

Good Governance and Sustainable Capital Projects for National Development

S. I. J Onwusonye

*Department Of Quantity Surveying
Imo State University Owerri*

Abstract

The focus of any mindful government is to effect a minimization of poverty, promotes prosperity of her citizenry through the creation of jobs and employment generations. The actualization and efficiency of these lofty visions predicate on the health of the economy in operation and strengthened by the prudent management of the available human and non-human resources which when positive, culminates to yielding products of good governance. Good governance flourishes when there is a synergy between the formal and informal actors in decision making and to an extent in its implementations. However, the formal government actors by mandate control authoritatively the direction of state resources in allocation of appropriated budget for public capital projects whose eventual procurement generate construction activities needed to stimulate and accelerate positive macro- economic impact on the National Development. This paper examined the efficiency of good governance and sustainable capital projects for national development and identified that the formal actors are mostly politicians who at their liberty include the nature and quantum of public capital projects for possible development. It further noted that eventual development most often got affected by retrogressive forces in the form of bad fiscal habits, policy summersaults, lack of capacity to implement, awarded without recourse to earning value – for- money including other unfavorable internal and external macro-economic forces of interrupted release of funds and/or abandonment of project. The paper concluded by proffering recommendations considered critical towards ameliorating the impact of leakages and distortions associated with construction activities on good governance and national development

Keywords: *Good governance, Capital projects, Sustainability, Value-for-money, National development.*

Corresponding Author: S. I. J Onwusonye

Background to the Study

Optimal standard of living for a nation's citizenry remain ultimate of any government. This explains why actions aimed at ensuring efficiency on macro-economic activities towards sustained blissfulness remain critical to good governance. The sources of these blessings need to be directed and controlled by the formal and informal actors in the decision making while the formal and informal structures are central to articulating and implementing the policies.

Democratic or military government represent the formal actors while the media, international Donors, labour union, Academic Staff Union of Universities (ASUU), Nigeria Institute of Quantity Surveyors (NIQS), multi-national corporations, religions organization, non-government organization (NGOs) et cetera often grouped as part of the civil society represent the informal sector. The mandate of government empowers her in the authoritative direction of the affairs of the state resources, allocation, distribution and stabilization functions culminating to the release of the structures needed to actualize the dream subjects. The realization of these is hinged on the dictates of the head and other members of the government to evolve policies synthesized from transparency, accountability, equitable with the rule of law, effective, efficient, responsive including participation by the citizenry.

In addition, to sustain good governance, laid down policies and acceptable processes must be adhered to. These processes UNDP(2007), require that political, social and economic priorities are based in broad consensus in society and that the voice of poorest and the vulnerable are heard in decision making over allocation of development resources. As a tripod, the state, private sector and civil society must be involved. Thus, the state create stable political and legal environment that would be conducive to sustain development. The civil society institutions and private organizations seek to facilitate political and social interaction and mobilizing groups to participate in economic, social and political activities.

In Nigeria, there seems to exist some distortions. Government who are mostly made up of politicians have remained at liberty to choose for inclusion in the budget the nature, type and quantum of public goods and services for possible development with or without effecting regards to the laid down rules/ policies for good governance. The construction activities by characteristic release intrinsic growth momentum and further generation of wealth and income needed for a healthy economy through its accelerator and multiplier capabilities. These results are optimal if the products were procured through prudent management of time performance and cost signifying value- for- money. This paper discussed the efficacy of public construction activities resulting to products of good governance and its attendant contributions for sustainable National Development.

Objective of the Study

The objective of this work is to identify the retrogressive forces generally responsible in the shortfalls of ingredients of good governance towards contributing to sustained positive national development.

Literature Review

Good Governance

Governance, UNESCAP(2007) is the process of decision-making and the process by which decision are implemented or not implemented. The formal and the informal actors are critical to the formulation and execution of the policies while the society is the beneficiary of these decisions.

Governance must be observed in the spirit of truth, justice, morality and discipline and in that of responsive enlightenment. It is therefore, whole heartedly devoid of greed, dishonesty, thievery, lies, deceit, manipulation sectionalism and a blind omniscient swagger to yield good governance. Good Governance, World Bank(2007) is categorized into three distinct: the form of political regime: the process by which authority is exercised in the management of a country's economic and social resource for development and capacity of governments to design, formulate and implement policies and discharge functions. As a submission, UNDP(2007) posits good governance as a synthesis of the following ingredient:

1. Participation – All men and women should have voice in decision-making, either directly or through legitimate intermediate institutions that represent their interest. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.
2. Rule of law – Legal framework should be fair and enforced impartially, particularly the laws of human rights.
3. Transparency – Transparency is built on the freedom of information. Process, institution and information are directly accessible to those concerned with them, and enough information provided to understand and monitor them.
4. Responsiveness - Institutions and processes try to serve all stakeholders.
5. Consensus orientation - Good governance mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible on policies and procedures.
6. Equity – All men and women have opportunities to improve or maintain their well being.
7. Effectiveness and efficiency – Processes and institutions produce results that meet needs while making the best use of resources.
8. Accountability – Decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is internal or external to organization.
9. Strategic vision – Leaders and the public have a broad and long term perspective on good governance and human development, along with a sense of what is needed from such development. There is also an understanding of the historical cultural and social complexities in which that perspective is grounded.

It follows that any policy(s) which captures the ingredients will be efficacious and indispensable for peace, social cohesion, social well-being and economic program.

Capital Projects

Activities of capital projects according to Onwusonye (2005), is associated with infrastructural project development whose products include roads, water, swage, power supplies, railways, airports, etcetera. These products ensure the availability of goods and services whose attributes penetrate and nourish the roots of most human needs, significantly stimulate positive macro-economic activities whose multiplier effects lead to a healthy economy of a nation.

Collaborating, Hildebrandt (2000) submit that an investment in capital activities generate wages for those who produce it which in turn, generates consumer spending among those wages earners and so generate profit for manufactures of consumer goods, and so on right through the macro-economy. It follows that activities of construction projects have multiplier and accelerator capabilities whose effectiveness lead to increased investments critically needed to boost national development.

However, the realization of these objectives revolves on the willingness of the formal and informal actors to ensure that adequate funds are appropriated in yearly capital budget; packaged and awarded responsive value for money enveloped project; Timely and uninterrupted release of funds and managed by experienced and relevant built environment professionals among others.

National Development

The Gross National product (GDP) of Nigeria, Ray (2008), like most developing economies, is not only lean, but also slow and often times even negative. Hence the health of the nation's economy is affected by many distortions, and the distribution tends to be weighed down by wide disparities and the investible surplus tends to go substantially into hibernation in the form of hoarding of black money.

This perhaps, explains why Nigeria has experienced inadequacy in real and aggregate investment in infrastructural project development resulting to inefficient contribution to her Gross National Product (GNP). Furthermore the informal and formal actors appear to be part of the challenges to positive national development.

Informal Actors

The informal sector parades many actors who do not possess enough muscle to withstand the intimidating tendency of the formal sector. They are often times associated with corruption and settlement by the government Salaries of members of the informal sector are often withheld during strike and this remained counterproductive. Government often implements mass dismissal and the fear does compel members to reverse.

Formal Actors

Government, Agencies, Parastatals and officials belong to the formal sector and appear to be responsible for the inefficiency of the construction industry as exemplified herein:

Government ineffectiveness

- i. The inefficiency of most public agencies such as various governments Housing Authorities, Federal Mortgage Banks of Nigeria, Urban Development Banks of Nigeria etc., is a set back to the boosting of the economy through the construction industry.
- ii. The contribution of the construction industry to the national economy has not been encouraging as, most planning laws, regulations and minimum quality of materials have been poorly enforced by the government thereby contributing to building collapses and other economic losses.
- iii. The Gross National Product (GNP) of Nigeria is yet to benefit significantly from government encouragement of exports of contracting industry services and building materials.
- iv. The training of personnel's including research development work, social services and public goods produced by the construction industry and its impact on the economy is insignificant.

Government Budget Implementation

Budget implementation is the function of the executive arm for the government. Members of this executive are mostly politicians.

According to Nwosu (2000), most Nigeria politicians are noted for unparalleled intolerance, lawlessness, greed, idleness, thievery, sectional, tribal rivalry and selfishness that opened the way for and sustained the persisting political and economic backwardness of the country, and the destitute condition of the majority of its people.

In Nigeria, NEEDS (2004) the implementation of approved budgets have experienced retrogressive forces such as lack of administrative machinery, capacity to implement, transition problems, poor or vague and ambiguous project documentation, bad fiscal habits, political will and to a reasonable extent, uncontrolled government spending, policy summersault and other unfavorable internal and external macro-economic forces.

Illustrations are numerous. According to <http://www.budgetmonitoringng.org>, President Obasanjo in October 2005 said that his government had spent 17 percent less than originally planned in 2005-a shortfall was 30 billion naira. It was also stated by the officials of the millennium Development Goals office in Abuja to national legislators that by October 2005 only 20 percent of funds allocated to ministries charged with implementing the Millennium Development goals for infrastructure aimed at improving social welfare had actually been disbursed.

The implementation of 2006 budget was not encouraging. For instance, at a meeting between civil society groups and government officials that discussed budget process in November, 2006 it emerged that 10 months into the financial year, many ministries and government agencies had yet to access any of their budgetary allocations for 2006. Charles Soludo the then Governor of the Central Bank of Nigeria in November, 2006 described the situation as a logjam in government spending.

He warned the government against throwing large sums of money at capital investment projects which it lacked the capacity to implement. The passing of 2007 budget did not follow 'due process'. CLEEN foundation, a non-governmental organization accused the legislators of passing the 2007 budget with unaccustomed haste in order to spend as much money as possible before a new president and a new government take office at the end of may. They added that by may 29, there will be totally new government with a totally new set of people with new goals. Even if it is a PDP government, the people coming may choose to have different priorities. In reality, at the end of October of the year, all unawarded capital projects were cancelled.

The Nigeria Labour Congress (NLC) reported that only about 40 percent of 2008 budget was implemented. Some of these unspent money for infrastructure went back to government treasury, some misappropriated while the outstanding reported shared among relevant officers of respective ministries and agencies. In 2009, President Yar'adua listed five critical areas where government intends to pay greater attention in the course of implementing the budget - critical infrastructure development, human capital, land reforms, food security, and Nigger Delta Development.

Prof. Pat Utomi, director of the Lagos Business School, described the 2009 budget as one of such documents bandied about by successive governments: documents that raised the hopes of the people, yet failed to meet the target as it affected the welfare of the majority of the people. The 2009 budget finally experienced worrisome implementation. The situation some school of thought reasoned, was traced to the then tumbling price of crude petroleum and the global financial meltdown as well as other unhealthy economic developments within and outside. For others, government should have optimally drawn from the oil windfall of last 10 years to resuscitate the nation's economic and infrastructure base. The 2010 budget especially as it pertains to infrastructural development experienced policy somersault a few months after signed into law.

Government announced 40% reduction on the allocated funds on all the budgeted infrastructure project for the year. In addition, the release of the outstanding funds remained unsatisfactory. As a result, Legislators of the National Assembly invited the Ministry of finance for explanation(s). The 2011 experience less than 65 percent of allocated budget for infrastructure. According to Dr, Okonjo Iwuala, Nigeria's finance minister, only #739.3billion was released out of #1.339trillions approved for capital projects.

The 2012 experienced a release of only #686.3billion out of #1.344trillion representing 51 percent. In 2013, only #1.54trillion out of #4.987trillion was approved for capital expenditure representing only 30 percent while recurrent expenditure got 70 percent. The 2014 budget for infrastructural development was not anything better. This is explained as out of a total of #4.643trillion, only #1.1trillion was approved as capital expenditure showing recurrent of 70 percent and capital only 30 percent.

The release of funds for 2015 capital budget suffered serious setback occasioned by electioneering, change of government, single account treasury, policy somersault among others. This is not the best for infrastructure development and by extension the much expected blessings which good governance parades. As a collaboration, Mallan Hussaini Abdu, Actionaid Country Director, concluded "We are very worried that over 70 percent of the budget is actually going for recurrent expenditure and less than 30 percent on capital expenditure. No

country develops under such provisions because what grows a country or builds the economy is the amount of investment you are making on infrastructure and other structural issues that you required to strengthen your economy.

Fraud

Nzotta (2003), described fraud as a conscious, premeditated action of a person or group of persons with intention of altering the truth and /or fact for selfish personal, monetary gains. Lia Mohammed, Nigeria's minister of information and Culture on January 18 2016 disclosed during media briefing that 55 public officials have been alleged to have defrauded the nation a whopping sum of #1.34trillion between 2006 and 2013. This amount could have been used to caution. the effects of shortfalls in funding budgeted capital projects during the same period.

Sustainability

Sustainability of National development is a desired policy of the future through uninterrupted construction activities. However, this prayer is a function of the nation attaining economic growth by ensuring quantitative sustained increase in per capita output or income accompanied by expansion in its labour force, consumption, capital and volume of trade. As sustainability of good governance seeks to meet the needs of the present generation without compromising the needs of the future generations, it behaves on the democratic processes to evolve and implement policies that ensure uninterrupted, qualitative and quantitative infrastructure development over at least a decade. This gospel is occasioned by the multipliers and accelerators capabilities of the activities associated with construction activities in significantly stimulating positively the macro-economic activities critically needed to increase per capita output of Nigeria.

Value – for- Money

The optimal management of time, cost, quality/performance which represents client's requirements is highly desirable in the construction industry. Thus, when there is no balance in this tripod the project may be cheaply or costly procured. But a balance which could be of more payment is only justifiable if a gain in value exceeds the extra cost.

For example, in consideration to a whole life cost, an extra money may be necessary to be spent initially only to bring about reduction in future recurring costs. It follows that value- for-money is achieved in a given construction product when the appearance and structure have been assessed in relation to its adequacy to support the facility during its life, the materials used judged in terms of durability, appearance and freedom from future maintenance and costs which will prove to be a cheaper cost-in-use. The distortions and leakages glaringly associated with construction products procurement in Nigeria make it a near impossibilities to achieve value- for- money in the built environment and by extension significant contribution to her Gross Domestic Product.

Conclusion

This work concludes that, the known multiplier and accelerator impact of the construction activities expected on the macro-economy remain-injurious affected by the inherent forces of inadequate budgeting, poor budget implementation, ineffectiveness of government policies and fraud result to the industry's insignificant contributions to good governance and national development.

Recommendations

The work recommends that:

1. Most parts of Nigeria are associated with unrest, abduction and unfriendly environment for construction activities to thrive. Hence, for good governance to prevail, government should ensure peace, poverty eradication, stability and rule of law.
2. Infrastructure development is highly associated with corruption and fraud which are noted for introducing leakages and the dividends expended from construction activities. Thus, all hands must be on desk to destroy this unwholesomeness.
3. The impediments of corruption and policy somersault which never allowed the budgeted sum to undergo “economic processes” is counterproductive. Thus, a situation where no money was spent at all but siphoned is unfavorable to the attributes of good governance and National development. The present mantra of eradicating fraud and corruption by the government appear to be a source of hope for the construction industry.
4. Distortions of varying natures and degrees have resulted to time overruns or abandonment of budgeted capital project development. As a result priority should be given to the completion of ongoing, abandoned or rehabilitation of decayed infrastructural projects with a view to achieving quick delivery and tangible results is considered positive towards National Development.
5. Governments at all levels in Nigeria allocate gigantic amount of money to represent security votes in the budget. While this remains highly critical to good governance, the needs to deal with criminogenic factors (factors leading to crime) such as unemployment, retrenchment, underemployment, poor social infrastructure, demolition of houses, at cetera should also be addressed.
6. Our budgets have not adequately served the people. Most times, governments at the different levels, design budgets without the peoples input, and in total disregard of peculiar needs of the various segments of the society.
7. For Good Governance to flourish, we must ensure strong commitment at all times in ensuring that, the process of budget planning is democratized. The people need to have an input in budget design prioritization of projects. Monitoring and to an extent, its implementation and execution.
8. The policy of ensuring that projects are awarded to a Bid with the lowest Evaluated Responsive Tender as demanded by the Public Procurement Act (2007) should be adhered to always.
9. The rates therein will propel the activities to timely delivery and assist to eradicate abandonment cutting corners or even avoidant litigations.

References

- Hillebrandt, P. M (2000). *Economic theory and the construction industry*. London: Macmillan Press Ltd.
- NEEDS (2004). *National economic empowerment development strategy*. Abuja: National Planning Commission.
- Nwosu, E. J. (2000). *The challenge of poverty in Africa*. Owerri: Skillmark Media Ltd..
- Onwusonye, S. I. J (2005). *Tendering, estimating and contractual arrangements in building projects*. Owerri: Intercontinental Educational Books and Publishers.
- UNDP (2007), *Governance for sustainable human development*. A UNDP policy paper. New York.
- Ray, S. K. (2008). *Economics of the third world Prentice-hall of India private Ltd*. London: New Delhi
- Nzotta, S. M (2003). Managing frauds and forgeries in banks through effective control strategies. *Journal of Professional Administration*. Lagos
- UNESCAP (2007). *United nations economic and social commission for asia and the pacific*. London: New York