

Determinants Of Budget Performance In Nigeria: The Nigeria's Budget of Change, Challenges and Potential Implications on the Nigerian Economy

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Abstract: this study assesses the enabling environment for the successful implementations of Nigeria's 2016 budget and potential implications of the budget on Nigerian economy. Nigeria has been a country where policy formulation is not the problem but implementations. Although the performance of national budget is traditionally measure by percentages of achieving certain objectives; the achievement of such objectives on the other hand dependent on many factors. First is implementation; and the problems of implementations is hampered by the following factors: the lack of political will, high level of corruption, social instability and the tradition of awarding of projects to oneself without completion as the biggest challenges of policy implementations in Nigeria. The study conclude these problems are capable of frustrating the success of 2016 budget in terms of implementations which by their second round effects translated into barriers against the economy and national development. But if preventive measures are put in place against such potential problems, the 2016 budget is very promising; the paper identifies private sector to be the leading beneficiary of the budget from the 30% capital project. Also, the nation is likely to experience massive employment, income growth and poverty reduction through the multiplier effects of capital spending on infrastructure

Keywords: Determinants, Budget Performance, Challenges, Nigerian Economy.

1. INTRODUCTION

Beyond political rhetoric; the task of nation building in Nigeria was for the first time been molded by the leadership of first generation, counter molded by the leadership of her second generation and remolded by the leadership of present generation but nevertheless without development. Because of the lack of absolute development in Nigeria since independence; the country has become a reference point of example throughout the world in terms of underdevelopment, corruption, violence and all sort of national disabilities (Simaon, k, Grace M & Bilal, 2015). Nigeria is endowed with every resource required to be among the biggest industrialized nations of the world but the problem of leadership has been a barrier for the realization of Nigerian dreams. According to critics of Nigerian leadership; the interest of the country is always put at the bottom; people comes into politics only to make money rather than to serve (Musa, 2016). Between the year 1999 and 2015; Nigeria had presented 16 annual budgets with the view to create development but in the skies i.e. (capitalism for the poor and socialism for the rich). This hypocrisy is a programmed ideology which has been legally justified but politically during the art of budget making by ensuring that recurrent expenditure covers over 90% of the budget than capital expenditure (Musa, 2016). As such, the Nigeria's national budgets under the PDP administration for

16 years have been feeding the nation with “NON-DEVELOPMENTAL BUDGET”. The year 2016 is a milestone for Nigeria because of the change in Leadership of the country and the change in the face value of national budget. A budget of change, a N6.02 trillion naira budget with about 30% capital expenditure has raised hopes for development, infrastructural revolution in the country, employment generation and income growth (Simaon et al, 2015). But the challenges in anticipation would be the accuracy of implementations. The performance of national budget depends on many factors; and one of the determining factors is implementation (Musa, 2016). Throughout the history of Nigeria under the 16 years of people’s Democratic Party PDP, apart from feeding the nation with non-developmental projects, the problem of corruption has always been the biggest challenge of implementations. With the new leadership in power and with a budget that has been cook with prudent scrutiny by the nation’s intellectuals, economists and policy analysts among others; the biggest question that is begging for answer is will the budget performance produce the anticipated objectives; the objectives of reviving the lives of nation’s infrastructure; private sector performance; and employment generation; poverty reduction and overcoming the challenges of insecurity. In summary, the question is will the budget enhance the true face value of national development in practical terms? It is against this background this study is conducted.

Objectives of the Study:

The broad objective of this paper is to highlight the likely challenges of achieving the core objectives of 2016 national budget of Nigeria (the budget of change). Although the moral for successful implementation of the budget is too high because of the quality of leadership the country has during the 2015 general elections; however it would be too big a risk to ignore such possibilities without highlighting them and how to prevent their inimical impacts. As for the specific objectives of the study; these are outlined below:

- To investigate the potential implications of Nigeria’s 2016 budget on the economy
- To provide the needed clarification of the budget as contrary to public perception
- To add to the existing literature on budget challenges and performances

II. (A) CONCEPTUAL AND THEORETICAL FRAMEWORK

Concept of budget as a fiscal policy (*Meaning of Budget*):

Meaning of budget:

Ideally, a budget is a subset of a broader economic policy, which details how the government influences the economy and performs three overarching roles: Allocative, Stabilization and Distribution functions. The absence of such coordinated and clear macroeconomic policy framework raises the level of uncertainty on the direction of the economy and as such limits the movement of capital and investments in productive sectors (Mark & Johnson, 2014).

A budget for an economy therefore is an estimation of the revenue and expenses over a specified future period of time (Aminu, 2014). From an economic perspective, a national budget is a fiscal policy; it contains the package of several blueprints of the government that aims to achieve certain specific goals (Simaon k, Grace M & Bilal, 2015). According to Musa (2016), the nature of a national budget at a particular regime is for stabilization. The economy of every nation fluctuates from time to time and certain abnormalities emerge also from time to time; a national budget therefore should be timely or provide the right policy response based on the performance of an economy.

Types of Budget (Budget Deficit, Surplus, and Balance budget):

(a) Budget Deficit (*Expansionary Fiscal Policy*):

Budget deficit is an expansionary fiscal policy where government expenditure for the year exceeds projected revenue (Mack, 2007). The application of budget deficit in an economy requires tax reduction and increase of government spending. Since government expenditure must exceed the projected revenue, the gap in between has to be borrow by the government either within the economy or from foreign countries/international financial institutions.

Economic Condition That Is Right for Budget Deficit:

- When the aggregate output is reducing
- When economic growth is contracting
- When unemployment rate is rising
- When poverty rate is rising
- When inflation rate is low

Monetary Policy Regime That Is Right for Budget Deficit:

- When interest rate is high
- When money supply is tightening

Budget deficit as a fiscal policy is very common in developing economies. This is because their major macroeconomic problems are low productivity, poor market condition, high rate of unemployment and poverty among others ((Mack, 2007)). In terms of compatibility, the application of budget deficit for an economy during a regime requires a number of conditions that prevails. As explain above, it is the economic condition that determines what type of budget to be apply; with regards to budget deficit, the monetary policy regime has to be consider otherwise it will give room for a policy conflict or conflicting objectives. If the MPR regime is pursuing increasing lending to the private sector and the interest rate is low, the application of budget deficit or expansionary fiscal policy will result to increase of inflation which on one hand reduce the purchasing power of consumers and on the other hand will result to reduction in aggregate demand, production decline, loss of jobs among others.

Implications of Budget Deficit to an Economy:

Budget deficit as an expansionary fiscal policy is geared mainly for resuscitation, revitalization and improvement of the performance of an economy (Mcmurray, 2014). In developing economies like Nigeria that is infected with different sort of macroeconomic problems such as the lack of enabling environment for private sector to operate optimally, low productivity, economic growth that is not inclusive, high rate of unemployment among others; requires an expansionary fiscal policy where capital project should have a meaningful percentage. Under this background, the likely implications of budget deficit on the economy are as follows:

- Government spending on capital project or infrastructure will improve the private sector performance through increase in output
- Government spending on infrastructure such as electricity supply will reduce cost of production for industries
- Tax reduction will also provide a space for additional capital and size of national investment
- When players in the private sector aim to increase quantum of production as a result of demand by the government, it has the potential of providing additional job opportunities and poverty reduction in the economy
- The ultimate implication is that such budget has the capability to spur economic growth and development
- If government spending favors recurrent aspect of the budget, will also improve national output through increase of consumer demand for goods and services produce by the private sector

(b) Budget Surplus:

Budget surplus is also known as contractionary fiscal policy. It is a budget where government expenditure is less than the projected revenue (Philips, 2000). Its application requires tax increase and reduction in government expenditure which provides savings for the economy. Unlike budget deficit, budget surplus is apply mainly where there is anticipated inflation and overproduction or supply in an economy which is likely to result in price reduction of goods and services. According to Mack (2007), from the law of supply, when price of goods and services reduces, producers tend to reduce

production as well as supply and otherwise. The implication is that when production is reducing in an economy, it is translated into loss of employment, increase rise and other related problems.

Economic Condition That Is Right for Budget Surplus:

- When there is over production in an economy
- When supply of goods and services exceed the demand
- When there are signals for high rate of inflation
- When the economy is performing better
- When there is low rate of unemployment

Monetary Policy Regime That Is Right for Budget Surplus:

- When interest rate is low
- When money supply exceeds the demand for money
- When there is loose monetary tightening
- When government bonds are at maturity stage

Budget surplus as a fiscal policy is not common in developing economies where their biggest macroeconomic problems are low productivity, low growth rate of the economy, lack of development, high rate of unemployment, poverty and inflation and the like (Mack, 2007). In most developing economies, budget deficit is the commonness and that is why they are the biggest borrowers or debtor of both national and international monetary institutions.

(c) Balance Budget:

A balanced budget means that revenues are expected to equal expenses. When government plan to spend exactly what is projected, there would be neither savings nor borrowing by the government. In our practical world today, this type of budget is only theoretical except in private companies or individuals. Traditionally; adjustments are made from time to time to budgets based on the goals of the budgeting in an economy. According to Philips (2000), in some cases and in most economies, budget makers are happy to operate at a deficit, while in other cases, operating at a deficit is seen as financially irresponsible. This is because when a nation plans to design or implement budget deficit, it provides arbitrage opportunities for stealing public funds by failure to implement promise projects.

Economic Conditions That Is Right for Balance Budget:

- When the economy is working perfectly
- When there is no opportunity for borrowing by the government
- When the economy is at full employment

II. (B) DETERMINANTS OF BUDGET PERFORMANCE:

Budget performance is traditionally measure by the achievement of objectives set aside to accomplish; however the successful implementations of the budget is necessary condition to legally ascertain whether the objectives are achieve or not (Philips, 2000). On the other hand, the quality of implementations is also dependent on many factors in a country. Below is a list of such factors that determine budget performance in the light of implementations:

1. Political Will for effective Implementation
2. Qualities of National Institutions
3. Awarding projects to Appropriate Institutions/Personnel
4. Effective Supervision and Evaluation of Results

5. Completion of Projects
6. Social Stability
7. Absence of Corruption

Base on the menu of factors listed above; throughout the history of Nigeria under the 16 years of PDP government have been lacking, inadequate or non-existing to a large extent (Musa, 2016). The lack of political will and poor qualities of national institutions do not require empirical evidence. Corruption has always been the biggest challenge in Nigeria (Musa, 2016). because of corruption, most of the funds set aside for developmental projects were been diverted to private pockets; awarding of projects to oneself or friends and relations have always been the culture in Nigeria and where the projects are awarded to quality institutions; completion of the projects have also always been a problem. According to Mathew and Shayan (2015), if scores could be awarded to the 16 years of PDP in terms of budget performance in the areas of power/electricity, building of roads, structures of national institutions, education, health, security among others; it will not exceed 5%; this is because every year Nigerians prefer their previous years. It is beyond political rhetoric or moves against the PDP administration in Nigeria because the physical environment is self-explanatory. The lack of development in Nigeria under the entire duration of PDP administration does not require rocket science. All such disabilities were as a result of too much corruption and the poor state of justice institutions of the country.

III. LITERATURE REVIEWED

Interestingly; there are vast amount of literature on Nigeria's budget performance, challenges and recommendations for overcoming them. The aim of national budget in an economy is to influence the developmental parameters to a higher level; however the ability of budget to produce the anticipated result depends on a long list of factors. Furthermore; the aim of reviewing related literature exclusively for Nigeria is to have adequate documentation on the challenges of development planning in the country before the year 2016. This will provide us with the insight of understanding the likely challenges awaiting the implementations of 2016 budget in the country.

Emanuel (2012) defined a budget as the statement of expected income and expenditure over a time period, usually a year of the government. He argued that Governments at all levels do envisage how much they are likely to generate from all source available to them. At the same time, they visualize what the expenditure will be. The author also added that the income side of a budget normally does include loans sourced both internally and externally. In essence, budget has become the means by which governments achieve their objectives. While reviewing the performance of budget in Nigeria; the author also identified poor planning, lack of political will, weak data base, spatial development and corruption as the major constraints.

Danial (2015) examine the political economy of people's Democratic party in Nigeria after the presidential elections of 2015. The author argued that corruption under the PDP was a culture and a way of life. The institution of Politics in Nigeria before 1999 was seen a means of service to the nation but after that period; it became a career business and money making venture. Consequently, many people joint politics not to serve the country but to make money either through stealing indirectly from the national budget and contract or through the huge salaries and allowances politicians in Nigeria paid themselves; the Nigerian economy under the PDP administration was destroyed for private gains. Because of corruption in PDP administration; the term PDP has become an adage for injustice. '*Do not do me PDP in the Nigerian language is a nomenclature for do not do injustice against me*'. The author identified the implicit channels through which large amount of money was stolen in the country through the following: national budget, crude-oil and oil revenue, ghost workers and awarding of projects to oneself, allies or agents of scrupulous elements.

Nwaorgu (2015) examines the effect of dominant individuals on budget implementations in Nigeria. His methodology was basically content analysis. The author identified the activities of dominant individuals' ranges from manipulation of budget items before and after approval of annual estimate: embezzlement and fraudulent activities: lack of proper budgeting processes is responsible for the failure of budget in Nigeria. The author recommends the need for budget reform in Nigeria. Budget should be based on thorough evaluation of revenue and needs and the issue of probity, transparency and accountability should be properly addressed in the budget process. As for the implications of his

findings particularly on poor budget performance in Nigeria; resulted in the second round effects of causing high level of youth unemployment, poverty and corruption as well as causing under development of Nigeria economy.

As stated in Nwaorgu (2015: p26) “Kali (2010) looking at improved budget implementation as a key to Nigeria’s recovery discovered that the Nigerian economy is stagnant and that there is also a collapse of public infrastructure. He recommended that the dwindling revenue encountered in Nigeria should be tackled in other to achieve better budget implementation. Okunmuyide (2012) on his part analysed the key issues in 2013 budget. He discovered that 2013 budget is silent on the recovery of N2.6 trillion subsidy scam recovered. He recommended that such huge amount of money should have been used to reduce budget deficit. Herath (2004) worked on the relationship between public expenditure and economic growth in Sri Lanka from 1959 to 2003. The study found that government expenditure has a positive effect on growth. Still on the impact of public expenditure on economic growth in developing countries, Bingxin et al. (2009) used a dynamic generalized method of moment (GMM) model and a panel data set for 44 developing countries between 1980 and 2004 for his study. It was revealed that the various types of government spending have different impact on economic growth. Zheng et al. (2010) analyzing the relationship between the size of Chinese government as measure of its annual spending and the growth rate of the economy from 1952-2007 discovered that there is no strong evidence in support of the validity of Wagner’s law for Chinese economy”. With regard to Nigeria in particular; the problem of Nigeria’s budget is not primarily the budget planning but implementations. The poor implementations of budget in the country are as a result of corruption and other factors.

Nigerian Economy in 2014 (Performance):

The need to review economic challenges for Nigeria before the year 2016 will give us the idea of whether or not the 2016 budget is a right policy response. The year 2014 in Nigeria was a mile stone economically; this is because it was the period that Nigerian economy was ranked the biggest in Africa (IMF, 2015). In 2014, the following economic statistics was released by the IMF: real GDP was projected to grow by 6.2% based on an outlook of increased agricultural production, stimulation of the non-oil sectors, and robust fiscal and monetary policies. The real GDP growth rate as reported by the National Bureau of Statistics (NBS) in the first, second and third quarters of 2014 was 6.21%, 6.54% and 6.23% respectively. This has been a good achievement relative to the Budget. Based on results published by NBS, the non-oil sector recorded real growth of 7.51% in the third quarter of 2014, compared to 8.21% and 6.71% respectively in the first and second quarters of the year. The non-oil sector was driven by growth in activities such as crop production, textile apparel and footwear. Telecommunications and Real Estate sectors also contributed to growth in the non-oil sector. On the other hand, the oil sector has faced production challenges in 2014 achieving an average daily production of 2.2mbpd compared to the budget of 2.38mbpd. Overall, the sector grew only in the first quarter by 5.14%. Second and third quarters declined by 6.6% and 3.6% respectively. Given the declining oil prices and production challenges in an economy that is still predominantly oil based, the lower projected GDP growth rate of 5.5% for 2015 is about right. To achieve this, government must focus on fiscal and monetary policies that will drive the non-oil sectors of the economy. (PwC, 2016) The table below presents the highlights of 2015 budget:

Economy in 2015 (Budget and Performance):

Table 1.1: Highlight of 2015 Budget for Nigeria

S/N	Highlights	2015 (Budget)	2015 (Actual) as September	Gap (over)/under
1	Revenue (NGN' billion)	3,452.35	2,257.49	35%
2	Aggregate Expenditure (NGN' billion)	4,493.36	3,420.64	24%
3	Recurrent Expenditure (Non-debt) (NGN' billion)	2,593.21	1,817.97	30%
4	Capital Expenditure (NGN' billion)	557.00	194.77	65%
5	Capital Expenditure to Aggregate Expenditure (%)	12.4%	5.7%	54%
6	Recurrent Expenditure Aggregate Exp. (%)	57.7%	53.2%	8%
7	Fiscal Deficit (NGN' billion)	1,041.01	1,163.15	(12%)
9	Fiscal Deficit/ GDP (%)	1.09%	0.99%	9

Source: PwC Report, 2016

Performance:

According to Mike (2016), the year 2015 was a tough year for Nigeria. The country recorded one of the lowest growth profiles in decades with GDP growth averaging 3.1% in the first nine months of the year, compared to 6.3% in the previous year. For the most part of the year, inflation rate trended upwards to a peak of 9.6% in December which is the highest since December 2012. Similarly, dollar scarcity and rationing arising from the fall in crude oil prices was dominant while government revenues and consumer spending fell significantly. Furthermore, unemployment rate rose to 9.9% in 2015q3 from 8.2% in the previous quarter. To resuscitate the Nigerian economy would require massive investment in infrastructure, skills & training; enacting and enforcing enabling business laws or incentives to stimulate production of goods and services for local consumption and exports and having a clear fiscal and monetary policy direction for the economy. The question is, has the 2015 budget failed? This question arises from the poor performance of the economy during the year which ended in December 2015. However, in the early months of 2016, Nigerian economy has deteriorated in terms of performance in relation to 2015. With the new administration in power, expectations of change for the better are high.

NIGERIAN ECONOMY IN 2016 AND BUDGET OF CHANGE:

As highlighted above in the preceding section (performance of the economy in 2015), the beginning of the year 2016 was tougher than 2015. Unemployment rate is likely to increase as cost of production for private companies increases. This is from the perspective that electricity supply has significantly deteriorated; the price of petrol has skyrocketed along with its scarcity. The implementation of treasury single account (TSA) has posed big challenges for commercial banks because government is their biggest customer. The incentive for commercial banks to lend to the real economy is poor because of production and market challenges confronting the private sector. Expectations are therefore very high on the 2016 budget. Economists and policy analysts have communicated the public about their expectations on the type of budget for 2016 which should provide the right policy response to the problems of Nigerian economy.

Economist Expectations:

Across media channels in Nigeria and foreign observers of Nigeria's domestic economic condition have converged in their perspective on the right policy response the new administration renders to the economy (Punch Newspaper, 7th May). Considering the decline of national productivity, output, shortages of money supply and the declined of oil prices; economists such as charls soludo, the former central bank governor of Nigeria, the emir of Kano, Malam Sanusi Lamido Sanusi and other prominent economists were all been featured in Nigeria's Punch newspapers expecting the following in 2016 budget:

- Expansionary Fiscal Policy
- Economic Diversification
- Private Sector Incentive
- Increase in Capital Expenditure
- Investment in the real sector of the economy

Private Sector Expectations:

Market players in different sector of the economy such as manufacturing, communication, entertainment and tourism, agriculture and a long list of others have been reported crying for poor infrastructure in the economy (PwC, 2016). Cost of production is high and the poor market condition does not allow making maximum profit. Players in the Nigeria's private sector provide for themselves a good road, power and security. Foreign investors in the country in addition to all those problems stated; the problem of terrorism and militancy makes the Nigerian business environment hostile. Across every units of human portfolio, the expectations of change are on the high degree. Specifically, the private sector expectations in the budget for the year 2016 are expected to address the following:

- Increase in capital project
- Tax reduction
- Increase in defense and security vote
- Investment in the real sectors

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- Other issues which will directly or indirectly improve the performance of the private sector

Expectations of the General Public:

The general public comprises all population groups in the country. This includes both the employed and unemployed. As everyone seeks the opportunity to live a decent life out of poverty and hardship; the opportunity to gain employment that rewards hard work, rising income and the prosperity of a better life depends on the private sector performances. The private sector performance on the other hand depends on the enabling environment which can only be created by the state through its policies. Specifically, the following are the expectations of Nigerians in general or the general public:

- Infrastructural development
- Employment opportunities in the private sector
- Investment opportunities in the real sectors
- War against terrorism
- Improvement in the provision of social services

All these were prior to the announcement of 2016 budget. Although after it was announce and presented to the nation’s national assembly; it generated controversies and debate among Nigerians and international observers (PwC, 2016). After the first four months of the year 2016, the budget of change was finally signed into law on May 6th /2016.

2016 BUDGET IN PERSPECTIVE:

Table.1.2: Summary of 2016 Budget

s/n	Particulars & Years	2016
1	Type of the budget	Expansionary Fiscal Policy
2	Monetary Amount of the budget	N6.08 Trillion
3	Projected Revenue	N3.86 trillion
4	Total Deficit	N1.84 trillion
5	Domestic Borrowing	N984 billion
6	International Borrowing	N900 billion
7	Capital Expenditure	N1.8 trillion
8	Recurrent Expenditure	N4.28 trillion
9	Growth rate Projection	4.37%

Sources: Author’s Computation

Table 1.2 presents a summary of 2016 budget by its key pillars. In the first column, a definition of the budget from fiscal policy perspective has been given as expansionary. This indicates that government expenditure exceed the expected revenue. The monetary value of the total budget stood at N6.08 trillion which is the biggest in the Nigerian history. Moving down to seven rows for capital expenditure; the N1.8 trillion constituted a 30% of the budget and the economy is projected to grow by 4.37% at the end of the year.

Table.1.3: The Differences between 2015 And 2016 Budget in Monetary Terms

s/n	Particulars & Years	2016	2015	Increase/Decrease
1	Type of the budget	Expansionary Fiscal Policy	Amount	Amount
2	Monetary Amount of the budget	N6.08 Trillion	N4.358 trillion	+ N1.722 trillion
3	Projected Revenue	N3.86 trillion	N3.259 trillion	+ N61 billion
4	Total Deficit	N1.84 trillion	N755 billion	+ N925 billion
5	Domestic Borrowing	N984 billion	N700 billion	+ N284 billion
6	International Borrowing	N900 billion	N55 billion	+ N845 billion
7	Capital Expenditure	N1.8 trillion	N633 billion	+ N1.78 trillion
8	Recurrent Expenditure	N4.28 trillion	N261 billion	N3.32 trillion
9	Growth rate Projection	4.37%	6.02%	-6.15%

Sources: Author’s Computation

Table 1.3 compares the monetary aspects of the key pillars between 2015 and 2016 budget. It shows in the second rows that an addition of N1.722 trillion to the size of the budget in 2016. Capital expenditure also increases by N1.78 trillion. This provides a signal that the year 2016 will be a milestone for Nigerian economy as never in history that Nigeria provided over 13% of national budget. In 2016, it constitutes a 30% of the budget.

S/N	Private sector investment	Amount
1	Works, Power and Housing	N433.4 billion
2	Defense	N294.5 billion
3	Agriculture	N115 billion
4	Transportation	N202.0 billion
5	Manufacturing	N402 billion
6	interior	N53.1 billion

Sources: Author’s Computation

Basically, the crying chorus of Nigerian private sector is the poor state of the nation’s infrastructure, insecurity and terrorism. The economy as a whole being dependent on both export and importation of oil has been a long time overdue. The poor condition of agricultural sector is uncalled for. Table 1.4 presents in summary the intended spending by government to motivate private sector participation and performances. Government investment in works, power and housing stood at N433.4 which is also the biggest in the nation’s history. This will provide more conducive and enabling environment for production at low cost. On defense, about N294.5 billion are to be spending in the ongoing fight against insurgency, militancy and other sort of crime. This also will improve investor confidence. On agriculture, the N115 billion allocations are for subsidy to farmers. The biggest sector which has the lion share is manufacturing which stood at N402 billion. The expectation is that the manufacturing sector is likely to have more multiplier effect in the economy and will create a space for import substitution on goods and services that could be produce in Nigeria. From the summary of 2016 budget above in table 1.4, the questions begging for answers are as follows:

1. Is The Budget Packages Provides The Right Policy Response To The Economy?
2. What Are The Implications Of The Budget On The Private Sector In Nigeria?

Is The Budget Packages Provides The Right Policy Response To The Economy?

In response to the first question analytically; it will not be mistaken to reply yes. This is because the budget is an expansionary fiscal policy and what determines such types of budget are practical in the economy. For clarification, these include the following conditions: When the aggregate output is reducing, when economic growth is contracting, when unemployment rate is rising, when poverty rate is rising, when inflation rate is low in the economy, when interest rate is high, when money supply is tightening among others. These however are the prevailing condition of the economy.

IV. B CHALLENGES NEEDED TO OVERCOME FOR THE SUCCESSFUL IMPLEMENTATIONS OF 2016 BUDGET

Although the confidence of the general public on the present administration in the country under the leadership of President Muhammadu Buhari is too high because of his reputation for fighting corruption and injustice; however the president will not partake in every aspect of the budget’s implementations throughout the country. It has to be carryout by institutions and individuals and therefore; the need to draw attention on areas to be taken into cognizance is of paramount importance. These challenges as anticipated are as follows:

1. Political Will for effective Implementation:

The concept of Political is not limited to the will of one person or head of the government but also the entire political machinery responsible for carrying out specific tasks. During the PDP administration, the lack of political will is one of the problems hindering the activities of national development. This as challenge is anticipated through the fact that most of the politician the all people’s congress APC were parts of the PDP administration. Their conversion into the APC as

suspected was merely to win elections. The fear therefore is that they still have blood DNA of stealing from the national treasury and economic mismanagement. For the fact that the 2016 budget is the biggest in the Nigerian history provide the opportunity to steal more than ever before. This problem is only anticipation but to build the confidence against this notion; the government must come out with a campaign of putting the national interest against personal interest in the art of implementing the 2016 budget.

2. Qualities of National Institutions:

National institutions in the country must be alive to their responsibilities. The institution of justice, policy making, supervision and evaluation, commercial banking and other monetary institutions, the institutions of education, health, security and a long list of others. The idea is that corruption has become endemic in the Nigeria's institutions of development. The problem of abuse of power, offices, and indiscipline have made most of the Nigeria's institutions ineffective and performing below expectations. These problems if not address would probably frustrate the successful implementations of 2016 budget in Nigeria.

3. Awarding projects to Appropriate Institutions/Personnel:

This is another problem capable of posing challenge to the 2016 budget in Nigeria. The most difficult aspect of man is attitudinal change. How will the culture of awarding projects to oneself be resolve in the country; In some cases, most of the construction companies in the country are either own by the politicians or their friends and allies. Institutions of higher quality however have been corrupted by using their names in making proposals and after acceptance; another company would be employ to start and stop. Awarding project to the right and appropriate institutions will contribute to the successful implementation of the 2016 budget.

4. Social Stability:

As it is typical all over the world; no developmental activities take place in an environment without social stability. Social stability implies the absence of uprising, political violence, terrorist activities, and religious crisis from the security components of social stability. Social stability also implies the lack of outbreak of dieses & environmental disasters. These sort of problems usually demand for immediate spending which might not have been appropriated aside in the budget and will therefore compel the state to either borrow funds or to diverted the funds set aside for other projects in addressing such emergencies. The problem of insecurity in Nigeria has been revolving from terrorism to militancy. The problem of Boko haram seems to have ended but the Niger-Delta Avengers whose objectives would be to shutdown the Nigerian economy through the following means:

- Pipeline Vandalism for Crude oil, Petroleum, and Gas
- Kidnapping and Murder of High skill expatriates
- Chase out foreign investors
- National blackout etc :

These among others have the greater propensity to destabilize national development since the militants have legal backing by their leaderships and members of their own communities. It will therefore never be an exaggeration to conclude that until the problem of social stability in the country is address before the 2016 budgets have the enabling environment for implementations. Otherwise, the objectives of the budget of change might not be achieved.

5. Absence of Corruption:

This is the life of Nigeria's economic challenge. Corruption is the reason for lack of development in Nigeria. Corruption is the biggest problem standing before every mighty step made by the country to a journey of a nationhood, national development and development efforts. Even the President of Nigeria had made this statement repeatedly "*If Nigeria does not kill Corruption, Corruption will kill Nigeria*". Because of corruption, all money dedicated for developmental projects are siphon, diverted into the pockets of politicians in the country. The lack of development in Nigeria has been attributed to corruption and the more this country is underdeveloped, the more comes the opportunity for politicians to make big

budget in order to steal money. It will therefore be safer to say that, about 80% of the success for 2016 national budget in Nigeria will be dependent on the absence of corruption.

Assuming that the window of opportunities for corruption in the country will be close and let the nation dance to the tune of actual musical; the music of national policies, qualities of institutions and labor in the light of the Nigeria's budget of change (2016 national budget), there are implications in anticipation on the economy.

V. IMPLICATIONS OF 2016 BUDGET ON THE NIGERIAN ECONOMY

The Nigeria's private sector is one of the biggest beneficiaries of 2016 budget of change. It is likely to play an important role for itself, for the economy and for government as an agent or medium through which the macroeconomic targets of 2016 be achieve. For substantiation, the following are the mediums or channels through which the private sector in the economy has big advantages:

Economic Diversification & the Private Sector:

The Nigeria's budget of change for the year 2016 has clearly indicates a demonstrative commitment to diversifying the economy. This is evident from the projected revenue sources of non-oil. This implies that the non-oil sectors of Nigerian economy would be resuscitated back to life directly or indirectly via balance or unbalance growth strategies from expenditure perspective. For example, investment in the power sector will not only provide avenue for industries to operate at low cost but also will stimulate the performances of other sectors such as entertainment, increase household disposable income by paying cheaper electricity bills than spending on either fuel or diesel generators. Sleeping industries are likely to recuperate from interdependent as the output of one industry is an input of another industry. This will also provide more jobs and investment opportunities for participation and performances.

Diversifying the economy moreover will provide a cocoon to Nigerian economy from external shocks and will reduce the over dependency on oil or any particular sector of the economy. Above all, national output and productivity are likely to increase as well as economic growth and development. This is from the perspective that more industries and their players would be back to life and give their partial contribution of output to the country's gross domestic product (GDP).

Investment in Infrastructure & the Private Sector:

As for the first time in the history of Nigeria; 30% of the biggest budget also will be spend on capital project, it is therefore needless to argue that the private sector will benefit from the spending both vertically and horizontally. Vertically; the spending on capital project will be made in the private sector which has more multiplier effects in the economy. By investing in a particular industry for capital project activities; that industry will also spend in another industry for the purchase of inputs and consequently, the transportation sector will benefit, communication, food and beverages, automobile, petroleum and the list goes on and on. Through this medium, production capacity will improve, job opportunities, rising income to households and employees which also, they would spend back in the economy for their consumption. According to PwC projection, the 30% spending on capital project has the potential of making Nigeria the true giant of Africa economically.

Investment in Defense and Security Vote (DSV) and the Private Sector:

Foreign investors in any economy play an important role by contributing to the gross domestic product of the host economy. In the last five years with the exception of 2015, Nigeria has been the most preferred investment destination by foreign investors. The major factor which discourages foreign direct investment inflows in 2014 was the growing rates of terrorism by boko haram, militancy and religious crisis. In addition to these challenges, the year 2015 did not only discourage FDI inflows but because of the extreme tension of 2015 general elections also encourages mass exodus of FDI outflows which contributed to the growth decline from 6.02 in 2014 to 3.04 in 2015 (PwC, 2016).

Local investors were also discouraged by the same factors especially those in the areas that were prone or affected by insurgency. The government effort put in place against insurgency in Nigeria even before the announcement and presentation of 2016 budget; the relative normalcy return had strengthened investor confidence. The 2016 budget from its announcement to the day it was signed into law; the percentage allocation to defense also strengthened investor confidence. The lesson is that no matter the size of national budget and the menu which comprises excellent spending; for

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as long as there is no investor confidence will be meaningless. Therefore; from all the arguments presented in this section in the light of the theme of the study which were highlighted from theoretical perspective and experiences; it will not be mistaken to conclude that the implications of 2016 budget in Nigeria on the private sector will lead to the following advantages:

- Improvement in participation and performances
- The private sector will feature the participation of new investors
- Business activities have the potentials of expansion
- There would be opportunities for wealth creation in the sector

VI. CONCLUSION

The paper conclude that the 2016 budget of change has the potential of reviving investor confidence on the Nigerian economy especially the private sector as the government objectives of creating employment, poverty reduction and other macroeconomic goals are to be achieve through the private sector. Moreover; investment in infrastructure will reduce cost of production for companies and that capital spending by government is a demand derive base policy which will also stimulate the performances of players in the private sector. Investment in defense will also stimulate the growth of investor confidence and adds to the stability of the economy. But there are issues which must be ensure in place and those to address. These include political will of implementations, the need to ensure corrupt free implementations among others.

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