiency**

One of the major concerns of the Nigerian government from the inception of the democratic civilian administration in 1999 was the rate of extra budgetary spending, and blatant disregard to budget rules perpetrated by previous (military) administrations (Ben-Caleb and Agbude, 2013). Specifically, during the military regimes, the budget process was said to be thrown into disarray with major defects which precluded the budget from performing its role effectively as a tool for economic transformation, rather pressurized the nation into economic instability (Obasanjo, 1999). Consequently, a number of budget related reforms like the Medium Term Expenditure Framework (MTEF) 2005 was introduced into the Nigeria budget process to bring the economy back on track with the new democratic agenda and to deliver value to the people. (Garba, 2011). The reforms centered on five major aspects namely; administrative procedures, budget preparation, management of government spending, budget implementation, as well as budget monitoring and evaluation. They were intended to achieve the following objectives among others; reduce the cost of governance, improve the management of resources by curtailing extravagances, increasing the level of productivity and efficiency, as well as ensure budget discipline (i.e. adherence to limits) (Olomola, 2009; Government Integrated Financial Management Information System (GIFMIS), 2011).

The MTEF was introduced into the Nigerian budgetary process in 2005; although it's legal backing came via the Fiscal Responsibility Act in 2007. According to Pascua (2005), MTEF entails annual budgeting system in which budget decisions relating to new programs and projects are made at every budget preparation session based on three-year fiscal scenarios, to ensure that projects financed for the next three years will be approved under the annual system and will be consistent with the baseline budgeting approach. Its emphasis is on a multi-year (three years) budget packaging. The specific objectives for the adoption of MTEF in Nigeria were to improve

the allocation of resources to strategic priorities among and within sectors, as well as provide MDAs with a hard budget constraint among others (Olomola, 2009). The Fiscal Responsibility Act (FRA) which was signed into law in 2007 was meant to ensure prudent management of national resources, a mandate consistent with section 16 of the 1999 constitution, among others. It was set to promote greater accountability and transparency in fiscal operations and processes within the medium term fiscal policy framework (Omolehinwa and Naiyeju, 2011). Thus, the enactment of FRA formed the legal basis for the MTEF, which gave impetus to other budget reforms as well.

Despite these reforms and policies, budget implementation failure in Nigeria had been attributed largely to budget indiscipline associated with long years of military rule (Aruwa, 2004). Olomola (2009) corroborates this by attributing failure of infrastructure projects to inability of existing medium- to long-term plans to provide useful guide to the budgetary process. (Olufidipe, 2003) attribute poor infrastructure budget implementation to fiscal indiscipline and bureaucracy, resulting most often in abandonment of projects.

Similarly, Opawole *et al.* (2016), identify other causes of poor budget performance as poor policy implementation, poor collaboration among various department, ministries and agencies and low human resources for infrastructure delivery operators. Olomola (2009) also attributes failure of public infrastructure projects to failure to abide by stipulated rules and budget guidelines, high incidence of extra budgetary expenditure, persistently chronic budget deficit, off-budget resource allocation, overlapping institutional arrangements in the budget process resulting in lopsided allocation of resources, delays in arriving at a consensus on critical decisions and policy reversals, weak expenditure control and regular unspent funds. Opawole *et al.* (2012) conclude that factors such as slow disbursement of funds after budget approval, the time of passage of budget, the relation between budget size and proposed infrastructure projects are responsible for poor budget performance.



### **(e) Lack of Citizens' Interest**

Several authors such have established that Nigeria's annual budgets do not promote the interests of the people. For instance, Fort (2012) citing El-Rufai (2012) observes that the entire budget process in Nigeria is vastly bureaucratic and opaque. It is not anchored on any collective national vision, clear strategy and well thought-out programmes. It is an annual ritual for politicians and public servants to slice the fiscal pie into various expenditure sub-heads that often fail to improve the welfare of the rest of Nigerians (Saraki, 2016). Sharing a similar view, Oko (2016) stresses the need for citizen participation through capacities to reach, advocacy and data collection to capture citizen concerns and public expectation; Oko (2016) surmises that citizens should participate in the budget decision making process to make the budget document an effective and realistic one.

It is not difficult to concur with the aforementioned views, because the Nigerian Constitution (1999) is unequivocal about the obligations of the government to the people and states. For example, section 14, sub-section 2(b), states that; 'the security and welfare of the people shall be the primary purpose of the government'. It goes on to make further demands on government in section 16(1) and (2) thus; in (1a), 'the state shall harness the resources of the nation and promote national prosperity and an efficient, dynamic and self reliant economy' in (1b), 'control the national economy in such manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity. Continuing in subsection 2, the constitution states that the state shall direct its policy towards ensuring; the promotion of a balanced economic development (2a); (2b), that the material resources of the nation are harnessed and distributed as best as possible to serve the common good; and in (2d), 'that suitable and adequate shelter, suitable and adequate food, reasonable national minimum wage, employment, sick benefits and welfare for the disabled are provided for all citizens'. In view of this, Fort (2012), maintains that the constitution is the supreme law of the land, and every elected member of government swears to preserve, protect and defend it, yet, the annual budgets which are supposed to be the platforms for meeting the needs of the people, as enshrined in the constitution, do not serve the people.

### (f) Neglect of Infrastructure Development and Corruption

Wahab (2000) identifies various kinds of manipulation of the procedure for the award and execution of public contracts to explain poor infrastructure development in Nigeria. Forms of manipulation include inflation of costs through over-invoicing, the use of the contract system to divert public funds to private use, the award of contracts for nonexistent projects, the use of inexperienced contractors, influence peddling, the award of contracts to friends and family. This has given Nigeria a negative image on the world stage and has presented the government as underperforming. The Ibrahim Index for African governance (2013) ranked Nigeria 43rd with a score of 14.9% in infrastructure development (*see Table 3.13*), while all her West African neighbours ranked higher.

**Table 3.13.** Ranking of Infrastructural Development in Selected African Countries in 2013

COUNTRY	SCORE OVER 100	RANK
Seychelles	83.4	1
Mauritius	71.7	2
Namibia	69.6	3
Tunisia	61.6	4
Botswana	59.8	5
South Africa	54.1	7
Ivory Coast	39.3	14
Gambia	39.3	14
Ghana	34.1	20
Cameroon	33.5	21
Burkina Faso	30.7	28
Mali	27.4	32
Senegal	25.4	35
Benin	25.4	35
Liberia	24.9	36
Togo	18.4	40
Sierra-Leone	17.8	41
Nigeria	14.9	43

**Source:** Ibrahim Index of African Governance (2013)

The aforementioned budgetary issues have corruption and unethical practices as the overarching cause. In fact, reports from Transparency International (TI) (2013) indicate that Nigeria tops the list of the world's most corrupt countries. Table 3.14 depicts this sad scenario.

**Table 3.14.** Nigeria's Ranking in Transparency International Corruption Perception Index, 1996 – 2013

Year	Number of Countries in The Ranking	Rank of Nigeria	Score Out of 10
1996	54	54	0.69
1997	52	52	1.79
1998	85	81	1.9
1999	99	98	1.6
2000	90	90	1.2
2001	91	90	1.0
2002	102	101	1.6
2003	133	132	1.4
2004	146	144	1.6
2005	159	152	1.9
2006	163	142	2.2
2007	180	147	2.2
2008	180	121	2.7
2009	180	130	2.5
2010	178	134	2.4
2011	183	143	2.4
2012	176	139	2.7
2013	177	144	2.5

\*Highest score 2.7 out of 10 \*Came last three times (1996, 1997 and 2000) \*Came second to the last four times (1999, 2001, 2002 and 2003) \*Third to the last 2004

**Source:** Transparency International (2013)

### (g) Weak Budgeting Methods

The Nigerian Government presently adopts the incremental method of budgeting, though simple and uncomplicated, it has largely been criticized for being reactive rather than proactive, backward looking and one that does not allow for an overall view of performance (Ugwu, 2006). Malgwi and Unegbu (2012) observe that the use of the revised current year estimates of income and expenditure as a starting point for determining the budget for next year is one of the most fundamental weakness of the budgetary process in Nigeria. Such an approach fails to consider whether a particular item is still required or whether the amount currently incurred is reasonable.

Recently, there has been a growing agitation for the government to adopt the zero base method of budgeting, because it is a rational and cost-benefit approach concerned with achieving value for every amount spent. This approach advocates that at the end of the year all unspent money will be returned to government coffers.

Adopting the zero-base budgeting technique may prove difficult for the Nigerian Government because of the following limitations:

- (a) It is not widely known and recognized, since it is relatively new;
- (b) Lack of competent personnel to handle the system effectively, up to the point of implementation;
- (c) Poor implementation plans;
- (d) Problems in ranking packages: There are inevitably many subjective judgments, political pressures within organizations which also contribute to the problem of ranking different types of activity, especially where there are qualitative rather than quantitative benefits;
- (e) Emphasis on short term benefits to the detriment of longer term ones which in the end may be more important; and
- (f) Difficulty in collecting required data and information, both quantifiable and unquantifiable ones for the purpose of budget planning.

Awareness of this budgeting system and embracing it in the Nigerian environment may take a long time, therefore the immediate prospects of the system seem bleak (Ugwu, 2006). A detailed work has to be carried out by various interest groups to be able to convince both the government/decision makers and implementers to change this budgeting technique, but the results are yet to materialize especially now that the government lays emphasis on effectiveness and efficiency of its operations.

#### **(h) Poor Federal Revenue Allocation**

According to Abovu (2015), there have been calls by states to increase/ review the present revenue allocation sharing formula by the federal government, to enable states actualize their budgetary objectives. This is because the federal revenue/statutory allocation constitute a substantial amount of the income or revenue in most states. Thus, the present sharing formula has been viewed as highly inadequate, if state governments must fulfill their budgetary

obligations and improve developmental and infrastructural efforts. Table 3.15 shows the present revenue allocation formula adopted by the Nigerian government.

**Table 3.15.** Revenue Sharing Formula of the Federal Government of Nigeria

<b>Tier of Government</b>	<b>Proportion (%)</b>
Federal Government	48.5
State Government	24.4
Local Government	20.0
Special Fund	7.5
Total	100

**Source:** Abovu (2015)

**(i) Others**

Olomola (2009); Aderibigbe (2012); Malgwi and Unegbu (2012); Ben-Caleb, Adeyemi, & Iyoha (2014) provide other causes of poor budget performance in Nigeria as follows:

(a) Seventy five percent of the budgets are usually devoted to servicing government as recurrent expenditure, hence, the budget implementation and releases of funds give priority to recurrent rather than capital items. Besides this, capital expenditure items are never fully implemented due to budget indiscipline. Notwithstanding the high provisions for recurrent expenditure and low allocations to capital projects, recurrent funds are always fully release while capital releases suffer. Even amongst capital funds released, elitist welfare packages such as aviation takes priority over mass and social welfare projects like housing, water resources, health and education.

(b) Budget borrowings by government are supposed to fund vital infrastructure and other projects capable of repaying interests and investment. This is not so with the Nigerian annual budgets which introduce accumulated high debt servicing at the expense of capital components of the budget.

(c) The shortfall in projected revenues has always been used as excuse by the executive arm of the government for the poor or partial implementation of budgets, but most often than not, these revenue losses are attributable to the inefficiency or poor performance of one government agency

or the other. Rather than putting its house in order, the masses are made to bear the brunt and are denied appropriate service delivery and projects.

(d) The Nigerian annual budgets do not set in concrete terms, the targets and levels of attainment for relevant social indicators which must be met in order to improve the living standard of Nigerians. Such indicators include physical infrastructure, public utilities, education, health and many others.

(e) Poor capacity and competence of legislators. The budget consideration and review process demands not only time, but knowledge, analytical capacity and competence on the part of legislators, however, some of them don't have the capacity to make budget inputs. Some legislators sometimes appear sympathetic towards some provisions in the budget and in the process become sentimental and do not do a critical evaluation on the affected budgetary provisions.

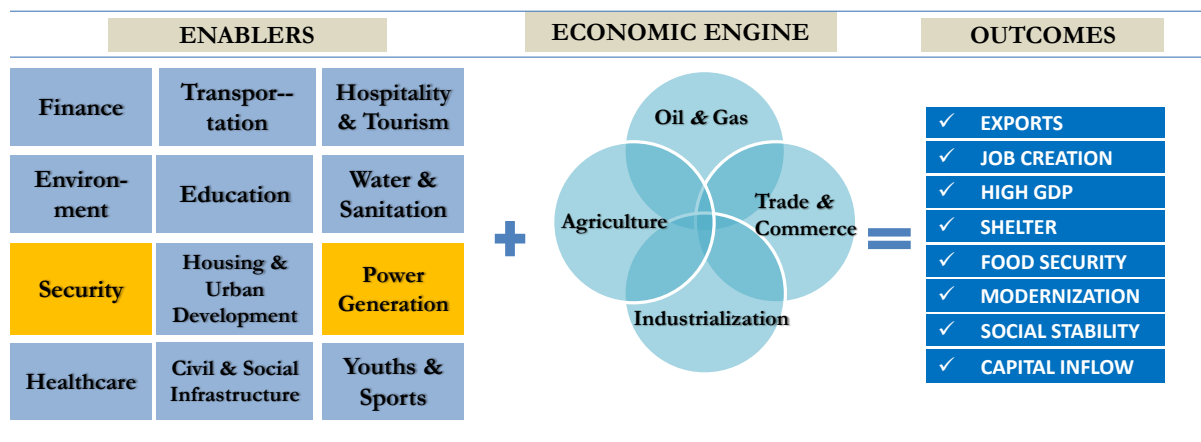
(f) The National budget is usually a product of a set of officers who are not elected by the people and do not represent or understand their needs. This may explain why the budget is always skewed in favour of recurrent expenditure (72% in 2012) to serve the needs of people in government rather than capital expenditure (28% in 2012) which will address the needs of the masses.

(g) Persistent budget delays, inadequate monitoring of programmes and projects, unrealistic budgeting, non-compliance with established priorities, paucity of good quality data for budget preparation, poor monitoring and evaluation of performance, lack of qualified personnel and slippages from budget target.

### 3.4 Economy, Housing Situation and Budget Practices of Anambra State

#### 3.4.1` Overview of Anambra State’s Economy

Before delving into the housing and budget practices of Anambra State, it is pertinent to first provide an economic overview of the State. Anambra State has a robust economic system, which has contributed immensely to poverty reduction, wealth creation and employment generation (<http://www.anambra state.gov.ng>). The key sectors of the State’s economy are: health, education, agriculture, commerce and industry, basic infrastructure (roads, housing, water, and electricity/power), human development and general administration. Figure 3.5 shows the economic Blueprint of Anambra State; highlighting how these economic enablers and combined with four basic engines for growth will yield desirable social and financial benefits for the State. Obviously, these go to show that the State Government has a well thought out plan aimed at driving the Anambra State economy and making it arguably one of the most developed States in Nigeria.



**Figure 3.5.** A Snapshot of Anambra State’s Economic Blue Print (Anambra State Bureau of Statistics, 2015)

Anambra State enjoys none of the jumbo receipts from the Federation Account derivable from either oil privileges; hence the State finances these sectors through its impressive internally generated revenue (IGR) base. These sectors have contributed to the State’s GDP in varying capacities. Table 3.16 shows the contributions of various economic activities to GDP in 2012 and 2013. It is instructive to note that this is the first ever GDP survey conducted by the State Government.

**Table 3.16.** Contributions of Economic Activities in Anambra State to GDP in 2012 and 2013

Sectors	Activities	Contributions to GDP (%)	
		2012	2013
<b>Agriculture</b>	Crop Production	15.99	15.88
	Livestock	0.18	0.17
	Forestry	0.26	0.26
	Fishing	0.03	0.03
	<b>Sectoral Total</b>	16.46	16.34
<b>Industry</b>	Quarrying	0.04	0.04
	Motor vehicles and assembly	1.13	1.01
	Other manufacturing	4.16	3.86
	Electricity, Gas, Steam, Air Conditioning Supply	0.45	0.55
	Water Supply, Sewage, Waste management and Remediation	0.07	0.09
	Construction	2.64	2.79
	<b>Sectoral Total</b>	8.48	8.34
<b>Services</b>	Trade	40.78	39.16
	Accommodation and Food Services	0.57	0.57
	Road Transport	3.31	3.28
	Transport Services	0.23	0.25
	Telecommunication and Information Services	2.63	3.30
	Publishing	2.15	2.00
	Motion Pictures, Sound recording and Music production	3.12	3.47
	Broadcasting	0.61	0.80
	Arts, Entertainment and Recreation	0.00	0.00
	Financial Institutions	2.67	2.67
	Insurance	0.41	0.40
	Real Estate	4.08	4.31
	Professional, Scientific and Technical Services	4.49	4.33
	Administrative and Support Services	0.03	0.03
	Public Administration	1.53	1.70
	Education	0.76	0.99
Human Health and Social Services	1.05	1.09	
Other Services	6.62	6.93	
	<b>Sectoral Total</b>	75.06	75.32
	<b>Total Contributions to GDP</b>	<b>100.00</b>	<b>100.00</b>

**Source:** Anambra State GDP Survey (2012, 2013)

As observed in the survey (which is the first, carried out since the creation of the State), the housing subsector contribution is noticeably absent. It is however presumed to be subsumed in the construction sector, which has contributed significantly to the GDP position of Anambra State. The true contribution of the Housing Sector cannot therefore be readily obtained, since the scope of construction sector is wide, civil engineering works inclusive.



### **3.4.2 The Housing Scenario in Anambra State**

In a study carried out by Okoli (2007), he asserts that since its creation in 1991, Anambra State has been faced with housing problems. The problem is so pronounced, that over 75percent of the state workers/civil servants still operate from Enugu State; a journey of at least one hour to Awka and other cities outside the state capital. This has led to low productivity, lateness and truancy. To corroborate this assertion, Ugonabo and Emoh (2013) stress that the gory picture and deplorable condition of housing in Nigeria (earlier discussed) applies to a large extent to Anambra State, considering that more than 60% of the State's population live in urban areas. Thus, Anambra State shares in this global developmental reality; and hence one of the most important challenges facing the State is how to ensure adequate and affordable housing for the poor and low-income groups. Unfortunately, despite all efforts of the state government at achieving sustained housing delivery to the common people, existing realities indicate that the goal is far from being achieved.

Since the creation of Anambra State, the housing situation in the state could be described as deplorable, and this requires a declaration of state of emergency in the sector. Shortage of housing in the three major towns of Awka, Onitsha, Nnewi appears intractable with increasing rural-urban drift and as more civil servants are moving to Awka the state capital. Residential accommodation and public buildings are very scarce that even some government offices are still operating in rented houses. This scarcity of housing has pushed the cost of rented buildings very high as an average 3 bedroom flat rents between N200,000.00 – N300,000.00 per annum and a duplex lets for between N500,00.00 – N1,200,000.00 per annum in the three major towns of Onitsha, Awka and Nnewi (Ugonabo and Emoh, 2013).

Obviously these rents are not affordable to majority of the civil servants resulting in emergence of squatter settlements as alternative accommodation. Extensive illegal and unregulated building patterns dominate the urban towns in the state. Buildings are put up without regard to existing building and health codes or zoning and subdivision regulations - thus creating slum and squatter conditions in which most residents in the state now live. This ugly situation still persists today and not much has been done by government to increase the housing stock in relation to demand for residential and office accommodations in the state especially Awka the State Capital. Cost of

building houses is on the increase everyday and it is becoming increasingly difficult for an average civil servant to build own houses unless the government embarks on massive execution of low cost housing estates/schemes in Awka, Onitsha and Nnewi, due to an ever increasing urban population and rise in commercial activities.

Realizing the importance of secure access to land as a fundamental challenge to housing delivery in urban areas, successive governments in Anambra State have developed / created government residential layouts in the three major towns of the state namely Awka, Onitsha and Nnewi. Some of these residential layouts were fully/partly developed with housing units and sold to the public while the rest were developed/ created as site and services schemes and allocated to members of the public. Similarly, there are some housing estates promoted and developed by State Government parastatals/corporations like AHOCOL and Anambra State Housing Corporation, Awka. This involves the provision of land by the state government to the corporation, issuing certificate of occupancy, handing over land, granting planning approval and providing necessary support to facilitate the execution of the housing project. Armed with the certificate of occupancy, the corporation develops the estate either as fully/partly developed housing units or as site and services scheme and sell the plots of varying sizes to members of the public. The corporation grants lease of the extant terms to the prospective purchasers who register same at the lands registry as bona fide lessees.

One characteristic of these government residential layouts including those developed by the corporation is general lack of infrastructural facilities like roads, drains, electricity, water etc. The absence of infrastructural facilities in these layouts has further compounded the problem of housing shortage in Anambra State. Table 3.17 shows the existing housing schemes developed by the Anambra State Government till date and their status of development.

**Table 3.17.** Existing State Government Residential Layouts/Estates in Anambra State

<b>S/N</b>	<b>Name of Estate and Location</b>	<b>No of Residential Plots</b>	<b>Status of Development</b>
1	Fegge Layout, Onitsha	1071	Fully developed and functional
2	GRA, Onitsha	473	Fully developed and functional
3	Akpaka Layout	2725	Partly developed/settled, cases of illegal possession and encroachment by natives and speculators. No infrastructure.
4	Trans Nkisi Layout, phases I and II, Onitsha	2725	No infrastructure. Rural claims between Onitsha and Nkwelle Ezunaka.
5	Trans Nkisi Layout, Onitsha	739	No infrastructure. Rival claims between Onitsha and Nkwelle Ezunaka.
6	Niger Bridge Head, Onitsha	541	Fully developed and functional. Managed by the Housing Corporation.
7	Hill view Housing, Nkwelle Ezunaka	696	Partly developed. Managed by the Housing Corporation.
8	Ahocol Estate, Awka	10	Developed, managed by the Housing Corporation.
9	Agu Awka, GRA, Awka.	1223	Not a settled layout. Incessant encroachment by natives. Partly developed.
10	Unity Layout, Awka	2000	Returned to natives
11	Presidential Layout, Awka	1119	Not a settled layout. No payment of compensation. Re-entry by natives. Illegal parcellation and sale by natives.
12	Iyagu Layout	283	Partly functional, no infrastructure, natives are disturbing and chasing away allottees.
13	Abuja Estate Phase I, Awka	99	Almost fully developed and functional.
14	New Town Layout, Awka	1,560	Settled, but no infrastructure. The layout is dormant.
15	Nkonko Layout, Mgbakwu	800	Settled, but no infrastructure in place. Yet to be allocated to the general public.
16	Udoka Housing Estate, Awka	333	Fully developed and functional. Managed by the Housing Corporation.
17	Liberation Housing Estate, Nawfia/Enugwu Ukwu	700	Not settled, no infrastructure. Land under litigation with land owners. Considered a failed project.
18	Ahocol Phase II	112	Fully developed and functional, managed by the Housing Corporation
19	Ahocol Phase I Extension	54	Fully developed and functional, managed by the Housing Corporation
20	New Heaven Estate, Mgbakwu	248	Not developed, managed by the Housing Corporation
21	Inner City Estate	8	Fully developed and functional, managed by the Housing Corporation
22	Ngozika Housing Estate, Phase I	420	Fully developed and functional, managed by the Housing Corporation
23	Ngozika Housing Estate, Phase I Extension	71	Not developed, managed by the Housing Corporation

24	Light of the Nation Estate(Ngozika Phase II)	400	Partly developed, managed by the Housing Corporation
25	Eme Court Layout	32	No infrastructure, partly developed and functional.
26	Otolo Utu M/I Layout	369	Not settled, dormant and non functional.
27	M/I Guide GRA, Nnewi, Oraifite/Ozubulu	1315	Not settled. No compensation payment. Not functional
28	Okwuzukpe Redevelopment Layout Scheme, Umuemem, Otolo, Nnewi.	80	Not developed and functional.
29	New Life Estate, Umuawulu	269	Not developed and functional.
30	Savannah Estate, Isiagu, Phase I and Phase I extension	423	Fully sold, no infrastructure, not developed and not yet functional
31	Savannah Estate, Isiagu, Phase II	370	Fully sold, no infrastructure, not developed and not yet functional
32	Obinwanne Estate Phase I, Enugwu Agidi	123	Fully sold, development ongoing
33	Obinwanne Estate Phase II, Enugwu Agidi	200	Not fully sold, presence of infrastructure ( roads and drainages).
34	1,000 housing units, Isiagu	1000	Yet to kick-off, non-release of funds by the Government.

**Source:** Adopted from Ugonabo and Emoh (2013) and updated by the researcher

Obunadike (2003); Ikejiofor (2005); Omeife (2012); Ugonabo and Emoh (2013) surmise that in spite of the policies, institutions and regulations which the Anambra State Government have put in place, the task of instituting efficient, effective, affordable and sustainable housing delivery processes continues to challenge policy makers even as the problems of the housing sector worsens. These are attributable to a number of peculiar challenge, which include: lack of secure access to land, high cost of construction, limited access to finance, bureaucratic procedures, high cost of land registration and titling, uncoordinated policies and implementation at State level, ownership rights under the Land Use Act, lack of critical infrastructure like roads, affordability gap, inefficient development control, youths harassment of developers, inelegant revocation and compensation.

It is pertinent to note that most of the projects shown in table 3.17 are site and services scheme; where the Government acquires the land and sells to individuals at prices which are often exorbitant. These individuals then develop their houses in accordance with the design and regulations stipulated by the Government. The only completed housing schemes executed in the history of Anambra State which was during the military regime (i.e before 1999) are as follows: Government Real estate, Awka (1992); Niger Bridge Head Housing estate, Onitsha(1992);

Iyiagu Housing estate, Awka (1995) and Ahocol Estate (1998) which are either sold or rented out by the State Government. What essentially drove the realization of these schemes was because Anambra State was just created (in 1991) from Enugu State and they were in need for civil servants to have accommodations (E. Nonso, personal communication, March 15, 2017). Sadly, the budgets and actual amounts spent on these projects cannot be determined till date because no form of budget guideline or law was used or adhered to by military.

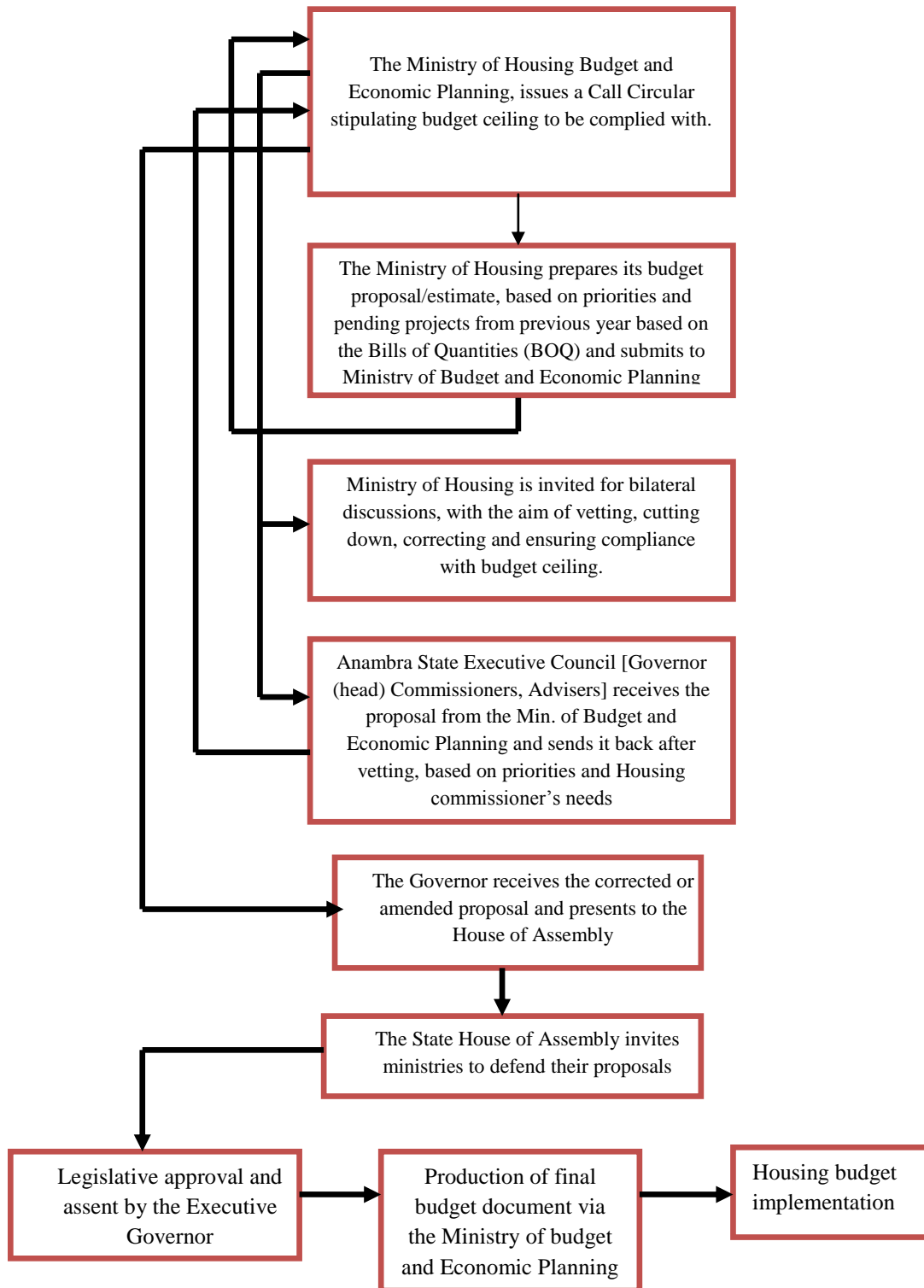
### **3.4.3` Budget Practices of Anambra State**

Provision of infrastructural amenities for the citizens of Anambra State is made possible via annual budget allocations. The Ministry of Budget and Economic Planning (2015) states that the Anambra State government budget calendar allows ministries, departments and agencies (MDAs) at least six weeks from receipt of the budget circular to meaningfully complete their detailed proposals. The budget estimates completed in all details by the MDAs are reviewed by the Executive Council and passed to the State House of Assembly for legislation and subsequently assented to by the Executive Governor. Therefore executive and legislative intervention occur after finalization of the estimates by the MDAs.

The financial budget year for all levels of government in Nigeria (federal, state and local government) runs from the 1 January to 31 December and Anambra State has a budget calendar consistent with the financial budget year. The budget timetable is as follows:

- (a) Preparation of Sector policies and limits – July
- (b) Issuance of Call circular reflecting agreed policies & limits - 1st August
- (c) Submission of Proposals by MDAs - Mid September
- (d) Bilateral discussions and defense of proposals – September
- (e) Consolidation of proposals by Ministry of Budget and Economic Planning Dept - 3rd week of Oct
- (f) Executive Council approval of draft proposal - last week of Oct
- (g) Presentation of draft budget to House of Assembly - 1st week of Nov
- (h) Assembly Approval – December
- (i) Governor's Assent – December
- (j) Publication and Dissemination of Budget - December

Figure 3.6 illustrates the annual housing budget preparation process/activities in Anambra State.



**Figure 3.6:** Flowchart of the housing budget process in Anambra State (Researcher’s field work, 2016)

### **3.5 Allocation and Implementation of the Housing Budget in Anambra State**

Very limited empirical studies have been carried out with respect to housing sector budgeting in Anambra State. The closest of such studies is that of Amakom (2013), which however dwelt on public budgeting as it relates to all economic sectors of Anambra State from a period of 2007 – 2013 and the European Development Fund (2007) which covered a period of three years; 2004-2006.

Amakom (2013), who notes that inefficiency has marred the Anambra State budget system. She specifically points out that budget thrusts and philosophy were often violated during budget allocation across the years judging by the true sectoral budget priorities instead of the priorities of the budget speech. A summary of the general picture of budget allocation for the entire ANIDS and Vision 20:2020 period shows that the true budget priorities, in order, are: Works (Roads, Bridges & Drainages); Education; Office of Secretary to the State Government (SSG); Executive Governor's Office/Government House; Health, Housing and Urban Development; etc.

It is equally interesting to note that the Office of the Secretary to the State Government (SSG) for the period (2007-2013) attracted more budget allocation than Water Supply & Resources, Rural Electrification, Lands, Survey & Urban Planning, Commerce and Industry as well as Public Utilities and Community Development put together while the office of the Executive Governor/Government House attracted more budget allocation than Agriculture & Natural Resources, Rural Electrification and Water Supply & Resources put together for the same period. This goes to show that Anambra has a poor history of designing budgets to reflect key development priorities, which often leads to poor implementation (El-Rufai, 2012).

Amakom (2013) surmises by stating that the serious weaknesses observed in the Anambra State budget are as follows:

- a) The State government plan(s) which set out state and sectoral objectives and policies are not always linked to the availability of resources through a sound fiscal framework;
- b) The budget preparation process most times does not link policies, the achievement of objectives and meeting of targets with the funds required;
- c) There is greater emphasis on control of inputs and less on improving sector performance through meeting its objectives and targets;

- d) Both the recurrent and capital budgets are prepared on an incremental basis (adding a percentage to last year's estimates) without reviewing whether the activities that are being funded are in line with policy and whether it should be continued;
- e) The investment budget is made up of a large number of projects, making it more difficult to link the activities funded through the investment budget to the government's own priorities;
- f) Medium term planning is still weak while reporting of revenues on a net basis serves to undermine comprehensiveness and transparency;
- g) MDAs are still unable to predict resource availability for capital investment thereby undermining their abilities to successfully execute their budgets; and
- h) Lack of citizen participation.

Addressing the above lapses and strengthening of the budgetary and oversight roles of the Anambra State legislature via different approaches to improve the quality, effectiveness and efficiency of budgets and budgeting, will be highly beneficial to the State.

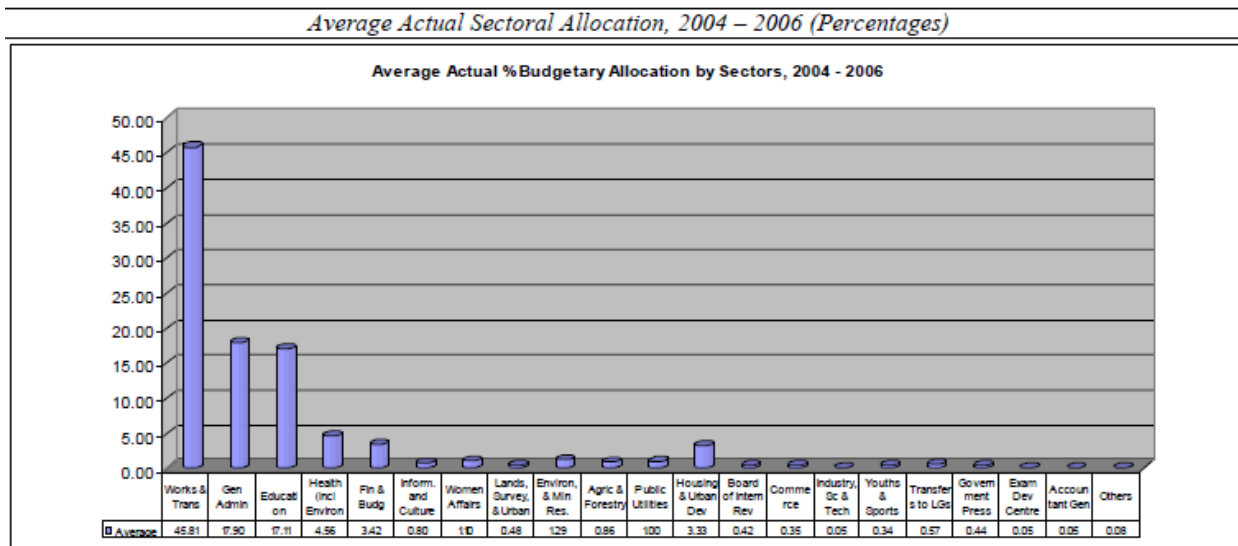
Anecdotal evidence also shows that Anambra State Government has not shown commitment on delivering completed housing projects, but other sectors such as the works sector is well catered for and well funded. However, just recently in 2016, the administration proposed to develop 1,000 housing units at Isiagu, Awka South L.G.A. Despite this commendable initiative or plan, the scheme is yet to materialize because the Government is yet to release funds for the scheme. This scenario is unhealthy for the State's housing sector, because as Jinadu (2004) states; finance is considered the most important factor of housing production, hence adequate finance is the first requirement for successful and effective housing delivery. This is a major factor that has also contributed to the slow pace and non-development of previous schemes in Anambra State.

The following instance also corroborates the neglect of residential or social housing schemes by the Anambra State Government. The State's Housing Corporation has practically been left to fend for itself in terms of sourcing funds for infrastructure development in these estates and make profit. In other words, most housing estate schemes are handled by the corporation and most times they receive little or no support from the government. However, the government sometimes assists in terms of land acquisition. The issue however, is that estates executed by the



corporation is often site and services schemes and not housing, due to lack of funding from the government and they are hardly affordable for middle or even low income earners. This goes to show that the government has shelved its primary responsibility of providing affordable housing for its citizens. The Housing Corporation, though a Government Parastatal, is a commercial entity aimed at making maximum profit from its estate schemes and hence, do not have the interest of the average citizens. This scenario has further increased the affordability gap and compounded the housing problems in Anambra State.

Details of the results in a research carried out by the European Development Fund(2007) on public finance management in Anambra State showed that housing ranked 6th in average, percentage sectoral allocation for sectors in the State from 2004 – 2006 (*see figure 3.7*).



**Figure 3.7.** Average percentage sectoral allocation in Anambra State from 2004 – 2006 (European Development Fund, 2007)

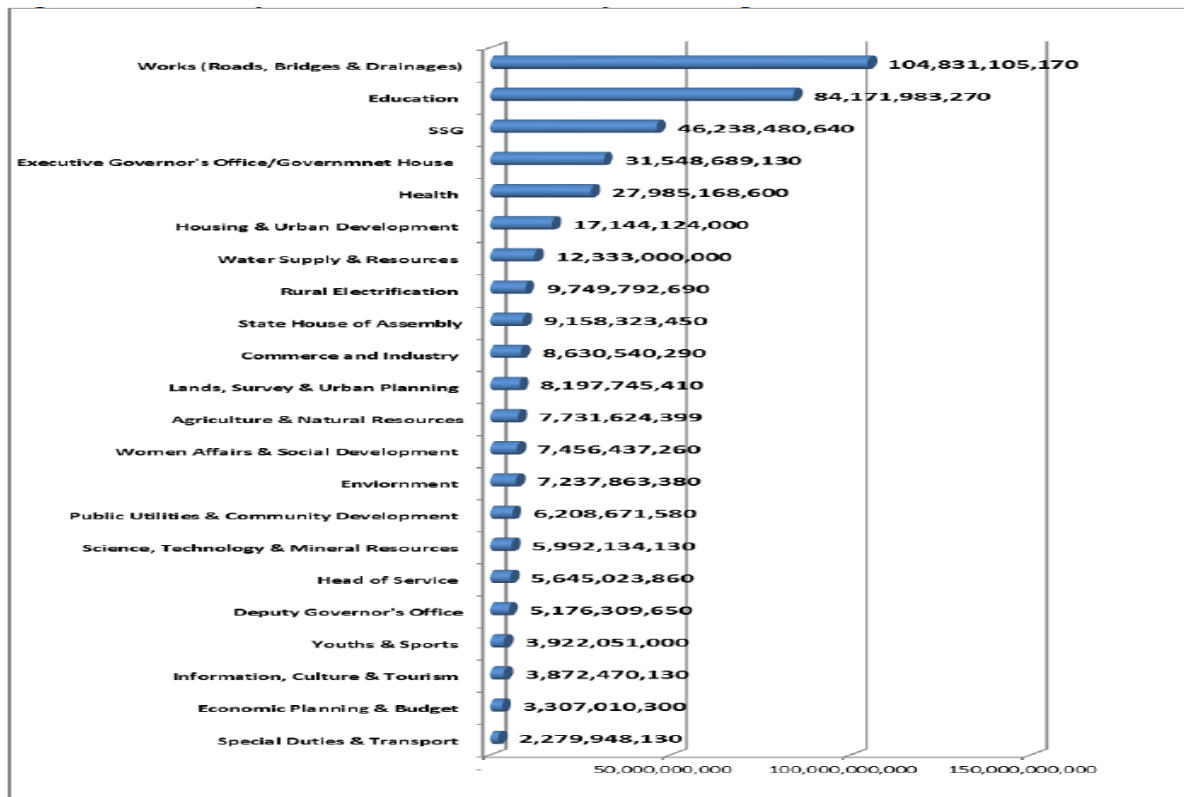
Similarly, a budget study on Anambra State carried out by Amakom (2013) revealed that housing was not among the policy and budget thrusts of the Government from 2007 – 2013 (*See Table 3.18*). This further indicates that the Anambra State Government has no immediate plans to improve housing delivery in the State. Furthermore, the same study carried out by Amakom, showed that among the true priority sectors for Anambra State by total budget allocation, from 2007 – 2013, the housing sector ranked 6th (*See figure 3.8*). This also indicates that the Housing sector has been largely neglected by the Government, to the extent that even allocations to the

office of the Secretary to the State Government and the Government House were much more than that of the allocation to housing for the entire State.

**Table 3.18.** Policy and Budget Thrusts for Anambra State (2007- 2013)

2007	2008	2009	2010	2011	2012	2013
<b>Thrust/Philosophy</b>						
Integrated Development	Integrated Development	Integrated Development	Integrated Development	Integrated Development	Integrated Development	Integrated Development
<b>Key Sectors</b>						
Roads	Roads	Roads	Roads & Transport	Roads & Transport	Agriculture	Transport
Agriculture	Transport	Transport	Housing	Health	Education	Agriculture Environment (Sewerage & Drainages)
Health Environmental Development	Health Education	Education Agriculture	Finance & Investment Health Commerce & Industry	Education Commerce & Industry Land & Urban Development	Roads & Transport Commerce & Industry	Water supply & Resources
Education Commerce & Industry Finance & Investment	Agriculture Water Supply Industry	Water Supply Energy Industry Youths & Sports	Commerce & Industry Rural Electrification Water Supply & Resources Lands	Land & Urban Development Agriculture Water & Electricity Environment	Environment Health Water & Electricity	Education Health

**Source:** Amakom (2013)



**Figure 3.8.** True priority Sectors for Anambra State by Total Budget Allocation from 2007 – 2013 (Amakom, 2013)

### 3.6 Budgeting Models

Various models exist on public budgeting. These include models developed in studies carried out by: Lindblom (1963); Dempster, and Wildavsky (1966); Horngren (1982); Kaplan and Norton (1996); Simonsen and Robbins (2000); Fozzard (2001); Thurmaier and Willoughby (2001); Rohm (2002); Ebdon and Aimee (2006) and Smith (2006). These models seek to systematically incorporate effectiveness, efficiency, citizen participation and the ever dynamic social, economic and political environment/factors into public budgeting decisions, with a view to improving public budget performance. However, several variables affect the performance of public budgeting decisions based on previous studies and thus various models have been developed to accommodate such variables. Models of public budgeting are useful not only for resource allocation among competing sectors/infrastructure or citizen needs but also the development of objective, participatory and transparent approaches to budgeting decisions. In this study, the models discussed are:

- i. The incremental model;
- ii. The multiple rationality/rationalist model;
- iii. The citizen participation impact model; and
- iv. The balanced scorecard model.

### **3.6.1. The Incremental Model**

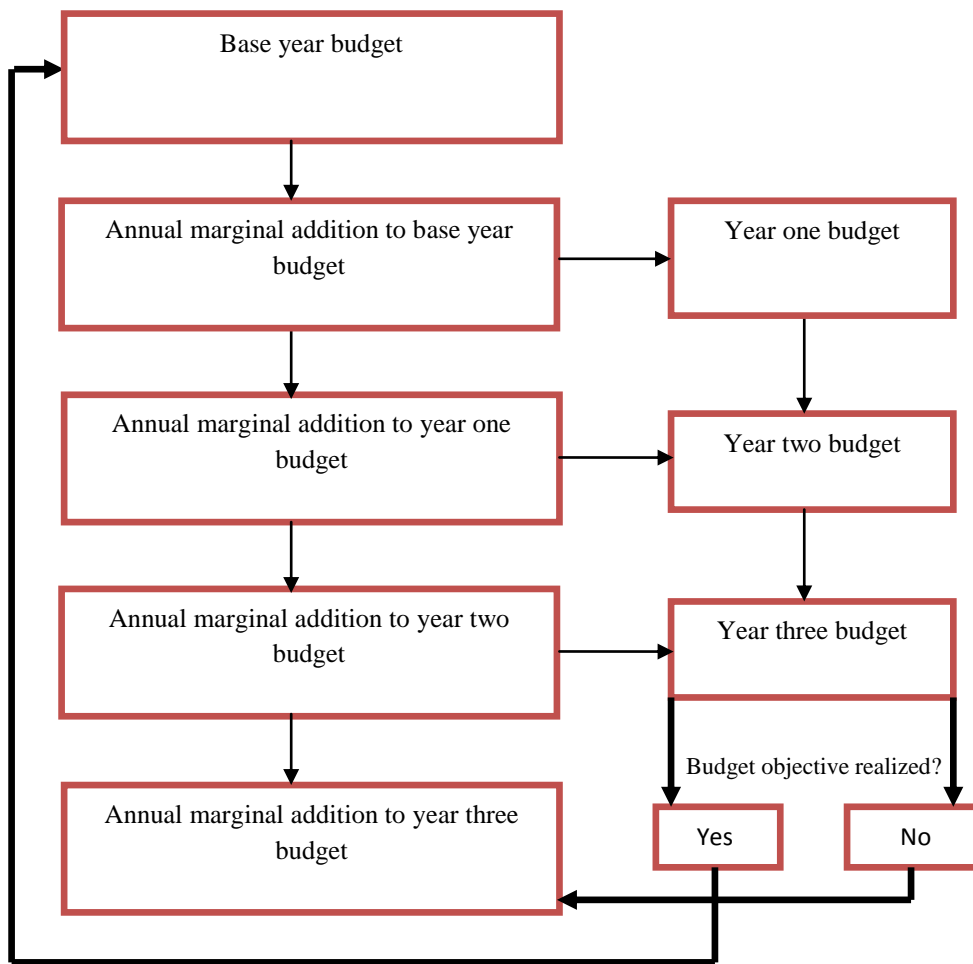
The budgetary model of incrementalism was first popularized and empirically applied by Davis, Dempster, and Wildavsky (1966). This model considers budget makers as backward looking and changes in budget allocation as incremental and, in its strictest form, increasing or decreasing by the same proportion each year. With the current budget allocation tightly tied to the previous year's budget, the model leaves little room for actors to have an effect by lobbying for changes in budget allocation.

According to Fozzard (2001), the underlying principle of this model is that budget makers start from the status quo and seek to solve problems as they arise rather than identify opportunities; they identify solutions that can be achieved by small steps rather than taking radical leaps and they make budget decisions with reference to experience. The incremental budget model has been applied to the budget-making process of a variety countries and organizations.

The incremental model is premised on a succession of incremental changes, or additions, building out from the previous budget, i.e. step by step and in a small degree. In short, the budgets follow one upon the other as solution to the problem. The incremental model believes that the budget maker does not search or develop a completely new budget; rather what he does is to make additions or improvements on the previous budget. Incremental budgets are therefore modifications of existing budgets (Davis *et al.*, 1966).

In the view of Lindblom (1963), the implication of the incremental model is that no new budget can be made in isolation of immediate past budgets; what the present budget needs is simple adjustment. An advantage of this model is that it is easy to implement, because it follows past precedent as closely as possible and once the system does not resist the change, it means that smooth implementation is assured. Another advantage is that it makes it easy for the government to carry people along since radical changes often leaves the people suspicious thereby creating

problems of resistance. However, the incremental model has been criticized for being too conservative through its insistence on close comparison with past budgets and in need of only small changes. In other words, it maintains the status quo. This model will also apply to the proposed housing budget performance model because, with rapid rate of urbanization and lack of time to carry out new censuses of new households that need houses annually, there is need to constantly increase allocations based on previous housing budget figures, while performing the census at the same time. Figure 3.9 illustrates the incremental budgeting model.



**Figure 3.9.** The Incremental Budget Model (Davis *et al.*, 1966)

### **3.6.2. The Multiple Rationality/Rationalist Model**

Thurmaier and Willoughby (2001) in their study, acknowledge that public budgeting is full of complexities. They further stress that there is no denial of the infiltration of “rational” methods into budget processes as governments at all levels establish guidelines for departments and agencies to follow to promote efficiency and effectiveness in programs, activities and services. The rationalist model is premised on the following questions: how do budget actors approach budget decisions? What budget cues are most important to them when making spending decisions? Why are certain aspects of the budget decision context more important to the budget actor when deliberating about budgeting problems?

Rationalism entails a comprehensive examination of all issues involved, with the aim of scientifically choosing the best course of action. According to Obikeze and Obi, (2004); Ekwealor (2007) this model assumes that the decision maker is a rational being who ought to make rational decisions. According to Ugwu (2006), the rationalist approach to budgeting tries to learn all the value preferences extant in a society, assign each value a relative weight, discover all alternatives available, know the consequences of each alternative, calculate how the selection of one alternative will affect the remaining alternatives in terms of opportunity costs and ultimately select the alternative that is the most efficient in terms of costs and benefits of social values.

Obikeze and Obi, (2004) corroborate this by stating that the rationalist model enables the budget decision maker to have a thorough evaluation of a problem before applying technical expertise towards a solution. The model also prescribes the steps to making rational decisions as follows:

- i. Clarification of goals and objectives with complete, accurate and timely information on needs, resources and priorities;
- ii. Identification of alternative courses of action available towards solving the problem/achieving objectives;
- iii. An evaluation of the costs and benefits of all the alternatives;
- iv. A comparison of the costs and benefits/consequences of all alternatives and
- v. Choice of the alternative with the least cost but with maximum benefit.

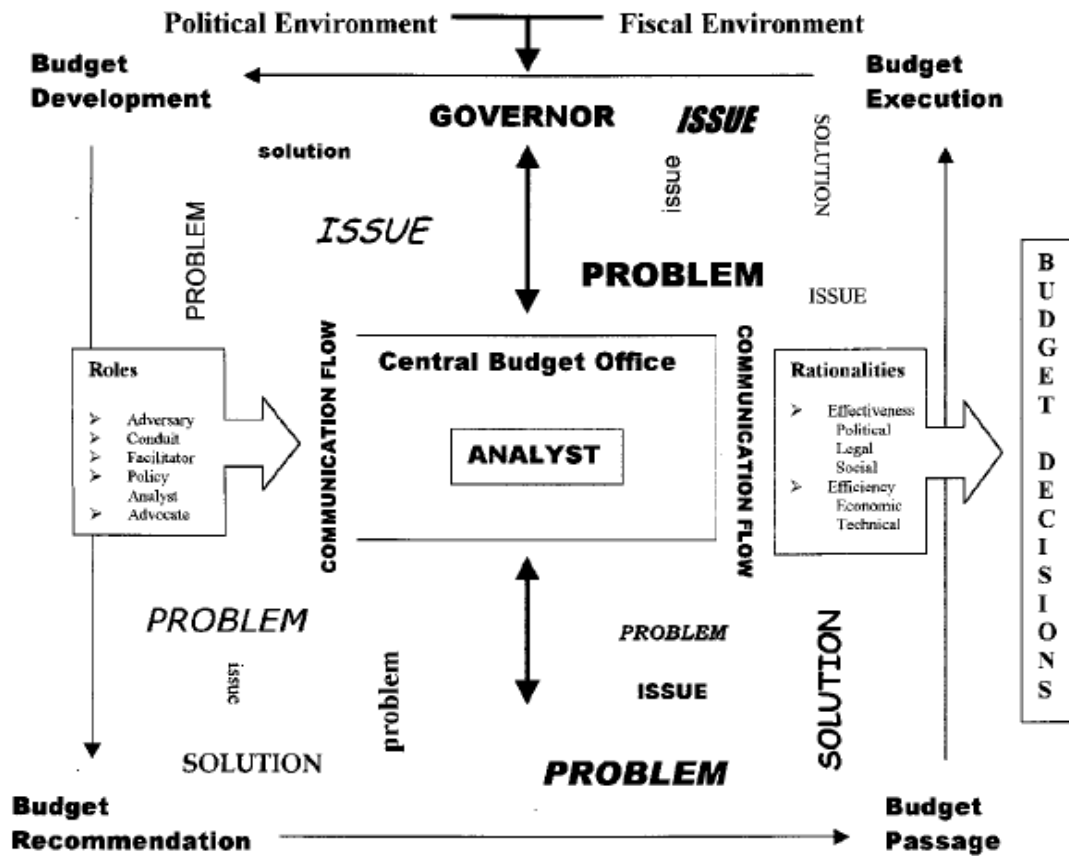
The multiple rationalities model recognizes the complexities of budgeting decisions and also acknowledges the temporal (short duration) nature of budgeting, illustrating budgeting as an evolutionary process in which budget outcomes are influenced by the decision contexts, roles, and information processing of individual budget actors at given stages in the budget cycle (Thurmaier and Willoughby, 2001).

Rational budgeting is comprised of analytical/objective and intuitive/emotive processes. While complex, these processes have structure and can be modeled. Applied to budgeting in a central budget office (CBO), the decisions of budget analysts are made in a multifaceted environment. This context influences budgeters' use of different decision frames, and attachment to role(s), when involved in budgeting decisions during various points in the budget cycle. In fact, analysts weigh political and economic factors differentially when making decisions about budgeting. Also, these decisions are influenced by the fiscal condition at hand (Thurmaier, 1992, 1995; Willoughby, 1993).

Essentially, these budgeters are characterized by multiple roles they can play in the budget process—roles that have expanded. This allows greater room for intuitive as well as strict analytical thinking on their part. That is, analysts, as experts, can use their experience and understanding of the decision environment and then frame “superior” decisions to realize success with budgeting initiatives (success defined as acceptance by the governor).

An important variable affecting budget role and decision framing is time. Budgeting decisions are a function of time and timing. Time is how long the individual has to gather and analyze information before coming up with a decision. The budget process prescribes when decisions must be made. Analysts filter information, apply differential weights to specific decision cues, and ascribe to particular decision strategies, in part, based on when a decision must be made, and where in the process their decision input falls. They must employ specific strategies to be successful in the budget process. They must understand how to effectively navigate a decision through a “window of opportunity” with the goal being acceptance of their decision by those higher up—the final decision being an appropriation. Figure 3.10 illustrates a model of the CBO

analyst's decision environment that accounts for the rich context within which this budgeter must work.



**Figure 3.10:** Model of Decision Environment of the budget Analyst (Thurmaier and Willoughby, 2001)

The rationalist model has been criticized on the following grounds; first, it assumes that the budget maker has all the time to identify all potential means of achieving his objectives efficiently and effectively and gather necessary information and data regarding alternatives to the problem. Second, the model neglects convenience in budgeting. Convenience nowadays, is obviously a strong factor in budgeting decisions than economic factors/rationality (Obikeze and Obi, 2004; Ekwealor, 2007). Also, there is no way the analyst can be aware of all alternatives and determine their benefits and consequences. Other criticisms of this model include: unavailability of required data (and even when available, may not be reliable), ethnic/tribal, political, ideological and religious values which may affect the budgeter's sense of judgment.



These weaknesses notwithstanding, the rationalist model is found appropriate for developing a housing budget model, because provision of housing requires objective and unbiased approaches because of the constantly changing political, physical and economic environment.

### 3.6.3. The Citizen Participation Impact Model

The development of the citizen participation impact model in public budgeting is largely credited to Ebdon and Aimee (2006). In their study, they stress that how to involve the citizens in the government budgeting processes and decisions has long posed a problem for government. In fact, many governments still struggle with how to include citizens in budgetary decision making. Citizen participation in the budgetary process can be very useful in educating the public and gaining valuable input from citizens about their priorities and preferences.

Ebdon and Aimee (2006) suggest a number of common elements deemed critical to structuring budget participation. These key elements as shown in Table 3.19 are grouped under the following headings:

- (i) The independent variables which represent; the governmental environment; the design of the process, and the mechanisms used to elicit participation.
- (ii) The dependent variable which represents the goals and outcomes desired from participation in budgetary decision making.

**Table 3.19.** Key Elements of Citizen Participation in Budgeting

Elements	Variables
Environment	<ul style="list-style-type: none"> <li>Structure and form of government</li> <li>• Political culture</li> <li>• Legal requirements</li> <li>• Population size and diversity</li> </ul>
Process design	<ul style="list-style-type: none"> <li>Timing</li> <li>• Type of budget allocation (by program or earmarked funds, operating, capital)</li> <li>• Participants (selection method, numbers, representativeness)</li> <li>• Sincere preferences/willingness to pay</li> </ul>
Mechanisms	<ul style="list-style-type: none"> <li>Public meetings</li> <li>• Focus groups</li> <li>• Simulations</li> <li>• Advisory committees</li> <li>• Surveys</li> </ul>
Goals and outcomes	<ul style="list-style-type: none"> <li>Reduce cynicism</li> <li>• Educate participants about the budget</li> <li>• Gain support for budget proposals</li> <li>• Gather input for decision making</li> <li>• Change resource allocation</li> <li>• Enhance trust</li> <li>• Create a sense of community</li> </ul>

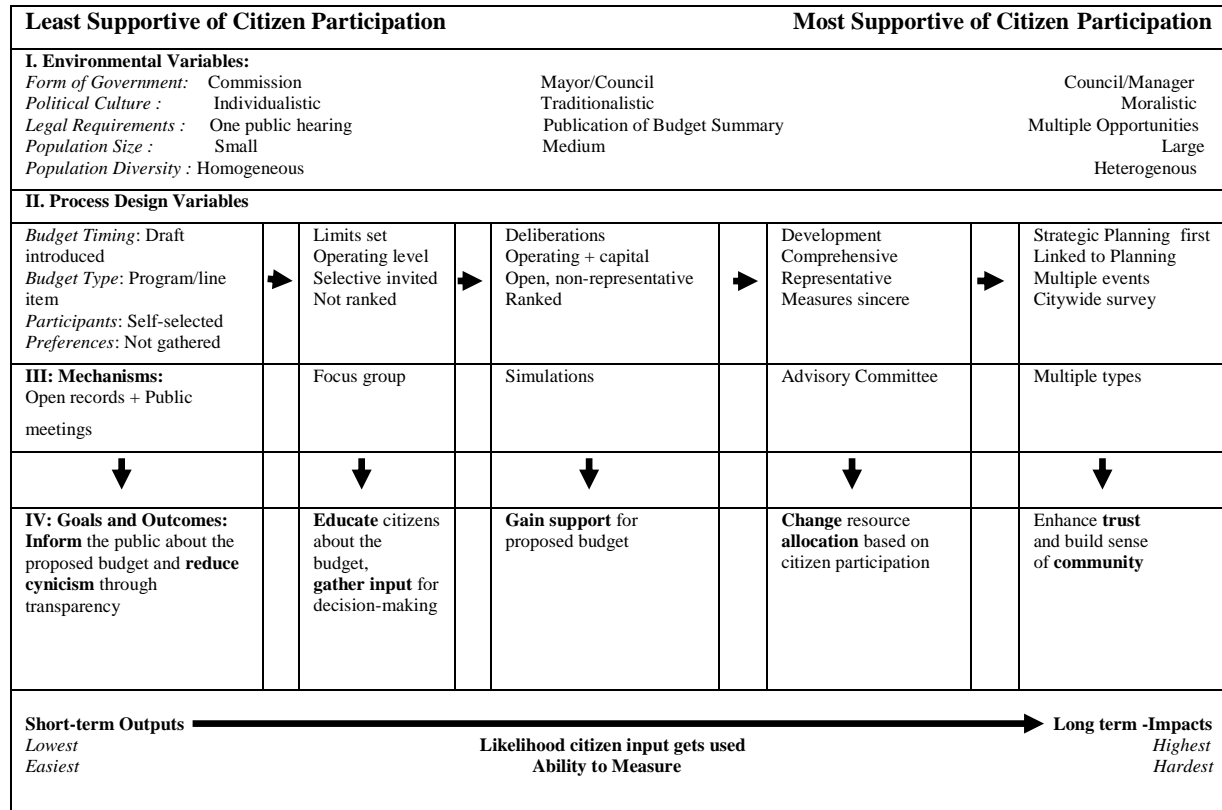
**Source:** Ebdon and Aimee (2006)

With respect to the relationship between environmental factors and citizen participation in budgeting: (i) the council-manager form of government (Local government – chairman, in the Nigerian parlance) appears to be more likely to encourage and solicit input; (ii) the city’s political culture might condition perceptions (among politicians and citizens) about the need for participation; (iii) state laws often dictate what cities will do; and (iv) larger cities are more likely to formalize the participation process because heterogeneity creates demand for increased access (Ebdon, 2000). With respect to process design, the following variables are important to participatory design. The timing is critical: It should occur early, but often does not and input may vary by the type of budget allocation being made. Care must be taken in soliciting input that is both representative and collective rather than individually interested; input should be sincere or a true expression of willingness to pay (Ebdon and Aimee, 2004).

In view of the mechanism variable, many mechanisms and combinations of mechanisms (as shown in table 3.19) have been tried, with mixed results. Research has shown the strengths and weaknesses of various input methods. Determination of the appropriate mechanism should be related to the participation goals. The mechanism chosen must have a direct relationship to the design elements (Ebdon, 2002). Budget participation goals may relate to “high-road” purposes, such as enhancing trust or creating a sense of community, but other purposes take the “low road” such as education, gaining support, and influencing decisions. There is consensus that goals should be clearly articulated by the decision makers before the process begins (Simonsen and Robbins, 2000). Few studies have systematically measured the outcomes of budget participation. However, citizens in cities with more participation are more likely to believe that agencies are responsive to their concerns and less cynical about the government.

Using the above information, Ebdon and Aimee (2006) present an impact model of the citizen-participation process (*see figure 3.11*), that is important in developing and implementing citizen participation in the public budget process. This logical model suggests there are ways to structure participation inputs differently based on the level of outcomes desired and will be suitable for

developing a housing budget model since citizens or end users must be reached to solicit their inputs, suggestions and preferences in order to achieve successful and lasting housing delivery.



**Figure 3.11:** The Impact Model of Citizen Participation in Budgeting (Ebdon and Aimee, 2006)

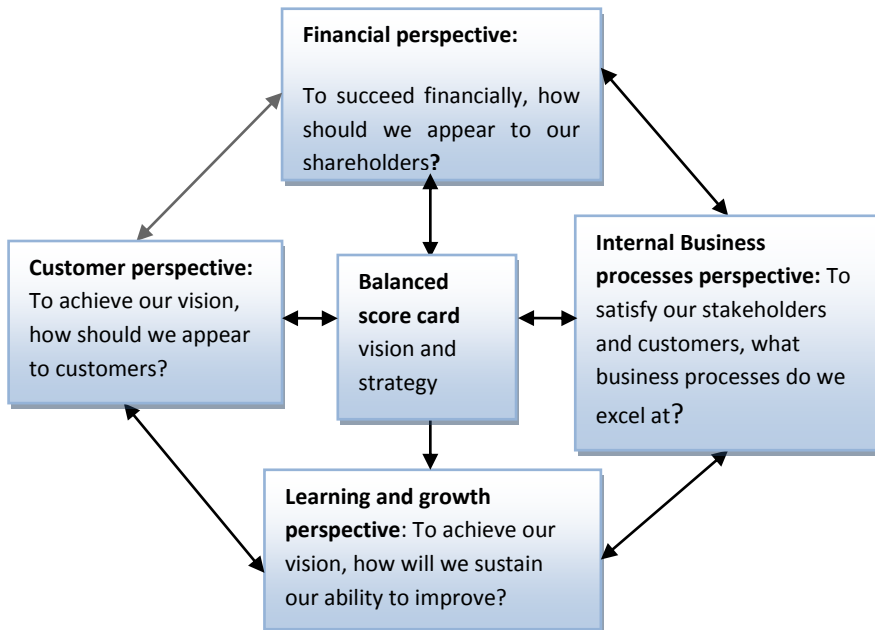
### 3.6.4. The Balanced Scorecard Model

The balanced scorecard was designed by Kaplan and Norton (1996) in reaction to the increasing focus on purely financial measures for planning and management of business. The model integrates measures of customer satisfaction, process performance, product or service innovation and finance in linking short term operational control to the long term vision and strategy of business. In their study, Kaplan and Norton (1996) claim that the balanced scorecard provides managers with the instrument they need to navigate to future competitive success and that it addresses deficiencies in the traditional management systems. The model is built around the following four perspectives:

- i. Customer - which seeks to know what the existing and new customers value from the organization;

- ii. Internal process - which seeks to know what processes must be excelled to achieve the financial and customer perspective;
- iii. Learning and growth - which seeks to establish whether the organization can continue to improve and create future value; and
- iv. Financial, which seeks to establish how value can be created for shareholders.

The four perspectives as expanded by Kaplan and Norton (1996) are shown in Figure 3.12.



**Figure 3.12.** Perspectives of the Balanced Scorecard Model (Kaplan and Norton, 1996)

As indicated in Figure 3.12, Kaplan and Norton (1996) state that the financial perspective shows the results of strategic choices made in the other perspectives, while at the same time establishing other long-term goals as well as a large part of the general ground rules and premises for other perspectives. The chosen measures will therefore represent the relevant stage in the life cycle of the product or service. The customer perspective describes ways in which customer value can be created, how it can be satisfied and why the customer will be willing to pay for it. The internal processes and development of efforts in the company should be guided by this perspective.

The internal business processes perspective involves describing all company processes from the analysis of customer needs through delivery of the product/service and identification of resources and capabilities which the company needs to upgrade. The learning and growth perspective enables the organization to ensure its capacity for long term renewal which is a pre-requisite for

survival in the long-run. The company not only considers what it needs to develop and maintain know-how, but also how it can sustain the necessary efficiency and productivity of the processes. This perspective comes from three sources; people, systems and organizational procedures.

The aim of balanced scorecard is to provide management with a concise summary of the key success factors of a business and to facilitate the alignment of business operations with the overall organizational strategy (Amaratunga, Baldry, & Sarchar, 2001). The model also enables organizations to increase economic value through revenue growth and/or productivity. This model can be used not only as a strategy at all levels in the organization but also as a management tool for running organizations

This model can be devised into the public budgeting framework. According to Malgwi and Unegbu (2012), the balanced scorecard budget perspective aligns budget strategy with objectives and incorporates performance measures at the time of setting out the public budget. Key indicator of performance and growth is the embedment of budget discipline at all the tiers of government, thus money spent must be justified and satisfied by all the established budgetary and budget monitoring organs and this is the locus of balanced scorecard perceptive of public sector budget.

Balanced Scorecard perspective of budget is what Horngren (1982) had in mind while stating that for budget to achieve its functions of compelling planning, provide performance, promote communication and coordination, it had to be administered 'intelligently'. One of the founders of balanced scorecard budget perspective is Rohm (2002), who asserts that the balanced scorecard is a communications tool to make strategy clear to everyone and it is a system for increasing accountability.

In the governance or public sector parlance, balanced scorecard pertains to serving country by helping improve the lives of the people and community. It is about increasing value by providing more cost-effective services within the ambits of the budget. To the business sector, it deals with increasing business opportunities and raising quality of goods and services pro-vision. Smith (2006) agrees that balanced scorecard is a tool that measures performance based on strategy and objectives.

On the definition and explanation of balanced scorecard, (Smith, 2006), quoting Procurement Executives' Association (2005) defines the Balanced Scorecard as a strategy for translating an organization's strategic objectives into a set of performance indicators distributed among four perspectives of; financial, customer, internal business processes and growth. Customer in government terminology is the populace/community and internal business processes represents the government employees. However Smith (2006) describes the areas of emphasis of these four perspectives as follows; emphasis on financial perspective is on cost and the ability to provide the best value to government stakeholders. Customer perspective focuses on the agency's overall responsibility to meet the customers/populace needs in the most efficient and effective manner. The focus of internal business processes is on performance expectations and ensuring the proper processes and resources are available and implemented to maximize performance. Smith (2006) further asserts that growth perspective emphasis is on the employee ability and the organizational structure needed to achieve the agency's goals'

Advocating reasons for implementation of a balanced scorecard budget, Smith (2006) advanced that it improves performance, demonstrates accountability, meets constituents needs, aligns departmental and workers goals with Governmental goals and improves communication with the ministries and government. Against this backdrop, the development of a public budget performance model for effective housing delivery, for this research will also be guided by the balanced scorecard model, since it has citizen satisfaction, organizational improvement and performance as well as societal/community development as its underlying principles.

### **3.7 Summary of Literature**

This section tries to summarize the literature reviewed, with a view to establishing the possible gaps. For this purpose, the problems, which informed the study, would be the focus. Hence, the following can be deduced.

(a) That safe, secure, healthy, available and inexpensive housing is of supreme importance to man and represents one of the most basic human needs and as such should be a priority of governments (UN-Habitat, 2006; Morakinyo, *et al.*, 2015).

(b) The inability of the Nigerian government to objectively accept and implement the global call as enshrined in the UN Habitat agenda on human settlement and shelter impacts negatively on the provision of housing for her citizenry (NHP, 2006; UN-Habitat, 2006).

(c) Housing has been a much neglected sector in Nigeria and Anambra State. Sequel to this, the present state of housing delivery is very discouraging (Diogu, 2002; Jiboye, 2009; Ugonabo and Emoh, 2013).

(d) Budgeting helps the government to set priorities among projects competing for limited resources (CICMA, 2003; Fagbenle and Owolabi, 2004).

(e) That the basic function of a public budget is to consolidate the various interests, objectives and needs of the people into a programme where they can jointly provide for their safety, convenience and comfort (Ekwealor, 2007).

(f) That the efficiency and effectiveness of budgeting procedures reflects public sector character, prudence, accountability and transparency and citizen interest (Ugoo, 2008; Muhammed, 2009; Unegbu, 2012).

(g) The housing budget in Nigeria and Anambra State has performed poorly over the years, with very little to show for the monies budgeted for housing. Hence, housing is being denigrated as a result of budgetary procedures which are below best practices (El-Rufai, 2012; Fort, 2012; Jambol *et al.*, 2013; Saraki, 2016).

(h) That indiscipline, poor monitoring and evaluation, absence of a MTEF, lack of promotion of citizen interest, poor legislative capacity, corruption, lack of political will and undue political interference are among the common problems facing housing budget implementation in Nigeria (Olomola, 2009; Aderibigbe, 2012; Malgwi and Unegbu, 2012; Ben-Caleb *et al.*, 2014).

(i) In Anambra State, the peculiar problems hindering effective housing budget performance are: paucity of data on housing needs, lack of financial support of the housing development corporation, lack of criteria for stipulating housing budget ceilings, skewed annual housing budget allocations, lack of citizen participation, inadequate time for the housing budget preparation process, extra budgetary expenditure and budget indiscipline, poor monitoring and evaluation and lack of involvement of development cost professionals like Quantity Surveyors in housing budget allocation decisions (Amakom, 2013; Researcher's field survey, 2016).

(j) That modeling budget performance should take into account of adequacy of previous allocations, the political, legal, social, economic and technical environment, citizen inputs, communication, efficiency and accountability (Davis *et al.*, 1966; Kaplan and Norton, 1996; Thurmaier and Willoughby, 2001; Ebdon and Aimee, 2006).

(k) Development of a holistic approach to improving housing budget performance and formulation of performance monitoring and review framework/guide will improve housing budget implementation and ultimately, housing delivery in Anambra State (Ikejiofor, 1999; Ademuluyi, 2010; Amakom, 2013; Jambol *et al.*, 2013).

### **3.8 Literature Gaps**

A close look at the synthesis of literature shows three glaring lacuna, which this study intends to fill.

(a) Public budgeting procedures, allocation and implementation have not been conducted in sufficient details with respect to the housing sector in Anambra State. Furthermore, the analysis of the annual budget of Anambra State carried out by the authors whose works were reviewed covered a period of 10 years i.e. 2004 – 2013. This can be described as a limited duration and incomprehensive, since it does not capture budget practices from the creation of the State to recent years.

(b) The procedures for analysis adopted by authors who studied public budgeting in Anambra State were mostly based on secondary or historical budget data. Questionnaire survey and oral interviews administered to housing budget professionals were not used to corroborate data and results obtained from the analysis of the secondary data.

(c) There is currently no holistic model or framework in existence for managing the housing budget process which is required to address housing budget problems and promote effective performance. In addition to this, no template or guide is presently used to monitor and review on-going or already executed housing budget to ensure efficient and effective implementation.

These gaps identified in the literature necessitated this study and hence justifies the research.



## **CHAPTER FOUR**

### **RESEARCH METHODOLOGY**

#### **4.1 Introduction**

To obtain or gather data for any research work, certain procedures must be used. This chapter therefore, discusses the procedures and techniques or strategies that underline the conduct of this research.

The research methodology describes the procedures employed for gathering and generating the data needed for carrying out the research work and subsequent technique for processing and analyzing the collected data. According to Fellows and Liu, (1997), research methodology refers to the principles and procedures of logical thought process which are applied to a scientific investigation. Research methodology is the overall strategy, designed to achieve the aim and objective of the research (Okolie, 2011). Okolie further states that it includes the procedures and techniques of investigation for the effective and reliable representation of the research.

While research methods on the other hand, are merely tools used in gathering and analyzing data for the research (Okolie, 2011). Research method is described as the subset of the methodology. Thus, within a research methodology, different research methods or tools may be used to achieve the aim and objectives of the research (Sutrisna, 2009).

#### **4.2 Research Design**

By virtue of the nature of the research, survey design was adopted for this research. Survey research method according to Nworgu, (1991) is one in which group of people or items are studied by collecting and analyzing data from them that are considered to be representative of the entire group. The use of survey research method makes the data generated directly from respondents to be more distinct and finite.

### **4.3: Types and Sources of Data:**

Data for the research was sourced through primary and secondary data. They were collected expressly to help solve the research problems.

#### **4.3.1 Primary Data:**

Primary data is the information gathered directly by the researcher. For the purpose of this research primary data was collected through questionnaire and oral interviews.

#### **Data required:**

- a) Data on annual housing budget figures for the period under study.
- b) Data on annual housing budget ceilings.
- c) Information on policies or guidelines for budget activities.
- d) Data on duration of housing budget preparation and submission (compared to the stipulated duration), authorization/approval and execution.
- e) Information on measures adopted in monitoring the utilization of housing budget funds.
- f) Information on involvement of citizens/civil society organizations on participation/involvement in the housing budget process.
- g) Information on the availability of data-base of housing needs and frequency of survey/research on housing needs.
- h) Data from housing and budget staff on the appropriateness and effectiveness of current housing budget methods/procedures.
- i) Information on frequency of financial support of the housing corporation from the government.
- j) Data on implementation of annual housing budgets.
- k) The rate of extra budgetary expenditure, non-adherence to budget stipulations and other factors leading to non-implementation of annual housing budget.
- l) Data on annual housing budget allocation compared with annual budgetary ceilings.
- m) Data on the involvement of housing cost professionals (Quantity Surveyors) in the housing budget process.
- n) Data on the time/frequency of periodic monitoring of housing budget execution.
- o) Data on the types and nature of housing projects executed by the Government.

### **4.3.2 Secondary Data:**

Secondary data is a synthesis of published and unpublished documents related to the study, and comprises the logical frame work of the study (Okolie, 2011). The collected secondary data, therefore, included the most relevant and current, within the discipline from text books, academic articles, journals and magazines. In addition to this, data on budget figures to be used for the analysis was obtained from Anambra State annual published budget documents (for the period covered by the study) as well as documents (memos) on housing budget ceilings data. A number of online sources were also used to collect information for literature review. These sources aided to establish the key indicators and lay the theoretical foundation for this research.

## **4.4 Questionnaire**

### **4.4.1 Characteristics, Design and Distribution of Questionnaire**

According to Nahiduzzaman (2006), questionnaires are data gathering devices designed to elicit answers or reactions to rearranged questions presented in a specific order. In fact, a written questionnaire has the advantage of being one of the most flexible means of data collection. As Gillham (2000) puts it; questionnaires have some value when straight forward and fairly accurate information is required from a large population.

The questionnaire designed for this research was both structured and semi-structured questionnaire (multiple choices) and included both closed and open ended questions. The open ended questions allowed respondents to freely express their opinions and views without prejudices so that adequate information is obtained in relation to the objectives of the study.

The questionnaire was divided into two sections A and B. Section A requested information from public housing professionals/staff (Quantity Surveyors, Builders, Architects, Engineers, Estate Surveyors, Land Surveyors, Accountants, Town Planners, Economists and Public Administrators) working with the Ministries of Housing, Budget and Economic planning, Anambra State Housing Development Corporation, Awka Capital Development Authority and the Anambra Physical Planning Board (formerly ASUDEB) on their experience and qualifications and also the nature of housing projects executed by the government and the financial capability of the government to execute housing projects. Section B elicited

information to reflect an appraisal of housing budget procedures. A total of one hundred and seventy (170) copies of questionnaires (*see Table 4.1*) were self administered/distributed to the respondents by the researcher, his research assistants and professional colleagues by hand. However, in cases however, where respondents are busy, questions will be were asked orally or the questionnaire left with them to fill at their disposal.

The questions contained in the questionnaire are meant to elicit from the respondents; level of their perceptions, opinions and stances of the salient issues, procedures, problems and criteria of housing budget allocation in Anambra State. The basis for the level of responses will draw upon a five (5) point likert scale; where 1= don't know and 5= strongly agree. The respondents were asked to rank the applicable factors in order of severity. Questions and statements were geared towards achieving the research objectives and well articulated to have a bearing on the research questions. The questions were also structured to ensure consistency and avoid ambiguity. In addition to this, the respondents were also directed on how to complete the questionnaire appropriately. A cover letter accompanying the questionnaire was also attached to give a brief description of the research aim and objectives, assuring respondents of confidentiality of their responses and expressing appreciation for their anticipated responses.

Finally, three issues were considered when designing the questionnaire, namely: conformity with objectives, coverage and reliability. To ensure validity and reliability, a pre-test of the questionnaire was carried out on experts and potential users. Data was analyzed based on the analysis tool and the input and result generated from the data was used to refine the questionnaire before a wider survey was carried out.

#### **4.5 Oral Interview**

Oral interview is the process of obtaining information through conversations between the interviewer and the respondents (Ogunoh, 2008). Oral interview is flexible and encourages the respondents to express their views and feeling more freely than by way of answering (filling) the questionnaire. It is also used to make up where questionnaire failed due to its formal nature. That is, eliciting responses from respondents who cannot attend to the questionnaire items, thus, complimenting the questionnaires administered. The interviews conducted were unstructured

which enabled the researcher obtain clarifications on some variables which need further in-depth investigations. Oral interview also acted as a check for the authenticity of responses from the questionnaires. In other words, it helped ensure complete and meaningful response to the questionnaire and also get input towards the questionnaire design, especially towards the factors responsible for poor housing budget performance and the criteria for stipulating annual housing budget ceilings in Anambra State. In this research therefore, oral interview was adopted.

#### **4.6 Examination of Budget Documents**

While the questionnaire survey proved inevitable in the appraisal of current housing budgeting practice/procedures adopted by Anambra State's public sector, numerical data on budgets relies on the figures in the budget documents. Budget documents or estimates are published annually and show in detail, revenue and expenditure of proposed items of work to be executed by the Anambra State Government. A careful study of Anambra State annual published housing budget (for the period covered by the study; 1999- 2016) as well as documents (memos) on housing budget ceilings (up to 2016) and ministerial proposals was carried out, to enable the researcher retrieve relevant housing budget figures to be used for analysis.

#### **4.7 Population of the Study**

Okolie (2011) states that a population is the aggregation of elements from which a sample is actually selected. A preliminary survey was carried out to determine the target population within the study area that are involved in public housing budgeting. This was to ensure reliable responses (data and information), since they are knowledgeable and experienced in the issues to be addressed by the research.

The survey revealed that a total of two hundred and ninety five (295) professionals/experts, comprising: seventy (70) in the ministry of Housing, one hundred and twenty two (122) in the Ministry of Budget and Economic Planning (including those posted to other Ministries and parastatals), thirty (30) in Anambra State Housing Development Corporation, thirteen (13) in Awka Capital Development Authority and sixty (60) in Anambra State Physical Planning Board. The 60 professional staff of the Anambra State Physical Planning Board work in 20 local government areas of the State, including Awka South (*see Table 4.1 for professional affiliations*

*of the target population*). According to available records from the accounts and administrative offices of these ministries and parastatals, the population of professional staff as at the time of carrying out this research in 2016 stood at 295. In view of this, the population for this study comprises 295 professionals/experts (Quantity Surveyors, Builders, Architects, Engineers, Estate Surveyors, Land Surveyors, Town Planners, Accountants, Economists and Public Administrators).

#### **4.8 Sampling Frame**

A sampling frame can be regarded as a list of items or people forming the population from which a sample can be taken (Sutrisna, 2009). It can also be referred to as a complete list of all members of the population to be studied. The sampling frame must thus, be representative of the population. In view of this, the sample frame for this research consists the payroll register of the accounts department and staff records of the administration department of the ministries of Housing, Budget and Economic planning, Anambra State Housing Development Corporation, Awka Capital Development Authority and the Anambra Physical Planning Board (formerly ASUDEB). This is because these documents provided the researcher with not just the entire number of the population but the name, rank and qualification of every staff/professional of the target population.

#### **4.9 Sampling Technique**

The research employed the purposive type of sampling for the selection of respondents. Purposive sampling is a type of non-probability sampling technique where units (people, cases/organizations, events, pieces of data) that are investigated are based on the judgment of the researcher (Patton, 2002). Usually, the sample being investigated is smaller, especially when compared with probability sampling techniques. The goal of purposive sampling is not to randomly select units from a population, but to create a sample with the intention of making generalizations (statistical inferences) from that sample to the population of interest. The main goal of purposive sampling is to focus on particular characteristic of the population that are of interest, which will enable the researcher address his research objectives.

Purposive sampling according to Okolie, (2011), selects informative subjects or units of observation as a representation of the wider population. It is relatively cost effective, easier, and ensures that only those elements that are relevant to the study are included. Hence, purposive sampling technique was used in selecting the professionals from the target population of 295.

#### 4.10 Determination of Sample Size

The sample size of this research was determined in accordance with Yamane (1967), who opines that a census is attractive for small populations of 200 or less, although cost considerations make this impossible for large population. Since the population obtained from the preliminary survey conducted was above 200, the sample size was determined using the Taro Yamane's formula. The Taro Yamane's formula is expressed as follows:

$$n = \frac{N}{1+N (e)^2} \quad (1)$$

when n = sample size

N = Population size

e<sup>2</sup> = Margin of error (assumed 5%)

1 = unity or constant

$$\text{Therefore} = \frac{295}{1+288 (0.05)^2}$$

$$\frac{295}{1+(295 \times 0.0025)}$$

$$\frac{295}{1 + 0.74}$$

$$\frac{295}{1.74} = 170$$

The sample size of 170 professionals was thus adopted for this study. Sequel to this, the questionnaire was distributed as indicated in Table 4.1.

**Table 4.1.** Distribution of Questionnaire

Professionals	Organizations (Ministries and Parastatals)						
	MH	MBEP	ASHDC	ACDA	APPB	Total	%
Quantity Surveyors	10		5	2	9	26	15
Builders	10			2	3	15	9
Architects	10		5	1	3	19	11
Engineers			5	1	5	11	7
Estate Surveyors			3	4	9	16	9
Land Surveyors			2		5	7	4
Town Planners			2	1	5	8	5
Economists		31				31	18
Accountants		10	3	2	2	17	10
Public Administrators		20				20	12
<b>Sub Total</b>	30	61	25	13	41	170	100%

\*MH= Ministry of Housing; MBEP= Ministry of Budget and Economic Planning; ASHDC= Anambra State Housing Development Corporation; ACDA= Awka Capital Development Authority; APPB = Anambra State Physical Planning Board.

**Source:** Researcher's field study (2017)

#### 4.11 Method of Data Presentation and Analysis

Data collected for this research was manipulated with the aid of Statistical Package for Social Science (SPSS) version 22 software, MS-Excel and E-views econometric software. In order to help elucidate the results for subsequent readers and users of the research, data was presented in form of tables, graphs and charts. Furthermore, data generated was subjected to descriptive statistical analysis such as frequency, mean score, percentages, relative importance index and inferential analysis such as trend analysis. These are all geared towards addressing the specific objectives of the research.

**(a) Percentages:** This descriptive tool was used to obtain the proportion of housing budget allocations in the annual State capital budget and compare with other key sectors of the State's economy. It also aided in other aspects of the analysis such as determining the proportion of respondents in a classification of one hundred, agreeing with a criterion adopted by the government in establishing housing budget ceilings and allocating final housing budgets. It is expressed as follows:

$$\text{Simple percentage (\%)} = \frac{x}{n} \times 100 \quad (2)$$

Where x = number of respondents agreeing with a particular variable.

n = total number of items or respondents sampled



**(b) Mean Score:** This is a descriptive data analysis method which was used for ranking purposes, such as in evaluating the problems hindering housing budget preparation and the roles of the Quantity Surveyor in the housing budget process. It is expressed as:

$$MS = \frac{5n_5 + 4n_4 + 3n_3 + 2n_2 + n_1}{N} \quad (3)$$

Where: 5...1 are the weightings on the Likert Scale

n= number of responses on a particular scale.

N= Total number of responses

**(c) Relative Importance Index (RII):** Relative indices are a ranking index that reduces score attracted to the severity of items in an opinion survey to a common base. The index (RI) ranges from 0 – 1. The item with the highest relative index (RI) is first considered in the rank order as the most important or severe factor or variable amongst all the factors surveyed.

The variables on issues such as problems or challenges facing housing budgeting performance were weighted on a five point Likert Scale, where 1= strongly disagreed and 5 = strongly agreed. The RII was then calculated for each variable and based on the RII value which ranges from 0 to 1, the variables were ranked.

$$RII = \frac{\text{Sum of weights } (W_1 + W_2 + W_3 + W_4 + \dots + W_n)}{A \times N} \quad (4)$$

Where w is the weighting given to each variable by the respondents, ranging from 1 to 5, A is the highest weight (i.e. 5) in the study; and N is the total number of samples.

**(d) The One Sample t-test:** Also known as Single Sample t-test because it is used when one is interested in comparing dataset from the same population. It determines whether the sample mean is statistically different from a known or hypothesized population mean. The one sample t-test was applied in this study to ascertain if the strata Relative Importance Indices (RII) are significantly different from the cluster average of 0.75 (i.e. the average of the Likert Scale or weightings: 5, 4, 3, 2, 1) which is an indication of effect. The one sample t-test was specifically employed to test hypothesis 3, which is: housing budget problems have no significant effect on housing budget performance in Anambra State.

The test statistic for the one sample t-test is expressed as:

$$t = \frac{\bar{x} - \mu_0}{\frac{s}{\sqrt{n}}} \quad (5)$$

Where,  $\bar{x}$  is the RII mean, 's' is the RII standard deviation of the sample and n is the sample size.

The degrees of freedom used in this test are  $n - 1$ .

The decision rule is that  $H_0$  is rejected if the t-statistic value is greater than the critical value or if probability value of  $0.0000 < 0.05$ , otherwise do not reject  $H_0$  and conclude that housing budget problems has a significant effect on the Housing budget performance in Anambra State.

**(e) Trend Analysis:** This is a statistical tool used for studies that have time component or are time dependent (Anyadike, 2009). Trend in a time series refers to the general direction in which the time series appears to be moving over a long interval of time. In other words, whether it follows a regular or skewed pattern, or whether there is a general increase or decrease in value/quantity/amount over time. For this research, trend analysis was adopted, to assess the trend of annual housing budget allocation for the period (1999 – 2016) under study and test hypothesis one: there is no significant trend in annual housing budget allocation in Anambra State for the period under study.

According to Anyadike (2009), the commonest method of finding a trend in a time series is to calculate the linear regression and correlation coefficient of the data over time. Linear regression may be expressed by the equation:

$$Y = a + bx$$

Where: a and b are coefficients; 'a' is the intercept on y axis when  $x=0$ , and 'b' is the slope.

$$b = \frac{\sum xy - \frac{(\sum x)(\sum y)}{N}}{\sum x^2 - \frac{(\sum x)^2}{N}} \quad (6)$$

$$\text{and } a = y - bx \quad (7)$$

Similarly, the Pearson correlation coefficient is given as:

$$r = \frac{n\sum xy - \sum x \sum y}{\sqrt{[(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)]}} \quad (8)$$

Where x is time (months or years)

In calculating the intermediate values for these equations (i.e.  $\sum xy$ ,  $-\sum x^2$ , etc), the user must decide whether to express the values of x(year) in absolute (e.g. 1991, 1992, etc) or relative (i.e. 1, 2, 3, etc) terms in order to reduce the size of the values. Both approaches yield identical coefficients for slope (b) and correlation (r).

Trend in the time series is indicated by the strength and direction of the correlation coefficient(r), while the rate of this trend is indicated by the slope of the regression (b) illustrated by a fitted line. However, what is important is whether the correlation coefficient (and hence the trend) is statistically significant (Anyadike, 2009).

**(e) Correlation and Regression:** Pearson correlation analysis is a widely used statistical tool that is used to measure the extent or degree of relationship between two variables. The formula for Pearson correlation coefficient is given as:

$$r = \frac{n\sum x y - \sum x \sum y}{\sqrt{[(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)]}} \quad (9)$$

When  $y < + 0.5$ , a weak positive relationship exist

When  $y \geq + 0.5$ , a strong positive relationship exist

When  $y < - 0.5$ , a strong negative relationship exist

When  $y \leq - 0.5$ , a weak negative relationship exist

When  $y = + 1$ , a perfect positive relationship exist

When  $y = - 1$ , a perfect negative relationship exist

When  $y = 0$ , no relationship exist.

Regression analysis on the other hand, attempts to discover the nature of relationship by calculating an equation that enables the value of one variable (dependent/response variable) to be estimated when the value of the other variable (independent/explanatory variable) is known (Kothari, 2004). Regression is expressed in a mathematical equation as:

$$Y = a + b x \quad (10)$$

Where Y is the dependent variables or quantity being predicted

X = the independent variables

a = the value of Y when = 0, i.e. the interceptor of the line with Y – axis

b = the slope or gradient. It estimates the rate of change in Y for a unit change in X. It is positive for direct and negative for inverse relationships.

For this research, the correlation and regression analysis were used to test hypothesis 4 which is: there is no significant relationship between annual housing budget allocation and annual actual housing expenditure in Anambra State.

**(e) Granger Causality Test:** The term Granger Causality is a term for a specific notion of causality in time-series analysis. It is thus a useful statistical tool to test for causal or directional relationship between two variables in a time series data. It is considered a statistical hypothesis test for determining whether one time series is useful in forecasting another and it can be applied to econometric data. First proposed by Granger (1969); Granger (1969) argues that causality could be tested for by measuring the ability to predict the values of a time series using prior values of another time series. Since the question of "true causality" is deeply philosophical, econometricians assert that the Granger test finds only "predictive causality".

Conceptually, the granger causality has several components:

- **Temporality:** Only past values of X can “cause” Y.
- **Exogeneity:** A necessary condition for X to be exogenous of Y is that X fails to Granger-cause Y .
- **Independence:** Similarly, variables X and Y are only independent if both fail to Granger-cause the other.

Granger causality is thus a powerful tool, in that it allows one to test for things that one might otherwise assume away or otherwise take for granted. The idea of Granger causality is a simple one: A variable X Granger-causes Y if Y can be better predicted using the histories of both X and Y than it can using the history of Y alone.

The null hypothesis is that there is no causal relationship between the variables. The relational equation can be estimated as:

$$X_t = \sum_{i=1}^n \alpha_i Y_{t-i} + \sum_{j=1}^n \beta_j X_{t-j} + \mu_{1t} \quad (11)$$

$$Y_t = \sum_{i=1}^n \lambda_i Y_{t-i} + \sum_{j=1}^m \delta_j X_{t-j} + \mu_{2t} \quad (12)$$

Where;

$X_t$  = value of X at time t (dependent variable in eqn (11))

$\alpha_i$  = coefficient of lagged Y at time t-i (independent variable in eqn (11))

$\beta_j$  = coefficient of lagged X at time t-i (independent variable in eqn (11))

$\mu_{1t}$  and  $\mu_{2t}$  are the random/stochastic disturbances which are assumed to be uncorrelated.

In equation (11), X is decided by lagged variable Y and X which means that the lagged Y influence X significantly (or provides statistically significant information about the values of Y), and vice versa in equation (12). Hence, any particular lagged value of one of the variables is retained in the regression if (a) it is significant according to a t-test, and (b) it and the other lagged values of the variable jointly add explanatory power to the model according to an F-test. Then the null hypothesis of no Granger causality is not rejected if and only if no lagged values of an explanatory variable have been retained in the regression.

The decision here is based on F-statistics and associated probability value following the traditional rule of significance for p-value  $\leq 0.05$ . It should however be noted that this test is sensitive to number of lags in the model.

In the context of this research, the Granger Causality test was used to test Hypothesis 2: there is no causal relationship between the State's annual housing budget and the annual federal allocation. The rationale behind the application of Granger Causality to validate this hypothesis

is to ascertain if a financial criterion such as federal allocation (which is also a major source of revenue) is a causal factor or consideration in the proportion of annual housing budget allocations.

#### **4.12 Validity and Reliability of the Measuring Instrument**

Validity of an instrument refers to the extent an instrument of measurement actually measures what it is intended to measure (Ogunoh, 2008). An instrument is valid to the extent, that it is tailored to achieve the research objectives.

In an effort to ensure the validity of the instrument, the instrument was subjected to face and content validity. This is to enable the researcher obtain information relevant to the purpose and objectives of the research. Copies of the questionnaire were presented to three professionals in the Faculty of Environmental Sciences and one professional each from the Faculties of Social Sciences (Department of Economics) and Management Sciences (Departments of Accountancy and Public Administration) of Nnamdi Azikiwe University Awka for vetting. Their suggestions were incorporated into the final draft.

The instrument, after face and content validation was also subjected to a test retest reliability test to further evaluate the stability of the questionnaire items. The questionnaire was administered to 20 respondents in the relevant ministries and parastatals. After two weeks, the same questionnaire was administered to the 20 respondents. The responses of the first and second scores were computed using Pearson Product Moment Correlation Coefficient. A reliability coefficient stability of the items yielded a correlation of 0.81 which is considered reliable and adequate for this study.

The questionnaires were also subjected to reliability test using the Cronbach's alpha approach to ascertain the degree of consistency of the responses especially with respect to the problems (20) of housing budget on housing budget performance. The results were judged against the benchmark of 0.50(50%).The Cronbach's alpha value obtained; 0.669 (66.9%) > 0.50(50%) indicates that there is a high degree of internal consistency of the responses.

Furthermore, to achieve reliability of data from questionnaire distribution, the researcher exercised care and caution, to ensure that questionnaires were administered to the right respondents, only necessary questions were asked, which were neither offensive nor misleading and options of answers were provided to questions, except where opinion of respondents are needed to confirm the answers. Information contained in the questionnaire was also clear and unambiguous and there was personal determination and commitment on the part of the researcher to follow up, collect, and present data in its real and undiluted form

## CHAPTER FIVE

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 5.1 Introduction

The presentation, analysis and interpretation of all the data collected are presented and analyzed in this chapter. They are based on the objectives, research questions and hypotheses that guided the research.

#### Distribution of Questionnaire

**Table 5.1. Return Rate of Questionnaire**

Questionnaire	Frequency	Percentage (%)
<b>Total no of copies of Questionnaire administered</b>	170	-
<b>No of copies received</b>	156	92
<b>No not received</b>	14	8
<b>Total</b>		100%

Source: Researcher's field survey (2017)

##### 5.1.1 Number of copies of Questionnaire Distributed and Returned

Table 5.1 shows that a total number of 170 copies of the questionnaire were distributed to the respondents based on a purposive sampling. Out of the 170 copies of questionnaire distributed, 156 were completed and returned which corresponds to a response rate of 92%. The response rate was high because professional colleagues assisted the researcher in distributing and returning the questionnaire. The response rate of 92% is therefore reasonably high and adequate for the study. The rest of the questionnaire were either not properly completed or returned uncompleted. The ones not properly completed were disregarded because they were not usable. Some respondents gave no reason for the uncompleted questionnaire, while others cited busy schedule as their reason. Table 5.2 shows the population distribution of respondents and the percentage response to the questionnaires.



**Table 5.2. Population Distribution of Questionnaires and Percentage Response**

Organization	No of copies of Questionnaire distributed	No of copies of Questionnaire received (response)	Percentage contribution to total response
<b>Ministry of Housing</b>	30	27	17.30
<b>Ministry of Budget and Economic Planning</b>	61	56	35.90
<b>Housing Development Corporation</b>	25	24	15.40
<b>Capital Development Authority</b>	13	10	6.41
<b>Physical Planning Board</b>	41	39	25.00
<b>Total</b>	170	156	100%

**Source:** Researcher's field survey (2017)

### 5.1.2 Response Rate of Questionnaire

Table 5.2 provides two basic information. First; the population of respondents or staff in each of the public organization (Housing and Ministries and Parastatals) that were issued copies of the questionnaire and second; their response rates. Majority of the respondents work in the Ministry of Budget and Economic Planning, Anambra State Physical Planning Board and Ministry of Housing respectively, while Anambra State Housing Development Corporation and Awka Capital Development Authority had the least population distribution. It is also instructive to note that this distribution depicts the professional staff strength of these Organizations in Anambra State.

30 copies of questionnaires were distributed to the Ministry of Housing, 61 to Budget and Economic Planning, 25 to Housing Development Corporation, 13 to Awka Capital Development Authority and 41 to Anambra State Physical Planning Board. Out of these, 27, 56, 24, 10 and 39 copies respectively were returned, representing 17.30%, 35.90%, 15.40%, 6.41% and 25% response rates. Overall, this shows that the majority of the respondents responded to the questionnaire. The percentage responses also show a fair representation of the Housing and Budget staff in the Anambra State Public Service/Government.

## **5.2. Questionnaire Section A for Public Sector Staff - Characteristics of respondents, types of Housing projects and financial capability of the Government**

The purpose of this section is to first; elicit information from the respondents about their, years of experience, academic qualifications and professional affiliation (*see Table 5.3*). The essence of this is to establish their suitability and capability in providing reliable responses to the housing budget issues contained the questionnaire.

Second, to elicit the opinions of the respondents on the most common type of housing projects executed by the Anambra State Government. The import of this is to establish the nature of housing projects that the government mostly devotes her financial resources to.

Third, to assess the opinions of the respondents with respect to the financial strength of the Anambra State government in providing housing facilities. The reason for this is to also establish the sincerity, commitment and seriousness of the Government in tackling the housing problems in Anambra State. In the ideal scenario, this can be corroborated by obtaining the financial status/statement of the Anambra Government via the Accountant-General of the State, but it proved very difficult, given the secrecy that often shrouds financial matters in the Nigerian public sector. The responses to the questions are therefore, presented and analysed from Table 5.5.

**Table 5.3. Respondents' Characteristics**

Questionnaire Item	Variables	No of Responses	Percentages
<b>Years of Experience</b>	(a) 1 – 5 years	50	32.00
	(b) 5 – 10 years	42	27.00
	(c) 10 – 15 years	36	23.00
	(d) 15 – 20 years	14	9.00
	(e) 20 years and above	14	9.00
<b>Total</b>		156	100%
<b>Professional Affiliation</b>	(a) Architecture	13	8.00
	(b) Building	15	10.00
	(c) Engineering	11	7.00
	(d) Quantity Surveying	24	15.00
	(e) Land Surveying	7	4.00
	(f) Estate Management	15	10.00
	(g) Town Planning	8	5.00
	(h) Geography	0	0.00
	(i) Accounting	17	11.00
	(j) Economics	29	19.00
	(k) Public Administration	17	11.00
	(l) Statistics	0	0.00
	(m) Others	0	0.00
<b>Total</b>		156	100%
<b>Academic Qualification</b>	(a) Ph.D.	0	0.00
	(b) M.Sc	42	27.00
	(c) B.Sc/B Eng	64	41.00
	(d) HND	29	19.00
	(e) Others	21	13.00
<b>Total</b>		156	100%

**Source:** Researcher's field survey (2017)

### 5.2.1 Respondents' Characteristics

Table 5.3 provides information on the background (experience, qualifications and professional affiliation) of the respondents as well as their corresponding percentage contribution to the related questionnaire item (questions). The following explains the analysis in details.

- i. **Respondents' Years of Experience:** On how long the respondents have been working in the organization; Table 5.3 reveals that 50 respondents representing 32% have worked up to 5 years, 42 of them representing 27% have worked between 5 to 10 years and 36 respondents have also worked between 10 to 15 years representing 23%, while 14

respondents each, representing 9% have worked between 15 to 20 years and above 20 years. The trend therefore, shows that majority of the respondents are experienced and as such can provide informed opinion about the state of housing budgeting in Anambra State. The few number of respondents with over 15 years experience reflects the number of high ranking (grade level) staff in the Anambra State public service.

- ii. **Respondents' Field/Discipline:** Table 27 further indicates that 29 respondents representing 19% are Economists, 24 of them are Quantity Surveyors which represents 15%, 17 (11%) are Accountants and Public Administrators each. Builders and Estate Surveyors are 15(10%) each, 11(7%) are Engineers, while 13(8%) are Architects. Others are Town Planners who are 8(5%) and finally, Land Surveyors who are 7(4%). This shows that respondents are made up of professionals and experts that can effectively contribute to housing budgeting in their various fields.
- iii. **Respondents' Academic Qualifications:** In terms of their academic qualification, the Table 27 also shows that majority of the respondents (64) representing 41% have Bachelor's (first) degrees, followed by 42 (27%) who have M.Sc. and the remaining respondents representing 19% have Higher National Diplomas and other qualifications recognized by the public sector. However, none of the respondents have a PhD, which presently, is not a requirement for promotion in the Anambra State Government. Generally, the above scenario reflects the level of education, albeit the reasoning ability of the respondents, which is considered impressive, above average and will be pertinent for the housing budget issue under study.

**Table 5.4. Type of Housing projects executed by the Government**

Questionnaire Item	Variables	No of Responses	Percentages
<b>Housing Types</b>	(a) Residential	34	22.00
	(b) Education/Classrooms	23	15.00
	(c) Offices	66	42.00
	(d) Mass Housing	0	0.00
	(e) Workshops/Warehouses	2	1.00
	(f) Commercial(markets, malls)	6	4.00
	(g) Recreation	4	3.00
	(h) Health	11	7.00
	(i) Others	10	6.00
<b>Total</b>		156	100%

**Source:** Researcher's field survey (2017)

### 5.2.2 Respondents' Responses on types of Housing Projects Executed by the Government

From Table 5.4, respondents were asked to indicate types of buildings mostly executed by the Anambra State government based on experience. Majority (66) of the respondents ticked offices representing 42%, followed by residential [34(22%)], education/classroom blocks [23(15%)], health [11(7%)] and commercial [6(4%)], while 2(1%) ticked workshops and mass housing had no response, representing 0%. However, 10 (6%) of the respondents ticked other types of housing. This reveals that office buildings for government establishments have always been the priority housing projects in Anambra State, while mass housing projects remained the least priority. It is however pertinent to note that field interview conducted by the researcher and examination of budget documents revealed that the nature of the residential buildings executed are mostly residential quarters and lodges of top government officials. This scenario also reflects the nature of existing housing projects that can be found in Anambra State, where housing for the low and middle income group has been totally ignored by successive administrations.

**Table 5.5. Responses on Financial capability of the Government**

Questionnaire Item	Variables	No of Responses	Percentages (%)
<b>Is the Anambra State Government financially capable to provide Housing facilities for the citizenry?</b>	(a) Yes	147	94.00
	(b) No	9	6.00
<b>Total</b>		156	100%

**Source:** Researcher's field survey (2017)

### 5.2.3 Respondents' Responses on Financial Capability of the Government to Execute Housing Projects

Table 5.5 shows that majority of the respondents; 147 or 94% are of the opinion that the Anambra State government is financially capable of providing housing facilities for the citizens, while a paltry 9(6%) think otherwise. Follow-up oral interviews on respondents further revealed that the reason for not devoting financial resources to mass housing projects is because of competing interests from other economic sectors; the present economic recession and the need for the government to be rational and prudent in managing its financial resources. They however failed to provide reasons why mass housing projects are non-existent in the state, while other sectors received government attention. Again, this scenario further reflects the lack of

commitment of the Anambra State government to providing housing for the low and middle income earners in the state.

### **5.3. Questionnaire Section B for Public Sector Staff – Appraisal of Housing Budget Procedures**

The purpose of this section is to carry out a critical appraisal of the Anambra State housing budget procedures, via respondents' views/opinions and severity ranking. Such budget procedures include: adoption of the medium term expenditure framework, development of a medium term sector strategy, budget monitoring and evaluation, regularity of housing budget performance reporting and review, housing budget preparation, citizen participation, criteria for housing budget ceiling, rate of housing budget implementation, duration of the housing budget process, the Quantity Surveyor's roles in the housing budget process, adequacy and regularity of funding from annual housing budget allocation, financial support for the Housing Corporation, major sources of funding for housing projects, capabilities of housing budget professionals and general housing budget performance. The essence of this is to point out those critical areas which according to respondents are presently affecting the efficiency and effectiveness of the housing budget process and ultimately housing delivery. The following sub-sections shows and explains these analyses.

#### **5.3.1 Analysis of Responses on Adoption of Medium Term Expenditure Framework and Strategy, Housing Needs Assessment, Budget Monitoring and Evaluation, Regularity of Housing Budget Performance Reporting and Review**

To analyze the responses on the above mentioned budget procedures, the percentages for each response was obtained based on the number of responses received for each variable. The responses to the questions are presented and analyzed as shown in Table 5.6.

**Table 5.6. Opinion of Respondents on Medium Term Expenditure, Housing Needs Assessment, budget Monitoring and Evaluation, Housing Budget Performance Reporting and Review**

<b>Questionnaire Item</b>	<b>Variables</b>	<b>No of Responses</b>	<b>Percentages (%)</b>
<b>Does the Anambra State Government prepare its housing Budget in accordance with the medium term expenditure framework?</b>	(a) Yes	78	50.00
	(b) No	54	35.00
	(e) No idea	24	15.00
	<b>Total</b>	<b>156</b>	<b>100%</b>
<b>Is there a medium term sector strategy developed by the Anambra State Government for her housing sector?</b>	(a) Yes	11	7.00
	(b) No	121	78.00
	(e) No idea	24	15.00
	<b>Total</b>	<b>156</b>	<b>100%</b>
<b>Is a housing needs assessment of the citizenry carried out before housing budget estimates are prepared?</b>	(a) Yes	19	12.00
	(b) No	130	83.00
	(c) No idea	7	5.00
	<b>Total</b>	<b>156</b>	<b>100%</b>
<b>If yes, when is the needs assessment usually carried out?</b>	(a) Once a year; before the budget preparation	38	24.00
	(b) Sometimes; when it is convenient	75	48.00
	(c) When funds are available	29	19.00
	(d) Often; a routine	6	4.00
	(e) No idea	8	5.00
	<b>Total</b>	<b>156</b>	<b>100%</b>
<b>Is monitoring and evaluation of the housing budget process carried out by Housing MDAs?</b>	(a) Yes	12	8.00
	(b) No	125	80.00
	(c) No idea	19	12.00
	<b>Total</b>	<b>156</b>	<b>100%</b>
<b>How often are performance reviews/reports carried out/prepared for the housing budget?</b>	(a) Once a year	70	45.00
	(b) Twice a year	31	19.00
	(c) Thrice a year	0	0.00
	(d) Quarterly	12	8.00
	(e) Never	25	16.00
	(f) No idea	18	12.00
	<b>Total</b>	<b>156</b>	<b>100%</b>

**Source:** Researcher's field survey (2017)

The following explains the respondents' views on medium term expenditure, housing needs assessment, budget monitoring and evaluation, housing budget performance reporting and review as shown in Table 5.6.

- a. Adoption of the Medium Term Expenditure Framework:** The result in Table 30 shows the Anambra State Government prepares its housing budget in accordance with the medium term expenditure framework policy as clearly stated by 78(50%) of the respondents. 54(35%) of them maintained that the MTEF is not yet adopted, while 24(15%) claimed to have no idea on the issue. What this implies is that the budget for housing projects in Anambra is now spread over a three year period to improve the rate of implementation. This is unlike the annual budget system where implementation was hardly achieved before the end of the fiscal year. However, it is important to note that in the course of the oral interview with the respondents, the researcher discovered that the actual implementation of the policy began only recently, precisely in 2016. Perhaps the appreciable number of respondents who claimed that the MTEF is not yet adopted is because the policy has been on paper, but was not actually implemented for a long time. The empirical results or success of this policy is yet to be researched on due to the short duration from the period of its commencement.
- b. Development of a Medium Term Sector Strategy:** The study also enquired from respondents on the existence of a medium term strategy for the Anambra State housing sector. The results indicate that majority of the respondents, precisely 121 which represents 78% strongly stated that there is presently no medium term strategy developed by the government for housing. A paltry number of respondents; 11(7%) stated that there is a strategy in place, while 24 (15%) of them have no idea whether a strategy is in place or not. These show that the Government of Anambra State is yet to develop a medium term housing sector strategic plan. The implication of this is that there is no political will to integrate state priorities and policy goals in housing. Hence, the need for a document that serves as a tool or guide for implementing housing policy goals. Furthermore, the absence of a housing strategic plan means that there is no basis for priorities and programmes in housing within available and appropriated resources or budget as a way of assuring best use of scarce resources of Anambra State.



- c. **Housing Needs Assessment:** On the issue of carrying out a housing needs assessment, 130 respondents which represents 83% are of the view that housing needs assessment is not carried out by the Government prior to housing budget formulation and preparation. 19 (12%) of the respondents think otherwise, while 7(5%) have no idea on the issue. These results can be interpreted to mean that the Government prepares the housing budget annually with no clue of the nature of housing facilities really needed. In other words, there is no systematic process in place for determining or addressing or investigating the housing needs or gaps between current housing conditions and desired housing conditions or wants of communities and their inhabitants. This lack of housing needs assessment will likely make it difficult to develop a database on housing needs of Anambra State. Oral interviews conducted by the researcher further revealed that, needs assessment actually began in 2010 in line with international best practice of adopting demand driven budget rather than supply driven budget. However, the process is usually carried out for some other sectors such as the health sector; where selected government officials visit communities and make enquiries on households that lack toilet facilities. It was attempted for housing though but a shoddy job was done.
- d. **Frequency of Housing Needs Assessment:** As a follow up on the housing needs assessment, enquiries were also made with respect to how often the exercise was carried out. Surprisingly, 38(24%) of the respondents affirm that it is carried out once a year before the budget is prepared. The majority 75(48%) however, indicate that it is sometimes carried out when convenient for the government. 29(19%) insist it is done only when funds are available, 6(4%) say it is a routine while 8(5%) claim to have no idea when it is carried out. This scenario is understandable, considering that housing needs assessment was once attempted and was probably carried out before the budget was prepared, albeit by an initially committed Government. The status quo was however returned to after the attempt. This trend shows that the Government lacks the will to sustain the housing needs assessment exercise on a periodic basis, hence the urgent need for commitment and consistency on the part of the Government in embarking on the exercise more often to enable a better and more informed housing budget planning. Reasons cited via oral interviews, for not extending the exercise to housing on a more frequent basis are lack of personnel and funds.

- e. **Monitoring and Evaluation of the Housing Budget Process:** The study also sought to enquire if monitoring and evaluation of the housing budget is actually done in Anambra State. The result reveals that 125 respondents which represent 80% affirm that monitoring and evaluation of the housing budget is non-existent. The other 12(8%) respondents affirm otherwise, while the remaining 19 (5%) have no idea. Sequel to the responses obtained, if monitoring and evaluation is not carried out, how then can housing budget performance be improved, to achieve the desired results? Hence, this scenario makes it difficult to improve housing budget output, outcome and ultimately impact on the community and as well promote transparency, accountability and decision making for corrective measures or actions to be taken.
- f. **Housing Budget Performance Reviews and Reports:** From the responses of respondents on the frequency of preparing housing budget performance reviews and reports, the majority; precisely 70(45%) attest that it is prepared once a year, 31(19%) affirm that it is done twice a year, 12(8%) agree that it is quarterly, 25(16%) disagree that it is carried out at all, while the remaining 18(12%) of the respondents are not conversant with the issue. It can be deduced from these responses that performance reviews and reports are prepared for the housing budget. However, follow up on respondents via oral interviews indicate that budget performance review is a recent development in Anambra State and is prepared generally for all economic sectors as a whole and not for the housing sector specifically, and though it is done, it is not done consistently or taken seriously, hence a half hazard job is carried out. Hence, the process does not reflect the actual housing sector scenario and the Government also lacks the political will to execute the general review: thus, making it an unreliable document. From the foregoing, it is obvious that the Anambra State Government employs no reliable, systematic and periodic assessment to indicate how well the housing budget is performing or achieving its objectives in relation to a pre-defined criteria. In addition to this, a report which evidences or provides a detailed account of the housing budget review process for future decision making is also non-existent.

### 5.3.2. Respondents' Rating and Ranking of the Problems Hindering Effective Housing Budget Preparation

To rank the problems hindering effective housing budget preparation, the respondents were asked to rate the problems on a 5-point Likert scale (5= Strongly agree to 1= Don't know), after which the mean scores to be used for the ranking was calculated. The essence of this ranking exercise is to emphasize the problems (in order of severity) affecting the preparation of the housing budget in order for the Government to take necessary measures in addressing them. The respondents' rating and ranking are presented in Table 5.7.

**Table 5.7. Ranking of the Problems Hindering Housing Budget Preparation**

S/N	Problems	Strongly agree (5)	Agree (4)	Strongly disagree (3)	Disagree (2)	Dont know (1)	Mean Score	Rank
(a)	Lack of skilled/qualified personnel/professionals	78	27	5	5	41	3.62	7
(b)	Insufficient staff/poor staff strength	87	44	9	16	0	4.29	4
(c)	Poor remuneration	129	27	0	0	0	4.83	1
(d)	Excess workload	68	27	17	27	17	3.65	6
(e)	Unethical practices	95	44	8	9	0	4.44	3
(f)	Lack of motivation and work incentives	122	34	0	0	0	4.78	2
(g)	Poor monitoring/supervision by heads/directors	87	27	17	25	0	4.13	5

**Source:** Researcher's field survey (2017)

Table 5.7 represents the responses and ranking of seven (7) significant factors leading to problems of housing budget preparation. At a glance, the result clearly indicates that poor remuneration of mean score; 4.83 is the most severe problem facing effective housing budget preparation, closely followed by lack of motivation and work incentives with a mean score of 4.78. This shows that there is need to improve the present remuneration and introduce necessary incentives to increase motivation of staff involved in preparing the housing budget. Unethical

practices, insufficient staff ranked 3<sup>rd</sup> and 4<sup>th</sup> respectively with mean scores of 4.44 and 4.29. Poor monitoring /supervision by heads and directors ranks 5<sup>th</sup> with a mean score of 4.13, while excess work load ranked 6<sup>th</sup> with a mean score of 3.65. Lack of qualified or skilled personnel ranks least with a mean score of 3.62. This implies that lack of skilled personnel or professionals is not a major factor leading to housing budget problems in the study area. From the foregoing, the study is inclined to conclude that poor remuneration, lack of incentives and unethical practices are areas that call for close attention by the Government if housing budget is to be prepared effectively.

### **5.3.3 Analysis of Responses on Citizen Participation, Criteria for Stipulating Annual Housing Budget Ceilings and Allocations, and Rate of Housing Budget Implementation**

To determine the responses to the above mentioned budget procedures and the general rate of budget implementation for the housing budget, the percentages for each response were obtained based on the number of responses received for each variable. The responses to the questions are presented and analyzed in Table 5.8.

**Table 5.8. Opinion of Respondents on Citizen Participation, Criteria for Stipulating Annual Housing Budget Ceilings and Allocations, and Rate of Housing Budget Implementation**

Questionnaire Item	Variables	No of Responses	Percentages (%)
<b>Do the citizens of Anambra State participate in the housing budget process?</b>	(a) Yes	99	63.00
	(b) No	48	31.00
	(c) No idea	9	6.00
<b>Total</b>		156	100%
<b>Participation technique/strategy</b>			
<b>If yes, which of the following techniques or strategies is used to ensure citizen participation in the housing budget process?</b>	Public meetings/hearings	33	21.00
	Participatory budget forum	5	3.00
	Focus groups	48	31.00
	Advisory committees	2	1.00
	Surveys and consultation	11	7.00
	Simulations	0	0.00
	No idea	57	37.00
<b>Total</b>		156	100%
<b>Ceiling/allocation criteria</b>			
<b>Which of the following criterion(a) is the stipulation of the annual housing budget ceilings and allocations based?</b>	(a) Previous year's ceiling	10	6.00
	(b) Available funds	52	33.00
	(c) Contribution to GDP	0	0.00
	(d) Past Performance	0	0.00
	(e) Needs assessment	0	0.00
	(f) Established percentage/formula	0	0.00
	(g) Governor's discretion	68	44.00
	(h) No criteria	15	10.00
	(i) No idea	11	7.00
<b>Total</b>		156	100%
<b>How will you rate the general level of implementation of the Housing Budget in Anambra State?</b>	(a) 0% – 20%	14	9.00
	(b) 20% – 40%	97	62.00
	(c) 40% – 60%	45	29.00
	(d) 60% – 80%	0	0.00
	(e) 80% - 100%	0	0.00
<b>Total</b>		156	100%

**Source:** Researcher's field survey (2017)

The following explains the opinions of respondents on the adoption of citizen participation and the techniques of participation used in the housing budget process, the criteria adopted for stipulating housing budget ceiling, and rate of housing budget implementation.

**a. Adoption of Citizen Participation:** The study sought to determine if citizen participation is adopted in the housing budget process of Anambra State. Surprisingly, results showed that 99(63%) of the respondents maintain that citizen participation is actually carried out, 48(31%) of them indicate that no form of citizen participation is employed, while 9(6%) have no idea of the issue. The reason for the high number of responses (as confirmed from interviews), affirming the adoption of citizen participation could be explained as follows: citizen participation in the budget process of Anambra State actually began in 2011. It is pertinent however, to note that there is a recent development in the citizen involvement process of Anambra State, precisely in 2016; where the Government gave communities the opportunity to choose their own projects (Community-choose-your project) not exceeding the sum on twenty million Naira (N20,000,000) which is provided by the Government. This is the first of its kind though and the selected projects are still ongoing. It is also commendable step in the right direction, but the setbacks here are that the priority projects may not reflect the decisions of the entire community and the process may be politicized. From the housing budget perspective however, these selected projects may not all be housing projects, the budgeted amount of N20,000,000 which was not based on any needs assessment, estimate or plan may not be adequate to cover the much needed housing gap, unless the scheme can be sustained over a long period of time and not just a first-and-only-attempt programme.

**b. Citizen Participation technique:** As a follow up on the adoption of citizen participation, the study further enquired on the participation techniques or strategies employed by the Anambra State Government in the housing budget process. The results show that the focus group technique is mostly used as affirmed by 48(31%) of the respondents. This was closely followed by the public meetings/hearing technique with 33(21%) responses, surveys and consultation with 11(7%) responses, while 5(3%) and 2(1%) respectively of the respondents maintained that participatory budget forum and

advisory committees are used. The simulation technique had no response, making it an unpopular participation technique amongst the respondents. On the other hand, 57 respondents, representing 37% have no idea of the participation technique used. The focus group technique being the most commonly used type of technique is quite understandable being that it involves selected citizen groups (considered a representation of the entire citizenry) such as NGOs, Faith Based organizations, Town Union Associations, council of chiefs and traditional rulers, market women society, council of women, donor agencies who indicate their opinions or perceptions on the housing budget. Here, participants freely discuss with one another, questions can also be asked and notes or record of vital points are usually taken by the budget officers from the Ministry of Economic Planning and Budget.

During the participation process, these citizen groups are usually invited during the defense of the budget (ceiling or envelope) by the Housing MDAs of Anambra State at the Ministry of Economic Planning and Budget. They are often not invited or called upon to participate during approval of the budget by the State Executive Council and passage by the State Legislature or House of Assembly, where project priorities may change in their absence. Thus, it may appear that these groups are invited as a matter of routine or to appear compliant with best practices. Hence, the citizens may be regarded as mere observers than co-decision makers, since their inputs, remarks or observations do not affect or change already stipulated budget figures or proposed project priorities. In addition to this, only these few group representatives actually have an insight on the housing budget at the early stages of the year, but it ends there. They are often not carried along during the implementation process and hence are not aware of what happens to the budget afterwards. Furthermore, the wider populace is often unaware of the housing budget because dissemination or publicity of budget information or documents by the Government is poor and they may be largely ignorant or uninterested in budget issues. From the foregoing, this research is inclined to describe the citizen participation process of Anambra State housing budget as more of a charade than real participation. Hence the need for an effective participation technique backed by commitment on the part of the Government to capture their inputs.

**c. Criteria for stipulating annual housing budget ceilings and allocations:** One of the objectives of this research is to evaluate the criteria adopted in allocating housing budget ceilings and final housing budget allocations. This sub-section item sets out to achieve this objective, but via respondents' opinions only. It will however be corroborated or disproved empirically under the analysis of the annual housing budget section. The results obtained via a simple percentage analysis revealed that opinions were quite diverse. 68 of the respondents representing 44% maintained that the major criterion used is the Governor's discretion, this was closely followed by 52 of the respondents representing 33% who are of the view that the main criterion is how much funds are available in the Government's coffers or the available resource projection based on a revenue forecast. 15(10%) of the respondents believe there is no criteria, hence it is stipulated arbitrarily, 10(6%) think it is based on the ceiling or allocation stipulated the previous year, while 11(7%) have no idea of which criteria is used. From the foregoing, it is interesting to note that none of the criteria selected by the respondents has an empirical or scientific basis (such as GDP contribution, percentage/formula, needs assessment, previous performance). This creates room to believe or accept the possibility of the housing budget ceiling and allocations being influenced politically or having a nepotistic undertone. Another reason for the responses obtained may be because of the present economic crunch or recession which has also affected other sectors of the State's economy. It is also worth noting, that, as obtained from interviews, it was discovered that the permanent Secretary (Ministry of Housing) can push for an increase in housing budget ceiling during the defense of budget proposals, but this largely depends on how dogged and outspoken he is and his ability to convince the budget committee why the budget ceiling should be increased. Thus, this research opines that though budget ceilings are stipulated to ensure prudent use of funds, unrealistic ceilings especially those not revisited in view of the present economic realities and stipulated with no discernable scientific or objective basis can hinder robust and realistic housing project actualization.

**d. Rate of Housing Budget implementation:** In a similar vein this sub-section item also established, the general rate (in percentage) of housing budget implementation via the opinions of respondents over the years. It will also be corroborated or disproved empirically during the analysis of the annual housing budget. The respondents were



provided with a range of implementation rates, ranging from 0% to 100% to indicate as applicable from their experience. Majority of the respondents, precisely; 97(62%) indicated the implementation rate range of 20% - 40%. The 40% - 60% rate was indicated by 45 (29%) of them, while the remaining 14 or 9% respondents are of the view that housing budget implementation rate ranges from 0% - 20%. This scenario shows that the rate or percentage at which the budget for housing in Anambra State is used annually is well below average, hence the need to put measures in place such as early budget formulation and planning, approval, tendering (contractor selection) and timely release of funds annually to ensure that the budget is properly utilized or put to use.

#### **5.3.4 Responses and Analysis of the Duration of Housing Budget Processes/Adherence to the Budget Calendar**

The essence of this sub-section is to first, elicit information on the current duration of housing budget preparation activities in Anambra State and second, to make a comparison with the stipulated budget calendar which captures the maximum duration of budget activities that must be adhered to. This is with a view to making an objective conclusion on the timeliness or time management of housing budget activities that may affect or impede the implementation of the housing budget or commencement of housing works.

To obtain the responses and analyze the housing budget duration of Anambra State, the respondents were provided with a list of budget activities and their corresponding duration range (in weeks or months). These duration ranges were obtained from the stipulated budget calendar for Anambra State budget preparation as evidenced in literature. The respondents were requested to fill the applicable duration from their experience. The majority responses of the current housing budget duration were used as the basis for comparison with the stipulated budget calendar. It is also necessary to note that the average time in weeks (of the duration ranges) from the majority responses were obtained for ease of comparison. The responses and analysis are presented in Tables 5.9 and 5.10.

**Table 5.9. Responses on Current Housing Budget Duration**

Budget Activity	Duration						Total Responses
	1day– 1 week	2 - 3 weeks	1 month	2 – 3 months	4 – 5 months	5 – 7 months	
Planning & Preparation of Sector limits	36	73	23	12	12	0	156
Issuance of Call Circular	89	45	22	0	0	0	156
Submission of budget proposals by MDAs	28	72	56	0	0	0	156
Bilateral discussions and defense of proposals	16	94	46	0	0	0	156
Consolidation of proposals by the Ministry of Budget and Economic Planning	0	62	39	43	12	0	156
Approval of draft proposal by the State Executive Council	0	48	84	12	12	0	156
Presentation of draft budget to the State House of Assembly (Legislature) and final approval of budget	12	12	52	68	0	12	156
Governor’s assent	105	39	12	0	0	0	156
Publication and dissemination of budget	0	93	47	16	0	0	156

**Source:** Researcher’s field survey (2017)

Results from Table 5.9 indicate that the budget activity with the longest duration as indicated by 68 respondents; is the presentation and final approval of the draft budget by the State Legislature which takes between 2 to 3 months. This is followed by approval of the draft budget by the State Executive Council, which takes up to a month, as maintained by 84 respondents. The likely reason for this is that further defense of the budget proposal is usually carried out before the State Executive Council, thus lengthening the process. Planning and preparation of sector limits (73), submission of the budget proposal by MDAs (72), bilateral discussions with the Ministry of Economic Planning and Budget (94), consolidation of the proposal(62), publication and dissemination of the budget (93) all have 2 to 3 weeks durations. The shortest budget activities with a maximum of 1 week duration are issuance of call circular and assent of the Governor according to 89 and 105 respondents respectively.

**Table 5.10. Comparison of the Current Housing Budget Duration with the Duration Stipulated in the Budget Calendar**

Budget Activity	Responses on current budget duration (average no of weeks)	Stipulated duration in budget calendar (weeks)	Difference (weeks)	Percentage difference (%)
Planning & Preparation of Sector limits	2.5	27	- 24.5	54.00
Issuance of Call Circular	0.5	1	- 0.5	1.00
Submission of budget proposals by MDAs	2.5	6	- 3.5	8.00
Bilateral discussions and defense of proposals	2.5	2	+ 0.5	1.00
Consolidation of proposals by the Ministry of Budget and Economic Planning	2.5	3	- 0.5	1.00
Approval of draft proposal by the State Executive Council	4	1	+3	7.00
Presentation of draft budget to the State House of Assembly (Legislature) and final approval of budget	10	3	+7	16.00
Governor's assent	0.5	1	- 0.5	1.00
Publication and dissemination of budget	2.5	1	+1.5	3.00
<b>Total</b>	27 (6months & 3 weeks)	45weeks (11months & 1 week)	-18	

**Source:** Researcher's field survey (2017)

The comparative analysis presented in Table 5.10 shows the average number of weeks for each budget activity obtained from the responses in Table 5.9, the durations of the same budget activities as stipulated by the budget calendar and the differences between the current duration (duration in practice). It also shows the calculated percentages of the difference in relation to the total stipulated duration. It should be noted that the average number of weeks was obtained as follows; where respondents indicated a duration range of say 2 – 3weeks, the average will be 2.5 weeks. The percentage difference was obtained by dividing the difference in duration by the total stipulated duration of 45 weeks.

It will be observed that according to the Anambra State budget calendar, 27 weeks (6 months and 3 weeks (January to third week of July) is the duration allowed for the planning and preparation of sector budget limits by MDAs, but the actual duration it takes in practice for this activity is usually 2.5 weeks and a difference of 24.5 weeks early. The implication of this is that a period of 6months and a few days or 54% of the total stipulated duration is usually wasted annually by Housing MDAs and then a period of 2.5 weeks is spent hurriedly preparing the budget proposal,

when the call for proposals is made. Though, this indicates conformity with the calendar duration, it is devoid of proper planning. This duration stipulated by the budget calendar is considered adequate to carry out meaningful and budget planning and attain an appreciable level of housing needs assessment, only if there is commitment on the part of the Government and adequate resources are deployed. The achievement will even be greater if it is done or carried out consistently over a few years in line with the medium term expenditure framework. From oral interviews carried out, it was also discovered that in certain cases, preparation starts when the Call circular is issued. These further indicate the inefficiencies in the budget system. The duration of issuance of the Call Circular in practice conforms to the stipulated calendar duration. However, the current duration spent in submission of proposals (2.5 weeks) from respondents' opinions is far earlier than the stipulated duration of 6 weeks with a difference of 3.5 weeks early. Again, this suggests a rushed process and non-adherence to the budget calendar.

Furthermore, bilateral discussions, consolidation of proposals and Governor's assent all show conformity to the stipulated budget duration. However, approval of the draft budget by the State Executive Council exceeds the stipulated duration by 3 weeks, while publication and dissemination of the approved budget exceeds the calendar duration by 1.5 weeks. This could stem from the plethora of paper work, proof reading and editing involved. Another major divergence from the stipulated duration is the presentation and final approval of the draft budget by the State Legislature. The calendar stipulates 3 weeks, but in practice, it takes 10 weeks with a difference of above 7 weeks and 16% of the total stipulated duration. This is a typical case of the bureaucratic bottlenecks in passage/approval of the budget. It probably stems from the practice that even after the defense of the budget proposals by Housing MDAs in the Ministry of Economic Planning and Budget, the MDAs are also invited for further discussions and defense by the Legislature, thus slowing down the approval process.

In summary, The results reveal that while the duration of housing budget preparation in practice generally conforms to the stipulated duration in the budget calendar (of about 1 year), by less than 18 weeks (or 18 weeks early), some individual budget activities; specifically, preparation of sector limits, submission of budget proposals, approval of budget proposal by the State Executive Council, approval of the final budget proposal by the Legislature and dissemination of the final

budget do not adhere to the stipulated duration. These are indications of poor planning and time management. From the foregoing, the study is inclined to describe the adherence of housing budget preparation in Anambra State to the total stipulated calendar duration as generally okay, but lacks adequate planning. Hence, the problem is not really the amount of time spent, but the quality of the time utilized.

### **5.3.5 Assessment of the Quantity Surveyor's Roles in the Housing Budget Process**

The import of this sub-section is to obtain information, via a ranking exercise; the roles which the Quantity Surveyor (QS) currently plays in the housing budget process of Anambra State. Anyadike (2002) maintains that the Quantity Surveyor's role in society is that of ensuring that the resources for construction and development are utilized to the best advantages of the economy. In view of this stance and by virtue of the QS's training in construction technology, construction measurement, economics, law and management this research considers it an imperative to appraise the roles of the QS in all phases of the Anambra State's housing budget process.

To rank the roles of the QS in the housing budget process, the respondents were requested to rate the problems on a 5-point Likert scale (5= Strongly agree to 1= Don't know), after which the mean scores were calculated as a basis of the ranking. The responses and ranking are presented in Table 5.11.

**Table 5.11. Respondents' Views and Ranking of the Roles of the Quantity Surveyor in the Housing Budget Process**

S/N	Roles	Strongly agree (5)	Agree (4)	Strongly disagree (3)	Disagree (2)	Dont know (1)	Mean Score	Rank
(a)	Budget planning and formulation	78	27	5	5	41	3.62	2
(b)	Preparation of housing budget estimates/proposal	87	44	9	16	0	4.29	1
(c)	Establishing housing budget ceilings	5	5	17	44	85	1.72	7
(d)	Evaluation and approval of housing budget proposals	36	51	35	17	17	3.46	4
(e)	Preparation of tender documents, tender evaluation and recommendation of qualified contractors	87	44	9	16	0	4.29	1
(f)	Monitoring of housing budget expenditure	44	17	9	27	59	2.74	5
(g)	Monitoring and evaluation of budget (project) implementation(execution)	44	51	27	17	17	3.56	3
(h)	Housing budget performance review and reporting	18	9	27	17	85	2.09	6

**Source:** Researcher's field survey (2017)

Table 5.11 shows the views of the respondents and ranking of the roles of the QS in the housing budget process. The eight (8) roles were identified from literature and comprise the key stages of the life cycle of the housing budget. Result show that preparation of the housing budget estimates/proposal and tendering ranks first with mean scores of 4.29 each, while establishing housing budget ceilings ranked 7th with a mean score of 1.72. Other roles such as budget planning and formulation (3.62), monitoring and evaluation of budget or project implementation/execution (3.56), evaluation and approval of budget proposals(3.46), monitoring of budget expenditure(2.74), housing budget performance review and reporting(2.09) ranked 2nd, 3rd, 4th, 5th and 6th respectively.

The above results reflect the current scenario of housing budget practice in Anambra State, where Quantity Surveyors are relegated to preparation, tendering and monitoring of housing project execution, while sidelined in the actual decision making processes of the housing budget such as approval of budget proposals, establishing the budget ceilings and monitoring the budget

expenditure. These duties are usually handled by economists with the Ministry of Economic Planning and Budget, the Accountants at the Ministry of Finance and the politicians at the State Executive Council and legislature. The low ranking of performance review and reporting is quite understandable since the role is considered new and as such unfamiliar to public sector staff of Anambra State. These indicate that there is need for more involvement of the QS in the housing budget process of Anambra State.

### **5.3.6 Analysis of Responses on Adequacy and Regularity of Funding from Annual Housing Budget Allocation, Financial Support for the Housing Corporation, major Sources of Funding for Housing Projects and Capabilities of Housing Budget Professionals**

This sub-section attempts to establish, via respondents' opinions, first; how adequate the amount allocated for housing in the Anambra State annual budget is (this will also be corroborated or disproved empirically during the analysis of the annual budget), second; how regular funds are released from the Government coffers for housing projects/budget implementation after the budget has been approved, third; how often funds are made available from the budget to the Housing Corporation to support vital housing infrastructure, fourth, the major sources of budget funding for housing projects and lastly, the most capable or suitable professional to handle housing budget issues. The foregoing is with a view to assessing (i) if housing development is a priority of the Anambra State Government in comparison with other sectors (ii) how committed the Government is in not just implementing the housing budget or providing housing, but implementing it speedily (iii) the commitment of the Government is providing affordable housing and (iv) if there is a need for the Government to pursue other sources of funding to boost housing provision and (v) if there is need for more involvement of a housing development cost professional such as the QS in housing budget processes.

To assess the responses on the afore-mentioned housing budget issues, the percentage for each response was obtained based on the number of responses received for each variable. The responses to the questions are presented and analyzed as shown in Table 5.12.

**Table 5.12. Opinion of Respondents on Adequacy and Regularity of Funding from Annual Housing Budget, Financial Support for the Housing Corporation, major Sources of Funding for Housing Projects and Capabilities of Housing Budget Professionals**

<b>Questionnaire Item</b>	<b>Variables</b>	<b>No of Responses</b>	<b>Percentages (%)</b>
<b>How will you assess the adequacy of annual budget allocation for housing in Anambra State?</b>	(a) Very adequate	0	0.00
	(b) Adequate	0	0.00
	(c) Inadequate	31	20.00
	(d) Grossly inadequate	109	70.00
	(e) No idea	16	10.00
<b>Total</b>		156	100%
<b>How will you describe the regularity of release of funds from the annual housing budget allocation?</b>	(a) Regular	0	0.00
	(b) Not regular	39	25.00
	(c) Inconsistent budgetary allocation	24	15.00
	(d) Delay in release of funds	78	50.00
	(e) No idea	15	10.00
<b>Total</b>		156	100%
<b>How often does the Anambra State Government provide financial support to the Housing Development Corporation?</b>	(a) Often	0	0.00
	(b) Sometimes	13	8.00
	(c) Rarely	96	62.00
	(d) Never	37	24.00
	(e) No idea	10	6.00
<b>Total</b>		156	100%
<b>What is the largest source of budget funding for housing projects in Anambra State?</b>	(a) Internally generated revenue	30	19.00
	(b) Federal allocation	106	68.00
	(c) International Organizations	12	8.00
	(d) NGOs	0	0.00
	(e) Private sector(PPP)	8	5.00
	(f) No idea	0	0.00
<b>Total</b>		156	100%
<b>Which of the following professionals do you think is the most equipped to be involved in the entire housing budget process?</b>	(a) Quantity Surveyor	62	40.00
	(b) Accountant	27	17.00
	(c) Economist	9	6.00
	(d) Public Administrator	5	3.00
	(e) All of the above	53	34.00
	(f) None of the above	0	0.00
<b>Total</b>		156	100%

**Source:** Researcher's field survey (2017)



The following explains the respondents' opinions on adequacy and regularity of funding from annual housing budget, financial support for the state's Housing Corporation, sources of funding for housing projects and capabilities of housing budget professionals as shown in Table 5.12.

**a. Adequacy of annual housing budget allocation:** Table 5.12 enquired on respondents' perception of the adequacy of the annual budgetary allocation for housing in Anambra State. The result shows that majority of 109 (70%) respondents are of the option that the annual budgetary allocation for housing is grossly inadequate, while 31 respondents representing 20% believe it is just inadequate. The minority 16(10%) respondents have no idea on how adequate it is. Based on the foregoing and in view of the importance of housing for socio economic activities and development the researcher suggests that the Anambra State Government should seriously consider an increment or review of the annual budgetary allocation for housing in the state.

**b. Regularity of release of funds from the annual housing budget:** On the issue of the regularity of the release of funds for housing budget implementation, none of the respondents agreed that the release of funds for housing projects is regular. Instead, 78 (50%) of them maintained that there is always delays in release of funds, which hinders progress of housing works, while 39(25%) of them agree that the funding does not come on a regular basis, despite the provision being reflected in the annual budget. 24 respondents, representing 15% are of the view that the budget allocated for housing is not consistent. The remaining 15 (10.00%) respondents have no idea of the issue. Based on the oral interview conducted by the researcher, it was discovered that there are numerous stages to be undergone before funds are released for housing projects as a result of a largely bureaucratic process. Summarily, figures from the table show that effective implementation of the housing budget in Anambra State is marred by delay in release of funds, which in turn affects the progress of housing works/projects.

**c. Financial support for the Housing Corporation:** As indicated in Table 5.12, 96 respondents which represent 62% maintain that the Anambra State Government rarely provides financial support to the Housing Development Corporation (ASHDC), notwithstanding that the support amount is captured in the housing budget. 37(24%) of the respondents insist that it is never provided, while 13(8%) agree that it is sometimes provided. However, 10 (6%) of the

respondents do not know if support is provided or not. None of the respondents agree that support is often provided.

Follow-up oral interviews conducted by the researcher at the ASHDC and the Ministry of Housing provided more insight on this scenario. It revealed that ASHDC usually send request letters after the budget approval, to the Ministry of Housing, demanding for these monies to support housing infrastructure, but the requests are often ignored. The Ministry of Housing explains that the reason for this is because the Managing Director/CEO of the Corporation is not aggressive enough or not mounting enough pressure for the money to be provided. On the other hand, the ASHDC maintain that their requests usually gets turned down because the Directors in the Ministry envy them because they usually obtain landed property for their personal use at little or no cost and should also be able to generate their own income and not demand for money. The implication of this squabble is that not only is productive time wasted, the ASHDC is left with no option but to build the cost of these infrastructure (roads, drainages, electricity) into the housing purchase or rent cost, thereby escalating the cost. The foregoing obviously reveals sabotage of the housing budget by some high ranking personnel which further shows that the Anambra State Government is showing little or no commitment to making housing affordable for the citizenry.

**d. Major sources of funding for housing projects:** Table 5.12 also enquired from respondents; the major source of funds for housing projects in Anambra State. The result of the percentage analysis shows that the largest source is the allocation from the Federal Government, with 106 respondents, representing 68% of the total responses. The next major source is the State's IGR with 30(19%) responses, while funds from international organizations such as donor agencies/schemes like the World Bank assisted projects, United Nations/MDG projects comes third with 12 (8%) responses. 8(5%) of the respondents are of the view that funds for housing are generated from the private sector, such as contractor financing schemes. Funds for housing in the State are however not generated from NGOs. The implication of the above results is that the Anambra State Government is overly dependent on the Federal Government allocation for financing its housing budget, such that any decrease or delay in the Federal allocation may thwart or delay housing activities in the State. Hence, the need to not only diversify the State's

economy to boost IGR, but embark on measures to attract international support, grants and loans to improve its budgetary allocation to housing.

**e. Capabilities of housing budget professionals:** Table 5.12 also shows the responses of respondents on the professionals most capable or equipped to handle housing budget issues. The result indicates that 53 respondents representing 34% affirm that it should be a collaborative effort among the QS, accountant, economist and public administrator. 27(17%) think it should be handled by only the Accountant, 9(6%) think it should be the purview of the economist, while 5(3%) believe it should be the work of a public administrator. However, 62 (40%) of the respondents agree that the QS should be the most involved. From these results, it can be construed that majority of the respondents are of the view that the QS has the greatest potential for making a difference in the housing budget process of Anambra State, hence the need for the government to involve them more in the decision making process of the housing budget.

### **5.3.7 Ranking of the Problems Facing Housing Budget Performance**

The essence of this sub-section is to rank in order of severity, the challenges or problems hindering effective housing budget performance in Anambra State. This will also help to establish those critical areas that require close attention of the Government. The respondents were required to rate the challenges on a 5-point Likert scale (5= Strongly agree to 1= Don't know), after which the relative importance index (RII) for each factor was calculated as a basis of the ranking. The responses and ranking are presented in Table 5.13.

**Table 5.13. Responses and Ranking of the Problems Hindering Housing Budget Performance**

S/N	Problems	Strongly agree (5)	Agree (4)	Strongly disagree (3)	Disagree (2)	Don't know (1)	RII	Rank
(a)	Lack of accurate data on housing needs of the State	55	78	8	0	15	0.80	3
(b)	Inadequate time for preparing budget proposals	62	16	16	0	62	0.62	9
(c)	Dwindling IGR	78	16	16	0	46	0.70	6
(d)	Poor federal allocation	62	78	16	0	0	0.85	2
(e)	Lack of citizen participation	39	86	0	8	23	0.74	4
(f)	Ineffective mechanism for M & E of housing budget funds	70	31	16	0	39	0.72	5
(g)	Delays in passage and approval of the budget	55	78	8	0	15	0.80	3
(h)	Delays in release of funds for housing projects	62	78	16	0	0	0.85	2
(i)	Non-involvement of Quantity Surveyors	62	31	16	0	47	0.68	8
(j)	Lack of transparency and accountability by MDAs	55	78	8	0	15	0.80	3
(k)	Budget indiscipline	78	62	16	0	0	0.88	1
(l)	Numerous budget revisions throughout the year	62	16	16	0	62	0.62	9
(m)	Weak Medium Term Planning	39	86	0	8	23	0.74	4
(n)	Inadequate monitoring of housing projects execution	70	31	16	0	39	0.72	5
(o)	Lack of good quality data for budget preparation, M & E	78	16	16	0	46	0.70	6
(p)	Deferred budgeting	55	78	8	0	15	0.80	3
(q)	Lack of criteria for stipulating housing budget ceilings	0	94	48	3	11	0.69	7
(r)	Overloading of the budget with unrealistic items	70	31	16	0	39	0.72	5
(s)	Inability of MDAs to predict resource availability	0	94	46	3	11	0.69	7
(t)	Undue political influence	78	62	16	0	0	0.88	1

**Source:** Researcher's field survey (2017)

A careful examination of Table 5.13 reveals that there are twenty significant factors identified from literature and anecdotal evidence that constitute challenges to effective housing budget performance of Anambra State. The procedure for calculating the relative index is as follows: using the problem of lack of accurate data on housing needs as an example; Ranking sum (S) =  $\sum nw$ , Where **n** is no of respondents and **w**, the corresponding weight (score).

Therefore  $S = (55 \times 5) + (78 \times 4) + (8 \times 3) + (0 \times 2) + (15 \times 1) = 626$ ,  $RII = S / \text{max possible score} = 626 / (5 \times 156) = 626 / 780 = 0.80$ . Hence, the rank orders of the identified problems as shown.

At a glance, it can be seen that there is a close tie among the ranks, ranging from 1 to 9, showing that all problems are critical and contribute strongly to poor housing budget performance. Budget indiscipline and political interference ranked first as the most critical problems of housing budget performance with a relative index of 0.88 while non involvement of Quantity Surveyors, inadequate time for preparation of budget proposals and numerous revisions of the housing budget throughout the year ranked least at 8th and 9th position, with relative indices of 0.66 and 0.62 respectively. Other problems ranked between 2nd and 7th as depicted in the table. These results imply that, in as much as all identified problems require the attention of the Government, political interference in the housing budget process and extra budgetary expenditure need to be urgently addressed if the Anambra State housing budget performance is to be effective. On the other hand, inadequate time for budget preparation and budget revisions appear not to be major problems leading to poor housing budget performance.

#### **5.4. Analysis of the Annual Budget**

This sub-section deals with the analysis of relevant data contained in the annual budget documents of Anambra State, with emphasis on how it affects the housing sector. The documents used are (a) annual published budget estimates and Auditor-General's annual reports which provides data on recurrent revenue, capital receipts, capital expenditure and sectoral budget allocations, approved and actual expenditures and (b) budget Call circulars which provided information on annual housing budget ceilings. These data were relevant in determining the trend of housing budget allocation for the period under study, the proportion of annual housing budget allocation in comparison with other key sectors of the State, rate of housing budget implementation or budget discipline and the percentage of housing budget allocation in comparison with initial budget ceilings. Graphs and charts were used to depict the analysis for pictorial elucidation. Recall that a public budget contains both proposed income/revenue and expenditure for a specified period as defined by Ugwu (2006). In view of this, Tables 5.14 and 5.15 show the Anambra revenue and capital expenditure profile from 1999 – 2016.

**Table 5.14. Revenue Profile of Anambra State (1999 – 2016)**

Year	Recurrent revenue					
	IGR (₦)	State's share of Federal Allocation(₦)	VAT (₦)	Total Recurrent Revenue(₦)	Capital Receipts (₦)	Total Revenue(₦)
1999	861,120,000.00	1,707,860,000.00	658,570,000.00	3,227,550,000.00	1,130,000,000.00	7,585,100,000.00
2000	861,000,000.00	6,419,910,000.00	649,990,000.00	7,930,900,000.00	13,911,407,000.00	29,773,207,000.00
2001	1,644,176,480.00	7,415,000,000.00	886,350,000.00	9,970,000,000.00	12,602,390,380.00	32,517,916,860.00
2002	2,621,000,000.00	11,400,000,000.00	1,440,000,000.00	15,461,000,000.00	9,856,947,000.00	40,778,947,000.00
2003	2,400,000,000.00	11,760,000,000.00	1,464,000,000.00	15,624,000,000.00	7,763,949,960.00	39,011,949,960.00
2004	3,600,000,000.00	11,040,000,000.00	1,800,000,000.00	16,440,000,000.00	9,178,000,000.00	42,058,000,000.00
2005	3,720,000,000.00	17,400,000,000.00	2,040,000,000.00	23,160,000,000.00	16,402,000,000.00	62,722,000,000.00
2006	3,600,000,000.00	20,400,000,000.00	2,701,318,164.25	24,000,000,000.00	17,892,500,000.00	68,593,818,164.25
2007	8,400,000,000.00	32,600,000,000.00	3,543,459,997.20	41,000,000,000.00	35,023,000,000.00	120,566,459,997.20
2008	6,000,000,000.00	24,000,000,000.00	4,672,527,336.06	30,000,000,000.00	51,061,310,000.00	115,733,837,336.06
2009	10,000,000,000.00	24,000,000,000.00	4,639,538,293.13	34,000,000,000.00	47,692,120,000.00	120,331,658,293.13
2010	12,000,000,000.00	18,000,000,000.00	5,716,244,516.50	30,000,000,000.00	40,294,000,000.00	106,010,244,516.50
2011	12,267,000,000.00	28,000,000,000.00	7,469,191,424.13	40,267,000,000.00	33,691,000,000.00	121,694,191,424.13
2012	12,000,000,000.00	36,600,000,000.00	8,106,711,131.96	48,600,000,000.00	46,929,000,000.00	144,129,000,000.00
2013	17,919,000,000.00	54,000,000,000.00	9,189,738,458.52	71,919,000,000.00	70,955,000,000.00	223,982,738,458.52
2014	30,919,942,000.00	56,600,000,000.00	9,128,818,655.59	87,519,942,000.00	100,554,806,148.00	284,723,508,803.59
2015	54,000,000,000.00	43,000,000,000.00	8,801,531,639.36	97,000,000,000.00	48,400,000,000.00	251,201,531,639.36
2016	27,438,299,051.00	28,500,000,000.00	-	55,938,299,050.00	53,009,743,508.00	164,886,341,609.00

IGR= Internally Generated Revenue; VAT = Value Added Tax

**Source:** Annual, published Budget Estimate of Anambra State (1999 – 2016) and Anambra State Auditor-General's annual reports (2006 -2015)

Table 5.14 reveals that IGR increased progressively over the years, except for the years; 2003, 2006, 2012 and 2016. In 2003, the figure dropped to 2.4b from 2.6b of 2002. In 2006, it reduced to 3.6b from 3.7b of the previous year. In 2012, it dropped slightly to 12b as against the 12.2b of 2011. Finally, 2016 experienced a very sharp drop in IGR to 27.4b which is about 50% less than the figure of 2015. This may not be unconnected with the economic recession that hit the federal government of Nigeria and state governments. Similarly, Federal allocation also increased steadily, for the period except for 2004, 2010, 2015 and 2016. 2004 and 2010 witnessed drops to 11.04b and 18b respectively from 11.76b and 24b in 2015 and 2016, which was during the period of severe economic recession, the figures reduced to 43b and 28.5 b. It is however, interesting to note that the year 2015 was the only year where Anambra State's IGR exceeded its Federal Allocation.

Capital receipts (which are accruals from items like grants from donor agencies such as UNICEF, UNDP, DFID, EU, Government fund raising activities, loans, Federal Government ecology funds, VAT, reimbursements) also maintained a steady increase for the period, except for the early part of the study period (2001 – 2004), when it was unsteady; decreasing to 12.6 b in 2002, decreasing again to 9.8b, decreasing further to 7.76b in 2003 before increasing to 9.17b in 2004. From this year, the increase was steady till 2011 and 2015, when the figure dropped again to 33.69b from 40.29b in 2010 and 48.4b from 100.5b in 2014. It is pertinent to note that VAT figures for 2016 were excluded in the Table because it had not been published as at the time of obtaining these data. The data on revenue profile as contained in Table 5.14 was shown not because the focus of the work is on the analysis of annual revenue, but because it will aid in the comparative analysis of housing budget allocation.

#### 5.4.1. Analysis of Annual Housing Budget Allocation/Estimate

The import of this sub-section is to provide data and also analyze not only the annual housing budget allocation of Anambra State, but compare it to the allocation of other sectors, annual revenue and capital expenditure. Tables 5.15 and 5.16 provide these data.

**Table 5.15. Annual Capital Expenditure and Budgetary Allocations for Housing and other Key Sectors of Anambra State (1999 – 2016)**

Year	Sectoral Allocations					Total Capital Expenditure for all sectors (₦)
	Housing (₦)	Education (₦)	Health (₦)	Agriculture (₦)	Land Transport (Roads, Bridges) & Works (₦)	
1999	148,415,000.00	57,379,000.00	77,004,000.00	62,009,000.00	100,081,000.00	1,129,517,000.00
2000	743,000,000.00	462,100,000.00	377,000,000.00	503,160,000.00	5,306,000,000.00	13,911,407,000.00
2001	4,487,000,000.00	765,650,000.00	243,500,000.00	200,500,000.00	2,645,000,000.00	12,602,390,000.00
2002	777,400,000.00	670,500,000.00	810,500,000.00	227,500,000.00	2,280,000,000.00	9,856,947,000.00
2003	2,037,500,000.00	1,270,500,000.00	466,250,000.00	188,000,000.00	1,000,000,000.00	7,763,950,000.00
2004	875,000,000.00	419,000,000.00	507,000,000.00	227,577,000.00	5,699,000,000.00	11,709,677,000.00
2005	1,537,900,000.00	821,000,000.00	509,000,000.00	446,000,000.00	8,059,000,000.00	16,401,900,000.00
2006	1,057,500,000.00	1,832,570,000.00	553,000,000.00	592,210,000.00	7,140,000,000.00	17,503,340,000.00
2007	1,550,000,000.00	2,279,900,000.00	1,170,000,000.00	1,422,822,000.00	12,848,000,000.00	35,023,000,000.00
2008	3,750,000,000.00	3,209,000,000.00	1,291,000,000.00	1,225,250,000.00	16,205,000,000.00	51,061,310,000.00
2009	3,002,000,000.00	2,891,100,000.00	1,505,000,000.00	1,915,000,000.00	15,717,000,000.00	47,675,590,000.00
2010	2,430,000,000.00	2,505,000,000.00	1,218,000,000.00	1,092,000,000.00	12,744,000,000.00	40,294,200,000.00
2011	2,451,000,000.00	2,040,000,000.00	1,000,000,000.00	1,026,000,000.00	10,740,000,000.00	33,691,225,000.00

2012	1,808,000,000.00	10,989,990,000.00	1,371,000,000.00	1,140,436,000.00	10,000,000,000.00	46,929,000,000.00
2013	1,406,800,000.00	10,173,525,000.00	1,229,100,000.00	1,007,000,000.00	16,171,500,000.00	70,955,323,000.00
2014	2,947,000,000.00	7,171,986,000.00	5,088,000,000.00	5,272,467,000.00	35,600,000,000.00	103,195,000,000.00
2015	3,320,000,000.00	7,242,270,000.00	5,160,440,000.00	4,613,700,000.00	53,657,350,000.00	110,979,385,700.00
2016	500,000,000.00	3,000,000,000.00	2,500,284,103.00	1,022,715,898.00	33,208,999,998.00	52,695,984,648.00
<b>Total</b>	<b>34,828,515,000.00</b>	<b>57,801,470,000.00</b>	<b>25,076,078,103.00</b>	<b>22,184,346,898.00</b>	<b>249,120,930,998.00</b>	<b>683,379,146,348.00</b>

**Source:** Annual, published Budget Estimates of Anambra State (1999 – 2016)

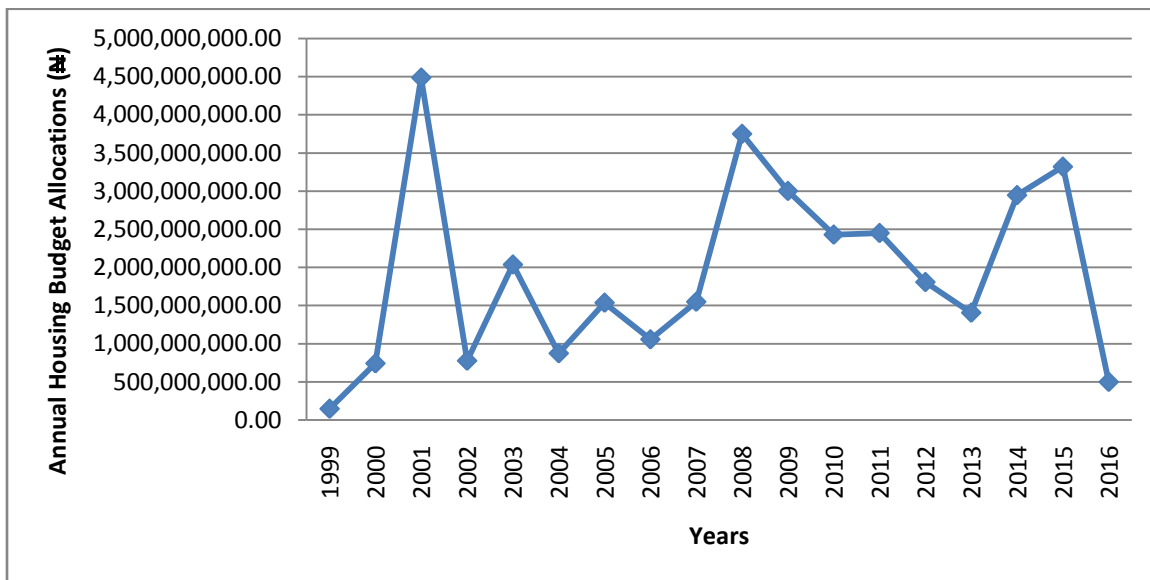
Table 5.15 shows first, the budget allocations for housing and some selected sectors, namely: education, health, agriculture and works sectors of Anambra State during the period, 1999 – 2016 and second, total capital expenditures for all sectors of the State. Two issues informed the selection of these sectors for analysis. First, as a result of the strategic place they occupy in human development as evidenced in the Human Development Index (HDI) which is the measure of life expectancy, literacy, education, and standard of living for countries worldwide and second, to make the analysis less cumbersome. These data on Table 5.15 can be found in appendix 3.

A close observation of Table 5.15 also indicates that much of the infrastructural allocation during the period 1999 – 2016 was on land transport (roads, bridges) and works, with the total sum amounting to 249b. Only two years (2001 and 2003) recorded periods when works budget was less than the housing budget. Specifically these are 2.6b as against 4.4b for housing in 2001 and 1b as against 2b in 2003. The next highest ranking sector in terms of budget allocation is Education (57.8b), housing comes third with a total allocation of 34.8b. On an annual basis however, the budgetary allocation of housing appears skewed or unsteady or inconsistent, witnessing intermittent increases and decreases for the study period. It rose from 1999(148.4m) to 2001(4.4b), but fell again in 2002 to 777.4m. It rose in 2003(2b), and fell in 2004(875m). This scenario continued until in 2016 when it dropped drastically to 500m, albeit due to the economic recession. The highest budget allocation recorded in the housing sector for the 18 year period was in 2001 with the sum of 4.4b, while the lowest was in 2016 with the sum of 500m.

From Table 5.15, it can be deduced that land transport (roads, bridges)/works is the priority sector by total budget allocation from 1999 – 2016. Figure 5.7 further depicts this scenario. The total percentage allocation to the housing sector when compared with the total capital allocation is a paltry 5% unlike the works sector which gulped 36% of the total capital expenditure. This

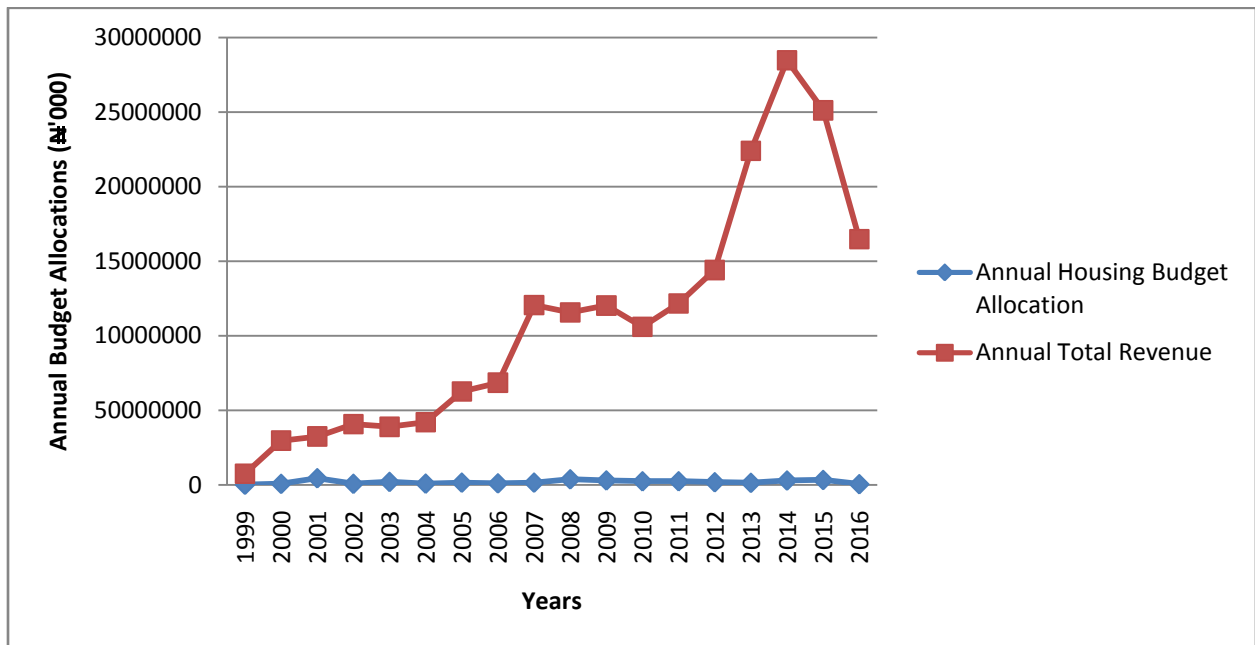


situation is not healthy for the housing sector in Anambra State considering the crucial role the sector plays in not only improving the socio-economic well-being of the citizenry, but improving the performance of other sectors of the economy. Though, when compared to other sectors like health and agric, housing fared better in terms of allocation but when compared to works, it fared abysmally, with a very wide allocation margin. It is pertinent to note that other sectors exist (see appendix 3) which may have fare better than the housing sector over the 18 year period, but they were not used or included in the analysis for reasons earlier cited. Table 5.16 provides further analysis in terms of percentages of budgetary allocation. Figures 5.1 – 5.13 depicts the graphs and charts of the relevant analysis based on the tables provided and in line with achievement of the research objectives.



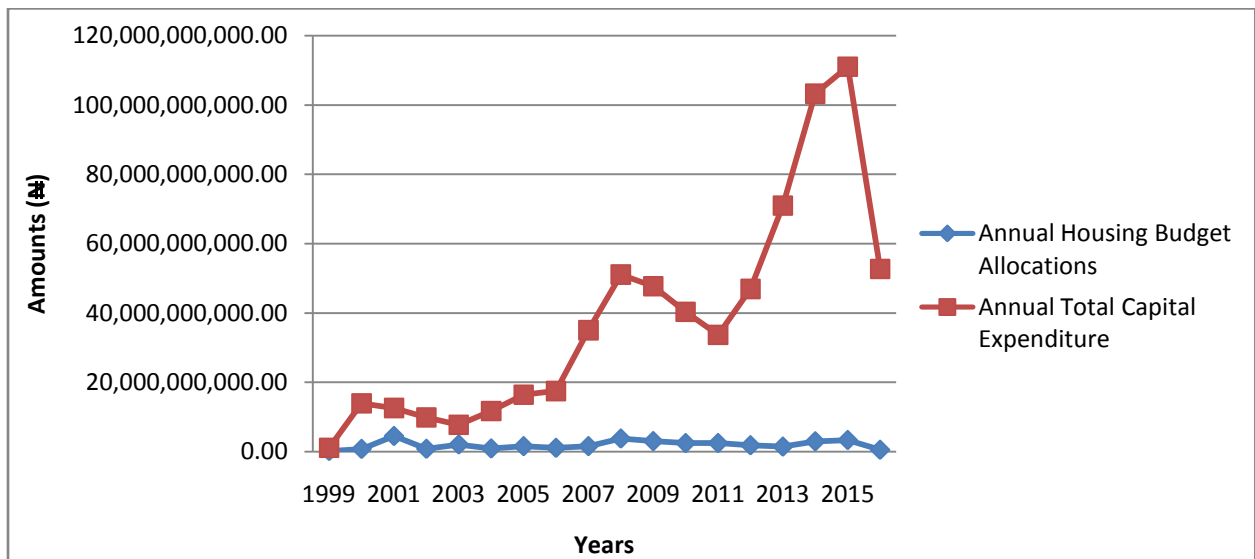
**Figure 5.1:** Trend of Anambra State Housing Budget Allocation from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

A cursory look at Figure 5.1 above shows that annual housing budget in Anambra State has been dangling within the study period. This rise and fall movement indicates that there is no regular trend of the annual housing budget allocation to the state hence, it is skewed and one cannot predict accurately the next year housing budget’s allocation using either the past and current periods.



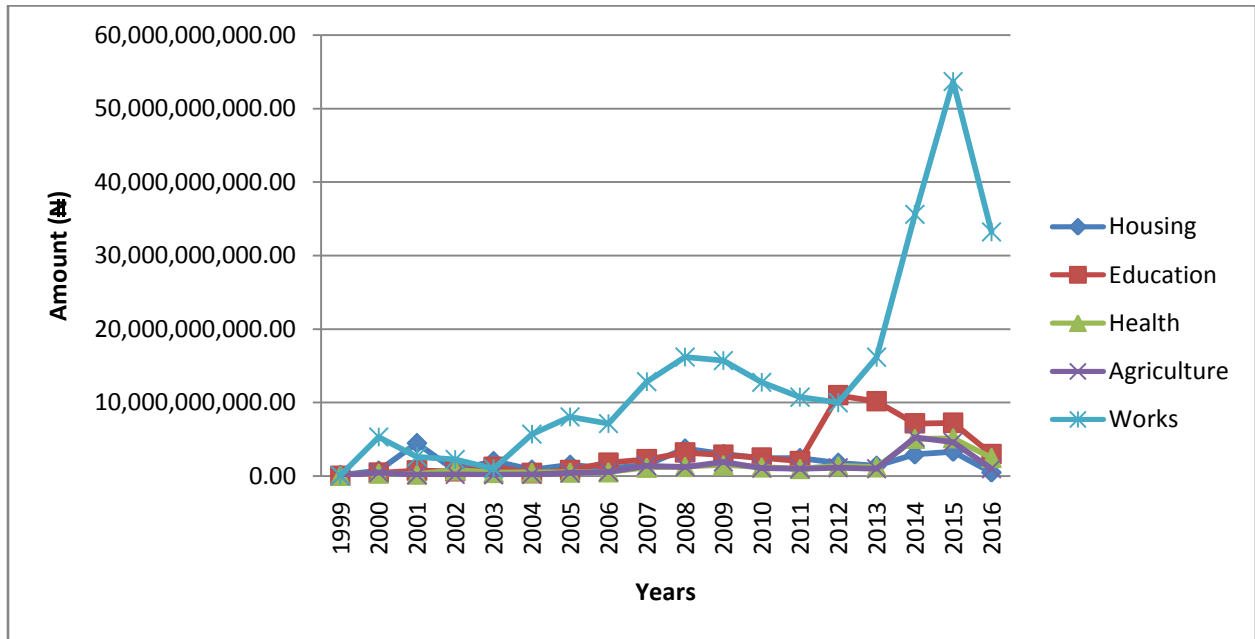
**Figure 5.2:** Trend of Anambra State annual Housing budget allocation and total revenue (Researcher’s plot with MS- Excel, 2017)

From Figure 5.2, it can be observed that while annual total revenue was on a steady rise within the study period, annual housing budget allocation exhibited a random pattern within the period. This is also a clear pictorial elucidation of the Anambra State’s poor budgetary allocation and lack of commitment to the housing sector despite increases in its annual revenue.



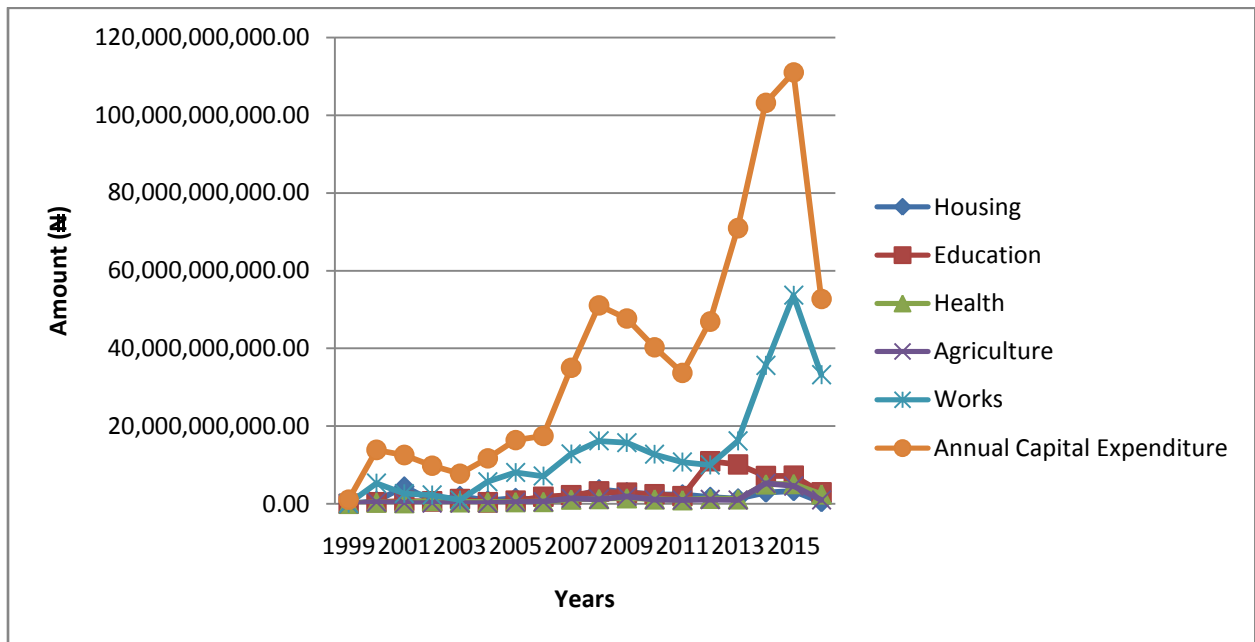
**Figure 5.3:** Trend of Anambra State annual Housing budget allocation and annual capital expenditure (Researcher’s plot with MS- Excel, 2017)

Figure 5.3, which is a pictorial comparison of the trend of annual housing budget allocation and annual capital expenditure; shows difference in pattern except between 2013 to 2016. The result specifically shows that both annual housing budget allocation and annual capital expenditure in Anambra State exhibit a random movement within the period though with a wide variation.



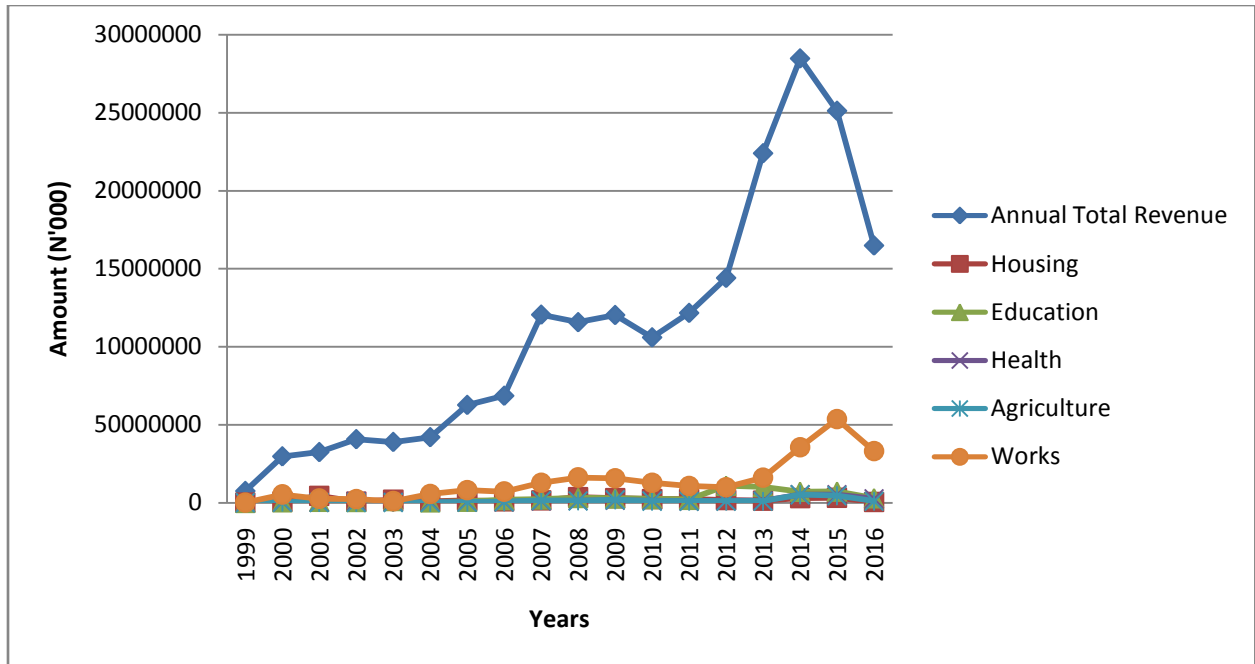
**Figure 5.4:** Trend of Anambra State annual housing, education, health, agriculture and works sector budget allocation from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

The trends of annual housing budget allocation, education, health, agriculture and works as shown in figure 5.4 follow a random pattern. This rise and fall movements in the sectors’ allocation indicates some degree of inconsistency and unpredictability of the key economic sectors in Anambra State. However, in comparison with the works sector, it can be observed that the works sector is the most consistent, predictable with a very wide margin and steady rise, except from 2015.



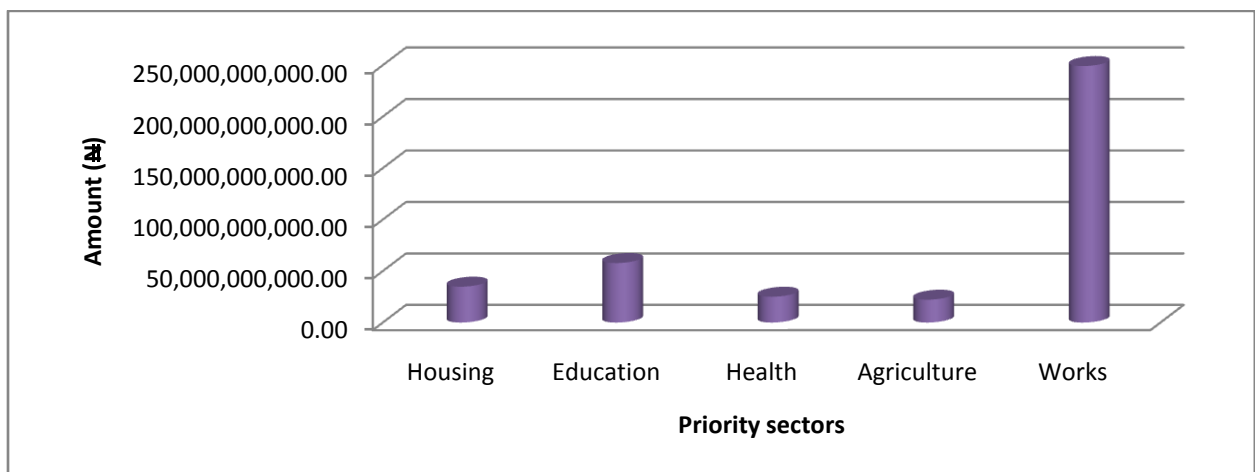
**Figure 5.5:** Trend of Anambra State annual housing, education, health, agriculture and works sector budget allocation and capital expenditure from 1999 – 2016 (Researcher’s plot with MS-Excel, 2017)

A close look at figure 5.5 shows that apart from the Housing budget allocation, all other sectoral allocations given to Anambra State are associated or consistent with their capital expenditures as they exhibit same pattern of movement. The Housing budget allocation is however different from other sectors’ allocation and exhibits an unpredictable rise and fall movement within the study period which implies that allocation to housing cannot be predicted in Anambra State.



**Figure 5.6:** Trend of Anambra State annual housing, education, health, agriculture and works sector budget allocation and total revenue from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

Figure 5.6 shows that annual budget allocation to education sector is closely related to annual allocations to health sector in Anambra state. The graph shows that the pattern of allocation to the key sectors in the State are related to one another, though there are variations in the amount being allocated to each of the sectors. Particularly, the amount allocated to the housing sector varies widely with that given to other sectors in Anambra State with respect annual total revenue.



**Figure 5.7:** Priority sectors of Anambra State by total budget allocation from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

The results of Figure 5.7 reveals that the most prioritized sector by total budget allocation or sector of focus in Anambra State during the study period is the works sector, followed by education sector, then housing sector, health sector and lastly agricultural sector. Specifically, the result shows that about ₦249 billion is allocated to works; about ₦58 billion to education sector; about ₦35 billion to housing, while about ₦25 billion and ₦22 billion are allocated to health and agricultural sectors respectively.

**Table 5.16. Annual Percentage Budgetary Allocation for Housing and other Key Sectors of Anambra State (1999 – 2016)**

Year	Housing (%)	Education (%)	Health (%)	Agriculture (%)	Land Transport (Roads, Bridges) & Works (%)
1999	13.00	5.00	7.00	5.00	9.00
2000	5.00	3.00	3.00	4.00	38.00
2001	36.00	6.00	2.00	2.00	21.00
2002	8.00	7.00	8.00	2.00	23.00
2003	26.00	16.00	6.00	2.00	13.00
2004	7.00	4.00	4.00	2.00	49.00
2005	9.00	5.00	3.00	3.00	49.00
2006	6.00	10.00	3.00	3.00	41.00
2007	4.00	7.00	3.00	4.00	37.00
2008	7.00	6.00	3.00	2.00	32.00
2009	6.00	6.00	3.00	4.00	33.00
2010	6.00	6.00	3.00	3.00	32.00
2011	7.00	6.00	3.00	3.00	32.00
2012	4.00	23.00	3.00	2.00	21.00
2013	2.00	14.00	2.00	1.00	23.00
2014	3.00	7.00	5.00	5.00	34.00
2015	3.00	7.00	5.00	4.00	48.00
2016	1.00	6.00	5.00	2.00	63.00

**Source:** Researcher's field survey (2017)

**Table 5.17: Descriptive Statistics of the Key Sectors' Allocation in Anambra State**

	HOUSING %	EDUCATION %	HEALTH %	AGRICULTURE %	WORKS %
Mean	8.500000	8.000000	3.944444	2.944444	33.22222
Median	6.000000	6.000000	3.000000	3.000000	32.50000
Maximum	36.00000	23.00000	8.000000	5.000000	63.00000
Minimum	1.000000	3.000000	2.000000	1.000000	9.000000
Std. Dev.	8.813426	4.946776	1.696787	1.161754	13.73940
Skewness	2.204730	1.908115	1.055162	0.340754	0.229793
Kurtosis	6.957488	5.947023	3.118406	2.069831	2.692071
Jarque-Bera	26.32879	17.43642	3.350618	0.997251	0.229529
Probability	0.000002	0.000164	0.187250	0.607365	0.891576
<<					
Sum	153.0000	144.0000	71.00000	53.00000	598.0000
Sum Sq. Dev.	1320.500	416.0000	48.94444	22.94444	3209.111
Observations	18	18	18	18	18

**Source:** Researcher's extract from output of E-views 7 econometric software (2017)

**Table 5.18: Summary of Descriptive Statistics of Annual Percentage Allocations to Key Sectors in Anambra State (1999-2016)**

Sectors	Mean	Std. Dev.	Skewness	Kurtosis	Prob(JB)
<b>Housing</b>	8.50	8.81	2.20	6.96	0.0000
<b>Education</b>	8.00	4.95	1.91	5.95	0.0002
<b>Health</b>	3.94	1.70	1.06	3.12	0.1873
<b>Agriculture</b>	2.94	1.16	0.34	2.07	0.6074
<b>Works</b>	33.22	13.74	0.23	2.69	0.8916

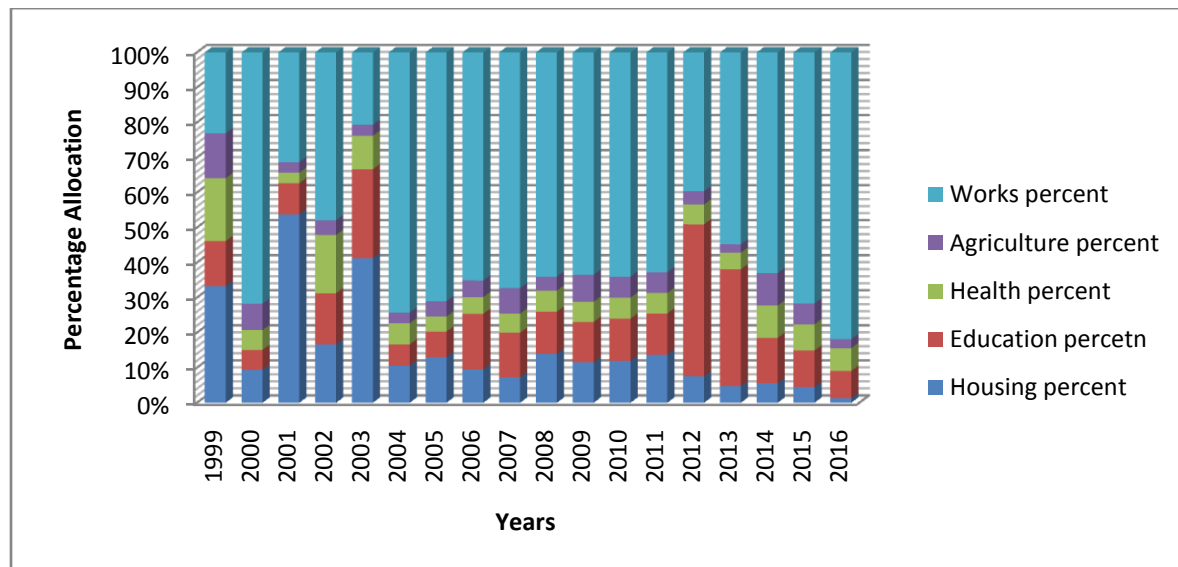
**Source:** Researcher's computation and extract from E-views 7 econometric software (2017)

From Table 5.18, it can be observed that the average percentage budget allocation for roads/bridges and works sector remains the highest with 33.22%, followed by housing with a paltry 8.50% allocation. This is followed closely by education with 8.00%, with agriculture coming least with 2.94%. Again, it can be deduced from this percentage analysis, that the works sector is the most prioritized sector of Anambra State, considering the wide margin in average percentage budget allocation when compared to housing. In view of this result, this research suggests that provision of housing facilities in Anambra State can be improved if the state government will review its percentage allocation to the housing sector.

Furthermore, the summary of the descriptive statistics, as depicted by Table 5.18 shows that the housing budgetary allocation stood at average value of 8.5% with a standard deviation of 8.81% which indicates a wide spread in the sector's allocation within the period. The skewness and kurtosis statistics indicates that allocation to this sector is skewed to the right with excess kurtosis while the prob (Jarque-Bera) statistic which is a goodness of fit test shows that the budget allocation to the housing sector does not follow a smooth distribution and hence cannot be predicted.

The budgetary allocation to education sector stood at average value of 8.00% with associated standard deviation of 4.94%. The skewness and kurtosis values are 1.91 and 5.95 respectively which indicates that budgetary allocation to education sector in Anambra State is positively skewed with excess kurtosis of 2.95. The distribution of the sector's allocation within the period is not smooth with Prob(Jarque-Bera) statistic less than 0.05.

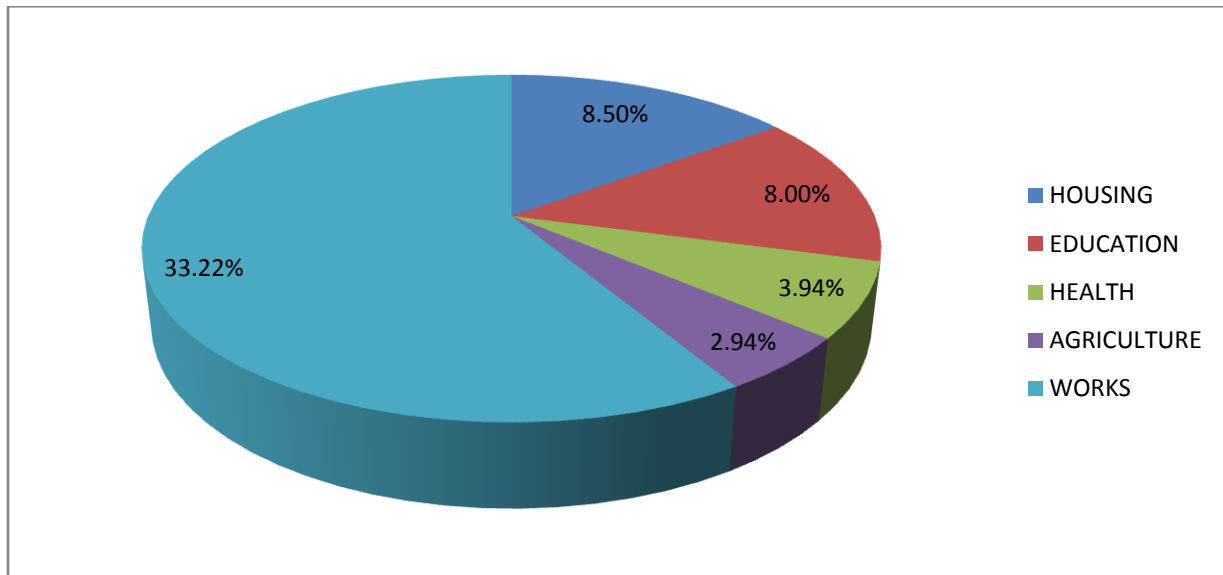
The budgetary allocations to Health, Agriculture, and Works, stood at 3.94% 2.94% and 33.22% respectively with associated standard deviations of result of 1.70%, 1.16% and 13.74% respectively. The skewness and kurtosis statistics shows that the sectoral budgetary allocations are all positively skewed with only the Health allocation having excess kurtosis of 0.12 within the study period.



**Figure 5.8:** Component bar chart of percentage proportions of budgetary allocation to the key sectors in Anambra State from 1999-2016 (Researcher's plot with MS- Excel, 2017)



The component bar chart (Figure 5.8) shows that in 1999 the highest budget allocation was given to housing followed by works. This appears to be the only year the Anambra State Government made some efforts to improve housing delivery because after this year, the scenario was different. In 2000, greater percentage of the allocation was given to works; and to housing in 2001 and 2003. In 2002, 2004 to 2011, greater percentage of the allocations was given to works while in 2012 and 2013 there were almost proportion of budgetary allocations to education sector and works. From 2014 to 2016, most of the allocations were given to works with health and education sector having closely equal proportions of the budget allocations.



**Figure 5.9:** Average percentage budgetary allocation to key sectors of Anambra State from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

The Pie chart (figure 5.9) shows that the sectoral distribution of budgetary allocations in Anambra State. About 33.2% of the key sectors allocation is allocated to works; 8.5% to housing sector; 8.0% to education sector; 3.9% to health sector and only about 2.9% to the agriculture sector. From this pictorial elucidation, it is also quite evident therefore that works sector gulps the largest chunk of Anambra State’s annual budget.

#### 5.4.2. Analysis of Annual Housing Budget Ceiling

This sub-section compares the annual housing budget ceiling and annual budget estimate of Anambra State. This is with a view to ascertaining the margin of difference between both figures and if there is a general increase or decrease in the annual housing budget allocation over the years, in relation with the ceiling stipulated by the Ministry of Budget and Economic Planning in their annual Budget Call Circulars. Table 5.19 shows the data and result of the analysis.

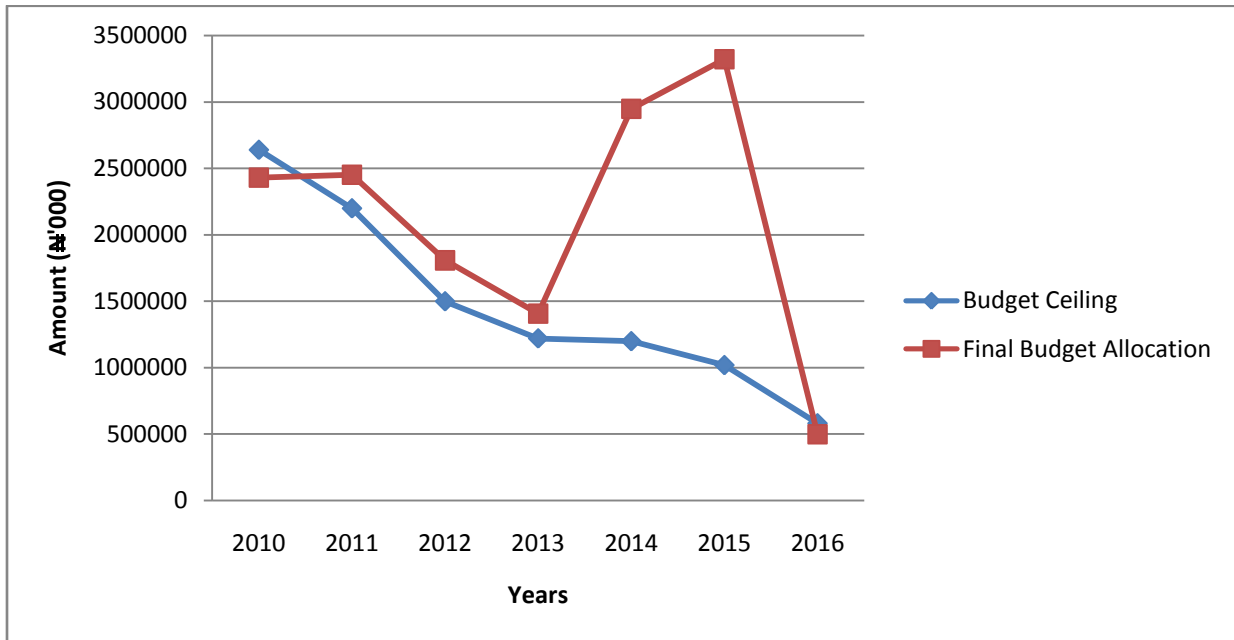
**Table 5.19. Annual Housing Budget Ceiling and Housing Budget Allocations (2010 – 2016)**

<b>Year</b>	<b>Budget Ceiling(₦)</b>	<b>Final Budget Allocation(₦)</b>	<b>Difference (₦)</b>	<b>% Difference</b>
2010	2,640,000,000.00	2,430,000,000.00	210,000,000.00	7.95
2011	2,200,000,000.00	2,451,000,000.00	-251,000,000.00	-11.41
2012	1,500,000,000.00	1,808,000,000.00	-308,000,000.00	-20.53
2013	1,221,000,000.00	1,406,800,000.00	-185,800,000.00	-15.21
2014	1,200,000,000.00	2,947,000,000.00	1,747,000,000.00	145.48
2015	1,020,000,000.00	3,320,000,000.00	2,300,000,000.00	225.49
2016	581,996,504.00	500,000,000.00	81,996,504.00	14.08
<b>Total</b>	<b>10,362,996,504.00</b>	<b>14,862,800,000.00</b>	<b>-4,499,803,496.00</b>	<b>-30.28</b>

**Source:** Budget Ceilings were extracted from annual Budget Call Circulars, while final budget allocations were extracted from the annual, published budget estimates of Anambra State (2010– 2016)

A study of Table 5.19 shows that data on housing budget ceilings began from 2010. Data from 1999 - 2009 could not be obtained due to inability of staff of the Ministries of Budget and Housing to retrieve Budget Call Circulars for those years and make them available for the researcher. However, data for the 7 years obtained indicates that there was a general increase in housing budget allocation when compared with the initial Budget Ceiling, except in 2010 and 2016 where the final budget allocations or ₦2.43b and ₦500m was lesser than the budget ceilings of ₦2.64b and ₦581m. Similarly, based on the total sums, it can be seen that the total sum of the final budget allocation from 2010 – 2016 is ₦14.86b, which is higher than the total budget ceiling of ₦10.36b, with a difference of about ₦4.5b. Hence, the total percentage difference comes to about -30.28%.

From the foregoing, it can be surmised that the amount stipulated as housing budget ceiling by the Ministry of Budget and Economic Planning is not a prohibiting factor because there is a general increase in final allocation even after the ceiling is stipulated. The issue therefore still lies in the criteria for stipulating the ceilings.



**Figure 5.10:** Trend of housing budget ceiling and final housing budget allocation for Anambra State from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

The trend graph in Figure 5.10 shows that annual housing budget ceiling and final housing budget allocation follows a similar pattern from 2010 to 2013. However, from 2013, there was a wide margin or gap between both of them. The final budget allocation rose in 2014 and 2015, and fell in 2016 while the budget ceiling continued to fall within the period. It can be deduced from this, that the Ministry of housing, via the Commissioner for Housing must have made concerted efforts within this period to ensure that the budget ceiling was not adhered to during the final budget allocation, as depicted by the increase from 2013. In 2016, however, it appears that the status quo was reverted to.

### 5.4.3. Analysis of Housing Budget Implementation

Previous sub-sections dealt with analysis of housing budget estimates or allocation and ceiling. This sub-section however is concerned with the actual rate of housing budget implementation or how disciplined the Government is in adhering to the allocated or approved housing budget during the housing delivery process (otherwise referred to as budget discipline). In view of this, data on budget estimate, approved allocation and actual expenditure were used (*see appendix 5*), as shown in Table 5.20.

**Table 5.20. Budget Estimate, Approved Allocation and Actual Expenditure for the Housing Sector in Anambra State (1999 – 2016)**

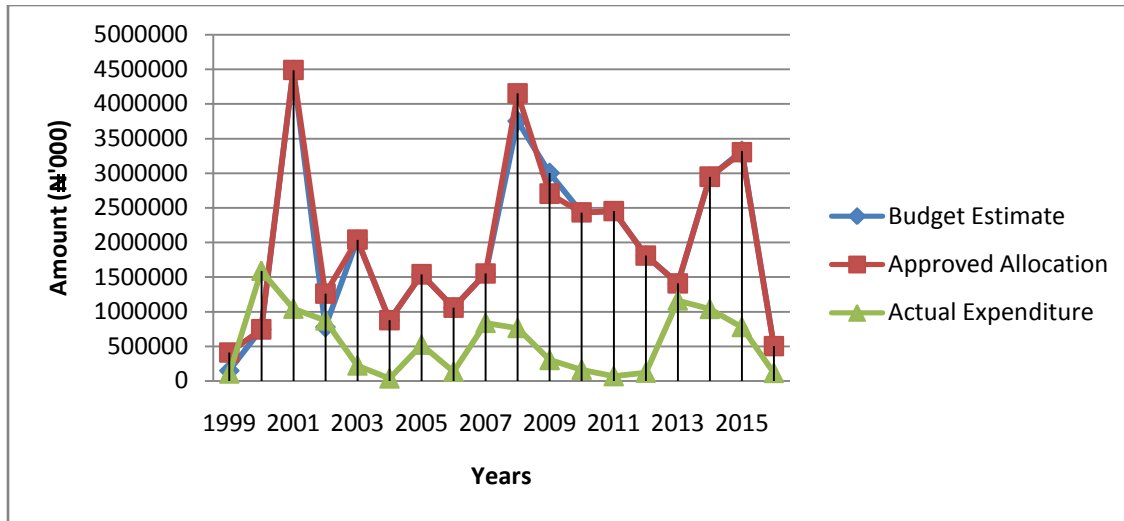
Yr	BES(₦)	AAL(₦)	AEX(₦)	Variance(₦) (BES – AEX)	% Variance	% Implementation (AEX/AAL)
1999	148,415,000.00	408,415,000.00	105,574,000.00	42,841,000.00	28.87	25.85
2000	743,000,000.00	743,000,000.00	1,589,461,000.00	-846,461,000.00	-113.92	213.92
2001	4,487,000,000.00	4,487,000,000.00	1,041,444,000.00	3,445,556,000.00	76.79	23.21
2002	777,400,000.00	1,257,400,000.00	873,000,000.00	-95,600,000.00	-12.29	69.43
2003	2,037,500,000.00	2,037,500,000.00	221,655,675.77	1,815,844,324.23	89.12	10.88
2004	875,000,000.00	875,000,000.00	34,705,000.00	840,295,000.00	96.03	3.97
2005	1,537,900,000.00	1,537,900,000.00	521,977,000.00	1,015,923,000.00	66.06	33.94
2006	1,057,500,000.00	1,057,500,000.00	131,598,001.95	925,901,998.05	87.56	12.44
2007	1,550,000,000.00	1,550,000,000.00	837,154,858.23	712,845,141.77	45.99	54.01
2008	3,750,000,000.00	4,150,000,000.00	763,029,727.00	2,986,970,273.00	79.65	18.39
2009	3,002,000,000.00	2,702,000,000.00	300,882,222.63	2,701,117,777.37	89.98	11.14
2010	2,430,000,000.00	2,430,000,000.00	161,018,131.20	2,268,981,868.80	93.37	6.63
2011	2,451,000,000.00	2,451,000,000.00	68,226,876.97	2,382,773,123.03	97.22	2.78
2012	1,808,000,000.00	1,808,000,000.00	117,802,375.62	1,690,197,624.38	93.48	6.52
2013	1,406,800,000.00	1,406,800,000.00	1,160,541,883.00	246,258,117.00	17.50	82.50
2014	2,947,000,000.00	2,947,000,000.00	1,037,546,390.00	1,909,453,610.00	64.79	35.21
2015	3,320,000,000.00	3,300,000,000.00	777,254,039.00	2,542,745,961.00	76.59	23.55
2016	500,000,000.00	500,000,000.00	114,045,000.00	385,955,000.00	77.19	22.81
<b>Total</b>	<b>38,828,515,000.00</b>	<b>35,648,515,000.00</b>	<b>9,856,916,181.37</b>	<b>24,971,598,818.63</b>		
<b>Overall % Housing Budget Implementation =</b>					<b>25.39% of total BES</b> <b>27.65% of total AAL</b>	

BES= Budget Estimate; AAL= Approved Allocation; AEX= Actual Expenditure.

**Source:** BES, AAL and AEX were extracted from the annual, published budget estimates of Anambra State (1999 – 2016) and Anambra State Auditor-General's annual reports (2007 -2012), while the variance and percentage implementation were computed by the researcher

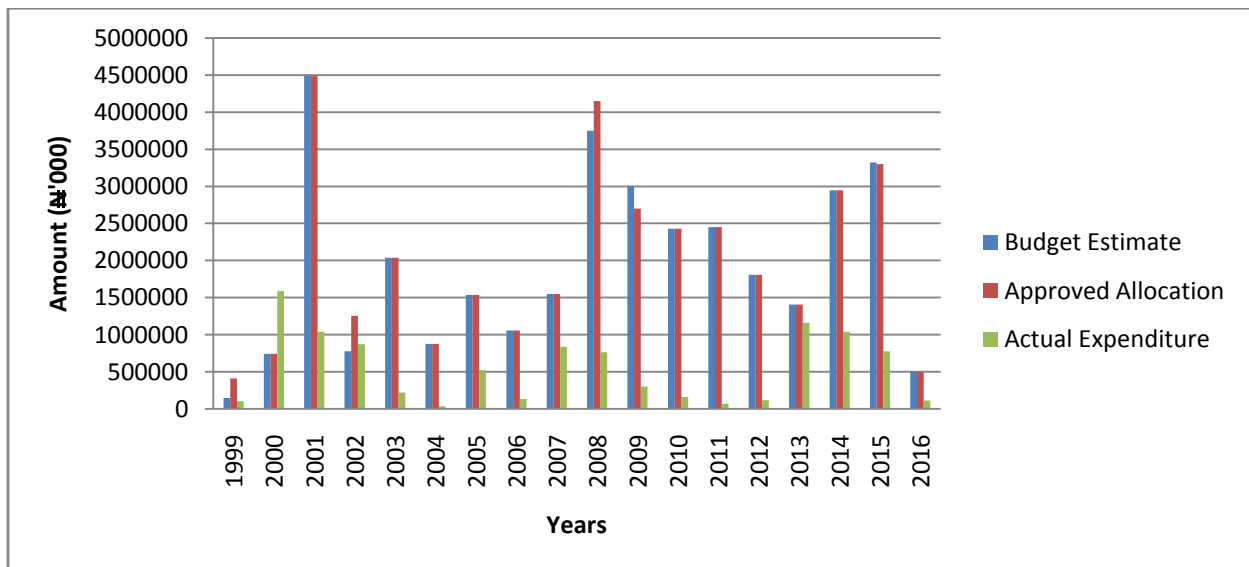
A careful observation of the analysis in Table 5.20 for an 18 year period (1999 – 2016) shows that Anambra State housing budget implementation has been consistently poor and inefficient. On an annual basis, only the years 2000 and 2002 were periods where actual expenditure exceeded the budget estimate or approved allocation. This is evidenced by the negative variances or differences of -~~₦~~846,461,000.00 for 2000 and -~~₦~~95,600,000.00, with percentage implementations of 213.92% and 69.43%; which can also be regarded as cases of over spending. Other years recorded lesser actual expenditure. A comparison of the total budgeted housing estimate over the years which amounts to ₦38.83b and the total approved housing expenditure which amounts to ₦35.65b; shows that approved expenditure for housing by the government is close to the budget estimate, with a difference of 3.18b, which is quite commendable. However, comparing the total amounts of the budgeted housing estimate (38.83b) and total approved allocation (35.65b) with the total actual housing expenditure of ₦9.86b, the results indicate that the rate of budget implementation is 25.39% of the total budgeted estimate and 27.65% of the total approved allocation. This result also closely corroborates the findings from the questionnaire survey, where majority of the respondents indicated a 20% - 40% rate of implementation of the housing budget.

From the foregoing, it can be surmised that aside the poor commitment of the Anambra State Government to housing provision, the problem of housing budget implementation lies not in the approval itself, but the will to actual implement the approved budget, hence, the housing budget of Anambra State been grossly under implemented. This further explains the dearth of public or Government financed housing developments in the State. In view of this, it should be noted that in the course of oral interviews conducted by the researcher, it was further revealed that the likely reasons for the poor housing budget implementation are financial mismanagement, budget indiscipline and extra budgetary expenditure which is rife in the Anambra State housing budget system; where appropriations for housing projects are diverted or used for projects in other sectors, considered more ‘critical’ than housing. This is also worsened by lack of transparency. These issues probably explain the shortfall in actual housing expenditure over the study period



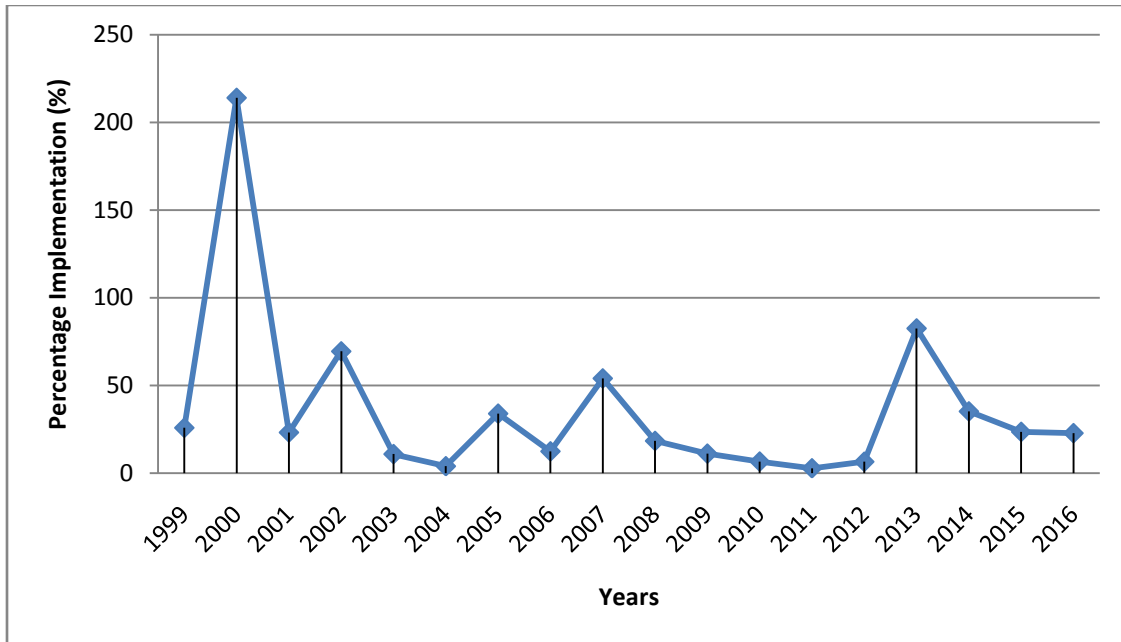
**Figure 5.11:** Trend of budgeted, approved and actual expenditure for housing in Anambra State from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

The graph (figure 5.11) shows a random movement in the housing budget estimate, approved allocation and actual expenditure within the study period. The figure shows that the budget estimate and approved allocation are more related compared with actual housing expenditure in Anambra State. This indicates that almost all estimated housing budget in the State are approved, but not spent or used for housing. The trend graph also shows a wide gap between annual approved allocation in the housing sector and their actual expenditures in Anambra State. In other words, indicating that the housing expenditures carried out as approved and estimated or budgeted.



**Figure 5.12:** Multiple bar chart of budgeted, approved and actual expenditure for housing in Anambra State from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

Figure 5.12 is a comparative chart in form of a multiple bar chart of annual budget allocation, estimate and actual expenditure on housing sector in Anambra State from 1999-2016. A cursory look at the graph shows that within the study period, there is a close relationship between annual approved housing budget allocation and housing budget estimate. Particularly, there was an excess expenditure in the year 2000 as the expenditure was above the budget estimate and approved allocation, while for the years: 2003, 2004, 2006, 2008, 2009, 2010, 2011 and 2012, not even up to 30% of the approved allocation and estimate was implemented. The worst was in 2004, where not even 5% of the approved allocation to the sector was utilized. From 2014 - 2016, the expenditures were also low, as about 20-40% of the allocations were implemented, while in 2002, 2007 and 2013, above 50% of approved allocation to the sector were utilized.



**Figure 5.13:** Trend of annual housing budget implementation from 1999 – 2016 (Researcher’s plot with MS- Excel, 2017)

The graph (figure 5.13) of annual housing budget implementation in Anambra State for the period of 1999 to 2016 shows a random movement within the period. Apart from spikes in 2000, 2002 and 2013, the housing budget implementation in the State ranges between 3-50% within the study period. This shows poor implementation of the housing budget in Anambra State.

## 5.5. Validation of Hypotheses

Based on the objectives of this research the following null hypotheses were postulated and tested in the cause of this research.

### 5.5.1 Hypothesis One

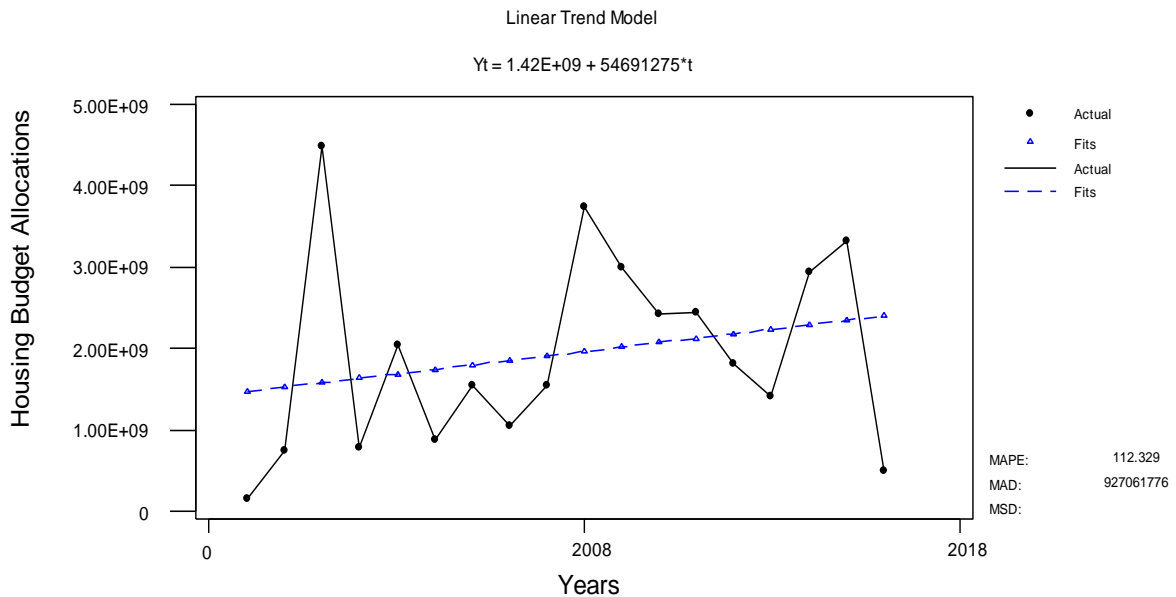
There is no significant trend in annual housing budget allocation in Anambra State for the period under study.

**(a) Data used:** Annual budgetary allocations for housing in Anambra State from 1999 – 2016 (table 5.15).

**(b) Data analysis softwares:** SPSS version 22 and E-views 7 econometric.

**(c) Data analysis methods/tools:** Trend analysis and Pearson correlation analysis and Regression analysis.

**(d) Decision rule:** Reject the null hypothesis if p-value is less than or equal to 0.05 [**Level of significance ( $\alpha$ )**]; otherwise do not reject.



**Figure 5.14:** Trend Model of annual housing budget allocation in Anambra State from 1999-2016 (Researcher's plot and computation with E-views econometric software, 2017)



**Table 5.21. Trend Results of Annual Housing Budget Allocation over the study period.**

Coefficients <sup>a</sup>						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1415350392.157	595558159.091		2.377	.030
	Time	54691274.510	55020197.057	.241	.994	.335
a. Dependent Variable: Housing budget allocations						
Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.241 <sup>a</sup>	.058	-.001	1211069403.36644		
a. Predictors: (Constant), Time						

**Source:** Researcher's computation and extract from SPSS version 22 (2017)

**Interpretation and Decision:** The result in Table 5.21 shows a positive movement in trends of Housing budget allocations (with a slope = 54691274.5) in Anambra State for the period under review. The Mean Absolute Deviation (MAD) and Mean Absolute Percentage Error (MAPE) values of 927061776 and 112.329 respectively showed that there are wide variations in movement of the trend which also indicates unpredictability of housing budget allocations in the State.

The correlation coefficient (R) result of the trend equation is 0.241 with associated probability value of 0.335 > 0.05 which indicates a low and insignificant trend. This is further confirmed by R-square estimate which measures the goodness of fit of the model showing that only about 5.8% of the total variations in annual housing budget allocation in the State could be explained by time. The remaining 94.2% are unexplained. We therefore accept the null hypothesis of no significant trend of annual housing budget allocation for the period of study, since p-value of 0.335 > 0.05.

### 5.5.2 Hypothesis Two

There is no causal relationship between the State’s annual housing budget and the annual federal allocation.

(a) **Data used:** Annual budget allocation for housing and annual federal allocation of Anambra State from 1999 – 2016 (tables 5.14 and 5.15).

(b) **Data analysis software:** E-views 7 econometric software.

(c) **Data analysis method/tool:** Granger Causality test.

(d) **Decision rule:** Reject the null hypothesis if p-value is less than or equal to 0.05[Level of significance ( $\alpha$ )]; otherwise do not reject.

**Table 5.22. Granger Causality Result of Annual Housing Budget Allocation and Federal Allocation in Anambra State**

---

Pairwise Granger Causality Test Result			
Date: 03/30/17 Time: 13:51			
Sample: 1999 2016			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
Annual Federal Allocation does not Granger Cause Housing Budget Allocation	18	0.45618	0.6452
Annual Housing Budget Allocation does not Granger Cause Federal Allocation		0.16090	0.8533

---

**Source:** Researcher’s computation and extract from E-views 7 econometric software (2017)

**Interpretation and Decision:** The pairwise Granger causality test result in Table 5.22 reveals that the probability (p) values of  $0.6452 > 0.05$  and  $0.8533 > 0.05$ , Hence, we do not reject the null hypothesis of no causal relationship between the State’s annual housing budget and annual federal allocation in Anambra State and infer that there is no causal relationship between the State’s annual housing budget allocation and annual federal allocation in Anambra State for the period under study. This implies that Anambra State’s annual housing budget is not determined the federal allocation (i.e. it is not a consideration) and vice versa.

### 5.5.3 Hypothesis Three

Housing budget problems have no significant effect on housing budget performance in Anambra State.

(a) **Data used:** Ranking of the problems hindering housing budget performance in Anambra State (table 5.13).

(b) **Data analysis software:** SPSS version 22

(c) **Data analysis method/tool:** One sample t-test.

(d) **Decision rule:** Reject the null hypothesis if p-value is less than or equal to 0.05[Level of significance ( $\alpha$ )]; otherwise do not reject.

**Table 5.23. One Sample t-test Results of the Effect of Housing Budget Problems on Housing Budget Performance**

T-TEST						
/TESTVAL=0.5						
/MISSING=ANALYSIS						
/VARIABLES=VAR00001						
/CRITERIA=CI (.95) .						
One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
Relative Importance Index (RII)	20	.7500	.07867	.01759		
One-Sample Test						
	t	df	Sig. (2-tailed)	Test Value = 0.5 Mean Difference	95% Confidence Interval of the Difference	
	14.211	19	.000	.25000	Lower .2132	Upper .2868
Summary						
Cluster mean = 0.75						
t-stat. = 14.21						
Prob.(t-stat.) = (0.0000)						

**Source:** Researcher's computation and extract from SPSS version 22 (2017)

**Interpretation and Decision:** The results as shown in Table 5.23; with t-statistic value of 14.21 and associated probability value of  $0.0000 < 0.05$  indicates the rejection of the null hypothesis which implies that Housing budget challenges has a significant effect on the housing budget performance in Anambra State.

### 5.5.4 Hypothesis Four

There is no significant relationship between annual housing budget allocation and annual actual housing expenditure in Anambra State.

(a) **Data used:** Annual budget allocation/estimate and actual expenditure for the housing sector in Anambra State from 1999 – 2016 (Table 5.20)

(b) **Data Analysis Software:** E-views 7 econometric software

(c) **Data Analysis Method/tool:** Trend analysis and Pearson correlation and Regression analysis

(d) **Decision rule:** Reject the null hypothesis if p-value is less than or equal to 0.05[Level of significance ( $\alpha$ )]; otherwise do not reject.

**Table 5.24. Correlation Result of Annual Housing Budget Allocation and Annual Actual Housing Expenditure in Anambra State**

Covariance Analysis: Ordinary		
Date: 04/14/17 Time: 21:40		
Sample: 1999 2016		
Included observations: 18		
Correlation		
t-Statistic		
Probability	Budget estimate	Actual expenditure
Budget estimate	1.000000	
	-----	
	-----	
Actual expenditure	0.212258	1.000000
	0.868831	-----
	0.3978	-----

**Source:** Researcher’s computation and extract from E-views 7 econometric software (2017)

**Interpretation and Decision:** From Table 5.24, the correlation test result above having the correlation coefficient (R) value of 0.212; t-statistic value of 0.869 and associated p-value of 0.3978 > 0.05 shows that there is an insignificant positive relationship between annual housing budget estimate and annual actual housing expenditure in Anambra State. Hence, we do not reject the null hypothesis and conclude that there is a no significant relationship between annual housing budget allocation and annual actual housing expenditure in Anambra State.

### **5.5. Analysis of Implementation Milestones and Budget Allocation for Residential Housing Schemes in Anambra State**

This subsection focuses on studying the housing development milestones for housing estates and budget milestones for all residential housing projects in Anambra State. The data is as shown in Tables 5.25 and 5.26 respectively. The analysis is considered pertinent because of the neglect of residential or mass housing projects by the Anambra State government as established in the questionnaire survey and also for the fact that these projects are crucial to improving the living standards of the citizens. Undoubtedly, other types of housing projects also exist in the State, but housing output is easier to determine from housing estates, because they have a pre-defined number of houses units to be constructed. The implication of this is that a significant shortfall in the proposed units indicates a failure of that housing scheme. The rate of budget implementation of all types of housing projects during the study period in Anambra State was however established via the annual published budget figures (*see Table 5.20*).

**Table 5.25. Implementation Milestones of Housing Estates in Anambra State.**

<b>Housing scheme</b>	<b>Year/ period/ duration</b>	<b>No of housing units planned/projected</b>	<b>Outcome/No of units constructed</b>	<b>Success rate (%)</b>	<b>Remarks</b>
Udoka Housing estate, Awka (Phases 1&2)	1996-2000	333	107	32	A World Bank assisted scheme. Works were cut short at some point due to non-release of funds, hence stifling work progress. After this period, individuals bought up vacant plots and developed them.
Niger Bridge Head estate, Onitsha	1979 - 1986	541	319	59	Considered the oldest housing scheme in the State. Was initially inhabited by expatriates before units and vacant plots were bought by citizens and refurbished or developed. Made appreciable progress before works were suspended due to misuse of funds.
Ahocol estate, Awka (Phases 1 & 2)	1994 - 1998	176	84	48	Nature of works comprised: bungalows, 1, 2 and 3 bedroom bungalows and duplexes. Works were abandoned due to lack of funds.
Government Real Estate, Awka	1998-2000	500	206	41	Failure to pay contractors for houses constructed, led to abandonment of the works. Nature of works comprised: bungalows, 1, 2 and 3 bedroom flats.
Iyagu estate (Phase 1)	1998 - 1999	283	142	50	Originally built for the members of the House of Assembly. It marked the first time that the contract sum was fully released for projects in the State. Works were however halted due to the corrupt democratic government
Ngozika estate (phases 1 & 2)	2004 - 2006	891	124	14	Formerly called '1000 housing units' and was a partnership with a private developer. Works never reached full completion due to misuse of funds. Works were left at various stages of completion before being bought by private individuals

**Source:** Researcher's field survey (2017)

A study of the progress of residential housing estates in Anambra State (Table 5.25) carried out by the researcher indicates that all residential housing estates were initiated by the military regime and not during the democratic era which was from 1999 (The years before 1999, fall outside the period of this study, but they were purposefully indicated for emphasis). These projects were those that kicked-off during the existence of the old Anambra State (comprising Anambra and Enugu States), before the creation of Anambra State. This shows that since the inception of democracy in Nigeria, residential housing schemes has not being a priority of the Anambra State government. The only exception is Ngozika housing estate, which fell into 2006. However, during this period, no new houses were being constructed by the government because the vacant plots and the partially completed houses have already being bought by individuals. Ongoing works were mainly infrastructure (drainages and roads).

It is also pertinent to note that the initial intent of housing schemes was to accommodate the State civil servants who left Enugu State, after the creation of Anambra State and not the masses or low income earners in the State. This corroborates the findings from the questionnaire survey, which revealed that mass housing schemes for the citizenry has not been taken seriously by the Anambra State government.

It will also be observed from the remarks that the progress of these housing schemes was marred mainly by non-release of funds and corruption issues. A typical case is the Iyiagu housing estate scheme, where the then military regime released the full contract sum for the projects, but when the democratic government took office, financial demands or kickbacks were made on the contractors, which greatly hampered the completion of the houses. It was for this very reason that only two housing estate schemes, namely: Iyiagu estate (Phase 1) and Niger Bridge Head estate, Onitsha were able to attain up to 50% success rate, probably because the government as at that time had the interest of expatriates and legislators in mind and hence the projects were taken seriously. However, on a general note, the housing estate schemes were poorly implemented, but fared better when compared to the democratic regime as revealed by Tables 5.20 and 5.26.

**Table 5.26. Budget Allocation for Residential Housing Projects in Anambra State (1999 – 2016)**

Year	Civil servants quarters (500 buildings)	Permanent Secretary's Quarters	Completion of Real Estate Buildings	Quarters for Honourable Commissioners	Legislators' quarters	Constr. of 1000 housing units at Awka	Civil servants quarters at Iyiagu	Constr. of 2no judges and magistrates' quarters	Constr. Of Chief Judge's Quarters, State wide	Deputy Governor's residence at Ngene, Amawbia	Development of 200 low income houses each in Onitsha, Nnewi and 300 in Awka by 2020	Development of 3 housing estates by 2020
1999	111.42m	-	-	-	-	-	-	-	-	-	-	-
2000	30m	16m	10m	10m	-	-	-	-	-	-	-	-
2001	900m	-	10m	5m	75m	1.15b	-	-	-	-	-	-
2002	50m	-	20m	5m	20m	70m	-	-	-	-	-	-
2003	10m	-	5m	2m	99m	10m	20m	20m	-	-	-	-
2004	10m	-	5m	-	200m	10m	10m	10m	-	-	-	-
2005	175m	-	10m	-	10m	10m	50m	40m	10m	-	-	-
2006	100m	-	10m	-	-	10m	10m	10m	-	50m	-	-
2007	100m	-	10m	-	10m	10m	10m	10m	10m	50m	-	-
2008	10m	-	10m	-	50m	10m	10m	10m	10m	25m	-	-
2009	10m	-	200m	-	50m	-	-	30m	-	45m	-	-
2010	10m	-	100m	-	10m	-	-	10m	-	50m	-	-
2011	-	-	60m	-	-	-	-	10m	80m	80m	-	-
2012	-	-	10m	-	-	-	-	10m	400m	5m	-	-
2013	-	-	30m	-	-	-	-	10m	100m	5m	-	-
2014	-	-	-	-	-	-	-	-	-	-	1.31b	137m
2015	-	-	-	-	-	-	-	-	-	-	2.0b	185m
2016	-	-	-	-	-	-	-	-	-	-	-	168m
<b>Total</b>	<b>₦1.52b</b>	<b>₦16m</b>	<b>₦490m</b>	<b>₦22m</b>	<b>₦524m</b>	<b>₦ 1.28b</b>	<b>₦110m</b>	<b>₦170m</b>	<b>₦610m</b>	<b>₦310m</b>	<b>₦3.31b</b>	<b>₦490m</b>

**Source:** Extract from the annual, published Budget Estimates of Anambra State (1999–2016)



Table 5.26 shows the budget allocation for residential housing projects in Anambra from 1999-2016 in Anambra State. A perusal of the table shows that there are twelve projects; precisely six estate development projects and 6 residential housing projects for political office holders. However, a closer study of the table also reveals a number of inefficiencies and setbacks in budget allocation for the residential housing projects, as follows:

The period of budget allocation of the housing estates contradicts the construction duration of the estates as revealed in the field survey (Table 5.25). For instance, the completion of Real Estate Buildings and Civil servants quarters at Iyiagu stretched up to 2013 and 2008 respectively, while the field survey revealed that housing construction in these estates ended in 2000 and 1999 respectively, after which no new housing units were constructed. The plausible explanation for this budget allocations (which were quite substantial too in the total sum of ₦600m) even after stoppage or abandonment of construction works is that the monies were either used for ghost/non-existent projects or for infrastructure (roads, drainages, electricity) and renovation works, which the budget specified or stated clearly. This also raises suspicion of corrupt and unethical practices.

Some of the housing estate projects captured in the budget have no specific name and location for easy identification by interested citizens or stakeholders. For example, the 500 buildings for civil servants quarters and the 3 housing estates by 2020 project (which have substantial allocations in the total sum of ₦2.01b) appears fictitious and raises suspicion. If however the intent was genuine since it was captured in the budget, then the locations or communities or addresses should be traceable. This further buttresses the need for effective citizen participation in the housing budget process and community based project monitoring to checkmate fictitious allocations or projects. However, this may not be possible when citizens are ignorant or nonchalant about their annual housing budget. To compound this, no details of completion or actual expenditure for these residential housing projects are indicated, which also raises accountability issues and makes it difficult to track work progress and expenditure.

The duration of some housing projects in the budget appears fictitious or even ridiculous. For example, the 2 no judges and magistrate quarters began in 2003 and ended in 2006 (11 years) while the deputy governor's residence began in 2006 and ended in 2013 (8 years). This seems impracticable, but these projects were consistently funded throughout for these periods. The probable explanation for this is that after the projects were completed much earlier and, the monies subsequently allocated were either misused or plunged into other projects.

Two housing estate schemes, namely: development of 200 low income houses each in Onitsha, Nnewi and 300 in Awka by 2020 and development of three housing estates by 2020 which have budget allocations from 2014 to 2016 and 2014 to 2016 respectively is yet to be executed till date. These allocations are quite substantial; in the total sum of ₦3.8b. This again, raises the issue of weak planning, poor budget implementation and possible unethical practices. Thus, a pertinent question that needs to be asked is: if there are no plans or funds to begin these projects, why then were they allocated budgets?

## **5.6. Development of the Housing Budget Performance Model**

### **5.6.1. Introduction**

According to Muller (2016), a model is a graphical, mathematical (symbolic), physical, or verbal representation or simplified version of a concept, phenomenon, relationship, structure, system, or an aspect of the real world. It can also be regarded as a selected simplified representation of the essential or relevant entities (modules) of some specific reality and their characteristics (fields, factors, features). The objectives of a model include (a) to facilitate understanding by eliminating unnecessary components, (b) to aid in decision making by simulating 'what if' scenarios, (c) to explain, control, and predict events on the basis of past observations. Since most objects and phenomenon are very complicated (have numerous parts) and much too complex (parts have dense interconnections) to be comprehended in their entirety, a model contains only those features that are of primary importance to the model maker's purpose. Muller (2016) surmises that the use of models allows for: exploration, explanation and extrapolation. One of the initial steps in a modeling exercise is to organize the elements of the system being studied in some fashion. Thus, models provide a means of visualizing a system structure and operation.

Models range from simple sketches to computer programs with millions of lines of code, but all of them have one thing in common: some elements of the actual 'thing' are abstracted or mapped into the model. Models are divided into three classes on the basis of their degree of abstraction (a) Iconic model: It is the least abstract, physical, 'look-alike' representation of some specific entity, such as a model airplane or train or house. (b) Analogue model: more abstract but having some resemblance to what it represents, such as a chart, graph, map, network diagram. (c) Symbolic model: most-abstract model with no resemblance but only an approximation to what it represents, such as a mathematical equation or formula, financial statement, language, and set of accounts. In the context of this research, the housing budget performance model developed falls into the class of an analogous model.

### **5.6.2. Basis for the Development of the Housing Budget Performance model**

The success of a housing budget is assessed by the extent the budget fulfils its functions of adequate implementation and how the citizens benefit from it and the impact on not just housing infrastructure delivery, but economic development of the society as well (Jambol *et al.*, 2013).

This shows that improper or inefficient budgeting for housing by the public sector can have adverse impact on the living standard of the citizens and societal development. Hence, budgeting for housing in the public sector is anchored on three broad and key issues, namely: efficient management, adequate funding, and stakeholders' needs. The incremental, rationalist, citizen participation impact and the balanced scorecard budget models all provide a good potential for addressing these issues and ultimately developing the housing budget performance model which is one of the objectives of this research. The following further explains the key characteristics of these models that make them the foundation for the proposed model.

The incremental model (*see figure 3.9*) provides a good platform for addressing adequate funding for housing infrastructure, especially in the face of rapid urbanization and insufficient time to conduct a housing needs assessment. It is premised on simply increasing the budget allocated to housing on an annual basis in view of the present economic realities such as inflation, improved IGR and federal allocation etc. The key issues in the incremental model is that it establishes that increased or improved funding or allocation determines to a large extent, the success of any infrastructural development such housing.

The rationalist model (*see figure 3.10*) focuses on the factors that need to be taken into consideration in preparing the budget in view of a complex society and myriad of competing sectors which the budget decision maker finds himself in. These complexities have to do with the political, legal, social environment as well as the economic and technical requirements required to effectively develop, recommend, pass and execute the budget. Thus, these issues have to be thoroughly evaluated to enable a rational decision to be taken on the budget. The crux of this model is that for the housing budget to perform effectively, the budgeter or Government in the face of the political, physical and economic environment, must be objective and unbiased; setting aside any ethnic/tribal, political, ideological and religious values which may affect his sense of judgment.

The citizen participation impact model (*see figure 3.11*) recognizes the need to include citizens in budgetary decision making which is aimed at increasing Government's awareness of their priorities and preferences. This model further stresses that for participation to be effective, certain key variables (classified as dependent and independent) must be considered. The independent variables include: the political culture, legal requirements, population size and diversity, type of budget allocation, method of selecting participants, preferences and the mechanisms used to elicit participation e.g. focus groups, surveys. The dependent variables are the goals and outcomes desired from participation in the budget decision making, such as support of budget proposals and change of resource allocation. It follows therefore, while citizen participation is essential for a successful housing budget implementation, participation can impact positively on housing budget performance, when these critical elements are well articulated by the Government/budget decision maker.

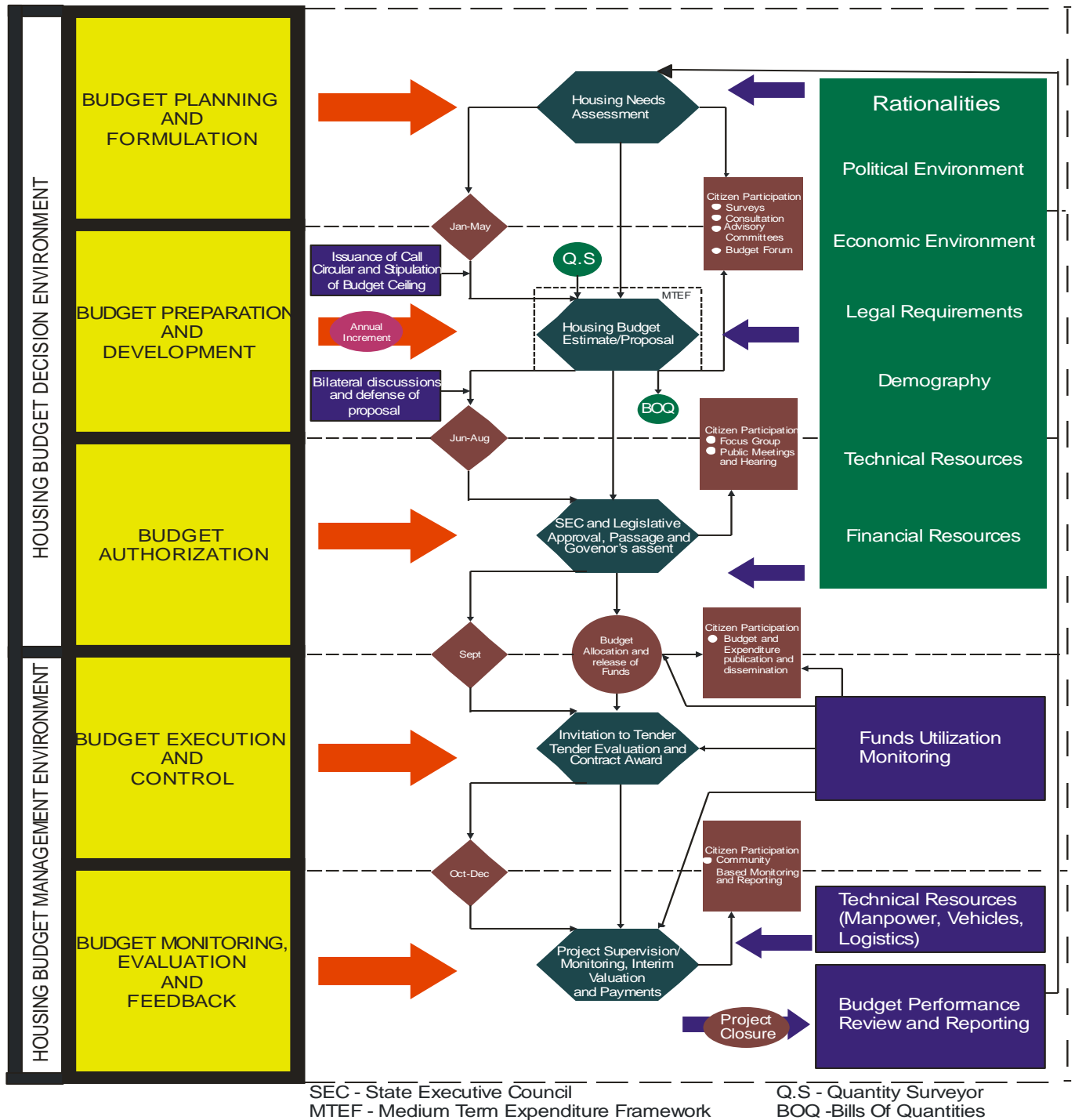
The balanced scorecard model (*see figure 3.12*) contends that budget makers or the public sector strives to provide value by pursuing satisfaction of stakeholders/the community, improving the performance of their budget procedures or management and services, their financial base or revenue and learning from their mistakes through performance evaluation and reviews which is aimed at constantly innovating, improving their strategies and having a long term vision for the community. Consequently, the locus of the balanced scorecard model is that housing budget performance can be improved if the public sector or government takes adequate measures to

ensure budget discipline and justifying monies spent by satisfying established budget monitoring organs, which will in turn promote transparency and accountability in the management of housing funds. It also indicates that resources (men, materials and money) for housing projects should be available and used efficiently to maximize performance. The development and recommendation of a housing budget performance model for this research is therefore guided by these budget models.

### **5.6.3. The Housing Budget Performance Model**

One of the objectives of this study is to recommend/develop a housing budget performance model that will incorporate best practices, procedures and other key variables in the management of Anambra State's housing budget to ensure effective performance. The conceptual model that will be recommended is based on the best practice criteria identified in the literature and case study investigations. The housing budget performance model will thus, be a decision making framework for successful budgeting for housing construction in Anambra State, which is ultimately aimed at improving housing delivery in the State.

This study has shown that, there is need to provide a model for effective performance of the budget process in the housing sector of Anambra State. Thus, the proposed model focuses on how the Anambra State Government or policy makers and staff of the Housing, Budget and Economic Planning Ministries should consciously and continually adopt the budget performance model, in order to deliver housing infrastructure effectively. It also provides these institutions with basis to evaluate the performance of the housing budget. An outline and description of this model is illustrated in figure 5.15.



**Figure 5.15:** The Integrated Housing Budget Performance Model (Researcher’s Construction, adapted from Davis *et al.*, 1966; Kaplan and Norton, 1996; Thurmaier and Willoughby, 2001; Ebdon and Aimee, 2006)

The integrated housing budget performance model; which is a conceptual model, as evidenced in figure 5.15, describes the relationship and operationalization of the variables identified in the afore-reviewed models (*section 3.6*), literature survey, anecdotal evidence and those based on the researcher's field work. This approach recognizes best practices identified in the study and can transform the current situation of the Anambra State housing budget to a systematic method of managing the entire housing budget process by the public sector. The model is a holistic one; articulating the conventional budget process/stages and procedures and peculiar nature of housing construction tendering, estimating and management, which makes it unique. The model is built around a combination, mix or harmony of the following perspectives:

(1) **Budget planning and formulation:** This entails organizing the budget activities required to achieve the desired goal and formulating a strategy to achieve optimum balance of needs or demands with the available resources. It can also be regarded as deciding what type of budget activities are to be carried out, how they will be done and who will execute it, in view of the projected revenues, cost, time and materials required for the housing projects. Specifically, it involves conducting a comprehensive needs assessment; which is a systematic process for determining and addressing needs, or "gaps" between current conditions and desired conditions or "wants". The discrepancy between the current condition and wanted condition must be measured to appropriately identify the need. This activity is very necessary to ascertain not only the extent of housing needs or priorities in various localities or communities and how to allocate resources for them, but also the number of citizens or individuals in need of such housing facilities. This will also enable long term planning for the housing sector. At this stage too, legal issues such as laws governing land use or ownership, boundaries and community owned land should be properly assessed.

Furthermore, there is the need for the citizens to be involved at this stage. Depending on the resources (time, money, and manpower) the needs assessment survey may take many different forms such as surveys, consultation and advisory committees. This will ensure that honest and objective descriptions of needs are obtained rather than relying on assumptions or what people say publicly. During the needs assessment process, it is pertinent to garner the political will and support of the Government, this will in turn ensure that adequate manpower and financial

resources are deployed to carry out a demographic survey to determine the migratory trend, population density and the number or size of population in need of specific housing types. It will also help provide the number of housing units or housing project size as at that period the survey was carried out. In this regard, the input of the Planning, Research and Statistics Departments of the Ministry of Housing and the Population Commission and independent demographers will be of immense importance. The entire process of planning and formulation, as proposed by the model should not be less than 5 months to enable a thorough work to be done. Adequate time should therefore be devoted to this process because it determines to a large extent, the success of the entire budget process.

(2) **Budget preparation and development:** The key elements of this perspective are: first; stipulation of budget ceiling (or limit) during the call for proposals based on the available financial resources such as Federal allocation, IGR and other rational and economic criteria such as GDP contribution. Second; the involvement of the Quantity Surveyor in the estimating process and the production of an objective estimate based on the Bills of Quantities in view of an adequate, equipped and motivated estimating staff and in line with the MTEF. Third, annual increment of the estimate in view of the economic realities such as inflation and exchange rates. Fourth, the bilateral discussions, defense of proposals and participatory budget forum during this process and lastly, the expected duration of this stage.

The primary purpose of the call for proposals (or issuance of the budget circular) is to establish the budget or spending limits for the housing sector. This activity/document is usually carried out or issued by the Ministry of Budget and Economic Planning to the Ministry of Housing. It is imperative that the housing budget ceiling be based on objective and verifiable criteria such as contribution to GDP and/or an established formula or percentage based on the IGR and Federal allocation of the State. The GDP is considered a good criterion for stipulating budget ceiling. GDP is commonly used as an indicator of the economic health of a nation, as well as a gauge of a country's standard of living. It is the monetary value of all the finished goods and services produced in the country, within a period of one year. In the case of the housing sector in Anambra State, it can be considered not as the total value of completed housing projects, but rather the difference in values of the completed projects and the materials used for the



construction. Undoubtedly, the argument could arise that there are insufficient funds to execute housing projects, but such verifiable criteria will go a long way to dispel any suspicion of political interference.

The quantity surveyor's input in the housing budget estimating process cannot be overemphasized. This is because he is the most equipped, amongst all construction and development professionals to provide reliable cost estimate of proposed construction or development projects. He actualizes this by producing a document called the Bills of Quantities (BOQ) which basically provides the quantities, quality and cost of all work items for the proposed project. Thus the BOQ is an objective estimate on which the housing budget should be based. In addition to this, it is pertinent that the prepared housing budget and corresponding projects be spread across a period of 3 – 5 years. This is the import and intent of the Medium Term Expenditure Framework Policy; which is to give ample time for the execution of housing projects, rather than preparing the estimates annually and it is never implemented. It is also important that projects are completed before preparation of new estimates, rather than preparing estimates for work items on the same project annually and facing the pressure of implementation within a short time frame. This is the crux of the zero based budgeting technique, which this model advocates. It also makes the budgeting process less complex or cumbersome. For the BOQ to be reliable, it is essential in this process, that the estimating staff or quantity surveyors who are responsible for the BOQ preparation, market surveys, site visits are not only adequate in number due the large number of projects, but they are well motivated (via incentives) and equipped with work tools and vehicles so that they can carry out a thorough, reliable and honest job.

During the Medium Term Expenditure period, there may be need to revise the already prepared estimates in view of inflationary trends and increase in exchange rates which may render the estimates unreliable. After the estimates or proposals have been prepared, and it is time for bilateral discussions, the representative of the Ministry of Housing (usually the permanent secretary, and directors) must convincingly and boldly defend their estimates/proposals in front of the budget staff from the Ministry of Budget and Economic Planning by justifying every cost item. That is why they must be well acquainted with the submitted estimate and work together

with the quantity surveyors, planning, research and statistics and accounts departments to enable them answer any questions that may arise and justify the estimates when it exceeds the budget ceiling. The citizens must also be invited and carried along during this stage via a participatory budget forum. Here, representatives of town unions, youths, market woman, religious organizations should be present to witness the decisions made at this stage and make their inputs and observations where necessary. It should be understood their presence is not to alter the estimates or influence decisions but to make sure that any change to the estimate is rational, objective and entirely justified or not so much as to affect the scope of the intended housing projects. The budget preparation stage should not be rushed, since the execution stage depends on it, hence the period of at least three months is proposed by the model.

(3) **Budget authorization:** This stage is largely political, thus, this model advocates that first, the Governor must have housing as a top priority in his agenda or administration. No matter how reliable, accurate and well thought out the housing estimates are, if the Governor has no interest to develop housing infrastructure, the proposal may suffer greatly in implementation. In addition to this, if he has housing as a priority, he must not be easily swayed by the commissioners during the SEC meeting since they will obviously want to push their own individual agenda or ministerial or sectoral needs to the fore. The commissioner for housing must not only be a seasoned housing professional, but must also be able to boldly and confidently defend and justify the housing budget proposal.

When the proposal must have been sent to the legislature for approval and passage, via the Governor in his budget speech, the members of the House of Assembly who will scrutinize it must also be knowledgeable so as not to make a mess of the submitted proposal. Where in doubt, they can seek clarifications from the commissioner for housing and organize public hearings. Again, the commissioner must show thorough knowledge and confidence to defend or explain the housing proposal. After the proposal has been passed and approved by the legislature and assented to by the Governor, it now becomes a legal working document and all measures must be taken to ensure timely release of funds for the housing projects before tenders are called and not releasing funds in piece meal. The Accountant – General will be instrumental to actualizing this.

The citizens or populace should also be informed of the housing budget allocation by hardcopy or internet publication or dissemination. In addition to this there should be an appropriate mechanism for monitoring housing funds expenditure or use and it should begin as soon as funds are released, to ensure transparency and accountability. The Auditor-General and Accounts Department of the Ministry of Housing will be instrumental to realizing this and hence, must be live up to expectation. The people should also be carried along in this process, by allowing them access to information on expenditure of housing funds. This could be done at periodic intervals via hard copy publications or on-line publications on a dedicated Government website. This model advocates a period of one month for this stage.

(4) **Budget execution and control:** This stage of the model sets the housing budget in motion especially after funds for housing projects have been released. It is considered an important aspect of this model because it signals the selection of experienced and competent contractors to execute the housing project, which marks the beginning of the housing budget implementation. Mistakes or inefficiencies made at this stage may lead to an unhappy client (the Government), an insolvent contractor, project delays, cost overruns and even abandonment, hence, resulting to non-delivery of housing projects to the intended beneficiaries. It comprises the tendering process which includes the invitation to tender, tender evaluation and contract award. The open, competitive tendering method is strongly advocated, to ensure transparency. Sequel to this, it is pertinent that tenders are invited and submitted early enough; It should not exceed 3 weeks depending on the complexity and scope of the project. Contract award should be based on a thorough and objective quantity surveyor's evaluation of the quality of pricing, manpower, technical (plant and equipment) and financial resources of the tenderers and good track record. Care must be taken to ensure that selection is not just based on the lowest tender, but the lowest responsive tender; which is; the tenderer with the lowest bid, who meets the afore-mentioned requirements or criteria for prequalification. At this stage too, it is essential that funds released are also monitored, especially with respect to advance payments or mobilization fee to the successful contractor. Lastly, the model proposes that not more than 3 months should be spent by the relevant procurement department or tender board on this stage.

(5) **Budget monitoring, evaluation and feedback:** This stage is very crucial to the success of the housing budget performance model. It is in fact so critical, that if poorly done, the housing budget implementation will be greatly compromised and efforts made at previous stages will be wasted. The key elements required at this stage of the model are: first; proper inspection/supervision and monitoring of ongoing housing projects in view of the availability of capable manpower, site vehicles and other relevant logistics. Second, periodic interim valuation of works executed and prompt payments to contractors as at when due. Third, community based monitoring and reporting by members of the community, where the housing projects are situate and lastly, budget performance review and reporting mechanism at periodic intervals and at project closure.

Project supervision/inspection and monitoring should be carried out jointly by motivated and competent staff of the Ministry of Housing and Ministry of Budget and Economic Planning. They should also be equipped with the necessary tools and site vehicles to facilitate movement and ensure wider coverage of the project sites. When contractors see dedication and seriousness on the part of the client, they will also be forced to sit up and ensure speedy progress of the works. Work progress will also depend to a large extent on prompt payment by the Government after interim valuations have been carried out by the quantity surveyors. Delays in contractor's' payments could greatly hamper implementation, thereby leading to duration overruns. This scenario could in turn increase contract cost due to fluctuations, thereby leading to budget revisions and deferments which further complicates the housing budget process. During the progress of the works, members of the community (possibly through representatives) where the projects are ongoing must be given access to independently monitor the works and make their comments, findings and observations and reports through appropriate channels of communication or mass (print and electronic) media. This dual (government- community) monitoring will help checkmate the lapses of the government especially when projects are suddenly stopped or progress is very slow.

During the progress of the works and after the completion of the housing project, this model advocates strongly, that a monthly or quarterly budget performance review and reporting exercise is carried out. The Ministry of Budget and Economic Planning should be instrumental to

this and fully involved in this exercise. This will help keep projects and any related expenditure issues that arise on track by ensuring that standards are maintained/attained, current performance is measured and corrective actions taken to ensure that there is improved quality of projects executed. There should also be a form of feedback mechanism to ensure that the Government via the Ministry of Housing performs better and learns from the outcome of their decisions to help them improve on future housing projects.

Summarily, the housing budget performance model is an effective, graphical, cognitive and descriptive tool that would guide the public sector or Government of Anambra State, specifically the Ministries of Housing, Budget and economic Planning on how to carryout effective and efficient management of the housing budget process in its entirety. The implication of this model is that it would ensure that housing budget activities are focused on sufficient funding/allocation, rational considerations (political, economic, legal, financial, demographic and technical factors), efficient preparation, authorization, allocation, timing, execution, utilization of funds and monitoring of the budget implementation. Finally, the model is concerned with making sure that the interest of the citizens (users) is of utmost priority. These are ultimately geared towards achieving effective housing delivery in Anambra State.

### **5.7. Approach or Framework for Effective Housing Budget Implementation in Anambra State**

One of the problems identified by this research is that housing budget implementation in Anambra State is still poor. A contributory factor to this poor implementation is the lack of framework or template adopted/used by the Government to monitor or track budget performance during housing budget implementation and review the already implemented housing budget. This will facilitate the correction of mistakes made in the implementation of previous housing budgets. In the light of the foregoing, this research developed and advances templates or guides for housing budget performance monitoring and review (*see appendix 3*). The following sections explain the contents of these templates.

### **5.7.1 The Proposed Housing Budget Performance Monitoring Template for Anambra State**

The proposed housing budget performance monitoring template (*see appendix 3*) is intended to address the following issues.

- a) How effective the housing budget or project has been in achieving its objectives and targets;
- b) Whether the housing budget or housing project has been executed in an efficient manner that justifies continued funding;
- c) Examine the extent or degree to which the beneficiaries of the project have been affected (positively or negatively) or whether implementation of the projects has improved the living standard of the beneficiaries;
- d) Ascertain the degree of acceptance and cooperation from the target beneficiaries or the extent to which the housing project is addressing the needs of the beneficiaries; and
- f) Examine the factors or events that have impacted on the implementation and performance of the housing budget or project.

The housing budget performance monitoring should be followed by a reporting mechanism that should focus on and report performance at various levels of objectives and targets including input(resources; men, money, machine, materials), activities (tasks carried out by the Government or out sourced), output(expected levels of service derivable from using the inputs and comprises targets set to be achieved), outcome(expected benefits of the outputs that are created and delivered as a result of the use of a given unit of input) and impacts (ultimate improvement in standard of living which a community enjoys from the direct or indirect provision of housing).

The proposed performance monitoring template comprises the following items:

- a) **Strategic Priority:** These are values that will enable the Government achieve its budget goals. They can be uncovered by understanding what the organization needs to focus on and pay attention to in order to attain its objectives. In the context of the housing budget. These priorities should include strictly, the erection or construction of housing units/buildings depending on the needs survey. If for instance, the priority is residential

housing then the strategic priority will be to increase the number of residential housing units of say 2 bedroom flats for State civil servants or low income earners.

- b) **Project Objectives:** These are specific results that the Government aims to achieve within a time frame and with available resources. The broad objective for monitoring performance of the housing budget could be to provide say 100 units of 2 bedroom flats in a particular community or Local Government Area of the State. However, broad objectives can be further broken down into sub-objectives. These sub-objectives if well implemented or carried out, will ensure the success of the overall objective. Sub-objectives may include: to prepare/obtain the project work plan, expenditure projections, cash forecasting, issuance of Due Process (No Objection Certificate), Advance Payment Guarantee(APG), financial statements, interim certificates, cash backing (release of Mandate), audit of annual accounts.
- c) **Expected Outcome:** The expected broad outcomes of the housing budget are basically, creation of jobs, availability of shelter and improvement of living standards of the citizens. Specifically, it could be; 100 units of 2 bedroom flats in a particular community will shelter 300 inhabitants of the community, given an average of 3 persons per house.
- d) **Key Performance Indicators:** A good budgeting system must have performance indicators for tracking progress during implementation and for benchmarking against key milestones. They are quantifiable metrics or measurable values that can be used by the Government to gauge or compare performance or evaluate their success at reaching targets (Reh, 2010). From the point of view of housing budget monitoring, simple performance indicators that can be considered are the number of 2 bedroom flats erected quarterly or half yearly, number of housing units erected per local government annually, number of people housed or who have benefited from the Government housing scheme, number of jobs created by the ongoing housing schemes or number of indigenous contractors engaged on the housing projects.

- e) **Baseline:** The baseline is the historic point of comparison that can be used to track changes, improvements or growth over time or the starting point from a point of growth. Baseline can also be regarded a benchmark or index that is used as a foundation for measuring or comparing current and past values. In housing budget monitoring for example, possible baselines could be 20 Government erected housing units in a community, 50 persons presently enjoying Government provided housing. These figures can be used subsequently to evaluate how well the number of houses has increased or how many more people have benefited from Government provided housing schemes. Negligible deviations or increase in these figures indicates poor performance. It should be noted that any year can serve as the baseline or reference year, recent years are however preferable because of similarities in economic conditions. What is important is that it should serve as the basis for the comparison.
- f) **Target Implementation:** A target is goal intended to be attained and which is believed to be attainable. A key element of the proposed monitoring template is that it is anchored on the MTEF. i.e., the targets are spread across a 4-year period to give ample time for implementation and progress tracking. In the housing context, targets may come in two ways, namely; the number (or percentage) of houses or housing units to be produced or completed during the planned duration stated in the KPI and the amount spent for erecting these houses as allocated and approved in the budget estimate during the planned period of time. For targets to make meaning, they must be realizable and this largely comes from experience of the budget planners and the housing contractors.
- g) **Actual Implementation:** This can be regarded as the opposite of the targets. It is the real situation, stated objectively and honestly. Actual data on housing budget performance monitoring comprises the number of houses or residential buildings presently completed with respect to the planned duration. It also includes the amount of money spent or expended with respect to the approved budget and the planned duration. Little deviations from the target implementation suggest poor implementation and calls for concern from the Government and the relevant stakeholders.



- h) **Sources of Data:** These are the specific places (ministries, organizations, departments, units, agencies) and documents where the data that is used as a basis for the formulating the contents of the template originates, most especially; the KPIs and the implementation (target and actual). Such places and documents include: State Office of Statistics, Planning, Research and Statistics Departments in the Ministries of Housing, Finance, Budget and economic Planning, Population Commission, financial statements, interim certificates, expenditure transcriptions and audited accounts. These lend credence to the performance monitoring exercise.
  
- i) **Reasons for shortfall from Target:** Finally, the proposed monitoring template stresses that the valid reasons for not meeting the targets must be stated. This should also be done honestly and objectively. It helps direct the focus of the budget implementers; in this case, the ministries of Housing, Budget and Economic Planning, so that corrective actions or measures can be taken in subsequent projects or year(s) within the MTEF.

### **5.7.2 The Proposed Housing Budget Performance Review Template for Anambra State**

The need for review of the housing budget performance within the context of State's performance management is vital to sustainability and accountability in the housing sector of Anambra State. Unlike the monitoring, which is carried out during the progress of the works, performance reviews are usually prepared after a predefined duration (quarterly or annually).

The key items of the review template (*see appendix 3*) are the objectives, strategies, percentage implementation (progress) (of ongoing projects/budget execution of the preceding year and targets to be met for the succeeding years within the medium term framework. The project objectives and targets are similar to that already discussed under the monitoring template. However, strategies are plans of action designed to achieve a major or overall aim. In the housing budget context, they are the methods or plans chosen to bring about a desired budget results or successful housing delivery. Such methods or plans may include: prompt submission of quarterly expenditure work plan by the Ministry of Housing, approval of monthly or quarterly estimates, release of monthly or quarterly capital expenditure warrant and cash mandate of the

Ministry of Housing by the Finance Commissioner and State Accountant General as at when due. The implementation progress, expressed in percentage is extent reached so far in implementing the budget or providing the units of houses as indicated in the KP1. A low percentage also connotes poor performance.

In summary, the proposed housing budget performance monitoring and review templates are essential tools for the housing budgeting process, because they will help provide physical and non-physical variance analysis of actual work done with respect to (i) input availability as planned (ii) activities already carried out and whether the work plan was followed in the process (iii) whether outputs were achieved as expected (iv) changes made in the course of the project implementation (v) problems and difficulties encountered and (vi) and remedial actions taken and whether effected according to plans.

#### **5.8. Summary of Appraisal of Housing Budget Performance in Anambra State**

The purpose of this sub-section is to establish objectively, the overall percentage performance of the housing budget process of Anambra State based on an aggregate of the results of the analysis of the questionnaire survey and the annual budget. It is based on the researcher's independent judgment/appraisal, aimed at reducing the variables (identified in the research) to a common measure or single percentage and which can be said to characterize the housing budget performance of Anambra State. The approach used is as follows:

- (a) Collation of all housing budget performance variables identified in the analysis;
- (b) Brief comments or explanations on the results of the questionnaire or budget analysis,
- (d) Allocation of percentage score to each performance variable based on the results of the analysis. The budget performance benchmark adopted by this study is 50%;
- (e) Allocation of grade ratings to each variable, based on the percentage scores;
- (f) Decision or remarks on the percentages/grades for each variable; and
- (g) Computation of the average percentage housing budget performance based on the performance of all identified performance variables. This research adopts the average percentage performance figure as the overall housing budget performance of Anambra State.

Table 5.27 shows the appraisal system or criteria adopted by the researcher, while Table 5.28 shows the appraisal summary of housing budget performance.

**Table 5.27. Appraisal System/Criteria for Housing Budget Performance in Anambra State**

Remark	High Performance	Fair Performance	Low Performance	Poor Performance
Score (%)	70 - 90	50 – 69	30 - 49	0 - 29
Rating	A	B	C	D

**Source:** Researcher’s field work (2017)

**Table 5.28. Appraisal Summary of Housing Budget Performance in Anambra State**

S/N	Variable	Brief explanation and cardinal data used	Percentage score	Rating	Decision/Remarks
<b>A. Questionnaire Survey</b>					
Medium Term Planning					
1)	Preparation of the Housing budget in accordance with the MTEF	35% of the respondents indicated non-adherence with the MTEF	35%	C	Low Performance
2)	Development of a Medium Term Strategy (MTSS) for Housing	78% of the respondents indicated non-existence of an MTSS. Hence a difference of 22%	22%	D	Poor Performance
Housing needs assessment					
3)	Availability of accurate data on housing needs of the citizens	83% of the respondents indicated the absence of a housing needs assessment. Hence a difference of 17%	17%	D	Poor Performance
Monitoring and Evaluation of the Housing Budget					
4)	Mechanism for monitoring the efficiency of use of housing	80% of the respondents are of the view that there is no effective mechanism in place for monitoring the housing funds usage. Hence a difference of 20%	20%	D	Poor Performance
Citizen Participation					
5)	Participation of relevant stakeholders of the community in the housing budget process	63% of the respondents indicated that citizen participation takes place. Follow-up interviews however imply that the respondents do not actually understand the meaning and extent of participation. The presence of a few stakeholders during bilateral discussions and defense of the budget proposals can best be described as citizen observation.	Uncertain	Can't rate	NA(since most of the respondents misunderstood the true meaning of participation)
Stipulation of housing budget ceiling					
6)	Availability of an objective, scientific criterion(ia) for	10% of the respondents indicated that no objective criteria is used. Governor’s discretion which most of them(68%) indicated	10%	D	Poor Performance

	stipulating annual housing budget ceiling	is not regarded as an objective criterion, and suggests political influence			
7)	Timeliness of the housing budget process/adherence to the budget calendar	Comparison of the responses on current duration and the stipulation of the budget calendar indicates as follows:			
i)	Budget planning	Carried out in 2.5 weeks against the 27weeks stipulation. Hence, a -9% adherence	9%		
ii)	Issuance of Call Circular	Carried out in 0.5 weeks against the 1week stipulation. Hence, a -50% adherence	50%		
iii)	Submission of budget proposal	Carried out in 2.5 weeks against the 6weeks stipulation. Hence, a -42% adherence	42%		
iv)	Bilateral discussions and proposal defense	Carried out in 2.5 weeks against the 2weeks stipulation. Hence, a +125% adherence	125%		
v)	Consolidation of budget proposals	Carried out in 2.5 weeks against the 3weeks stipulation. Hence, a -83% adherence	83%		
vi)	Approval of the draft proposal by the SEC	Carried out in 4weeks against the 1week stipulation. Hence, a +25% adherence	25%		
vii)	Approval of the draft budget by the Legislature	Carried out in 10weeks against the 3weeks stipulation. Hence, a +30% adherence	30%		
viii)	Governor's assent	Carried out in 0.5 weeks against the 1week stipulation. Hence, a -50% adherence	50%		
ix)	Publication and dissemination of the budget	Carried out in 2.5 weeks against the 1week stipulation. Hence, a +40% adherence	40%		
		Average timeliness score	50.44	B	Fair Performance
8)	Adequacy of annual housing budget allocation	70% of the respondents indicated that the housing allocation is grossly inadequate. Hence a difference of 30%	30%	C	Low Performance
9)	Regularity of release of funds from the annual budget	78% of the respondents indicated that there is often delay in the release of funds to execute housing projects. Hence, a difference of 22%	22%	D	Poor Performance
10)	Financial support for the State's Housing Corporation	62% of the respondents indicated that the Government rarely releases funds to the corporation financially, despite capturing such subventions in the annual housing budget. Hence, a difference of 38%	38%	C	Low Performance
11)The Quantity Surveyor's involvement					
i)	Involvement of the Q.S in the housing budget process	From the questionnaire distribution, only 26 out of the 170 respondents are Quantity Surveyors. Hence, a 15% involvement	15%	D	Poor Performance
ii)	Capabilities of the QS to make an impact on the housing budget process	40% of the respondents are of the opinion that the QS is capable or equipped to create the desired impact on the entire housing budget process	40%		
		Average QS involvement score	35%	C	Low Performance

<b>B. Analysis of the annual budget</b>					
12)	Percentage budgetary allocation to housing	Results of the analysis revealed that housing receives an average of 8.5% of the total annual capital budget	8.50%	D	Poor Performance
13)	Variance between the annual housing budget ceiling and annual housing budget allocation	The total stipulated budget ceiling from 2010 – 2016 is ₦10.36b and the total housing allocation is ₦14.86b. Hence a 30.28% difference	30.28%	C	Low Performance
14)	Annual housing budget implementation	Total actual housing expenditure from 1999 – 2016 is N9.86b, while total annual approved housing budget is N35.65b. This indicates a 27.65% implementation rate	27.65%	D	Poor Performance
<b>Total average performance score</b>			<b>26.60%</b>		

\*NA= Not applicable

**Source:** Researcher's field work (2017)

This research appraises Anambra State's housing budget planning, preparation (including allocation) and implementation procedures/practices in its entirety. This is because the individual processes of management of the housing budget all contribute to the present situation of the housing delivery in the State. In view of this, a close look at Table 5.28 reveals that the individual performance of most variables of the Anambra State housing budget is not impressive. On the average, and in line with the appraisal system developed by the researcher, the overall percentage on aggregate that can be used to describe housing budget performance in Anambra State was computed to be 26.60%, which indicates poor performance.

## CHAPTER SIX

### SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

This chapter provides the summary of findings and results of this research, discussions, conclusion, recommendations, contribution to knowledge and suggestions for further studies with particular reference to the research aim and objectives.

#### 6.1 Summary of Findings

- (1) Mass housing schemes have not been a priority of the Anambra State government right from the inception of the democratic regime in 1999; rather, public offices and residential buildings for government officials/political office holders and appointees are the housing projects commonly executed by the government (*Tables 3.18 & 5.4, sections 3.5 & 3.4.2*).
- (2) The government of Anambra State is not willing to devote financial resources for developing housing infrastructure for its citizenry (*figures 3.7, 3.8 & 5.7; Table 5.5; section 3.4.2*).
- (3) Preparation of the housing budget in line with the MTEF policy is a very recent development in Anambra State however; its implementation has not yet come on full stream (*Table 5.6*).
- (4) There is presently no MTSS developed for the housing sector of Anambra State (*Table 5.6*).
- (5) The Anambra State housing budget is still prepared using the traditional incremental budgeting method and not zero-based budgeting (*sections 3.4.3 & 3.5*).
- (6) Housing needs assessment is not carried out before housing estimates are prepared. The needs assessment occasionally carried out is for sectors like health and agriculture (*Table 5.6*).
- (7) There is ineffective monitoring and evaluation of the housing budget by housing and budget MDAs (*Table 5.6*).
- (8) Budget performance reviews and reports are not prepared specifically for the housing sector in Anambra State (*Table 5.6*).

- (9) Poor remuneration, lack of motivation and unethical practices are among the major problems hindering effective housing budget preparation in Anambra State (*Table 5.7*).
- (10) There is ineffective citizen participation in the housing budget process of Anambra State. The present situation where focus groups or CSOs are invited to be present during bilateral discussions and defense of proposals can best be described as citizen observation (*sections 3.5 & 5.3.3*).
- (11) There are no objective criteria adopted by the government in stipulating annual housing budget ceilings and allocating annual housing budget. The present ceilings which are largely based on the Governor's discretion, strongly suggests political influence (*Table 5.8*).
- (12) The general level of implementation of the annual housing budget according to respondents is between 20 – 40% (*Table 5.8*).
- (13) Upon comparison of the current housing budget duration and the stipulated calendar duration, only issuance of call circular, bilateral discussions, consolidation of proposals and governor's assent showed adherence to the calendar duration. Others like budget planning, submission of estimates, approval by SEC, approval by legislature, publication and dissemination of budget showed wide deviations from the stipulated calendar duration. Generally, the overall current housing budget duration deviates from the stipulated duration by 18 weeks (4 months, 2 weeks) (*See Table 5.10*).
- (14) Preparation of housing estimates, tendering, budget planning and formulation and monitoring of housing projects are among the major roles which respondents affirm are currently performed by the QS in the housing budget process of Anambra State (*Table 5.11*).
- (15) The budget allocation for housing in Anambra State is considered grossly inadequate (*Table 5.12*).
- (16) There is always delay in release of funds for housing projects (*Table 5.12*).
- (17) The Anambra State government rarely provides financial support for the State Housing Development Corporation despite the amount being included in the annual budget (*Table 5.12*).

- (18) The federal allocation is still the largest source of funds for the Anambra State budget (*Table 5.12*).
- (19) Respondents are of the opinion that the QS is the most equipped professional to be involved in the entire housing budget process (*Table 5.12*).
- (20) Budget indiscipline, undue political influence, poor federal allocation, delay in release of funds, lack of accurate data on housing needs, delay in passage and approval of budget, lack of transparency and accountability and deferred budgeting are among the major planning, preparation and implementation problems facing housing budget performance in Anambra State (*Table 5.13*).
- (21) The trend of housing budget allocation from 1999 – 2016 in Anambra State is skewed; hence it does not follow any regular pattern, it is unpredictable, implying that past or present allocations cannot be used to predict future allocations (*figure 5.14*).
- (22) From the analysis of the annual budget; among the key sectors of Anambra State (Health, Education, Housing, Works, Agriculture) considered in the study, from 1999 - 2016, housing has a total budget allocation of ₦34.8b, Education = ₦57.8b, Health = ₦25b, Agriculture = ₦ 22.1b and Works = ₦249.12b out of a total capital allocation of ₦ 683.38b, showing that the most prioritized sector is Works (*Table 5.15*).
- (23) The annual average percentage budget allocation to housing from 1999 – 2016 is 8.5%, while works has 33.22% (*Table 5.16*).
- (24) Total housing budget ceiling from 2010 – 2016 is ₦10.36b, while final budget allocation is ₦14.86b, with a difference of ₦4.49b, indicating that the annual budget ceiling is 30.28 % less than the annual final housing budget allocation (*Table 5.19*).
- (25) The total annual approved housing budget allocation for Anambra State from 1999 – 2016 is ₦35.65b while the total actual housing budget expenditure is ₦9.86b, indicating a 27.65% implementation rate of the budget (*Table 5.20*).
- (26) From the validation of hypothesis one; the null hypothesis was accepted, indicating that there is no significant trend in annual housing budget allocation for the study period (*Table 5.21*).
- (27) The null hypothesis was accepted for hypothesis two, showing that there is no causal relationship between annual housing budget allocation and annual federal allocation (*Table 5.22*).



- (28) The null hypothesis was rejected for hypothesis three, implying that housing budget challenges has a significant effect on housing budget performance (*Table 5.23*).
- (29) In hypothesis four, the null hypothesis was accepted, suggesting that there is no significant relationship between annual housing budget allocation and annual housing budget expenditure (*Table 5.24*).
- (30) There is presently no template followed or used by the Anambra State government for the monitoring and review of housing budget performance, neither is there a holistic framework or model adopted by the Anambra State Government for managing the housing budget process(*sections 3.4.3, 3.5 & 3.8; figure 3.6; researcher's pilot survey*).

## **6.2 Discussions**

This research is based on the performance of the housing budget of Anambra State, by the public sector/Government and their implications to effective housing delivery in the State and for the citizenry. The research explored quantitative method of data generation which comprised the design, pre-test and administration of structured questionnaire to the public staff of housing MDAs and Ministry of Budget and Economic Planning. This was followed by qualitative instruments like interviews which were used to generate important constructs from the target population. Secondary data on housing budget estimates were obtained from published annual budget documents of Anambra State. Data from the quantitative research instruments and the published budget were used to test the hypotheses postulated by the researcher.

Some of the key issues arising from this research show that the Anambra State government has a preference and places much emphasis on funding the works sector, while the housing sector is not only meagerly funded, but is characterized by poor management of its budget process, hence the poor attitude towards housing, which is evidenced by the 8.5% average annual percentage allocation when compared to the 33.22% for works. This study does not assert that funding the works sector is improper or should not be done, but it posits that there should be a fair balance or spread in budgetary allocation in order to have a more encompassing infrastructure development and improvement in the living standards of the citizens. Jinadu (2004) states that finance is considered the most important factor in housing production, thus, adequate finance is the first requirement for a successful and effective housing delivery. In view of this, Amakom (2013) in

her budget study revealed that housing is not among the budget thrust of Anambra State, which portrays the government's attitude to housing delivery.

There appeared to be some ray of hope, because in 2016, the government of Anambra State proposed to develop 1000 housing units at Isiagu, in Awka South L.G.A. This turned out to be a political statement because the proposed scheme was not captured in the 2016 budget, hence, is yet to materialize, while sectors like works is accommodated annually in the budget. To corroborate this neglect of social housing schemes, the housing corporation is faced with operational difficulties since they no longer get support or subventions for basic housing infrastructure like drainage, roads, electricity from the budget. Undoubtedly, the Corporation is expected to be self sustaining, but with the current economic realities like persistent inflation, high exchange rates, houses produced solely by the resources of the Corporation will be unaffordable for the low and middle income earners who constitute the majority of the population of Anambra State.

The research findings further indicate that one of the most prevalent problems of housing budget performance in Anambra State is that funds allocated for housing projects are grossly inadequate and there are frequent delays in releasing of funds. This is not surprising because in recent times, government revenue have reduced considerably, due to dwindling oil revenue (as a result of terrorist acts from the Boko Haram sect and militancy in the Niger Delta regions), rising debt servicing at the federal level and poor IGR base at the State level. Under-funding of housing projects has thus reduced the volume of housing projects. Hence, to ensure effective housing projects delivery by the government of Anambra State, the fund provided or available for housing must be managed like a business concern or the private sector where every penny matters and not a bureaucracy.

The result of this research also revealed extensive misunderstanding of the objectives of citizen participation in the housing budget. It is quite saddening that the government, via the Ministry of Budget and Economic Planning still refer to the presence of CSOs in bilateral discussions and defense of proposals as participation. Participation, according to Ebdon (2000), means the action or state of taking part in something; association with others on a formal basis with specified

rights and obligations. It also refers to as joint consultation, involvement, contribution in decision making, goal setting and other such measures through which commitment is increased to achieve a collective objective. These definitions clearly imply that in participation, citizens have the right to contribute to decisions being made on the housing budget and not just witnessing it, after all these are public funds which they contributed to as taxpayers. If the budget implementers or the public sector understand and practice participation from this point of view, it will go a long way in ensuring effective citizen participation in Anambra State's housing budget process.

Furthermore, in addition to the issue of participation, the budget research and analysis capacity of the Anambra State legislature can be enhanced to broaden access to relevant and high quality information on the housing budget and making it available for CSOs and other stakeholders to make meaningful input. There should also be an established system whereby the legislature with CSOs will debate on in-year (half yearly or quarterly) budget report to foster better guide and insight to implementation of the housing budget for the rest of the year.

It was also observed by this research, that housing budget preparation is not done in accordance with the MTEF. In this regard, there may be need to fully and practically involve the Anambra State legislature. This can be done by strengthening their budgetary and oversight roles to improve the quality and effectiveness of the housing budget. Hence, the urgency to review and expand the powers of the legislature to amend the budget if not in consonance with best practices, providing a meaningful opportunity for the legislature to make contributions on the medium term policy formulation with the CSOs.

It may be surprising that the Anambra State Government does not have a guide or template it uses for monitoring and review of housing performance. This is a sad situation because without such templates, there will be no mechanism to track housing budget progress with respect to funds utilization and project execution. Olomola (2010) stresses that expenditure tracking cannot be overemphasized because it is the backbone of transparency and accountability in the budget process. It is needed for tracing flow of housing funds through the various layers of government bureaucracy and providing local communities with information about funds allocated for particular housing projects in their area. Housing funds should be spent in accordance with

budgetary allocations and usage monitored to determine if they are used for the intended projects. Accountability rests largely on the effectiveness of sanctions and the capacity of existing institutional machinery to monitor actions, decisions and private interest of public officials. Hence, to strengthen the monitoring and evaluation process, rewards and sanctions should be linked to achievement or non-achievement in respect of budget targets, output and outcome. Incentives play a critical role here; to encourage achievement of specified targets and penalties for failure to achieve.

Finally, this research showed that the housing budget of Anambra State faces undue political influence which usually takes place during stipulating of the budget ceiling, bilateral discussions, during the screening and approval by the SEC. Government decisions are formed through the interaction of those involved in decisions (policy makers), each of whom is attempting to advance his own personal objectives to the greatest possible extent (Aderibigbe,2012). Because each person involved in a public decision has different objectives and different values, the outcome is the result of a bargaining process. Each participant “haggles” using his influence and power to reach a final outcome that is most congenial to his personal interests. Decision makers who gain personal satisfaction by successfully responding to the desires of their constituents engage in a political bargaining process. Power and influence – through the offering or withholding political support – are the currency. Thus, it can be argued that the political process operates in public interests such as housing provision, only if it is channeled properly. Because of the failure of the bargaining mechanism to represent the people’s interests, the decision may not be an optimal one. A number of public projects may be undertaken which may be in the interest of a specific locality or vested group, but are not in the housing interest of the State or the Citizens. Grapevine may have it that the housing sector budget of Anambra State is influenced by political actors and this study has shown empirically, that this is indeed the case, especially in view of the lack of basis or criteria for establishing housing budget ceilings and allocating the final housing budget.

### **6.3 Conclusion**

The public budget is an effort to continue the government's holistic approach to developing infrastructure for the State and its citizenry. Housing is one of such vital infrastructure that mirrors not only the level of development of the society, but the living standards of the citizenry. This research survey/investigations and sectoral budget analysis focused on the housing budget of Anambra State's public sector for the period of 1999 -2016 and in the process, a number of issues were identified as weaknesses hindering its effective management; which are detailed in the findings. Thus, for the housing sector budget of the Anambra State government to fulfill its aim; transparency, accountability and effective participation must be observed and respected to improve the outcomes of the budget towards the achievement of efficiency, effectiveness and equity.

It can be concluded from this research, that the problem of housing budget performance in Anambra State lies not just in the adequacy of the allocation or actual expenditure, but more so in budget discipline and efficiency of managing the entire housing budget process as well as funds allocated for housing projects. In addition to this, housing construction budgeting in the public sector is an area of study that has been neglected in the Nigerian construction industry and for this reason, the performance of housing projects in terms of their budget practices or procedures are still below best practices.

However, the general conclusion that can be drawn from this research is that poor housing budget performance impacts negatively on effective delivery of housing infrastructure in Anambra State, and the annual housing budget allocation and practices of Anambra State do not reflect Government's commitment to providing housing facilities to better the lives of the citizenry. This is as depicted by the overall poor performance recorded in facets of planning, preparation, authorization, execution, monitoring and evaluation. Hence, the need for the Anambra State Housing and Budget MDAs to adopt the monitoring and review templates and a holistic framework or model advanced in this research for efficient management of the housing budget to ensure effective performance. The model should however be applied with caution since it is purely conceptual or hypothetical and has not yet been validated.

It is expected that the results of this research will assist in re-engineering the State's Housing MDAs, Ministry of Budget and Economic Planning, Ministry of Finance, Project Monitoring, Evaluation and Implementation units, SEC and the legislature in their decision-making process of managing the budget of both existing and future housing projects. The research will also contribute in no small way in not only reducing the spate of housing delivery problems in the State, but ensuring the citizens are priority in such projects.

## **6.4 Implications of the Research Findings**

The findings of this research have some implications for the government, the construction industry and construction professionals.

### **6.4.1. The Government**

Ayodele and Alabi (2011) assert that the government, being the principal client of the construction industry, exerts considerable influence on the output and performance of infrastructure via budgetary policies and procedures. In other words, policy changes or laws and budgeting decisions taken or made by the government determines the level, state or quality of capital projects like housing development.

In view of this assertion, the implications of this research for the government are two-fold. First, is in the area of housing policy making and second, is in the effective management of the housing budget process and implementation/delivery of housing infrastructure. These imply that if the government does not take urgent steps to develop sustainable policies such as a Medium Term Sector Strategy (MTSS) that will relate to delivery of policy goals for housing through improved service delivery, then the present state of housing infrastructure may leave much to be desired. Such policy goals could be in areas of funding, PPPs, research and development of locally produced building materials and technology, mortgage financing, land acquisition, security, taxation, indigenous contracting, citizen participation, foreign direct investment etc. These will go a long way in not only ensuring sustainable housing delivery, but affordable housing for the citizenry.

The research also identified a number of challenges hindering housing budget performance. If the housing policies are not backed up by concrete actions in managing the housing budget process, in areas such as political influence, federal and state allocation, release of funds for housing projects, housing needs survey, passage and approval of budget, participation, monitoring/supervision and evaluation, budget discipline and other ethical issues, then these policies are doomed to fail because the rational and objective planning, control and allocation of financial resources for housing development is the vehicle that will drive these housing policies to fruition. Failure on the part of government to live up to expectation in effective management of the housing budget will portray the government as being insensitive to the plight of the people and even corrupt.

The last area of implication is with respect to the poor support of the State's Housing Corporation from the annual housing budget which has increased cost of housing delivery. This implies that housing can only be afforded by the wealthy few, while the poor and middle income earners have to make-do with sub-standard housing; thus widening the gap between the rich and the poor. Hence, the need for housing provision for all, irrespective of class or social status.

#### **6.4.2. The Construction Industry**

According to Ebohon and Rwelamila (2002), the construction industry is one of the most important sectors of an economy because it defines the physical infrastructure upon which effective growth and development is achieved. It contributes a significant part of a nation's GDP and remains a key player in the national economy. The nature and number of buildings in a society, thus, reflects the level of development of that society because it plays a vital role in meeting the needs of society and enhancing their quality of life. This research established the abysmal state of the housing sub-sector in Anambra State due to the poor commitment and lack of political will of the government. This, by implication means that weak housing budgeting ultimately translates to poor execution and delivery of housing infrastructure, which mirrors the underdevelopment of the construction industry. This further portrays the industry in bad light and weakens the ranking of Nigeria's infrastructure development when compared with the trend in other developed countries of the world, hence, the need for our housing budgeting procedures to

follow international best practices, be commensurate with that of developed countries and attract funding from international organizations/donor agencies.

Furthermore, improved housing sub-sector development of the construction industry will create jobs for construction professionals, consultants, contractors, skilled, semi-skilled and unskilled labour; improve their living standards, while reducing crime rate and other social vices associated with unemployment. Increased housing production will also create a market for the building materials suppliers and manufacturers.

### **6.4.3. Construction Professionals**

Opawole *et al.* (2012) opine that low implementation of public financed infrastructure projects in Nigeria is correlated to the level of involvement of construction professionals in the budgeting process at the macro-level. In other words, their participation enhances better connectivity between the public budget and the infrastructural projects.

The housing budget processes where professionals can be actively involved and make significant contributions include: pre-budgetary activities like identification of housing needs and development of implementation strategy to accommodate housing needs, technical and cost evaluation of housing schemes, preparation of the draft budget for housing projects, preparation of budget circular, preparation of budget estimates, review and approval of budgets for housing projects, tender evaluation and contractor selection, drafting of projects contractual agreement/documentation and post-budget activities like projects monitoring, supervision and cost control, housing budget monitoring and evaluation and project budget auditing. The implication of this is that if housing construction professionals comprising: quantity surveyors, builders, architects, engineers, estate surveyors, town planners and financial administrators such as economists and accountants do not brace up to the challenge of carrying out these tasks creditably, then effective performance/delivery of the housing budget/housing projects will be severely marred. In addition to this, it will portray construction professionals, (especially those in the public sector) as either underperforming or inexperienced when compared with their foreign counterparts. Construction professionals in public employ who are already involved in budget



activities should not join the bandwagon, but strive to make their presence or impact felt and appreciated by being efficient and effective and abiding by professional ethics.

Suffice to say that the government should not, out of nepotistic tendencies, engage unqualified persons and politicians in the budget process that will either underperform or put their selfish interests before the good of the society. Hence, government needs to ensure that the inputs and opinions of construction professionals are adequately incorporated in the budgeting process for housing infrastructure development and not stifle them or make them redundant. A situation where the budgeting process is dominated by political executive opinion or is politically driven, rather than development based, anchored on professionalism as evidenced by this research, is not healthy and may pose negative implication on success of implementation/execution of the housing budget/projects

## **6.5 Recommendations**

Based on the findings of the research, the following recommendations are made as effective and efficient means/measures of improving the performance of the housing budget of Anambra State.

- (a) There is need to strengthen the Planning Research and Statistics (PRS) Departments and Budget Division of housing MDAs. Their budget related functions should be reinforced and the capacity of the budget officers strengthened through regular training, re-training, funding and competent staffing. The role of the PRS Department in the Ministry of Housing should be appreciated and upgraded so that it can carry out effective needs assessment functions and participate effectively in budget preparation and serve as a reliable source for monitoring and performance evaluation.
- (b) There is need for competent, dedicated and motivated staff (Quantity Surveyors, inclusive) of housing and budget MDAs. Adequate compensation should be provided that will not make them vulnerable to bribery and corruption. Merit based employment and promotion procedures that places emphasis on a transparent system of rewards and sanctions should be adopted.
- (c) Emphasis must be placed on expansion of the IGR base of Anambra State in order to brighten the prospects for improved housing budget allocation. This requires considerable diversification of the production base of the State and intensification of employment

generation which in turn will increase the number of tax payers that can demand participation in the housing budget process.

- (d) Civil Society Organizations (CSOs) should contribute to government accountability on housing schemes by raising awareness and demand for transparency for improved project delivery, community supervision, submitting complaints and making enquiries on delayed projects. The government on their part should embrace consultations with CSOs during housing budget screening and approval, release of timely and detailed information to allow involvement of the CSOs and media and empower the electorates to seek participation beyond voting. When relevant stakeholders are actively involved, they are likely to make the housing budget work.
- (e) Authorization for housing expenditure should be given as at when due for ongoing projects, by the commissioner for housing or in his absence, the accounting officer, when requirements for job completion certificates, store receipt vouchers, audit clarifications have been satisfied. Contractors should be paid within 2 weeks from the time approval of payment is granted. Prequalification of contractors and tendering can be done at the same time to shorten the process; i.e. both technical and financial bids can be received together after tender adverts.
- (f) Government should make effort to adhere to the principles of zero based budgeting rather than incremental budgeting. This is because zero based budgeting focuses on evaluation of the sector and its expenditure needs and results, according to the extent of development. If done within the MTEF, the housing budget will be more focused in achieving the desired housing delivery.
- (g) There should be a conscious transformation of the housing budget from the traditional annual budget to multi-year budgeting within the MTEF and incorporation of performance measurement information into the budget to measure progress or results.
- (h) Budget discipline and close monitoring of usage of housing funds and project execution should be enshrined in the work ethics of housing and budget staff of the Anambra State government. This will serve as measure to mitigate corruption, misuse of housing construction funds and other opportunistic behaviors. Unauthorized spending should be faced with disciplinary action and monies spent should be justified and permitted by established budget monitoring organs.

- (i) The government should have the leadership and political will to execute housing projects, and follow them through completion. Hence, selfish political influence from commissioners, advisers and other top political echelons in Anambra State must be eschewed and resisted during budget approval by the SEC and implementation.
- (j) Timeliness of housing budget activities should be the watchword. Presently, there is no legal prescription in Anambra State as to the timing of budget approval and other budget activities, and this shouldn't be so. While activities like housing budget planning: formulation and needs assessment require sufficient time (so that a reliable estimate is prepared and housing needs reflect the yearnings of the people), time shouldn't be wasted on other activities.
- (k) Housing construction estimates must be carefully planned and prepared, in view of the volatility of prices. Hence, allowances should be made for inflationary trends to avoid frequent budget reviews, deferred and supplementary budgeting.
- (l) Regular financial support for the State Housing Corporation is needed to strengthen their capacity to embark on more housing schemes which will be affordable for potential buyers or renters.
- (m) There is need for an objective criteria or basis for stipulating annual housing budget ceilings and final housing allocation which is easily discernable and understood by stakeholders to dispel any suspicion of bias or undue political influence.
- (n) Housing and budget MDAs of Anambra State should make concerted efforts to adopt the housing budget performance model, review and monitoring templates developed in this study in order to enhance housing budget implementation and improve housing delivery.

## **6.6 Contributions to Knowledge**

The key contributions to the body of knowledge in this research include:

1. Provision of an updated insight, information and data on Anambra State's housing budget performance; i.e. its housing budget management practices, rate of housing budget implementation and average percentage housing budget allocation for an eighteen year period (1999 – 2016), making it arguably the most recent work on housing budgeting in Anambra State. This is in view of the paucity of researches/publications and knowledge of the housing budget practices of Anambra State and the culture of nonchalance or indifference of the citizenry towards public budgets.
2. Development of a bespoke methodology (methodological triangulation), by combining field survey (questionnaires and interviews), literature review and archival budget data for appraising housing budget performance in Anambra State. The housing budget performance appraisal criteria and summary used (*see Tables 5.27 and 5.28*) are also unique to this study. This methodology can also be applied to other States in Nigeria and at the Federal level.
3. Development of a conceptual model for the housing budget process of Anambra State which will ensure efficiency and effectiveness, equity and objectivity, transparency and accountability in housing budget management. The performance monitoring and review template which was also developed will enable performance to be tracked, which will in turn ensure appreciable housing budget implementation and ultimately improve housing delivery.

## **6.7 Suggestion for Further Studies**

1. It will be worthwhile to carry out further research aimed at developing a model/framework for effective budget performance in Nigeria's federal housing sector. Evidences gathered from literature in this research suggest that the housing sector also performed dismally at the national level, hence the need for the Federal Ministry of Housing to be properly and holistically guided in improving its budgetary procedures in order to improve the delivery of federal housing facilities/schemes in Nigeria.

2. Since this research is based on an appraisal of housing budget performance and the impact on effective housing delivery in Anambra State, another study could be carried out to perform a comparative assessment of housing budget trends/performance/management among south-east States of Nigeria for reasons of generalization of findings.
3. Research also needs to be embarked on to assess the budget performance of infrastructure works of local governments in Anambra State, because anecdotal evidence suggests that most funds provided to local governments by the State are largely unaccounted for at the end of the fiscal year.
4. Another potential area of research related to this research that can be explored further is to analyse the performance of civil infrastructure (works) budgets in Anambra State. This is because, from budget antecedents as evidenced in this research, civil infrastructure or works gulps the largest chunk of the State's annual budget. Findings from the research will further provide an empirical basis for comparing the budget allocated to civil works and the extent of works actually delivered or executed, which could serve as a basis to convince the Government to diversify its resources to other sectors.
5. A key issue identified in this research that needs to be explored further is the dearth of an effective mechanism for utilizing housing funds because it affects housing budget implementation. Thus, the need to carry out research on developing a mechanism or framework for monitoring the utilization of housing budget funds. This is expected to enhance transparency and accountability of the Anambra State government.
6. It was established in this research, that not only is medium term planning for the housing sector in Anambra poor, but housing is not a key priority of the Government, hence the compelling need to situate housing within the lead priorities of Anambra State. In view of this, there is need to conduct a research on the development of Medium Term Strategies for the Housing sector in Anambra State. This will help provide a platform for greater collaboration and synergy in the development and implementation of the annual housing sector budget and programmes by the diverse actors in the industry.
7. Finally, the housing budget performance model developed in this research is purely conceptual, hence there is need to carry out another study to validate the model in order to ascertain its practical implementation.

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## **APPENDIX 1**

### **QUESTIONNAIRE FOR PUBLIC SECTOR STAFF - HOUSING AND BUDGET MINISTRIES, DEPARTMENTS AND AGENCIES**

The questionnaire is an important aspect of an ongoing PhD Dissertation “Development of a Model for Effective Housing Budget Performance in Anambra State” which aims at critically appraising Anambra State housing budgeting procedures and problems, and their implications to housing delivery. This is with a view to developing a model which the Public Sector/Government can adopt for its housing budget process to ensure efficient and effective housing delivery for its citizenry.

Please, your ministry/agency/department/unit is among those selected for the study and your co-operation in answering the questions in this questionnaire, based on your experience is crucial to the success of the study. Therefore, your candid and prompt response will highly be appreciated.

This study is strictly an academic exercise, hence, every opinion, information or data you indicate will be treated confidentially. To preserve your anonymity, providing your name is optional.

Thank you very much for the anticipated cooperation and quick response. If you have any need for further inquiries, please contact me via the address below

Yours faithfully,

**Mr. Ugochukwu, S.C.**

Dept. of Quantity Surveying, UNIZIK, Awka

(Tel. 08064079030; **Email:** sc.ugochukwu@unizik.edu.ng).

**Section A: General information**

Please fill or tick (✓) to indicate your response, as it applies to you.

- 1. Name.....
- 2. Position/Grade Level.....
- 3. Organization/Employer.....
- 4. Phone no & Email.....
- 5. Gender: (a) Male [ ] (b) Female [ ]
- 6. Experience /Number of years employed by the institution  
 a) 1-5 years [ ] (b) 5- 10 years [ ] (c) 10 – 15 years [ ](d) 15 – 20 years [ ]  
 e) 20 – 25 years [ ] (f) 25 years and above [ ]
- 7. What is your field/discipline?  
 (a) Quantity Surveying [ ] (b) Building [ ] (c) Architecture [ ] (d) Estate Management [ ]  
 (e) Land Surveying [ ] (f) Town Planning [ ] (g) Geography [ ] (h) Civil Engineering [ ]  
 (i) Accounting [ ] (j) Economics [ ] (k) Public Administration [ ] (l) Statistics [ ]  
 (m) others (specify) .....
- 8. Academic qualifications  
 (a) Ph.D. [ ] (b) M.Sc.[ ] (c) B.Sc. [ ] (d) H.N.D. [ ]  
 (e) other (specify) .....

9. What type of housing project is most often executed by the State Government for the last fifteen years?  
 Please tick one or fill as applicable

<b>Type of Housing</b>	
Residential	
Education/Classroom buildings	
Office buildings	
Mass housing	
Workshops/warehouses	
Commercial (markets, shopping malls, etc)	
Recreational/sports	
Health	
Others (specify)	
No idea	

- 10. Do you think the Anambra State Government is well equipped (financially) to provide housing for the low and middle income earners in the State?  
 (a) Yes [ ] (b) No [ ] (c) No idea [ ]



**Section B: Appraisal of Housing Budget Procedures**

**11.** Does the Anambra State Government prepare its Housing Budget in accordance with the Medium Term Expenditure Framework (MTEF)?

(a) Yes [ ] (b) No [ ] (c) No idea [ ]

**12.** Is there a Medium Term Sector Strategy (MTSS) developed by the Anambra State Government for her housing sector?

(a) Yes [ ] (b) No [ ] (c) No idea [ ]

**13.** Is a needs assessment or research on housing needs of the citizenry carried out by the Housing MDA's before housing budgets estimates are formulated or prepared?

(a) Yes [ ] (b) No [ ] (c) No idea [ ]

**14.** If yes, when is this needs assessment usually carried out? *(Please tick as appropriate).*

Once a year; before preparation of budget proposals	
Sometimes; whenever it is convenient	
When funds are available	
Often; it is a routine	
Others (Specify)	
No idea	

**15.** Is monitoring and evaluation of housing budget processes carried out by the Housing MDA's of the Anambra State Government?

(a) Yes [ ] (b) No [ ] (c) No idea [ ]

**16.** In view of question 15 above, how often are performance reviews and reports carried out/prepared for the housing budget process in Anambra State?

(a) Once a year [ ] (b) Twice a year [ ] (c) Thrice a year [ ] (d) Quarterly [ ]  
 (e) Never [ ] (f) No idea [ ]

**17.** Do the citizens of Anambra State, such as Civil Society Organizations(CSOs), Faith Based Organizations(FBOs), Non-Governmental Organization (NGOs) and Town Unions participate in the Housing budget process (preparations, approval, implementation and monitoring)?

(a) Yes [ ] (b) No [ ] (c) No idea [ ]

**18.** If yes to question 17, which of the following techniques or strategies is used to ensure citizen participation in the housing budget process of Anambra State? *(Please tick).*

<b>Participation technique</b>	
Public meetings/hearings/discussions	
Participatory budget forum	
Focus groups	
Advisory committees	
Citizen survey and consultation	
Simulations	
Others (specify)	
No idea	

19. On a scale of 1(Don't know) – 5(Strongly Agree), rate the extent to which you agree with the following problems hindering effective housing budget preparations in Anambra State? (please tick)

S/N	Factors	SA (5)	A (4)	SD (3)	D (2)	DN (1)
1	Lack of skilled/qualified personnel/professionals					
2	Insufficient staff (poor staff strength)					
3	Poor remuneration(salary, allowances)and conditions of service					
4	Excess workload					
5	Unethical practices like bribery and corruption					
6	Lack of motivation /incentives like project monitoring vehicles, computers, work tools and facilities					
7	Poor monitoring/supervision by unit or section heads/directors					
8	Others (Specify)					

**Note:** SA= strongly agree; A=agree; SD = strongly disagree; D = disagree; DN = don't know

20. Which of the following criteria(on) is the stipulation of annual housing budget ceiling (by the Ministry of Budget and Economic Planning) based? (Please tick the relevant cells).

Based on previous year ceiling	
Based on available funds	
Based on the sector's contribution to GDP	
Based on the performance of the sector in past years	
Based on a needs assessment of the State	
Based on an established calculation/percentage/formula	
Based on the discretion of the Governor	
No criteria is used	
Others (Specify)	
No idea	

21. Please tick the overall time it usually takes for the following housing budget processes to be completed.

Budget Activity	Duration					
	1 day -1 week	2- 3 weeks	1 month	2 – 3 months	4- 5 months	5 - 7 months
Preparation of Sector limits by MDAs						
Issuance of Call Circular						
Submission of budget proposals by MDAs						
Bilateral discussions and defense of proposals						
Consolidation of proposals by the Ministry of Budget and Economic Planning						
Approval of draft proposal by the State Executive Council						
Presentation of draft budget to the State House of Assembly (Legislature) and final approval of budget						
Governor's assent						
Publication and dissemination of budget						

22. How will you rate the general level of implementation of annual Housing Budget in Anambra State?

- (a) 0 – 20% [ ] (b) 20 – 40% [ ] (c) 40 – 60% [ ] (d) 60 – 80% [ ] (e) 80 – 100% [ ]  
 (h) No idea [ ]

23. On a scale of 1(Don't know) – 5(Strongly Agree), rate the extent to which you agree with the following challenges of housing budget performance in Anambra State? (*indicate by ticking*).

S/N	Factors	SA (5)	A (4)	SD (3)	D (2)	DN (1)
1	Lack of accurate data on housing needs of the State					
2	Inadequate time for preparation of housing budget proposals					
3	Dwindling Internally Generated Revenue(IGR) of the State					
4	Poor federal government allocation					
5	Lack of citizen participation					
6	Ineffective mechanism for monitoring and evaluating the efficiency of utilization of housing funds.					
7	Delays in passage and approval of budget by the State Legislature					
8	Delays in release of funds for housing projects					
9	Non-involvement of Quantity Surveyors in decisions of budget ceilings and allocation					
10	Lack of transparency and accountability by Housing MDAs in incorporating every planned revenue source and expenditure items in the budget, hiding fiscal information from the public and lack of sanctions for defaulting officers					
11	Budget indiscipline- extra budgetary expenditures and non-compliance with budget priorities					
12	Numerous budget revisions throughout the year					
13	Weak Medium Term Planning – non-adherence to a Medium Term Expenditure Framework(MTEF)					
14	Inadequate monitoring of housing projects execution					
15	Lack of good quality data for budget preparation, monitoring and evaluation					
16	Deferred budgeting- arrears build up as expenditures are pushed into subsequent years					
17	Lack of criteria for establishing or stipulating housing budget ceilings					
18	Overloading of the budget with unrealistic items, which is more than the capacity of MDAs to implement					
19	Inability of MDAs to predict resource availability, thereby undermining their ability to successfully execute their budgets.					
20	Undue political influence in approval and award of housing contracts					
21	Others (specify)					
<b>Note: SA= strongly agree; A=agree; SD = strongly disagree; D = disagree; DN = don't know</b>						

24. How will you assess the adequacy of annual budget allocation for housing in Anambra State?

- (a) Very adequate [ ] (b) Adequate [ ] (c) Inadequate [ ] (d) Grossly inadequate [ ]  
 (e) No Idea [ ]

25. How will you describe the regularity of release of funds from the annual budget allocation for housing in Anambra State? (a)Regular [ ] (b) Not regular [ ] (c) Inconsistent budgetary allocation [ ]

- (d) Delay in release of funds [ ] (f) No idea [ ]

**26.** How often does the Anambra State Government provide financial support to Housing Parastatals such as the Housing Development Corporation?

- (a) Often [ ] (b) Sometimes [ ] (c) rarely [ ] (d)Never [ ] (e) No idea [ ]

**27.** What is the largest source of budget funding for Housing projects in Anambra State?

- (a) Internally Generated Revenue (IGR) [ ] (b) Federal allocation [ ]  
 (d) International Organizations [ ] (e) NGOs [ ] (f) Private sector [ ]  
 (g) Others (specify) .....  
 (h) No idea [ ]

**28.** Which of the following professionals do you think is the most equipped to be involved in the entire housing budget process, from budget formulation, preparation, approval, implementation/execution as well as monitoring and evaluation?

- (a) Quantity Surveyor [ ] (b) Accountant [ ] (c) Economist [ ] (d) Public Administrator [ ]  
 (e) All of the above [ ] (f) None of the above (others), specify .....

**29.** On a scale of 1(Don't know) – 5(Strongly Agree), rate the extent to which you agree with the following roles which the Quantity Surveyor performs in the Housing Budget Process (conception, preparation, approval execution, monitoring and control/evaluation) of Anambra State(*indicate by ticking*).

S/N	Factors	SA (5)	A (4)	SD (3)	D (2)	DN (1)
1	Budget planning and formulation- feasibility studies, cost-benefit analysis, needs assessments					
2	Budget preparation – preparation of housing proposals/estimates					
3	Establishing housing budget ceilings					
4	Evaluation and approval of housing budget proposals					
5	Preparation of tender documents, tender evaluation and recommendation of qualified contractors					
6	Monitoring of housing budget expenditure					
7	Monitoring and evaluation of budget (project) implementation(execution)					
8	Housing budget performance review and reporting					
9	Others (specify)					

**Note:** SA= strongly agree; A=agree; SD = strongly disagree; D = disagree; DN = don't know

**30.** What suggestions would you propose to assist the government to effectively improve the performance of housing budgets in Anambra State? *Please use separate sheet if necessary.*

Thank you very much for your time and patience.

## APPENDIX 2

### INTERVIEW GUIDE

Contact person.....

Institution.....

Phone No.....

To whom it may concern.

Sir/madam,

My name is Ugochukwu, Stanley Chukwudi, a PhD research candidate at Nnamdi Azikiwe University, Awka, Anambra State. I am carrying out a survey on housing budget performance in Anambra State. The aim of the survey is to develop a model which the Anambra State Government can adopt for its housing budget process to ensure efficient and effective housing delivery for her citizenry.

The purpose of this interview is to obtain your opinion and experience on the performance of housing budgets, the problems facing the housing budget process as well as how they can be solved. The interview is estimated to last between 45 and 60 minutes. Let me assure you that the information or data obtained through this interview and any documentation from you will be treated confidentially and that no records kept will bear your institution's name. I would also like to seek your permission to record the interview using a tape recorder.

The questions are about your current practices and challenges hindering effecting housing budget performance.

1. What is your status and nature of unit/ministry/department/agency responsible for the preparation and implementation of the housing budget?
2. What types of housing projects are mostly executed by the Anambra State Government? Please state.
3. Are there any existing policies such as the Medium Term Expenditure Framework (MTEF) which you use as a guide in the preparation of the housing budget? Yes or No.
4. Which of these housing budget processes : (i) formulation/planning, (ii) preparation and submission, (iii) authorization and legislative approval, (iv) Governor's assent, (v) execution/implementation, and (vi) monitoring/evaluation, is often the most delayed, thereby

extending beyond the normal duration? How long does it usually take and what is (are) the reason(s) behind the delay?

5. What problems or challenges do you often face in the formulation, preparation, approval, execution, monitoring and evaluation that hinder effective implementation and performance of the housing budget?
6. Do you think the annual budget allocation for housing in Anambra State is sufficient to fill the much needed housing deficit? Yes or No.
7. Do you have any available data on housing needs of the State? If yes, how often do you carry out a survey or research on housing needs?
8. Do you think the current method of budgeting is suitable for housing in Anambra State? If yes, kindly state your reason(s). If no, suggest an alternative.
9. Is there any measure or structure or mechanism in place established by the government to monitor the utilization of housing budget funds? If yes, briefly describe.
10. Do citizens of the State participate in the housing budget process? If yes, please describe what methods you use and how often it is done.
11. Have you ever received citizen complaints regarding the housing budget of Anambra? If yes, how do you get to hear of such complaints, what are the most common areas of complaints, and what is the nature of such complaints?
  - Budget preparation.....common/rare/occasional/never
  - Budget approval.....common/rare/occasional/never
  - Publication and dissemination of the budget ..... common/rare/occasional/never
  - Budget(amount) allocated for housing .....common/rare/occasional/never
  - Tender process/award of building contracts.....common/rare/occasional/never
  - Monitoring and supervision of housing projects.....common/rare/occasional/never
  - Quality of buildings constructed.....common/rare/occasional/never
  - Others (state).....common/rare/occasional/never
12. Do you carry out periodic monitoring and evaluation of the housing budget process and housing construction projects? If yes, please briefly describe how you do it and how often?
13. Do you use any basis or benchmark(s) for stipulating annual budget ceiling for Housing in Anambra State? Please list.
14. In view of the enormous role that the Anambra State Housing Corporation plays in providing housing for the citizens of the State, are provisions made in the annual housing budget to support their activities? If no, please state the reason(s).
15. Do you think the Quantity Surveyor, by virtue of his basic training in construction technology, construction measurement, economics, law and management should be involved in the entire budget process? Yes or No.
16. If your answer to question 14 is no, are (is) there any specific roles you think the Quantity Surveyor should play in the budget process? Please list.

17. On a scale of 1% - 100%, how will you assess the implementation of the annual housing budget of Anambra State?
18. Are there policies or developments that have been included in recent times by the State government in the housing budget process to improve housing delivery for the citizenry? If yes, briefly describe.
19. What suggestions do you have for improving housing budget performance in Anambra State?
20. Is there any question you would like to ask me?

Thank you for sparing some time out of your busy schedule to make this meeting possible. I wish to also thank you for the insights I have gained from your rich experience which will help in compiling data for this research.

### APPENDIX 3

## THE PROPOSED HOUSING BUDGET PERFORMANCE MONITORING AND REVIEW TEMPLATES FOR ANAMBRA STATE

Budget Performance Monitoring Template for Anambra State’s Housing Projects.

S/N	Strategic Priority	Project Objectives	Expected Outcome	KPIs	Baseline Year A	Target				Actual	Sources of data	Reasons for shortfall from target
						Yr B	Yr C	Yr D	Yr E			

\*KPI= Key Performance Indicators

**Source:** Researcher’s field work (2017).

Budget Performance Review Template for Anambra State’s Housing Projects.

S/N	Objectives	Strategies	Yr B % implementation (progress)	Targets		
				Yr C	Yr D	Yr E

**Source:** Researcher’s field work (2017).



## APPENDIX 4

### DEFINITION OF TERMS

**Balanced budget:** This is a situation in which the estimated revenue or income of the Government during the year is equal to its anticipated expenditure (Malgwi and Unegbu, 2012).

**Budget deficit:** This represents a situation where estimated revenues are less than projected expenditures (Malgwi and Unegbu, 2012).

**Budget discipline:** This is a measure of the ration of budgeted expenditure to actual expenditure (Ben-Caleb, *et.al.*, 2014).

**Budget Reform:** This refers to changes to the ways and manner in which the budget is formulated, implemented and evaluated for the purpose of facilitating effectiveness, efficiency and economy (Ben-Caleb, *et.al.*, 2014).

**Budget surplus:** This is a situation where revenues are estimated to be greater than projected expenditures (Malgwi and Unegbu, 2012).

**Capital budget:** This is a long-term plan regarding investments in facilities, equipment or other lines of governmental ventures (Aderibigbe, 2012).

**Capital expenditure:** This represents the estimated expenditure to cover all fixed assets during the budget period including the expenditure for procurement of plant and equipment and cost of producing infrastructure such as roads, dams, schools, houses and other developmental aspects related to construction (Hogye, 2001).

**Decision package:** This is a document that identifies and describes each decision unit in such a manner that management can evaluate and rank it against other decision units competing for fund and decide whether to approve it or not. It is the building block of zero base budgeting (Ekwealor, 2007).

**Decision units:** These are meaningful elements of an organization which ought to be defined so that they can be isolated for analysis or decision making. It can also be defined as major capital projects, special work assignments or major projects, which an organization must decide for itself as meaningful or not (Ekwealor, 2007).

**Dwelling:** This is a place of domicile or residence, a house or even a flat (Ezenagu, 2000).

**Fiscal Discipline:** This is a measure of the ration of budgeted deficit to Gross Domestic Product (Ben-Caleb, *et.al.*, 2014).

**Gross Domestic Product (GDP):** In broad terms, it is the quantitative measure of a nation's total economic activity. Specifically, it is the monetary value of all the finished goods and services produced within a country's borders over a specific period of time (Aruwa, 2004).

**IGR:** This is the revenue that State governments generate within their areas of jurisdiction. Sources include taxes, fines and fees, licenses, earnings and sales, rent on government property, interests and dividends among others ([www.nairaproject.com/projects/1322.html](http://www.nairaproject.com/projects/1322.html)).

**Income Per Capita:** This is a measure of the amount of money that is being earned per person in a certain area. It can also be defined as the average per-person income for a city, region or country (Aruwa, 2004).

**House:** A building made for people to live, usually for a family and lodgers. It can also be defined as building or structural edifice comprising walls with floor, a roof in which man lives, to protect himself (Nubi, 2008).

**Housing demand:** The willingness and ability of housing consumer to pay for a particular dwelling depending upon such consumer's incomes, house type, location preferences and local prices (Olusola, 2002).

**Housing estate:** An area of land on which many houses are built either by private enterprises or by a public authority (Ezenagu, 2000).

**Housing market:** A place or platform, where housing goods and services are sold and bought by virtue of their being demanded and supplied (Welsh, 2002).

**Housing need:** The minimum shelter or accommodation required to meet the basic minimum requirement of a family or an individual. It can also be regarded as the housing accommodation required by a particular family or individual to meet the basic minimum standards (Ezenagu, 2000).

**Housing policy:** A written document which usually comprises specific objectives, strategies and programmes aimed at solving housing problems or meeting the housing needs and demands of a country (Ezenagu, 1990).

**Housing quality:** The state, nature or standard of housing with respect to the minimum acceptable standards (Jiboye, 2009).

**Housing standard:** These are those items that make a building fulfill its functional requirements in terms of safety, stability, weather protection, durability, thermal and sound insulation, ventilation (Morakinyo *et al.*, 2012).

**Housing stock:** The total number of buildings, structures or houses which may contain one or more housing units in a given geographical area (City, State or Country) (Welsh, 2002).

**Housing supply:** The number of residential housing units that are provided by the key players in housing provision (Olusola, 2014).

**Housing unit:** The quantity or amount of housing provided which is used a standard. It can also be referred to as housing designed for and occupied by a single household (Ezenagu, 2000).

**Mass Housing:** This is housing provided on a large scale and in multiple units wholly by government or in collaboration with the private sector for purposes of public acquisition either on owner-occupier or rental basis (Ibem and Amole, 2010).

**Public housing:** is a form of housing tenure in which the property is owned by a government authority, which may be federal or local (Peterside, 2003).

**Recurrent expenditure:** This is part of government's expenditure which are used for wages and overhead cost. They are also used in running day to day activities of the government. It also covers payment of gratuities, pensions and other transfer earnings (Hogye, 2001).

**Shelter:** Anything that gives safety or protection and keep of the elements (Adejumo, 2008).

**Slum:** This is a densely populated urban informal settlement characterized by substandard housing, poverty and squalor. While *slums* differ in size and other characteristics from country to country, most lack reliable sanitation services, supply of clean water, reliable electricity, timely law enforcement and other basic services (Ebie, 2009).

**Social housing:** is an umbrella term referring to rental housing which may be owned and managed by the state, by not-for-profit organizations, or by a combination of the two, usually with the aim of providing affordable housing (Bichi, 2002).

**Unbalanced Budget:** This is a situation whereby income and expenditure are not equal to each other (Malgwi and Unegbu, 2012).

**VAT:** This represents a tax on the "value added" to the product throughout its production process. It can also be referred to as a consumption tax only on value added to a product or service by its manufacturer or distribution. It is ultimately the end consumer tax. The purpose is to generate revenue for the government ([www.economywatch.com/business-and-economy/definition.html](http://www.economywatch.com/business-and-economy/definition.html)).

## APPENDIX 5

### ANNUAL SUMMARY OF ANAMBRA STATE'S CAPITAL EXPENDITURE/SECTORAL BUDGET ESTIMATES FROM 1999 - 2016

#### ESTIMATES OF ANAMBRA STATE OF NIGERIA, 1999

#### CAPITAL EXPENDITURE

#### SUMMARY

Sector	Estimates - 1999	Estimates 1998	Actual Expenditure Jan-Sept '98
	N'm	N'm	N
Agriculture (Crops) .. .. .	58.209	50.000	750,000
Livestock and Veterinary .. ..	2.600	2.500	38,700
Forestry .. .. .	2.273	2.035	50,000
Fisheries .. .. .	1.200	1.272	-
Manufacturing and Crafts .. ..	93.000	17.217	22,000,000
Rural Electrification .. .. .	79.500	43.000	5,070,000
Commerce, Finance, Co-operative and Tourism .. .. .	12.600	9.517	7,000,800
Land Transport (Roads and Bridges) .. .. .	100.081	130.853	1,192,000
Education .. .. .	57.379	37.938	-
Health .. .. .	77.004	69.000	7,049,996
Information .. .. .	25.722	24.078	21,842,095
Sports and Stadium Development ..	7.959	8.877	4,730,060
Social Development, Youths and Culture .. .. .	50.060	40.334	63,670,000
Water Supply and Resources .. ..	132.028	90.062	633,500
Sewerage and Drainage .. .. .	21.900	16.329	-
Housing .. .. .	148.415	41.811	59,836,429
Town and Country Planning .. ..	30.000	28.805	16,603,853
Community Development .. .. .	5.003	4.921	740,000
<b>GENERAL ADMINISTRATION:</b>			
Justice .. .. .	7.600	10.100	5,312,315
Judiciary .. .. .	14.700	20.241	4,860,526
Others .. .. .	202.254	81.375	210,162,070
<b>Sub-TOTAL: (GENERAL ADMIN.) ..</b>	<b>224.554</b>	<b>111.716</b>	<b>220,334,911</b>
<b>GRAND TOTAL: (ALL SECTORS) ..</b>	<b>1,129.517</b>	<b>767.860</b>	<b>431,542,084</b>

ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2000

CAPITAL EXPENDITURE

SUMMARY

Head	Sector	Approved Allocation 2000 N'm	Approved Allocation 1999 N'm	Actual Expenditure Jan-Sept '99 N'm
450	Agriculture (Crops)			
451	Livestock and Veterinary	439,860	105,209	36,721
452	Forestry	36,500	2,600	-
453	Fisheries	27,500	2,273	0.120
454	Manufacturing and Crafts	26,800	1,200	-
455	Rural Electrification	512,690	93,090	1,250
456	Commerce, Finance, Co-operative and Tourism	280,250	129,500	40,190
457	Land Transport	42,500		
458a	Education	5,306,000	42,600	1,536
458b	Education	462,100	400,081	157,529
459	Health	442,500	137,379	0,707
460	Information	377,000	123,004	3,104
461a	Youth and Sports	623,000	125,722	142,080
461b	Social Development	360,500	62,959	10,100
462	Water Supply and Resources	174,301	80,000	1,000
463	Sewerage and Drainage	1,546,000	362,028	51,721
464	Housing and Environment	263,000	31,900	-
465	Town and Country Planning	743,000	408,415	105,574
466	Community Development/Fire Service	102,000	60,000	31,200
		102,000	5,003	1,000
467	GENERAL ADMINISTRATION			
467a	Justice			
467b	Judiciary	36,500	9,600	-
467c	Others	223,000	44,700	-
i	Government House Projects	1,795,956	1,146,457	-
ii	S.S.G's Office Projects	1,087,000	831,181	-
iii	Head of Service	40,000	156,676	-
iv	House of Assembly	59,600		-
v	Civil Service Commission	601,056	155,000	-
467d	MPED	8,300	3,600	-
		50,000	37,078	-
SUB-TOTAL: (GENERAL ADMIN.)		2,105,456	1,237,835	119,275
GRAND TOTAL: (ALL SECTORS)		13,911,407	3,426,998	703,107



## ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2001

## CAPITAL EXPENDITURE

## SUMMARY

Head	Sector	Estimates 2001 N'm	% of Total	Estimates 2000 N'm	Warrant Releases Jan-Dec., 2000 N'm
40	Agriculture (Crops)	158,500	1.26	176,500	83,106
41	Livestock and Veterinary	23,000	0.18	36,500	-
42	Forestry	8,000	0.06	27,500	-
43	Fisheries	19,000	0.15	27,300	-
451	Manufacturing and Crafts	393,500	3.12	512,690	25,503
455	Rural Electrification	341,000	2.73	280,250	241,500
456	Commerce, Finance, Co-operatives and Tourism	131,000	1.04	42,500	40,838
467	Land Transport (Roads/Bridges)	2,615,000	21.34	5,306,000	1,779,338
468	Education	765,650	6.07	462,100	55,974
469	Health	213,500	1.93	377,000	31,173
470	Information and Culture	385,000	3.26	623,000	174,330
471	Sports and Youth Development	73,000	0.58	360,500	29,113
472	Social Development	73,500	0.58	174,301	11,680
473	Water Supply and Resources	1,020,000	8.09	1,516,000	111,420
474	Environmental Development/Sewerage and Drainage	1,013,000	8.04	763,000	193,600
475	Housing Development	4,187,000	33.65	743,000	1,589,461
476	Town and Country Planning	177,000	1.01	402,000	3,170
477	Community Development/Fire Service	55,000	0.43	85,000	-
478	GENERAL ADMINISTRATION				
478a	Judice	16,800	0.13	36,500	2,900
478b	Judiciary	45,000	0.30	223,000	-
478c	Head of Service	37,000	0.29	153,000	-
478d	SSS/TA Office	44,000	0.35	59,600	-453,668
478e	Civil Service Commission	2,000	0.02	8,300	-
478f	Deputy Governor's Office	8,000	0.06	-	-
478g	Government House	523,000	4.15	1,087,000	616,090
478h	Planning and Economic Development	27,040	0.21	50,000	0,300
478i	House of Assembly	33,900	0.27	612,491	8,751
	<b>Grand Total: (All Sectors)</b>	<b>12,602,390</b>	<b>100.000</b>	<b>13,911,407</b>	<b>5,137,431</b>

ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2002

CAPITAL EXPENDITURE

SUMMARY

Sub-Head	Project Title	Estimates 2002 N/m	Estimates 2001 N/m	Approved Releases Jan-Nov., 2001 N/m
450	Agriculture (Crops including ADP)	170,500	158,500	53,758
451	Livestock and Veterinary	38,000	23,000	1,867
452	Forestry	19,200	8,000	-
453	Fisheries	19,000	19,000	-
454	Manufacturing and Crafts	374,500	393,500	212,463
455	Rural Electrification	449,000	344,000	463,958
456	Commerce, Finance, Co-operatives and Tourism	194,000	131,000	88,456
457	Land Transport (Roads/Bridges)	2,280,000	2,645,000	2,660,389
458	Education	670,500	765,650	262,001
459	Health	810,500	243,500	35,208
460	Information and Culture	755,000	285,000	161,193
461A	Sports and Youth Development	122,000	73,000	9,068
461B	Social Development	62,500	73,500	0,220
462	Water Supply and Resources	1,002,047	1,020,000	102,011
463	Environmental Development/Sewerage and Drainage	513,500	1,013,000	838,268
464	Housing Development	777,400	4,487,000	1,041,404
465	Town and Country Planning	231,500	127,000	-
466	Community Development/Fire Service	306,000	55,000	89,000
467	GENERAL ADMINISTRATION			
467A	Justice	27,500	16,800	11,500
B	Judiciary	120,000	43,000	105,000
C	Head of Service	200,000	37,000	11,891
D	S.S.G's Office	209,500	44,000	8,000
E	Civil Service Commission	5,000	2,000	-
F	Deputy Governor's Office	11,000	8,000	-
G	Government House	430,000	523,000	233,014
H	Planning	35,500	27,040	2,000
I	House of Assembly	23,300	33,900	105,600
	TOTAL: GENERAL ADMINISTRATION	1,061,800	736,74	-
	TOTAL: OVERALL	9,856,947	12,602,390	5,962,170



ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2003

CAPITAL EXPENDITURE

SUMMARY

Head	Sector	Estimates 2003 N'm	Estimates 2002 N'm	Approved Releases Jan.-Nov., 2002 N'm
450	Agriculture (Crops including ADP) ..	157.000	170.500	-
451	Livestock and Veterinary ..	20.000	38.000	-
452	Forestry ..	11.000	19.200	-
453	Fisheries ..	10.000	19.000	-
454	Manufacturing and Crafts ..	141.200	374.500	-
455	Rural Electrification ..	95.000	449.000	-
456	Commerce, Finance, Co-operatives and Tourism	70.000	194.000	-
457	Land Transport (Roads/Bridges) ..	1,000.000	3,780.000	-
458	Education ..	1,270.500	670.500	-
459	Health ..	466.250	810.500	-
460	Information and Culture ..	234.000	755.000	-
461A	Sports and Youth Development ..	80.000	122.000	-
461B	Social Development ..	34.500	62.500	-
462	Water Supply and Resources ..	650.000	1,482.047	-
463	Environmental Development/Sewerage and Drainage	714.000	5,133.500	-
464	Housing Development ..	2,037.500	1,257.400	873.000
465	Town and Country Planning ..	52.000	231.500	-
466	Community Development/Fire Service ..	112.000	306.000	-
467	GENERAL ADMINISTRATION			
A	Justice ..	12.200	27.500	-
B (i)	Judiciary (Customary Court) ..	50.000	60.000	-
B (ii)	Judiciary (High Court) ..	60.000	60.000	-
C	Head of Service ..	72.000	392.000	-
D	S.S.G's Office ..	97.000	357.500	-
E	Civil Service Commission ..	2.000	5.000	-
F	Deputy Governor's Office ..	16.000	11.000	-
G	Government House ..	250.000	430.000	-
H	Planning ..	31.000	35.500	-
I	House of Assembly ..	18.800	23.300	-
	TOTAL: GENERAL ADMINISTRATION ..	609.000	1,401.800	-
	TOTAL: OVERALL ..	7,763.950	12,656.947	873.000



ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2004

CAPITAL EXPENDITURE

SUMMARY

Head	Sector	Estimates 2004 Nm	Estimates 2003 Nm	Approved Releases Jan.-Nov., 2003 Nm
450	Agriculture (Crops including ADP) .. ..	196,077	157,000	-
451	Livestock and Veterinary .. ..	21,000	20,000	-
452	Forestry .. ..	11,500	11,000	-
453	Fisheries .. ..	10,500	10,000	-
454	Manufacturing and Crafts .. ..	214,700	141,200	-
455	Rural Electrification .. ..	280,000	95,000	-
456	Commerce, Finance, Co-operatives and Tourism	417,500	70,000	-
457	Land Transport (Roads/Bridges) .. ..	5,699,000	1,000,000	-
458	Education .. ..	419,000	1,270,500	-
459	Health .. ..	507,000	466,250	-
460	Information and Culture .. ..	242,500	234,000	-
451a	Sports and Youth Development .. ..	357,500	80,000	-
461a	Social Development .. ..	36,500	34,500	-
462	Water Supply and Resources .. ..	400,000	650,000	-
463	Environmental Development/Sewerage and Drainage	750,000	714,000	-
464	Housing and Environment .. ..	875,000	2,037,500	-
465	Town and Country Planning .. ..	92,100	52,000	-
466	Community Development/Fire Service .. ..	302,000	112,000	-
467	GENERAL ADMINISTRATION .. ..			
	Justice .. ..			
	(i) Judiciary (High Court) .. ..	20,200	12,200	-
	(ii) Judiciary (Customary Court) .. ..	140,000	50,000	-
	(iii) Judicial Service Commission .. ..	90,000	60,000	-
	Head of Service .. ..	10,000	-	-
	S.S.G's Office .. ..	64,800	72,000	-
	Civil Service Commission .. ..	166,000	97,000	-
	Deputy Governor's Office .. ..	5,000	2,000	-
	Government House .. ..	12,000	16,000	-
	Finance and Economic Development .. ..	310,000	250,000	-
	House of Assembly .. ..	19,500	31,000	-
		40,300	18,800	-
	TOTAL: GENERAL ADMINISTRATION .. ..	977,800	1,401,800	-
	TOTAL: OVERALL .. ..	11,709,677,000	7,763,950	-

ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2005

CAPITAL EXPENDITURE

SUMMARY

Head	Sector	Estimates 2005 Nm	Approved Estimates 2004 Nm	Actual Expenditure Jan.-Dec. 2004 Nm
ECONOMIC				
01	Agriculture (Crops including ADP) .. .. .	334,000	196,077	88,312
02	Livestock and Veterinary .. .. .	97,000	21,000	-
03	Forestry .. .. .	10,900	11,500	-
04	Fisheries .. .. .	15,000	10,500	-
05	Manufacturing and Crafts .. .. .	166,500	214,700	-
06	Science, Technology and Mineral Resources ..	45,700	280,000	-
07	Rural Electrification .. .. .	287,000	280,000	-
08	Commerce, Finance, Co-operatives and Tourism	331,000	417,500	18,167
09	Land Transport (Roads/Bridges) .. .. .	8,059,000	5,699,000	163,435
	<b>TOTAL: ECONOMIC</b> .. .. .	<b>9,346,100</b>	<b>6,850,277</b>	<b>4,008,873</b>
SOCIAL				
10	Education .. .. .	821,000	419,000	-
11	Health .. .. .	509,000	507,000	-
12	Information and Culture .. .. .	311,000	242,500	82,422
13	Sports and Youth Development .. .. .	337,000	357,500	44,481
14	Women Affairs and Social Development ..	99,600	36,500	137,750
	<b>TOTAL: SOCIAL</b> .. .. .	<b>2,077,600</b>	<b>1,562,500</b>	<b>0,197</b>
ENVIRONMENTAL				
15	Water Supply and Resources .. .. .	550,000	400,000	62,675
16	Environmental Development/Sewerage and Drainage	303,750	750,000	-
17	Housing Development .. .. .	1,537,900	875,000	-
18	Town and Country Planning .. .. .	129,800	92,100	54,705
19	Community Development/Fire Service .. ..	162,000	302,000	2,370
	<b>TOTAL: ENVIRONMENTAL</b> .. .. .	<b>2,683,450</b>	<b>2,419,100</b>	<b>363,230</b>
GENERAL ADMINISTRATION				
20	Justice .. .. .	51,000	20,200	2,410
21	Judiciary (High Court) .. .. .	140,000	140,000	-
22	Judiciary (Customary Court) .. .. .	90,000	90,000	-
23	Judicial Service Commission .. .. .	10,000	10,000	-
24	Head of Service .. .. .	261,000	64,800	8,051
25	S.S.G's Office .. .. .	268,000	166,000	362,430
26	Civil Service Commission .. .. .	14,650	5,000	-
27	Deputy Governor's Office .. .. .	35,300	12,000	-
28	Government House .. .. .	836,128	310,000	0,180
29	Anambra State Independent Electoral Commission	443,112	-	195,154
30	Bureau of IGR .. .. .	52,000	-	-
31	Economic Planning and Monitoring .. .. .	118,500	19,500	-
32	House of Assembly .. .. .	100,000	40,300	3,250
	<b>TOTAL: GENERAL ADMINISTRATION</b> .. .. .	<b>2,419,690</b>	<b>977,800</b>	<b>571,475</b>
	<b>TOTAL: OVERALL</b> .. .. .	<b>16,401,900,000</b>	<b>11,709,677,000</b>	<b>5,478,362</b>



ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2006

CAPITAL EXPENDITURE

SUMMARY

Head	Sector	Estimates 2006 N'm	Approved Estimates 2005 N'm	Actual Expenditure Jan.-Dec. 2005 N'm
<b>ECONOMIC</b>				
450090201	Agriculture (Crops including ADP) .. .. .	410,000	208,000	144,853
450090202	Agriculture ADP .. .. .	57,710	125,000	73,634
451090201	Livestock and Veterinary .. .. .	109,000	97,000	0,517
452090201	Forestry .. .. .	15,500	10,900	0,500
453090201	Fisheries .. .. .	15,500	15,000	-
454090201	Manufacturing and Crafts .. .. .	181,500	166,500	11,000
454090202	Science, Technology and Mineral Resources .. .. .	52,000	45,700	0,291
455090201	Rural Electrification .. .. .	194,000	287,000	71,412
456090201	Commerce, Finance, Co-operatives and Tourism .. .. .	683,500	331,000	485,586
457090201	Land Transport (Roads/Bridges) .. .. .	7,140,000	8,059,000	8,334,028
<b>TOTAL: ECONOMIC</b> .. .. .		<b>8,858,710</b>	<b>9,345,100</b>	<b>9,121,821</b>
<b>SOCIAL</b>				
458090201	Education .. .. .	1,832,570	821,000	656,994
459090201	Health .. .. .	553,000	490,000	236,619
459090202	Environment Health .. .. .	30,000	12,000	0,575
460090201	Information .. .. .	632,000	311,000	101,590
461090201	Sports and Youth Development .. .. .	485,000	337,000	155,104
461090202	Women Affairs and Social Development .. .. .	121,500	99,600	6,199
<b>TOTAL: SOCIAL</b> .. .. .		<b>3,654,070</b>	<b>2,070,600</b>	<b>1,157,081</b>
<b>ENVIRONMENTAL</b>				
462090201	Water Supply and Resources .. .. .	550,000	550,000	303,768
463090201	Environmental Dev., Forestry, Sewerage and Drainage .. .. .	304,000	303,750	204,500
464090201	Housing Development .. .. .	1,057,500	1,537,900	521,977
465090201	Town and Country Planning .. .. .	406,600	129,800	9,958
466090201	Community Development/Fire Service .. .. .	123,000	162,000	19,010
<b>TOTAL: ENVIRONMENTAL</b> .. .. .		<b>2,441,100</b>	<b>2,683,450</b>	<b>1,059,213</b>
<b>GENERAL ADMINISTRATION</b>				
467090201	Justice .. .. .	78,110	51,000	10,752
467090202	Judiciary (High Court) .. .. .	220,000	140,000	116,230
467090203	Judiciary (Court of Appeal) .. .. .	76,000	90,000	2,000
467090204	Judicial Service Commission .. .. .	20,000	10,000	10,000
467090205	Head of Service .. .. .	453,000	261,000	53,440
467090206	S.S.G's Office .. .. .	260,000	255,000	264,140
467090207	S.S.G's Office .. .. .	23,850	21,000	3,909
467090207	Offices of Auditors-General (State and L.G.A.) .. .. .	25,000	14,650	-
467090208	Civil Service Commission .. .. .	40,000	35,300	10,026
467090209	Deputy Governor's Office .. .. .	840,000	836,128	207,007
4670902010	Government House .. .. .	200,000	443,112	-
4670902011	Anambra State Independent Electoral Commission .. .. .	12,000	52,000	7,340
4670902012	Bureau of Internally Generated Revenue (IGR) .. .. .	171,500	118,500	49,415
4670902013	Economic, Planning and Monitoring .. .. .	130,000	100,000	13,820
4670902014	House of Assembly .. .. .	-	-	-
<b>TOTAL: GENERAL ADMINISTRATION</b> .. .. .		<b>2,549,460</b>	<b>2,427,690</b>	<b>748,056</b>
<b>TOTAL: OVERALL</b> .. .. .		<b>17,503,340,000</b>	<b>16,526,840</b>	<b>12,086,171</b>

ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2007

CAPITAL EXPENDITURE

SUMMARY

Head	Sector	Estimates 2007 Nm	Approved Estimates 2006 Nm	Actual Expenditure Jan.-Dec. 2006 Nm
<b>ECONOMIC</b>				
450090201	Agriculture (Crops including ADP) ..			
450090202	Agriculture ADP ..	647,500	410,000	48,530
451090201	Livestock ( Veterinary) ..	583,322	57,710	63,226
452090201	Forestry ..	177,000	109,600	0,509
453090201	Agriculture (Fisheries) ..	17,000	15,500	-
454090201	Commerce and Industry and Tourism ..	15,000	15,500	-
454090202	Science, Technology and Mineral Resources ..	2,033,500	181,500	7,821
455090201	Rural Electrification ..	64,200	52,000	5,411
456090201	Finance ..	200,000	194,000	18,129
457090201	Land Transport (Roads/Bridges) ..	1,645,000	685,500	310,875
	<b>TOTAL: ECONOMIC</b> ..	<b>12,848,000</b>	<b>7,140,000</b>	<b>12,562,615</b>
	<b>TOTAL: ECONOMIC</b> ..	<b>17,866,522</b>	<b>8,858,710</b>	<b>13,017,107</b>
<b>SOCIAL</b>				
458090201	Education ..			
459090201	Health ..	2,279,900	1,832,570	252,789
459090202	Environmental Health ..	1,170,500	553,000	351,147
460090201	Information ..	30,500	30,000	-
461090201	Sports and Youth Development ..	353,500	632,000	143,634
461090202	Women Affairs and Social Development ..	693,651	485,000	46,090
	<b>TOTAL: SOCIAL</b> ..	<b>1,341,790</b>	<b>1,215,500</b>	<b>259,744</b>
	<b>TOTAL: SOCIAL</b> ..	<b>5,873,751</b>	<b>3,654,070</b>	<b>819,634</b>
<b>ENVIRONMENTAL</b>				
462090201	Water Supply and Resources ..			
463090201	Environmental Dev., Forestry, Sewerage and Drainage ..	805,000	550,000	91,923
464090201	Housing Development ..	2,778,000	304,000	302,281
465090201	Town and Country Planning ..	1,550,000	1,057,500	193,248
466090201	Community Development/Fire Service ..	794,000	400,000	186,889
	<b>TOTAL: ENVIRONMENTAL</b> ..	<b>5,700,000</b>	<b>1,251,500</b>	<b>674,341</b>
	<b>TOTAL: ENVIRONMENTAL</b> ..	<b>6,599,817</b>	<b>2,441,100</b>	<b>783,341</b>
<b>GENERAL ADMINISTRATION</b>				
467090201	Justice ..			
467090202	Judiciary (High Court) ..	224,000	78,110	82,006
467090203	Judiciary (Court of Appeal) ..	301,000	230,000	239,000
467090204	Head of Service ..	122,000	76,000	-
467090205	S.S.G's Office ..	973,000	453,000	2,104
467090206	Deputy Governor's Office ..	533,800	260,000	615,326
467090207	Government House ..	41,000	40,000	16,002
467090208	Ministry of Economic, Development and Planning ..	985,000	800,000	385,251
467090209	House of Assembly ..	474,000	171,500	91,877
467090210	Civil Service Commission ..	192,500	180,000	-
467090211	Judicial Service Commission ..	72,000	25,000	3,592
467090212	Independent Electoral Commission ..	36,000	20,000	-
467090213	Bureau of Internally Generated Revenue (IGR) ..	700,000	200,000	1,790
467090214	Offices of Auditors-General (State and L. G. A.) ..	100	12,000	4,000
	<b>TOTAL: GENERAL ADMINISTRATION</b> ..	<b>28,000</b>	<b>23,850</b>	<b>1,047</b>
	<b>TOTAL: GENERAL ADMINISTRATION</b> ..	<b>4,682,910</b>	<b>2,549,460</b>	<b>1,640,000</b>
	<b>TOTAL: OVERALL</b> ..	<b>35,023,000</b>	<b>17,503,740</b>	<b>16,500,083</b>



## ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2008

## CAPITAL EXPENDITURE

## SUMMARY

Head	Sector	Estimates 2008 Nm	Approved Estimates 2007 Nm
<b>ECONOMIC</b>			
40090201	Agriculture (Crops including ADP) .. ..	473,250	647,500
40690202	Agriculture ADP .. ..	550,000	583,322
451090201	Livestock and Veterinary .. ..	177,000	177,000
452090201	Environment ( Forestry) .. ..	25,000	17,000
453090201	Agriculture (Fisheries) .. ..	25,000	15,000
454090201	Commerce, Industry and Tourism .. ..	2,292,000	2,033,000
454090202	Science, Technology and Mineral Resources ..	170,000	64,200
455090201	Rural Electrification .. ..	1,445,000	200,000
456090201	Finance .. ..	4,158,000	1,645,000
457090201	Land Transport (Roads/Bridges) .. ..	16,205,000	12,484,000
TOTAL: ECONOMIC .. ..		25,520,250	17,866,520
<b>SOCIAL</b>			
456090201	Education .. ..	3,209,000	2,279,900
459090201	Health .. ..	1,291,000	1,170,500
459090202	Environmental Health .. ..	34,000	30,500
460090201	Information and Culture .. ..	392,000	352,500
461090201	Youth and Sports .. ..	1,200,000	593,651
461090202	Women Affairs and Social Development ..	861,500	1,341,700
TOTAL: SOCIAL .. ..		6,987,500	5,877,750
<b>ENVIRONMENTAL</b>			
462090201	Water Supply and Resources .. ..	1,950,000	805,000
462090202	Environmental Development, Sewerage and Drainage	2,970,000	2,778,000
463090201	Housing and Urban Development .. ..	3,750,000	1,550,000
464090201	Town and Country Planning .. ..	1,528,550	794,000
465090201	Public Utilities and Community Development ..	756,000	570,000
TOTAL: ENVIRONMENTAL .. ..		10,954,550	6,599,820
<b>GENERAL ADMINISTRATION</b>			
467090201	Justice .. ..	211,610	224,000
467090202	Judiciary (High Court) .. ..	350,800	301,000
467090203	Judiciary (Court of Appeal) .. ..	120,000	122,000
467090204	Head of Service .. ..	835,000	973,000
467090205	S.S.G's Office .. ..	542,000	533,000
467090206	Deputy Governor's Office .. ..	85,000	41,000
467090207	Government House .. ..	3,314,000	985,000
467090208	Ministry of Economic, Development and Planning	340,500	474,000
467090209	House of Assembly .. ..	1,049,100	198,500
467090210	Civil Service Commission .. ..	70,000	72,000
467090211	Judicial Service Commission .. ..	30,000	30,000
467090212	Independent Electoral Commission .. ..	400,000	700,000
467090214	Offices of the State Auditors-General .. ..	24,000	28,000
467090215	Office of the Auditor General for Local Government	15,000	-
467090216	Local Government and Chieftaincy Matters ..	112,000	-
TOTAL: GENERAL ADMINISTRATION .. ..		7,599,010	4,682,910
TOTAL: OVERALL .. ..		51,061,310	35,023,130

## ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2009

## CAPITAL EXPENDITURE

## SUMMARY

Head	Sector	Estimates 2009 Nm	Approved Revised Estimates 2008 Nm
<b>ECONOMIC</b>			
150090201	Agriculture (Crops)	1,350,000	1,623,250
150090202	Agriculture ADP	400,000	550,000
151090201	Livestock and Veterinary	150,000	177,000
152090201	Environment ( Forestry)	30,000	25,000
153090201	Agriculture (Fisheries)	15,000	25,000
154090201	Commerce, Industry and Tourism	1,942,000	2,292,000
154090202	Science, Technology and Mineral Resources	170,000	170,000
155090201	Rural Electrification	1,200,000	1,445,000
156090201	Finance	2,865,000	4,158,000
157090201	Land Transport (Roads/Bridges)	15,717,000	20,705,000
TOTAL: ECONOMIC		23,839,000	31,170,250
<b>SOCIAL</b>			
158090201	Education	2,891,100	3,209,000
159090201	Health	1,505,000	1,291,000
159090202	Environmental Health	130,000	34,000
160090201	Information and Culture	529,500	392,000
161090201	Youth and Sports	926,500	1,200,000
161090202	Women Affairs and Social Development	755,000	861,500
TOTAL: SOCIAL		6,737,100	6,987,500
<b>ENVIRONMENTAL</b>			
162090201	Water Supply and Resources	1,790,000	1,950,000
163090201	Environmental Development, Sewerage and Drainage	2,962,000	3,470,000
164090201	Housing and Urban Development	3,002,000	4,150,000
165090201	Town and Country Planning	1,400,000	1,528,550
166090201	Public Utilities and Community Development	500,000	756,000
TOTAL: ENVIRONMENTAL		9,654,000	11,854,550
<b>GENERAL ADMINISTRATION</b>			
167090201	Justice	186,390	241,610
167090202	Judiciary (High Court)	300,000	350,800
167090203	Judiciary (Court of Appeal)	100,000	120,000
167090204	Head of Service	967,000	835,000
167090205	S.S.G's Office	650,000	792,000
167090206	Deputy Governor's Office	120,000	85,000
167090207	Government House	3,287,000	3,314,000
167090208	Ministry of Economic, Planning and Budget	283,000	440,550
167090209	House of Assembly	916,600	1,049,100
167090210	Civil Service Commission	66,500	70,000
167090211	Judicial Service Commission	30,000	30,000
167090212	Independent Electoral Commission	400,000	400,000
167090214	Offices of the State Auditors-General	24,000	24,000
167090215	Office of the Auditor General for Local Government	15,000	15,000
167090216	Local Government and Chieftaincy Matters	100,000	112,000
TOTAL: GENERAL ADMINISTRATION		7,445,490	7,879,010
TOTAL: OVERALL		47,675,590	57,891,310



## ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2010

## CAPITAL EXPENDITURE

## SUMMARY

Head	Sector	Estimates 2010 Nm	Approved Estimates 2009 Nm
<b>ECONOMIC</b>			
450090201	Agriculture (Crops)	520,000	1,350,000
450090202	Agriculture ADP	440,000	400,000
451090201	Livestock and Veterinary	120,000	150,000
452090201	Environment (Forestry)	16,000	30,000
453090201	Agriculture (Fisheries)	12,000	15,000
454090201	Commerce, Industry and Tourism	1,600,000	1,942,000
454090202	Science, Technology and Mineral Resources	128,000	170,000
455090201	Rural Electrification	1,064,000	1,200,000
456090201	Finance	3,140,000	2,855,000
457090201	Land Transport (Roads/Bridges) Works	12,744,000	15,717,000
TOTAL: ECONOMIC		19,784,000	25,839,000
<b>SOCIAL</b>			
458090201	Education	2,505,000	2,891,100
459090201	Health	1,218,000	1,505,000
459090202	Environmental Health	104,000	130,000
460090201	Information and Culture	440,000	529,500
461090201	Youth and Sports	793,000	926,500
461090202	Women Affairs and Social Development	600,000	755,000
TOTAL: SOCIAL		5,660,000	6,737,100
<b>ENVIRONMENTAL</b>			
462090201	Water Supply and Resources	1,640,000	1,790,000
463090201	Environmental Development, Sewerage and Drainage	2,080,000	2,962,000
464090201	Housing and Urban Development	2,430,000	2,702,000
465090201	Town and Country Planning (Lands)	1,205,000	1,400,000
466090201	Public Utilities and Community Development	399,000	500,000
TOTAL: ENVIRONMENTAL		7,754,000	9,854,000
<b>GENERAL ADMINISTRATION</b>			
467090201	Justice	172,000	185,500
467090202	Judiciary (High Court)	300,000	300,000
467090203	Judiciary (Court of Appeal)	115,000	101,000
467090204	Head of Service	730,000	967,000
467090205	S.S.G's Office	744,200	630,000
467090206	Deputy Governor's Office	126,500	120,000
467090207	Government House	1,780,000	3,287,000
467090208	Ministry of Economic, Planning and Budget	1,413,000	283,000
467090209	House of Assembly	1,100,000	916,000
467090210	Civil Service Commission	56,000	66,500
467090211	Judicial Service Commission	37,000	30,000
467090212	Independent Electoral Commission	400,000	400,000
467090214	Offices of the State Auditors-General	20,000	24,000
467090215	Office of the Auditor General for Local Government	11,500	15,000
467090216	Local Government and Chieftaincy Matters	90,000	100,000
TOTAL: GENERAL ADMINISTRATION		7,096,200	7,445,400
TOTAL: OVERALL		40,294,200	47,371,500

ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2011

CAPITAL EXPENDITURE

SUMMARY

Org/Sub- Org/Financial Classification Code	Sector	Estimates 2011 (Nm)
211000	<b>ECONOMIC</b>	
2510000/211200	Agriculture (Crops)	520.000
2510000/211400	Livestock and Veterinary	120.000
2510000/211500	Agriculture (Fisheries)	12.000
2520000/211200	Agriculture (ADP)	374.000
2610000/212100	Commerce and Industry	1,281.000
2910000/212300	Finance	2,046.000
3320000/211500	Environment (Forestry)	13.600
3410000/214300	Land Transport (Roads/Bridges) Works	10,740.000
3810000/212400	Rural Electrification	1,026.000
4010000/212401	Science, Technology & Mineral Resources	113.500
	<b>Total: Economic</b>	<b>16,246.100</b>
	<b>SOCIAL</b>	
2710000/212400	Health	1,000.000
2810000/212400	Education	2,040.000
3010000/214100	Information, Culture & Tourism	282.407
3310000/213100	Environmental Health	70.400
3610000/221200	Women Affairs and Social Development	510.000
3710000/216100	Youth and Sports	789.070
	<b>Total: Social</b>	<b>4,691.907</b>
	<b>ENVIRONMENTAL</b>	
3210000/233200	Town and Country Planning (Lands)	1,272.000
3310000/221100	Environmental Development, Sewerage and Drainage	1,718.000
3810000/221200	Water Supply and Resources	818.000
3810000/222200	Community Development	333.000
4810000/221200	Housing and Urban Development	2,451.000
	<b>Total: Environmental</b>	<b>6,592.000</b>
	<b>GENERAL ADMINISTRATION</b>	
2010000/241300	Government House	1,500.000
2110000/241300	Deputy Governor's Office	102.500
2210000/241200	House of Assembly	800.000
2310000/241300	Secretary to the State Government	658.000
2410000/241300	Head of Service	652.220
3110000/241100	Justice	129.200



ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2011

CAPITAL EXPENDITURE

SUMMARY

Org/Sub- Org/Finance Classification Code	Sector	Estimates 2011 (Nm)
3510000/241300	Ministry of Economic Planning & Budget	1,585.000
3520000/241300	State Bureau of Statistics	39.200
3910000/241300	Local Government and Chieftaincy Matters	51.148
4110000/241300	Office of the State Auditors-General	17.350
4120000/241300	Office of the Auditor-General for Local Government	12.000
4210000/241300	Civil Service Commission	34.200
4410000/241100	Judiciary (High Court)	110.000
4420000/241100	Judiciary (Court of Appeal)	116.000
4510000/241100	Judicial Service Commission	37.000
4610000/241300	Independent Electoral Commission	317.500
<b>Total: General Administration</b>		<b>6,161.318</b>
<b>TOTAL: OVERALL</b>		<b>33,691.225</b>

ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2012

SUMMARY OF CAPITAL EXPENDITURE

Org/Sub-Org/Financial Classification Code	SUB-SECTOR	APPROVED ESTIMATES 2012		APPROVED ESTIMATES 2011	
		N'm	% of Total Capital Expenditure	N'm	% of Total Capital Expenditure
<b>(A) ECONOMIC SECTOR:</b>					
2510000/211200	Agriculture (Crops)	620.000	1.32%	520.000	1.54%
2510000/211400	Livestock and Veterinary	105.000	0.22%	120.000	0.36%
2510000/211500	Agriculture (Fisheries)	16.000	0.03%	12.000	0.04%
2320000/212100	Agriculture (ADP)	399.436	0.85%	374.000	1.11%
2610000/211200	Commerce & Industry	1,328.000	2.83%	1,281.000	3.80%
2910000/212300	Finance	1,830.000	3.91%	2,046.000	6.07%
3220000/211500	Environment (Forestry)	10.000	0.02%	13.600	0.04%
3410000/214300	Land Transport (Road/Bridges), Works	10,000.000	21.31%	10,740.000	31.88%
3810000/212400	Rural Electrification (Public Utility)	800.000	1.71%	1,026.000	3.05%
4010000/212401	Science, Technology and Mineral Resources	133.620	0.28%	113.500	0.34%
4710000/212600	Ministry of Transport	785.000	1.67%	-	0.00%
<b>TOTAL ECONOMIC SECTOR</b>		<b>16,027.056</b>	<b>34.15%</b>	<b>16,246.100</b>	<b>48.22%</b>
<b>(B) SOCIAL SECTOR:</b>					
2710000/212400	Health	1,371.000	2.92%	1,000.000	2.97%
2710000/212400	Education	10,989.990	23.42%	2,040.000	6.05%
3010000/214100	Information, Culture & Tourism	370.148	0.79%	282.407	0.84%
3310000/213100	Environment Health	50.000	0.11%	70.400	0.21%
3610000/221200	Women Affairs and Social Development-	401.500	0.86%	510.000	1.51%
3710000/216100	Youth and Sports	602.000	1.28%	789.000	2.34%
<b>TOTAL SOCIAL SECTOR</b>		<b>13,784.638</b>	<b>29.38%</b>	<b>4,691.807</b>	<b>13.26%</b>
<b>(C) ENVIRONMENTAL SECTOR:</b>					
3210000/233200	Town and Country Planning (Lands)	1,081.000	2.30%	1,272.000	3.78%
3310000/221100	Environmental Develop, Sewerage & Drainage	1,696.000	3.61%	1,718.000	5.10%
3810000/221200	Water Supply and Resources-	800.000	1.70%	818.000	2.43%
3810000/222200	Fire Services	148.000	0.32%	333.000	0.99%
4810000/221200	Housing and Urban Development	1,808.000	3.85%	2,451.000	7.27%
<b>TOTAL ENVIRONMENTAL SECTOR</b>		<b>5,533.000</b>	<b>11.78%</b>	<b>6,592.000</b>	<b>19.57%</b>



## ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2012

SUMMARY OF CAPITAL EXPENDITURE

Org/Sub-Org/Financial Classification Code	SUB-SECTOR	APPROVED ESTIMATES 2012		APPROVED ESTIMATES 2011	
		N'm	% of Total Capital Expenditure	N'm	% of Total Capital Expenditure
<b>(D) GENERAL ADMINISTRATION SECTOR:</b>					
2010000/241300	Government House	7,806.000	16.63%	1,500.000	4.45%
2110000/241300	Deputy Governor's Office -	114.000	0.24%	102.500	0.30%
2210000/241200	House of Assembly	714.000	1.52%	800.000	2.37%
2310000/241300	S.S.G.'s Office	609.160	1.30%	658.000	1.95%
2410000/241300	Head of Service-	650.000	1.39%	652.200	1.94%
3110000/241100	Justice	150.000	0.32%	129.200	0.38%
3510000/241300	Ministry of Economic Planning & Budget	451.476	0.96%	1,585.000	4.70%
3520000/241300	State Bureau of Statistics	45.000	0.10%	39.200	0.12%
3910000/241300	Local Government and Chieftaincy Affairs	84.000	0.18%	51.148	0.15%
4110000/241300	Office of the State Auditor General	18.270	0.04%	17.350	0.05%
4120000/241300	Office of the Auditor- General for Local	10.000	0.02%	12.000	0.04%
4210000/241300	Civil Service Commission	75.000	0.16%	34.200	0.10%
4410000/241100	Judiciary (High Court)	190.000	0.41%	110.000	0.33%
4420000/241100	Judiciary (Court of Appeal)	268.000	0.57%	116.000	0.34%
4510000/241100	Judicial Service Commission	74.700	0.16%	37.000	0.11%
4610000/241300	Independent Electoral Commission	324.700	0.69%	317.500	0.94%
	<b>TOTAL GEN. ADMIN. SECTOR</b>	<b>11,584.306</b>	<b>24.69%</b>	<b>6,161.318</b>	<b>18.29%</b>
<b>Total Overall Capital Expenditure</b>		<b>46,929.000</b>	<b>100.21%</b>	<b>33,691.225</b>	<b>100.00%</b>

ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2013

SUMMARY OF CAPITAL EXPENDITURE

Org/Sub-Org/Financial Classification Code	SUB-SECTOR	APPROVED ESTIMATES 2013		APPROVED ESTIMATES 2012	
		N'm	% of Total Capital Expenditure	N'm	% of Total Capital Expenditure
<b>(A) ECONOMIC SECTOR:</b>					
2510000/211200	Agriculture (Crops)	597.000	0.84%	620.000	1.32%
2510000/211400	Livestock and Veterinary	100.000	0.14%	105.000	0.22%
2510000/211500	Agriculture (Fisheries)	10.000	0.01%	16.000	0.03%
2520000/212100	Agriculture (ADP)	300.000	0.42%	399.436	0.85%
2610000/211200	Commerce & Industry	1,002.000	1.41%	1,328.000	2.83%
2910000/212300	Finance	3,060.000	4.32%	1,830.000	3.90%
3320000/211500	Environment (Forestry)	10.000	0.01%	10.000	0.02%
3410000/214300	Land Transport (Road/Bridges), Works	16,171.500	22.31%	20,000.000	21.31%
3810000/212400	Rural Electrification (Public Utility)	810.000	1.14%	800.000	1.70%
4010000/212401	Science, Technology and Mineral Resources	110.800	0.16%	133.620	0.28%
4710000/212600	Ministry of Transport	795.000	1.12%	785.000	1.67%
<b>TOTAL ECONOMIC SECTOR</b>		<b>22,966.300</b>	<b>32.39%</b>	<b>26,027.056</b>	<b>34.15%</b>
<b>(B) SOCIAL SECTOR:</b>					
2710000/212400	Health	1,229.100	1.73%	1,371.000	2.92%
2710000/212400	Education	10,173.525	14.34%	10,989.990	23.42%
3010000/214100	Information, Culture & Tourism	938.617	1.32%	370.148	0.79%
3310000/213100	Environment Health	21.500	0.03%	50.000	0.11%
3610000/221200	Women Affairs and Social Development	400.500	0.56%	401.500	0.86%
3710000/216100	Youth and Sports	557.500	0.79%	602.000	1.28%
<b>TOTAL SOCIAL SECTOR</b>		<b>13,320.742</b>	<b>18.77%</b>	<b>13,784.638</b>	<b>29.37%</b>
<b>(C) ENVIRONMENTAL SECTOR:</b>					
3210000/233200	Town and Country Planning (Lands)	1,086.000	1.53%	1,081.000	2.30%
3310000/221100	Environmental Develop. Sewerage & Drainage	2,483.000	3.50%	1,696.000	3.61%
3810000/221200	Water Supply and Resources	2,470.000	3.48%	800.000	1.70%
3810000/222200	Fire Services	85.000	0.12%	148.000	0.32%
4810000/221200	Housing and Urban Development	1,406.800	1.98%	1,808.000	3.85%
<b>TOTAL ENVIRONMENTAL SECTOR</b>		<b>7,530.600</b>	<b>10.62%</b>	<b>5,533.000</b>	<b>11.79%</b>



ESTIMATES OF ANAMBRA STATE OF NIGERIA, 2013

SUMMARY OF CAPITAL EXPENDITURE

Org/Sub-Org/Financial Classification Code	SUB-SECTOR	APPROVED ESTIMATES 2013		APPROVED ESTIMATES 2012	
		N'm	% of Total Capital Expenditure	N'm	% of Total Capital Expenditure
<b>(D) GENERAL ADMINISTRATION SECTOR:</b>					
2010000/241300	Government House	21,991.791	30.99%	#REF!	16.63%
2110000/241300	Deputy Governor's Office -	114.000	0.16%	114.000	0.24%
2210000/241200	House of Assembly	770.500	1.09%	714.000	1.52%
2310000/241300	S.S.G.'s Office	1,625.750	2.29%	609.160	1.30%
2410000/241300	Head of Service-	796.000	1.12%	650.000	1.39%
3110000/241100	Justice	150.000	0.21%	150.000	0.32%
3510000/241300	Ministry of Economic Planning & Budget	455.000	0.64%	451.476	0.95%
3520000/241300	State Bureau of Statistics	45.000	0.06%	45.000	0.10%
3910000/241300	Local Government and Chieftaincy Affairs	81.000	0.11%	84.000	0.18%
4110000/241300	Office of the State Auditor General	20.760	0.03%	18.270	0.04%
4210000/241300	Civil Service Commission	45.500	0.06%	75.000	0.16%
4410000/241100	Judiciary (High Court)	205.000	0.29%	190.000	0.40%
4420000/241100	Judiciary (Court of Appeal)	250.000	0.35%	268.000	0.57%
4510000/241100	Judicial Service Commission	73.900	0.10%	74.700	0.16%
4610000/241300	State Independent Electoral Commission	498.380	0.70%	324.700	0.69%
4910000/241300	Office of the Auditor- General for Local	14.900	0.02%	10.000	0.02%
<b>TOTAL GEN. ADMIN. SECTOR</b>		<b>27,137.481</b>	<b>38.22%</b>	<b>#REF!</b>	<b>24.68%</b>
<b>Total Overall Capital Expenditure</b>		<b>70,955.323</b>	<b>100.00%</b>	<b>#REF!</b>	<b>100.00%</b>

APPROVED ESTIMATES OF ANAMBRA STATE GOVERNMENT OF NIGERIA, 2014  
SUMMARY OF BUDGETED CAPITAL EXPENDITURE BY PROGRAM

Programme Code	Programme Description	Budget 2014 =N=	Actual 2013 =N=
01	Economic Empowerment Through Agriculture	5,272,467,000	617,908,607
04	Improvement to Human Health	5,088,000,000	796,897,218
05	Enhancing Skills and Knowledge	7,171,986,000	2,790,485,785
06	Housing and Urban Development	2,947,000,000	1,160,541,883
07	Gender	399,000,000	245,370,000
08	Youth	750,000,000	292,319,000
09	Environmental Improvement	2,600,000,000	583,111,618
10	Water Resources and Rural Development	3,985,000,000	2,642,733,734
11	Information Communication and Technology	868,379,000	353,231,683
12	Growing the Private Sector	5,020,910,000	10,663,555,303
13	Reform of Government and Governance	32,912,258,000	16,313,336,432
14	Power	580,000,000	486,643,890
17	Road	35,600,000,000	38,219,021,557
<b>Grand Total</b>		<b>103,195,000,000</b>	<b>75,165,146,709</b>

2014 Approved Estimates ..... Budget for the Family and Wealth Creation.....



Anambra State Government of Nigeria

APPROVED ESTIMATES OF ANAMBRA STATE GOVERNMENT OF NIGERIA, 2015  
SUMMARY OF BUDGETED CAPITAL EXPENDITURE BY PROGRAM

Programme Code	Programme Description	Budget 2015 =N=	Budget 2016 =N=	Budget 2017 =N=	Total 3 Years Budgets =N=	Budget 2014 =N=	Actual (to Period 10) 2014 =N=	Actual 2013 =N=
01	Economic Empowerment Through Agriculture	4,613,700,000	5,073,070,000	5,073,070,000	14,763,840,000	5,272,467,000	818,970,226	617,908,607
03	Poverty Alleviation	40,000,000	44,000,000	44,000,000	128,000,000	0	0	0
04	Improvement to Human Health	5,160,440,000	5,676,483,998	5,676,483,998	16,513,407,996	5,088,000,000	178,019,348	796,897,218
05	Enhancing Skills and Knowledge	7,242,270,000	7,966,496,999	7,966,496,999	23,175,263,998	7,171,986,000	2,382,514,202	2,790,485,785
06	Housing and Urban Development	3,320,000,000	3,659,900,000	3,651,945,006	10,622,845,006	2,947,000,000	20,259,314	1,360,541,883
07	Gender	423,200,000	465,520,000	465,520,000	1,354,240,000	399,000,000	41,425,000	245,370,000
08	Youth	630,000,000	692,000,000	693,000,000	2,015,000,000	750,000,000	216,103,010	292,319,000
09	Environmental Improvement	2,160,131,000	2,376,144,109	2,376,144,109	6,912,419,218	2,600,000,000	41,937,300	583,111,618
10	Water Resources and Rural Development	1,512,380,000	1,663,507,996	1,746,683,435	4,922,471,431	3,985,000,000	440,521,777	2,642,731,294
11	Information Communication and Technology	976,300,000	1,073,920,000	1,127,626,543	3,177,856,543	868,379,000	0	353,231,683
12	Growing the Private Sector	4,571,910,000	5,029,100,997	5,280,536,147	14,881,567,144	5,020,910,000	17,525,231,093	10,663,355,432
13	Reform of Government and Governance	26,064,604,700	27,241,637,365	28,599,594,196	81,905,836,261	39,912,258,000	4,700,957,341	16,313,326,432
14	Power	607,200,000	634,524,010	666,250,205	1,907,974,215	580,000,000	92,150,000	486,643,890
17	Road	53,657,250,000	56,071,920,780	58,875,527,223	168,604,808,103	35,600,000,000	29,265,729,828	37,725,578,128
	<b>Grand Total</b>	<b>110,979,285,700</b>	<b>117,662,246,254</b>	<b>122,244,697,961</b>	<b>350,886,529,915</b>	<b>103,195,000,000</b>	<b>55,723,818,639</b>	<b>74,671,703,280</b>

2015 Approved Estimates ... Budget for Wealth Creation and Social Cohesion.....

Anambra State Government of Nigeria

APPROVED ESTIMATES OF ANAMBRA STATE GOVERNMENT OF NIGERIA, 2016  
SUMMARY OF BUDGETED CAPITAL EXPENDITURE BY PROGRAM

Programme Code	Programme Description	Budget 2016 =N=	Budget 2017 =N=	Budget 2018 =N=	Total 3 Years Budgets =N=	Revised Budget 2015 =N=	Budget 2015 =N=	Actual (to Period 12) 2015 =N=	Actual 2014 =N=
66	Economic Empowerment Through Agriculture	1,022,215,898	1,124,987,480	1,176,123,280	3,323,826,658	4,613,700,000	4,613,700,000	229,997,000	1,274,087,208
65	Poverty Alleviation	0	0	0	0	40,000,000	40,000,000	2,000,000	0
64	Improvement to Human Health	2,390,284,103	2,750,000,000	2,875,000,000	8,125,284,103	5,160,440,000	5,160,440,000	524,143,325	1,947,180,296
63	Entrepreneurial Skills and Knowledge	3,000,000,000	3,000,000,000	3,449,999,999	9,270,000,000	7,242,270,000	7,242,270,000	1,092,165,936	3,073,567,474
62	Housing and Urban Development	500,000,000	549,999,997	574,999,998	1,624,999,995	3,300,000,000	3,300,000,000	777,254,039	1,037,546,380
61	Gender	274,033,819	301,443,697	315,144,634	890,622,150	423,200,000	423,200,000	117,200,000	60,704,000
60	Youth	105,961,181	109,999,998	115,000,000	330,961,182	630,000,000	630,000,000	428,901,741	290,213,223
59	Environmental Improvement	903,437,957	993,781,747	1,038,953,648	2,936,173,352	2,160,131,000	2,160,131,000	1,108,949,762	1,113,455,259
58	Water Resources and Rural Development	1,025,000,000	1,127,600,000	1,178,750,000	3,331,350,000	1,489,015,000	1,512,380,000	183,873,740	657,514,406
57	Information Communication and Technology	589,343,481	648,277,827	677,743,003	1,915,364,311	976,300,000	976,300,000	115,732,392	201,232,250
56	Growing the Private Sector	387,888,467	426,675,197	446,069,439	1,260,633,103	4,571,910,000	4,571,910,000	138,339,756	17,711,798,388
55	Reform of Government and Governance	11,517,311,242	12,301,247,717	13,860,395,354	36,678,954,313	35,084,604,700	36,084,604,700	3,992,963,197	13,802,087,925
54	Reform of Government and Governance	6,000,000,000	748,000,000	782,000,000	7,530,000,000	639,465,000	607,200,000	444,027,936	412,444,083
53	Reform of Government and Governance	0	130,000,000	13,200,999,998	13,330,999,998	53,657,350,000	53,657,350,000	14,309,204,995	43,267,881,877
52	Reform of Government and Governance	31,605,984,648	57,590,912,572	60,208,681,362	170,405,578,582	110,979,385,700	110,979,385,700	23,367,242,813	84,850,577,879
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