

Fiscal Accountability, Resource Management and Sustainable Development in Nigeria

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Abstract

Economic stability forms one of the criteria for measuring sustainable development in any part of the world. Most countries, both developed and developing are conscious of their resources both human and material and ensure their effective management and protection. This is important because every serious government aspires to meet the basic needs of the people through the provision of basic infrastructures and good governance. Nigeria is richly blessed with abundant resources, but more than fifty percent of her population still wallow in poverty. This is not unconnected with lack of fiscal accountability and effective resource management. The paper examined fiscal accountability and resource management and their implication on sustainable development. The paper employed the use of secondary data to source its information. The paper observed that lack of fiscal accountability and resource management were basically responsible for poor governance in Nigeria. The paper posited that effective management and financial accountability be encouraged in public service to enable country achieve a reasonable level of development.

Keywords: Accountability, Fiscal Accountability, Development, Management, Resource, Resource Management.

Introduction

The ability of any government to function effectively is greatly dependent on ways and manner such government manages her resources and control its spending to avoid unnecessary waste. Since the task of providing infrastructures and other social amenities lies particularly with government, it is therefore important that available resources must be prudently managed so as to ensure the provision of these necessary facilities to the citizen and put smile on their faces.

A government working towards achieving sustainable development must as a matter of emphasis embrace accountability, particular fiscal accountability and avoid unnecessary and wasteful spending. This is because accountability is a quality control device and a requirement that those who hold public trust account for the use of that trust to citizens or their representatives. Infact, accountability is one of the five norms of good or better governance (Olowu, 2002). When a government is fiscally irresponsible, its ability to function effectively is severely limited. During emergencies, even with the best approach and planning, a government needs to have quick access to reserve funds so as to medicate damages and give assistance when required. A fiscally irresponsible government cannot sustain programs designed to provide fast relief to its citizens and depending on the extent of the budgetary problem, may not even be able to fund its own programs in ordinary times. Not only does this cause crisis internally, but can also affect economic stability and jeopardize sustainable development (Onodugo & Amujiri, 2015).

Nigeria is a multi-ethnic society blessed with different natural and mineral resources. Aside crude oil, the country is blessed with limestone, gold, tine, coal, columbite, bitumen, iron ore, uranium, salt, cocoa, rubber, palm e.t.c. It is therefore logically expected that the present of these resources would translate into socio economic development but unfortunately the reverse has been the case. There have been poverty, hunger, unemployment e.t.c. This ugly and pathetic condition cannot be divorced from the failure of government to prudently spend and manage the available resources, absence of fiscal accountability and effective management of resources are basically responsible for this. People in government are not held accountable for their actions and inactions, both financially and administratively. According to Okwoli (2004) cited in Onuorah and Appah (2012) "The Nigerian society is filled with stories of wrong practices such as stories of ghost workers on the payroll of ministries, extra-ministerial Departments and parastatals, frauds, embezzlements and setting ablaze of offices, housing sensitive documents and corruption are found everywhere in the country. Bello (2001) opined that huge amount of Naira is lost through one financial malpractice or the other in Nigeria, which to say the least, drains the nation's meager resource through fraudulent means with far-reaching and attendant consequences on the development or even socio-economic or political programmes of the nation. According to him, the bane of public sector financial mismanagement since the oil boom years is the structurally weak control mechanism, which create a variety of loopholes that have tended to facilitate and sustain corrupt practices. This is couple with the fact that there is a near total absence of the notion and ethnics of fiscal accountability in the conduct of public affairs and effective resource management in the country. This unpalatable trend and its consequences on sustainable development makes this study imperative.

Research Objectives

The study is set to;

- Examine the link between fiscal accountability, resource management and sustainable development.
- Investigate the challenges of fiscal accountability and resource management in Nigeria.
- Recommend how identified challenges of fiscal accountability and resource management could be supplemented with good policies to ensure appropriate fiscal control and sustainable resource management.

Conceptual Explanation

Accountability, fiscal accountability, resource management and development are clarified and analyzed for better, deeper and scientific understanding.

Concept of Accountability and Fiscal Accountability

Accountability is described as answerability for one's actions or behaviour. It involves the development of objective standards of evaluation to assist the owners of an organization to evaluate the performance of duties by individuals and units within the organization (Olowu, 2002). According to him, accountability has three crucial components: a clear definition of responsibility, reporting mechanisms, and a system of review, rewards and sanctions. Accountability flows in different directions: upward, downward between subordinates and superiors and laterally among professional peers (Olowu, 2002).

Okpala (2012) defines accountability as the obligation of persons or entities entrusted with public resources to be answerable for the fiscal, managerial and program responsibilities that have been conferred on them and to report to those that have conferred these responsibilities. Essentially, accountability ensures that people entrusted with public funds have a duty to report the way in which the resources were allocated applied and the results achieved.

Fiscal accountability is the responsibility for public funds. It is the most vital because most policy decisions have financial implications. The basic tenet is openness in all activities of the body and only embraces confidentiality in specific circumstances where it is proper to do so. The approach properly safeguards funds, used them economically, efficiently and effectively and account for them in accordance with the statute that govern their use as well as reporting performance for all stakeholders through clear channels of communication (Okpala, 2012).

Concept of Resource Management

Resource management can be viewed from various perspectives. This is because "resource" as a word could mean so many things, for instance; financial resources, human resource, production resources, information technology resources e.t.c. For the purpose of this paper, resource management will be conceived in general term. It is therefore described as the efficient and effective deployment and allocation of an organization's resources when and where they are needed.

The government or its representatives are saddled with the responsibility of deploying resources to public sectors and ensure that such resources are prudently managed and effectively utilized for good result. When resources are not well managed, achieving good result becomes difficult if not impossible. It is therefore important to put resource where eyes can see.

Concept of Development

Development is a broad concept, it connotes the totality of societal improvement. Gboyega (2003) sees development as improvement in material wellbeing of all citizens, not the most powerful and rich alone, but everybody in the society. It demands that poverty and inequality of access to the good things of life be removed or drastically reduced. It seeks to improve personal physical security and livelihoods and expansion of life chances.

Mabogunje (1995) suggested that two ideas underline the notion of development. The first is that development is about wealth creation for the use of the citizens and the second is

that every society succeeds best when in this direction if it is able to adapt and transform its own institutions as well as its mores and the general attitude of its people towards the attainment of its goals. According to Thomas (2000) development can be used in three main senses, one, development as a vision, describing or measuring the state of being of a desirable society. Two, as an historical process of social change in which societies are transformed over long periods and three, as deliberate efforts aimed at improving on the part of various agencies, including governments, all kind of organizations and social movement.

Hyden (1994) described development as a product of human efforts. This is because people are the drivers of development, real development can take place in human society. Human beings are saddled with the responsibility of managing both financial and materials resources for the purpose of overall development of the society.

Theoretical Framework

The study seeks to understand the impact of fiscal accountability and resource management on sustainable development. It is essentially a study of good governance and effective performance. Based on this, the New Public Management (NPM) theory will be employed. The new public management theory places emphasis on good governance as a result of the recent globalization of the economy, technological innovation and democratization. As a conceptualization of the effective service, new public management theory is a relentless movement in the direction of greater transparency in resource allocation, decentralization of management authority and performance management through service quality (Pollit, 1996).

New public management theory came up with different concepts for performance and principles to achieve it (Hood, 1991). Basically, hood identified the principles as accountability and efficiency; reduction of public sector expenditure; improvement in resource use through labour discipline; flexibility in decision making; competition in the public sector through decentralization and emphasis on result and not procedure.

Jones and Thompson (1999) interpret new public management as the five Rs, they are; restructuring to focus on core competences, re engineering of work process, radical organization reinvention, realignment by introducing activity based costing and responsibility budgeting, rethinking by reconceptualizing public sector bureaucracies or learning organizations. The new public management theory was an effort to improve government service delivery to the citizenry because of the expectations of the people. It is an avenue through which democratic governance will transform into a better governance that will lead to public policies that are technically efficient and effective and also responsive to the needs of large sections of citizenry (Olowu, 2002).

The main current of the new public management literature is concerned not with what to do but how to do it better. It argues for an incentive environment in which leaders are given flexibility in the use of resource but held accountable for results. As a deviation from the principles of new public management, inefficient and ineffective management of resources as well as absence of fiscal accountability in Nigeria can be viewed and understood as a carryover effect of this deviation. New public management has captured vividly the reason for the "procedure" without result of the management of the abundant resources in Nigeria.

Table 1:
2010-2014 (Four years) Sharing of Revenue between Central, State and Local Government from the Federal Account.

FISCAL YEAR	Year	Amount in billions Federal Government	Amount in billions State Government	Amount in billions Local Government
	2010	N154,633,681,796.66	N89,719,045,266.40	N41,936,047,771.84
	2011	N531,612,593,116.78	N348,291,513,603.64	N167,160,070,675.77
	2012	N723,920,377,511.08	N465,401,088,573.91	N197,546,513,263.92
	2013	N791,030,594,492.65	N441,784,920,342.94	N321,324,219,934.24
	2014	N739,208,155,737.65	N557,887,744,033.24	N396,799,689,065.92

Source: Federal Ministry of Finance, 2015.

It is to be noted that there was consistent increase in the revenue from 2011 to 2014.

Table II:
2010-2014 (Four years) Sharing of Revenue among the Six Geo-political Zones in Nigeria.

Six Geo-Political Zones in Nigeria	Zones	States	Fiscal year 2010-2014/Amount in billions
	South, South Zone	Delta	N207.2b
		Rivers	N145.7b
		Akwa-Ibom	N125.96
		Balyesa	N137.16b
		Edo	N47.6b
		Corss-River	N45.5b
South East Zone	Imo	N55.9b	
	Eboniyi	N43.6b	
	Abia	N47.8b	
	Enugu	Not Available	
	Anambra	Not Available	
South West Zone	Lagos	N85.833b	
	Ondo	N73.471b	
	Oyo	N61.097b	
	Ogun	N52.077b	
	Osun	N47.7b	
	Ekiti	N38.675b	
North Central Zone	Niger	N57.488b	
	Benue	N53.845b	
	Kogi	N47.620b	
	Kwara	N44.469b	
	Nassarawa	N38.540b	
	Plateau	N33.921b	
North West Zone	Kano	N80.127b	
	Kaduna	N65.422b	
	Katisna	N62.905B	
	Jigawa	N51.075B	
	Sokoto	N50.907b	
	Zamfara	N49.468b	
	Kebbi	N49.452b	

	North East Zone	Bauchi	N56.26b
		Gombe	N41.7b
		Borno	Not Available
		Yobe	Not Available
		Adamawa	Not Available
		Taraba	Not Available

Source: Business Editor, December, 2014.

Table I and II above show the revenue allocated to all levels of government for four years, from 2010-2014. It is important to note that aside these revenues, there were also internally generated revenues collected by these governments from 2010-2014. These ranges from taxes, rates, royalties, fines, grants to loans.

Fiscal Accountability and Resource Management in Nigeria: Implication on Sustainable Development

According to Olowu (2002) accountability is closely related to the enjoyment of the democratic life. Democratic governance implies the supremacy of citizens in the governing process. The requirement that ministers be responsible and public servants be accountable is at the very root of democracy. The more government expenditures increased relative to Gross Domestic Product (GDP), the more necessary public accountability became. Fiscal accountability is a mechanism that ensures that governments give citizens maximum possible value for their money.

Accountability becomes relevant when agents is able to demonstrate to the satisfaction of his principal that they have exercised the power conferred and achieved the agreed objectives, by using the resources provided effectively and efficiently (Okpala, 2012). In public sphere, fiscal accountability requires governments to answer to the public resources. When public officials are accountable fiscally, the citizens are able to control and monitor the utilization of public resources to ensure that wastes are possibly reduced or eliminated.

Development thrives in an environment or a system that embrace accountability, fiscally and administratively, management of available resources effectively and efficiently and openness and transparency. In Nigeria, resources abounds, but it has been suffering, poverty, hunger, unemployment e.t.c amidst plenty. Despite the huge amount of money shared and realized among the three levels of government between 2010 and 2014 fiscal year (see table 1) and the revenue resources shared among the six geo-political zones (the 36 states of the federation) (see table II), the trend of development has remained stagnant, the worst of it is the inability of some of these states to pay workers monthly salary. Some of them are even finding it difficult to sustain governance at their various states, some owing their workers 4-8 months salary arrears. With this embarrassing situation, one is forced to ask the following questions; what has happened to these huge amounts of revenue collected within four years? Where are the infrastructures and other basic facilities provided by these various governments with these huge amounts? Are these revenues saved in banks for future use?. The answer to these burning questions is not far-fetched. The revenue resources have terribly been mismanaged as a result of absence of fiscal and administrative accountability in the Nigerian public sector. And for this singular reason, sustainable development has remained a tall dream and continued to elude the citizenry.

Challenges of Fiscal Accountability and Resources Management in Nigeria

There are so many problems facing the effective practice of fiscal accountability and efficient management of nation resources in Nigeria. Some of these challenges are identified and discussed below.

Leadership problem:- Leaders in Nigeria, particularly those in government are naturally reckless. According to Olutuyi (2008) cited in Onnodugbo & Amujiri (2015) billions of dollars of Nigeria's revenue has been wasted and unaccounted for, due to financial rascality by our leaders. In his opinionated view, he said none of our leaders, at all levels of governance is exempted from this financial recklessness of public funds and resources. Contracts have been awarded and are still being awarded without due process, public agencies procure goods and services without recourse to transparency.

Collection of loans from financial institutions by the different levels of government for selfish purposes. Most of the loans collected by these callous governments are used for political campaign and settlement, rather than use the loan for developmental projects, it is diverted to private use and totally mismanaged. This is crude and barbaric.

Poor budgeting system: Because of insincerity on the part of the leaders, the budget process is always being manipulated to accommodate some recklessness. This go a long way to affect some developmental provisions in the budget as some of the money meant for the provision of infrastructures are surreptitiously diverted to other selfish use.

Corruption is the major challenge of accountability and resource management in Nigeria. The various arms of government that are ordinarily expected to check one another have become collaborators and partners in corrupt practices. The legislators that is saddled with responsibility of regulating the revenue and expenditure estimate in any fiscal year to ensure accuracy, transparency, efficiency and effectiveness are not living up to their expectation. They are interested in their various allowances raging from furniture, wardrobe, security to food allowances. In government ministries, agencies and parastatals, vouchers are illegally loaded, bloated by bursars, accountants and other financial personnel's who are functionally expected to detect, control and regulate such illegal financial practices.

Conclusion and Recommendations

Essentially, fiscal accountability remains a pivotal stand for effective and efficient utilization of public financial resources and pillar of sustainable development. This is because, accountability eliminates wastes and embraces efficiency, effectiveness, openness, integrity, discipline, transparency and better governance.

Presently, crude oil, which is the mainstay of Nigeria economy is facing crisis at the international market, there is a sharp fall in the price of the product, which is also affecting the purse of Nigerian government. And Nigerian citizenry are also yearning for basic needs and necessary infrastructures to live a better life. At this juncture, it becomes imperative for government and all stakeholders to brace up and begin to see fiscal accountability and effective resource management as a panacea to this unwarranted but unavoidable economic quagmire. Based on this, the following recommendations are put forth: Nigeria leaders should begin to see themselves as servants of the people and not lords over the citizens. They must change their orientation, attitude and thinking from negative to positive. They should have the courage to serve the people with integrity honesty and discipline. When all these elements are present in them, it paves way for fiscal accountability and prudent management of resources.

Collection of loans by various levels of government must be coordinated and regulated by appropriate agencies, the need for which the loans are sought must be clearly defined and have relevance to the needs of the people. The utilization of such loan should also be closely monitored so as to prevent diversion of the funds to irrelevant and selfish use. There should be conditions placed on the collection of such loan. One of the conditions should be that, the person or government applying for the loan must have the ability to pay it back before the expiration of its tenure. The idea of shifting debts to the incoming government by the incumbent government should be discouraged as it will reduce application for uncoordinated and irrelevant loans.

There is need to develop culture of discipline in our budget preparation and implementation. Money should not be spent on items not budgeted for. The rules guiding the implementation of budget should be strictly adhered to, violators of such rules must be severely punished to serve as deterrence to others.

Auditing of government accounts must be carried out from time to time to determine performance level of the implementing budget. And auditors must be given free hands to do their job as appropriate as possible.

Lastly, corruption, a cankerworm in Nigerian polity must be tackled. Development cannot thrive in corruption, accountability, transparency, integrity and good governance cannot thrive in corruption. In Nigeria corruption thrives because it has not been critically punished. Corrupt people have been going away with their corrupt, practices, even some corrupt people are being celebrated. The capacity of different anti-corruption agencies in Nigeria needs to be enhanced for better performance.

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