



## RESEARCH ARTICLE

# Budget Padding and Its Effects on the Nigerian Economy: A Theoretical Review

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*This research focused on Budget Padding and its effects on the Nigeria's Economy. The specific objectives were to; evaluate the socio-economic implications of budget padding, examine the powers of the legislature with respect to appropriation, and analyze the ethical and moral implications of budget padding This study involved a descriptive research design and content analysis whereby the qualitative method was adopted using secondary sources of data. Findings revealed that: the socio-economic implication of budget padding is perturbing as it affects all known economic indices negatively. Also, the legislature has powers to scrutinize and approve national budgets, but lack powers to insert new projects and programmes without recourse to the Executive it is also morally and ethically unreasonable for the legislators to introduce new items into the budget without the consent of the budget initiators. Finally, the consequences for failure of the budget would have negative impact on the implementation of strategic government projects and programmes. Following the findings, it was recommended that,' to attain national growth/development, there is need for strict adherence to the fundamental principles of good budgetary governance, such as the management of budgets within clear, credible and predictable limits for fiscal policy. Again, Government should ensure that budget documents and data are open, transparent and accessible, provide for an inclusive, participative and realistic debate on budgetary choices present a comprehensive. And finally in line with the anti- corruption stand of the Nigerian current administration, all abuse of power and privileges by public and elected officials should attract appropriate punitive measures.*

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ABSTRACT

**Keywords:** Budget Padding; Nigerian Economy; Socio-Economic Implications; Appropriation

## **Introduction**

Budget padding has different interpretation based on intended application or the term. Those in the business world for instance believe that padding a budget artificially inflates the budget and give room for expansion to cover unexpected cost, compensate for budget cuts, take care or unexpected and uncertain expenses, and can only be unethical if it is intended to serve personal interest. For those in the public sector, especially the Legislators who have the responsibility to approve the budget, they believe that padding the budget is a responsible addition that gives them room to insert projects and programmes that would be of immense benefit to their constituents. Critics of budget padding, especially government budget believes that it is an unethical practice as it gives room for corruption. Temionu (2016) for instance stated that "Logically, padding in whatever form, is one of the elements of corruption and its literal interpretation in accounting is false entry". Delee (2019) added that "budget padding is a deceptive practice that breeds harmful corporate atmosphere".

One major issue that heralded the 2016 Appropriation Bill presented by President Muhammad Buhari to the National Assembly was budget padding. Budget padding is not a new phenomenon in Nigeria, it has been in existence prior to 2016 when it gained public attention due to scandalous allegations by members of the Nigerian House of Representatives against themselves (Omeje & Ogbu, 2019). This was corroborated by Aliyu Sabi-Abdullahi in Ojoye (2017) who stated that "Since 1999 to date, the National Assembly has been increasing budgets". Lawai Garnu in Ndibe (2016) also stated that "Nigeria's budget has always been padded since 2011". Since the 2016, it has become a recurring allegation by the Executive Arm of the government during the signing or national budgets that the budget which was approved by the National Assembly and returned to the Executive for Presidential Assent was padded with frivolous and white elephant projects.

Padded budget creates illegal funds for budget initiators and beneficiaries. Apart from their allowances and salaries, it helps them with extra funds to continue to keep their political structures and remain "powerful". The budget padding is done by group of lawmakers secretly without the knowledge of their colleagues. Since these funds are used for phony projects which do not exist. it provides an avenue for lawmakers to divert the funds for private use. The budget paddlers share the infused funds among themselves, and they tend to repeat this year after year. Excess funds. from budget padding are now dispensed as political patronages.

Budget padding can impede and retard Nigerian economic growth and development. It may be likened to corrupt practices and deprive government funds. thereby reducing public spending on socio-economic infrastructures, social services, poverty-oriented programmes (Omeje & Ogbu, 2019). It has appearance of criminality and financial embezzlement and tends to divert and misappropriate public funds. It is anti-development to the extent that it reduces the amount of funds available to be used for developmental purposes. Funds that would have been used for quality education, improved healthcare, infrastructural development? and other facilities needed to encourage a good life for Nigerians are stolen by a microscopic few. This has raised concerns as to the effects of the padding on the economic development of Nigeria. taking into consideration the fact that padded budgets leads to negative allocation of resources. diverts funds from economically viable projects and programmes to irrelevant projects, and some instances, outright theft: of the funds allocated to the padded projects. This paper therefore intends to critically examine how the padded budgets affect the economic development of Nigeria and how the practice could be stopped to allow funds be allocated to projects that would have a direct impact on the economy and reduce the level of poverty in Nigeria.

## **Statement of the Problem**

In Budget padding, while the Legislators are being accused of padding the budgets, the executives have a fair share of the accusation as they have been equally accused severally of inflating the cost of projects or duplicating projects in the budget estimate. Some top civil servants who have major roles to play in the budgeting process form themselves into a cabal called the "budget mafia" and are known for smuggling frivolous allocations into the budget estimate of MDAs. Government has enormous responsibilities to shoulder but the means to satisfy the responsibilities are limited. This is the more reason why various sectors of the economy compete for allocation or limited resources through Ministries, Departments, and Agencies (MDAs) which happen to be the initiators of the budget estimates and by extension the owners. Budget, therefore, helps in allocating the anticipated revenue to the various sectors based on 'scale of preference'. In an ideal situation, the Legislators would have collaborated with the

various MDAs and ensured that their preferred constituency projects were captured during the budget preparation stage and followed up to the execution stage. This would have saved the country from the needless yearly budget padding controversy, maintain the integrity of the lawmakers, and absolve them of corruption allegations. It is therefore worrisome that the lawmakers who are saddled with the constitutional responsibility of approving the budget would outrightly insert projects in the budget without recourse to the initiators of the budget, thereby making some of the initial projects in the budget to be 'un-implementable or unrealizable. Budget padding is unethical because those padding the budget provide false information that affects the implementation of strategic important projects. Most unethical behaviour during the budget process is because of greed or ill intent. It is those unethical or illegal dealings in budgeting that this paper hereby addressed.

### **Objectives of the Study**

The broad objective of this study is to examine the effect of budget padding on the economic development of Nigeria, while the specific objectives include the following:

- i. To evaluate the socio-economic implications of budget padding over the economic development.
- ii. To examine the powers of the Legislature with respect to Appropriation on the economic development.
- iii. To analyze the ethical and moral implications of budget padding over the economic development.

### **Research Questions**

This research work is intended to address the following questions;

- i. What are the socio-economic implications of budget padding on the economic development'?
- ii. What are the powers of the Legislature with respect to Appropriation on the economic development'?
- iii. What are the consequences of budget padding on budget implementation on the economic development'?

### **Review of Related Literature**

#### **Conceptual Review**

This study is predicated on three correlated concepts namely; budget, budget padding and economic development. There is therefore the need to define these key concepts and carry out an in-depth explanation for purpose of clarity.

#### **Budget**

The inevitable organizational and personal challenges of managing revenue and expenditure gave rise to the use of multiple accounting tools which can provide an insightful and constructive way of allocating resources to critical areas in an order of importance. One of such accounting tools is the budget. According to Lindbeck (2018), "The word budget is derived from the Old French bougette (little bag). When the British Chancellor of the Exchequer makes his annual financial statement, he is said to open his budget or receptacle of documents and accounts". The term budget could therefore be seen as an estimate of revenue and expenditure for a specific period of time, usually one year, known in financial term as fiscal year but not mandatorily expected to correspond with calendar year. It is an essential means of making government strategic plans operational.

Delee (2019) stated that "budget acts as an important component of state financial regulation as an effective instrument for the implementation of the economic policy of the country to ensure macroeconomic equilibrium under conditions of instrumental transformations". The purpose of budgeting includes the allocation of scarce resources among competing public demands so as to attain societal goals and objectives.

The societal ends are not articulated by those who are exceptionally gifted with political skills and philosophical knowledge, but by everyone who must operate within the context of some proscribed allocation processes such as the budgetary system. Budget has always been conceived as a process for systematically relating the expenditure of funds to the accomplishment of planned objectives. In the context of this study, budget can be described as a financial tool detailing the spending decisions that government intend to make, taking into consideration how much revenue the government is projected to earn during the fiscal year, and allocate enough resources to cover critical expenditures such as road, housing, transportation, healthcare, education, security, etc.

According to Delee (2019), Budgeting and budgetary control entails the establishment of goals by the management of an organization and designing a process which serves as a framework within which an organization effectively articulates overall planned activities". The computation of these intended activities in financial terms is known as budgeting. while the comparison of an actual income or expenditure to planned income or expenditure to identify whether or not corrective actions are required is known as budgetary control.

Aguguom & Ehiogu (2016), stated that "Budget is a master plan of government which brings together estimates of anticipated revenue and proposed expenditure, implying the schedule of activities to be undertaken and the means of financing those activities". Dickson & Eminue (2020). noted that "a country's budget is a financial plan or an itemized estimate of expected revenue and expenditure for a given period, usually one year, hence it is a political document couched in figures which serves as a fulcrum for the fulfillment of the people's aspiration. redemption of political promises and overall development of the nation". This implies that budget is not only a document that government makes to estimate the revenue and expenditure for an upcoming year based on the priority areas of the government, but also a tool for measuring the performance of government in each fiscal year in terms of delivery of democratic dividends to the electorates.

In summary, budget is a necessary and defining instrument for successful operation of government income and expenditure. It has to do with the allocation and use of resources, and associated decisions about how the resources used will be acquired by that part of the public sector which is financed primarily by compulsory charges such as taxes. Another important aspect of the budget is that it must pass through legislative processes leading to approval before it can be implemented.

### **Budget Padding**

Budget padding basically means making budget proposal to be larger than the actual estimate by adding more projects and inflating figures to cover unexpected cost that may arise during the course of budget implementation. It is also an intentional insertion of projects into budget proposal by persons other than the initiators of the budget with the intent of having pecuniary benefits at the detriment of strategic projects. According to Chiamogu & Chiamogu (2017), "Ordinarily padding connotes a practice in business that has to do with the cushioning effects to ensure efficiency but in budgetary process the manner and the stage at which it is perfected constitutes the problem." This means that in the business world, budget padding is a permissible act so long as it is not intended to benefit an individual but an organization. But in the public sector, budgeting padding is entirely a needless practice as its intents and purposes are not to serve common good, but to surreptitiously enrich an individual or group of persons at the detriment of the masses.

Budget padding revolves around' the activities of legislators in their bid to carry out the constitutional role of scrutinizing the budget before approval. Falana (2016), stated that budget padding occurs "when the legislators resolve to rewrite the budget by introducing new items outside the estimate prepared and presented to them by the President". Falana (2016), added that padding the budget "is an unconstitutional infraction when the estimates are increased on the norm or the house, and the infraction becomes criminal when Appropriation Bill is altered by a few legislators after it had been passed by both houses or the National Assembly". Odigbo (2019), explained that "the act of padding arising from dishonest insertion of arbitrarily fixed constituency projects, inflating projects cost and seemingly misplacement of national priority tends to hinder the legitimate responsibility of the Legislature of ensuring the preparation of a realizable budget for national development".

The amount lost to budget padding in Nigeria within the last seven years is estimated at N2.439 trillion as shown in the table below.

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

<i>S/N</i>	<i>YEAR</i>	<i>PROPOSED ESTIMATE</i>	<i>APPROVED ESTIMATE (N)</i>	<i>AMOUNT PADDED (N)</i>
1.	2016	6.077 Trillion	6.060 Trillion	284 billion
2.	2017	7.289 Trillion	7.441 Trillion	
3.	2018	8.612 Trillion	9.120 Trillion	578 billion
4.	2019	8.916 Trillion	8.921 Trillion	90.33 billion
5.	2020	10.330 Trillion	10,810 Trillion	246 billion
6.	2021	13.082 Trillion	13.588 Trillion	505 billion
7.	2022	16.03 Trillion	17.13 Trillion	735.85 billion

**Source:** Budget Office of the federation, Deloitte Nigeria, Premium Times News, Punch Newspaper 2022

The padded amounts in the table above which were obtained mainly from the speeches of President Muhammad Buhari during the signing of the yearly Appropriation Acts into law, represent the reduction and increase in some budget items and the insertion of new projects by the National Assembly. In 2017, the Minister of Power, Works & Housing, Babatunde Fashola alleged that his Ministry's budget was padded with strange projects by the National Assembly. no credible source has stated the amount padded. Budget Office or the Federation and the National Assembly had also debunked padding allegations in the 2017 budget.

### **Economic Development**

Economic development represents different things to various scholars depending on their standpoint and intended application of the term. Dauda (2016) for instance views economic development as "the way by which society pursues developmental goals of meeting the yearnings and aspirations of the people using its human and material resources". This implies that for economic development to take place there is a need to bring together the fundamentals of development which include economic growth, social inclusiveness, and environmental protection. These elements are interconnected and are critical for the well-being of the generality of individuals and society.

According to Ayonotes (2016), "Economic development occurs when there is an institutional change that leads to a new tax regime". Economic development is however beyond the ability of government to increase revenue base through tax. It includes the acceleration of economic growth. reduction of inequality, and the eradication of poverty. It can also be seen as a sustained improvement in the major economic variables such as inflation, and unemployment. Gross Domestic Product (GDP), Gross National Product (GNP), per capita income, etc over a long period of time without any compromise to the future of the country. It is the ability of a country to absorb economic shocks arising from unavoidable circumstances which are characterized by modern society.

The economic development of any country is driven by the real sector. The real sector or the economy forms the main driving force of the economy, and it is the engine of economic growth and development. The real sector is directly involved in the production of goods and services. It is the fulcrum or value-added productivity, .and the creator of jobs and wealth. Study reveals that the developed economies of the world started their path to sustainable economic development by investing in the real sector. According to the Central Bank of Nigeria (2013), "The real sector of Nigeria's economy is made up of the primary, secondary and tertiary markets. The primary sub-sector includes agriculture, forestry, and mining. The secondary sub-sector is made up of manufacturing/industry and building/construction. The tertiary sub-market comprises services, commerce, information technology, telecom, and tourism." The economy of the country suffers a huge consequence when funds meant for investment in these sectors are diverted to less-priority areas through budget padding.

## **Theoretical Framework**

The theory adopted for this study is the 'Principal-Agent' theory. The theory will form the bedrock for this study and will be reviewed to establish the relationship with the research topic. The desire for self-enrichment is often understood to be one of the major factors responsible for corruption and unethical conduct in the public sector. This is the generalization of the multifarious affiliation linking the individual and the state. There are numerous theories that assist to deconstruct this generalization. One such theory is the 'Principal-Agent' theory.

### **Principal Agent Theory**

The principal-agent theory was propounded in 1973 by the duo of Stephen Ross and Barry Mitnick who independently proposed and actually began to work on the theory but coincidentally came together to propound what is today known as the "Principal-Agent Theory". Ross is best known for the development of many theories including the Arbitrage Pricing Theory, the Binomial Options Pricing Model, the Cox-Ross-Rubinstein Model, and the Economic Theory or Agency. His counterpart Mitnick, has his research interest centered on agency in a variety of institutional settings. He is historically linked to such theories as the Political Economy of Regulations, the Corporate Political Agency, the Theory of Testaments, and the Institutional Theory or Agency. From the foregoing, the basic philosophy underlying the theoretical approaches of the two scholars is similar to each other.

The principal-agent theory is a concept used to analyze the significant relationship between the principal and the agent. The principal-agent dilemma occurs when a person or entity (agent) is able to make decisions or take actions on behalf of others (the principal). The dilemma exists in circumstances where the agents are motivated to act in their own best interest, against the interest of the principal: The principal-agent theory focuses on the rational choice model in which the agent has several tasks to fulfill for the principal. To fulfill these tasks, the agent has free access to several means and tools. However, the principal expects the agent to make decisions that the principal prefers. Inevitably, the objective conflict between the principal and agent often arises, and both of them want their maximum benefits, in particular, opportunistic practices or deceit and fraud are possible.

A common example of the above submission is the relationship between the elected officials (agents) with particular reference to the National Assembly, and the citizens (principal). In this instance, the principal heavily relies on the agent to execute specific financial decisions or transactions that have the potential to improve their condition or living. Because the principal so heavily relies on the agent to make the right decisions, there may be an assortment of conflicts or disagreements, this theory links padded budgets in Nigeria to the powers given to the National Assembly by the electorates through the ballot box which include the powers to approve national budgets. In an attempt to carry out this constitutional responsibility, they engage in the diversion of public funds through budget padding, claiming that the funds are meant for constituency projects, which does not have any root in the constitution.

### **Empirical Review**

Omeje & Ogbu (2019), in their work; Effects of Budget Padding on Nigeria's Economy: The Case of 2016/2017 Budget used variables such as Budget Padding and Economic Development and Findings of the study showed that increased estimates of projects negatively affect Nigeria's economy.

Also, Agugom & Ehiogu (2016), in their work: Budget Padding: The Nigeria Perspective with variables such as Budget Padding and Economic Development round Budget padding as being done with the intent to cheat, defraud the country and enrich some few elected principal officers of the National Assembly through manipulation or budget numbers and yet tries to legalize the act.

Chiamogu & Chiamogu (2017), in their work, budget padding and appropriation in Nigeria: An Appraisal of Legislative Powers in an Evolving Democracy. Using the variables such as; Budget Padding and Power of Appropriation it was found that the Constitution did not make specific provision(s) about whether the legislature can increase or reduce the budget proposal as laid by the executive and the power of appropriation to the National Assembly is a check

measure on the possible arbitrariness of the Executive to guarantee the provisions of the theory of separation of powers.

Ekpu & Iweoha (2017), in their work; powers of the executive and legislature in budget making process in Nigeria: An Overview used variables such as Powers of Executive/Legislature and Budget Process and revealed that it is a misconception to argue that the Legislature has no power to alter budgetary estimates prepared by the Executive.

Amah (2019), on Budget Padding: Causes and Solutions used variables; Budget Padding and Ethical Considerations and discovered that budget padding is a deceptive practice and breeds harmful corporate atmosphere.

Okuma & Kuma (2019), on issues relating to budget padding in Nigeria considered variables such as Budget Padding and Nigerian Economy and it was revealed that budget padding has no significant impact on Nigerian Economy, the role played by the legislative arm of government in 2016 budget padding was unconstitutional, the Executive did not participate in the planning of 2016 budget padding.

### **Methodology**

This paper is positioned on the qualitative method using secondary sources or data drawn from libraries and archives in Nigeria and academic resources from internet sources, local publications such as newspapers, magazines to provide detailed accounts for the effect of budget governance on national development. A descriptive research design and content analysis were adopted for this study. This research design aims to obtain information that systematically described the phenomenon, situation and population. It was designed to depict the participants in an accurate manner and thoroughly observe the dependent and independent variables. The broad objective of this study is to explore the relationship between budget padding and economic development of Nigeria, this research design would therefore provide a guide in conducting the research. The scope of this study is limited to the padding of national budget by the federal legislators whose legislative activities are concentrated mostly in the Federal Capital Territory (FCT) Abuja. The geographical location for the study is therefore the Federal Capital Territory (FCT) Abuja. Data was collected for this study through secondary sources. This involved documented facts from already published and unpublished sources which were collected through primary sources and readily available for use by other researchers. The secondary data was retrieved mainly from journals, magazines, newspapers, government publications, electronic media and credible web contents. The population of this study consists mainly the relevant research carried out and relates to the area of interest; studies that are knowledgeable with the subject matter and followed the trend or event with regards to budget padding. Descriptive model specification was adopted for this study. The model describes logical relationship between two or more variables. It describes things as they are and depicts how things actually work. This model was used to describe the relationship between budget padding and economic development. This study adopted content analysis to identify the intentions and describe the attitudinal and behavioral responses of the relevant works reviewed.

### **Data Presentation and Analysis**

#### **Data Presentation**

Discrepancies and controversies that dogged the budget proposals in the form of "padding" by the "budget mafia" come in various ways. It is observed that the subterfuges for sustaining and perpetrating "budget padding" had been through injection of strange or non-existing projects into budget proposals, outrageous or scandalous allocation of funds to projects without any indication or project location, allocation of fund for the resuscitation of ailing or dormant parastatals or agencies on paper, whereas such agencies had long been declared decrepit officially. For instance, the Sugar Council of Nigeria, a relatively unknown and non-functional parastatal is one of the conduits for siphoning billions of naira out of the system (Ojudu, cited by Adefaka, 2016).

Also, several evidences of repetition/duplication of line items in the budget proposals were detected. Thus, the consequences of this absurdity for Nigeria's economic growth/development, particularly as a nation desirous of improving the standard of living of the people will be in question.

## **Data Analysis**

The data below were analyzed based on content analysis and in line with the research questions.

### **Content Analysis Based on Research Question One:**

What are the socio-economic implications or budget padding?

Budget is unarguably a vital tool for socio-economic development and challenges to its effective implementation would have adverse effect on the economy. Scholars have argued that padding the budget comes with unintended economic consequences. Temiolu (2016), held that padding syndrome has dealt Nigeria a terrible blow as it is a dangerous propeller pulling our economy astern, which has refused to disengage, to enable the vessel of Nigeria's economy and nation- building forge ahead. This is a confirmation that budget padding is dangerous for the economy and has the tendency to drag the nation backwards and destroy all the gains of democratic process. Omeje & Ogbu (2019) stated that "through corruption of budget padding, Nigeria' s huge revenue losses both internal and foreign investors, increase in cost of goods and services leads to the production of sub-standard products". This suggests that the current capital shortages and economic downturn that Nigeria was facing is attributable mainly to corruption of budget padding.

### **Content Analysis Based on Research Question Two**

What are the powers of the legislature with regards to Appropriation?

The roles of the National Assembly in the budget process are stated explicitly in sections 80 to 84 of the 1999 Constitution of the Federal Republic of Nigeria (as amended). The Fiscal Responsibility Act 2007 also confers budget scrutiny and approval powers on the National Assembly. The interpretation of these sections of the Constitution has given credence to the National Assembly to pad the budget, but scholars and public commentators have argued for and against the National Assembly with respect to the powers of Appropriation. Ojoye (2017) argues that the word "laid" in section 81 (1) Of the constitution suggests two things; "put on the legislative table for deliberation and passing into law" and "consider the estimates as human beings and not as robots". From his interpretive reasoning, he believes that the National Assembly has powers to tinker with the estimates sent to it by the President, and this includes adding to or subtracting from the estimates.

This position was corroborated by Okuma & Kuma (2017), who believed that the National Assembly has the power to tinker with the budget. He stated that "like every bill before the National Assembly, it must be debated in order for the National Assembly to make meaningful contributions before it is passed into an Act. It will be absurd if the National Assembly fails to scrutinize all the proposed provisions for various government MDAs. He concluded by saying that during the scrutinizing stage, the National Assembly can reduce, add or leave it as the Executive allocated to the MDAs.

However, in a counter opinion. Falana (2016). acknowledged that the National Assembly is not a "rubber stamp parliament" on the grounds that it is empowered by the constitution to debate and make informed inputs into the budget proposal submitted by the President. He stated further that in the judgment he initiated against the National Assembly on the budget padding. there is nowhere in the judgment did the Federal High Court say that the National Assembly has the power to increase or insert new items like constituency projects into the budget estimate contained in any Appropriation Bill or Supplementary Bill prepared and submitted to it by the President. He concluded by stating that the seeming lacuna in section 81 of the Constitution has been sufficiently addressed by the Fiscal Responsibility Act 2007, which imposed a mandatory duty on the Minister of Finance to seek inputs from the National Assembly and other relevant statutory bodies in the preparation of the Medium-Term Expenditure Framework (MTEF) and the preparation of the annual estimates of revenue and expenditure shall be based on the MTEF.

Supporting Falana's position, Odigbo (2017), stated that under the 1999 Constitution. the National Assembly has the power to appropriate. However, the budget arc to be prepared and laid before the National Assembly by the Executive and if the National Assembly has any issue or development that they want to carry out for their

constituencies. it should be done at the preparatory stage where they would liaise with the Executive arm for such issues to be reflected in the budget. Based on the above assertion, apart from the constitutionality of the process, it calls to question the moral conduct of the National Assembly as it does not make sense that after the Executive has made the necessary inputs, the National Assembly will distort the entire phase of the budget without recourse to the available revenue to fund the budget.

#### **Content Analysis Based on Research Question Three:**

What are the consequences of budget padding on budget implementation?

Budget is widely accepted as a key element in the planning and execution of government policies and programmes, and also a control mechanism for the execution of government projects. It represents government plans for the coming year summarized in projected income and expenditure, and also used to appraise the performance or the key components of the government. According to Egenmwan in Dickson & Eminue (2016), "any talk of policy successor failure in developing countries is always with reference to budget, the project and programme implementation". They noted further that "policies are translated into reality through project and programme implementation, and the very success or failure of a policy is determined by the way and manner in which budget is implemented".

George-Hill (2016) remarked that "budget padding IS a systemic disease and works like a contagious virus. which has the capacity to sully MDAs expenditure plans and cats up scarce resources, causes siphoning and diversion of resources and poor implementation of appropriation plans". The failure of the budget would therefore have negative impact on the implementation of strategic government projects and programmes.

#### **Summary of Findings**

Following the analysis above, the findings were;

1. The socio-economic implications of budget padding are worrisome as they affect productivity, output, exports, balance of payment, foreign exchange, Gross Domestic Product (GDP), Foreign Direct Investment (FDI) and foreign reserves negatively.
2. Based on sections 80 to 84 of the 1999 Constitution (as amended) and the democratic doctrine of separation of powers and checks and balances, the Executive has the sole power of preparing the budget while the Legislature equally has the sole power of scrutinizing approving the budget. It is therefore unconstitutional for the Legislature to insert new projects into the budget without recourse to the Executive. It is morally and ethically absurd for the Legislature to insert new projects into budget estimates submitted by the Executive with the consent of the Executive.
3. The consequences for failure of the budget would therefore have negative impact on the implementation of strategic government projects and programmes.

#### **Conclusion**

Budget is an instrument for macro-economic management of the economics which determines the success or otherwise of government in achieving economic, political and social goals. It is a factor that shapes and reshapes public sector performance embedded in a country's accountability frameworks. An effective public management sector and government spending determine the course of economic growth and development. Budget padding in the other vein involves conspiracy to act corruptly and illicit enrichment of public fund. Diverted public funds or resources, undermines economic progress and impedes policy changes required for economic growth and development. It also deepens corruption in Nigeria thereby leading to high rate of poverty, inequality, unemployment, destitution, diseases, illiteracy and deteriorated living standard among the citizens. The Nigerian experience in 2016 budget padding saga is quite unfortunate incident and the most disheartening. as the value of development assistance that flowed into the country for socio-economic development was squandered by our political leaders/elites No doubt budget padding is nothing but corruption and corrupt practices in Nigeria which had resulted in undermining the growth and stability of Foreign Direct Investment (FDI) impede Nigeria's ability to attract oversea capital and investors. Nigeria is one of the world and largest producer and exporter of crude oil, a country endowed with abundant natural and human resources unfortunately still has more than 60 percent of its population

living below the poverty line. Conclusively budget padding could affect productivity, output, exports, and balance of payment, foreign exchange, Gross Domestic Product (GDP) and foreign reserve negatively.

### **Recommendation**

Following the findings and conclusions, these are recommended;

1. To attain national growth/development, there is need for religious adherence to the fundamental principles of good budgetary governance, such as the management of budgets within clear, credible and predictable limits for fiscal policy.
2. Government should ensure that budget documents and data are open, transparent and accessible, provide for an inclusive, participative and realistic debate on budgetary choices present a comprehensive.
3. Budget padding is economic sabotage and as part of stringent measures to nip the menace in the bud, special courts should be designated for trial of perpetrators and upon conviction all the looted funds should be recovered and the culprits should face a jail term of not less than ten years with no option of fine and Presidential pardon.

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