BUDGETARY GOALS AND THEIR ATTAINMENT IN PUBLIC SECTOR UNDERTAKINGS: A STUDY OF KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT

BY

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DECLARATION

The author hereby declares that this work now submitted for M.B.A. degree of Ahmadu Bello University, Zaria is the result of her research, (except where reference is made to published literature and duly acknowledged) and has not been part of any presentation before.

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CERTIFICATION

This project entitled' Budgetary Goals and their Attainment in Public Sector undertakings: As study of Kaduna State Agricultural Development Project (KADP) by Mrs Paulina Yanayock Balat, meets the regulations governing the award of the Degree of Master of Business Administration (M.B.A.) of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This project is dedicated to the memory of my late beloved father Mr Yusuf N. Yashio.

ACKNOWLEDGEMENT

This work has been successful due to the grace of God and contribution of a number of people.

My sincere thanks go to the Almighty Father, who by His power at work in me is able to do far more abundantly than all that I asked or thought. My thanks also to Him who is the beginning and the end of all things.

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Though so many have rendered a lot of assistance to me in one way or the other, I am responsible for all errors of judgement and or of facts.

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ABSTRACT

This study which is titled "Budgetary Goals and their attainment in Public Sector undertakings: As study of Kaduna State Agricultural Development Project (KADP)" appraises budgeting and budgetary systems at KADP.

This work is an attempt in the right direction of gaining an insight into the concept of Budgetary goals and their attainment in non-profit oriented organizations. The need to assess how budgetary goals are set and attained in an organization is as fundamental as the study of the organization itself.

It is as a result of this that financial statements were gathered from two directions - those that were incorporated fcr profit motive with a view to maximizing shareholders' wealth and those that were established not for profit making but rather, to fulfil some social responsibilities to the society as in the case of KADP.

The study is divided into five chapters wnich are not mutually exclusive. They study found out that though there is adequate planning and budget procedure in KADP, budgetary control system is inadequate in the sense that they system has failed in its implementation.

Recommendations are therefore made to ensure not only adequate budget implementation, but also to provide for adequate fvnd and its utilization.

It must be stressed that the problems involved in budgeting and goal attainment are not peculiar to Kaduna Agricultural Development project alone but to all non - profit making organizations in the country.

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LIST OF ABBREVIATIONS

KADP	-	Kaduna State Agricultural Development Project
OECD	-	Organization for Economic Co-operation and Development
FADP	-	Funtua Agricultural Development Project
APMEU	-	Agricultural Projects Monitoring and Evaluation Unit
FUAS	-	Fadama Users Association

SAR	-	Staff Appraisal Report
FGN	-	Federal Government of Nigeria
SAP	-	Structural Adjustment Programme
IBRD	-	International Bank for Reconstruction and Development
SG	-	State Government
MNR	-	Ministry of Agriculture and Natural Resources
PMBS	-	Programme Budgeting and Monitoring Systems
PM	-	Programme Manager
PME	-	Planning, Monitoring and Evaluation
PMU	-	Programme Management Unit
GPC	-	General Purpose Committee
SSG	-	Secretary to the State Government
ADPEC	-	Agricultural Development Project Executive Committee
FDARD	-	Federal Department of Agricultural Research Development
ICR	-	Implementation Completion Report
PCR	-	Project Completion Report
MTRM	-	Monthly Technology Review Meeting
IFAD	-	The International Fund for Agricultural Development
FEM	-	Foreign Exchange Market.

CHAPTER ONE

INTRODUCTION:

1.1 GENERAL INTRODUCTION

The theme of this study is based on the fact that a budget is an important tool used to control and monitor the distribution and use of funds in any organization. A budget is intended to enhance organizational development when well - planned and articulated. Budgetary goals when well set and implemented, lead to the overall organizational goal attainment.

A sound knowledge of budgetary goals and information about the extent to which these goals have been achieved provides a manager the basis for measuring efficiency, identifying problems and controlling costs. The performance of lower management staff can be assessed by top management through budget information. In other words, accountability can be determined from budget information and rewarded accordingly. It is therefore very important to communicate budgeted goals downward to lower management so that there is a feed back to upper management about the former's problems and accomplishments in the organization.

However, budgets that are not properly planned, can lead to dysfunctional behaviours and negative attitudes among members with

its consequent effects on performance. In most cases there have been departures from purported surpluses which have ended in actual huge deficits. The effects which the population has practically suffered. It is a generally accepted view that Nigeria neither lacks well articulated, wholesome and meaningful budgets nor the personnel to implement them. What has generally been accepted as lacking is the discipline, commitment to probity, accountability and unselfish approach in the implementation of the budgets.

The research is an attempt to present an empirical examination of some effects of budgetary goals on job-related attitudes and performance in Kaduna State Agricultural Development project.

A budget represents an important part of the organization's motivational system designed to improve managerial attitudes and performance and suggests that it may be a useful managerial tool.

1.2 PROBLEM STATEMENT

While there is a general consensus as to what the term budgetary goals are all about, there are difficulties and complexities in attaining them especially in the non-profit organizations since these organizations are not out to make profit. The attainment of budgetary goals in this type of organization will depend on budgetary control of the funds allocated to each department and also the monitoring of expenditure.

The actual quantitative financial contribution by departments (cost centres in this case) to the progress of the organization in the form of value added is usually obscured. But if at the end of the day, organizational goal is achieved, the budget would have been a success.

The difficulties and complexities in attaining budgetary goals have made various authors to describe these goals as unrealistic. It is therefore, with these problems and difficulties in achieving budgetary goals in the non-profit organizations in mind that this study is being undertaken. The aim here is to throw more light on the aspect of budgetary goals and the reasons why they are difficult to achieve is most cases.

1.3 JUSTIFICATION OF THE RESEARCH

The justification of the study (that is the relevance, significance and rationale for the study) lies in the following:

(i) To show how budgetary goals are implemented in the public sectors (non-profit organisations)

(ii) To pave way for the installation of proper or better control system.

(iii) To serve as a means of providing a mechanism for better spending in non-profit oriented institutions particularly government institutions.

(iv) To serve as a means or system of motivating/disciplining/correcting departmental heads who are normally charged with budget implementation.

(v) To also show how variance analysis can be adopted in state Agricultural Projects.

(vi) To act as a guide for budgetary goal setting.

1.4 OBJECTIVES OF THE STUDY

The main objectives of this study are:

(a) To examine how budgetary system operates in Kaduna State Agricultural Development Project (KADP) which is a non-profit making Organisation.

(b) To examine methods of goal setting in KADP

(c) to determine those factors hindering effective implementation of budgetary goals in non - profit making organisations.

d) To examine the possible positive steps towards devising new strategies to curb wastage of government resources and guard against economic stagnation.

1.5 RESEARCH HYPOTHESES

The following hypotheses will be examined and verified:

(a) Budgetary participation, budget goal clarity and budgetary feedback will lead to better attitude towards budgets.

(b) Effective budgeting is a financing control tool in fund disbursement in non-profit making organisations.

(c) Mismanagement leads to inability of goal attainment.

(d) Delay in budget implementation leads to non-attainment of set goals.

(e) External funding is more than internal funding in KADP

1.6 SCOPE OF THE STUDY

Though budgetary goals are multi-dimensional and far-reaching, this study only intends to examine the effectiveness of budgetary goals and their attainment in the public or non-profit organizations with particular reference to Kaduna State Agricultural Development Project (KADP).

The study will mainly examine the organizations' budgetary goals and how they have been achieved for the past five years (1990 - 1994). Therefore, other issues that do not fall centrally within this framework are not addressed.

For the purpose of this study, analysis will be made of budget formulation and administration in KADP. The study intends to look at what the modern day public budget is like. This includes how public action programmes are put into effect and how legislative and administrative controls are effected.

It intends to ask and answer questions such as:

(a) How budgetary goals are set and attained in the public sector and in the private sector.

(b) Why in most cases their attainment constitutes some difficulties.

The study is out to test some specific statements such as the validity of budgetary goals and their attainment in the public sector. It also aims to investigate the authentisity of the statements made in the hypotheses.

1.7 DEFINITION OF KEY TERMS

1.7.1 BUDGET

The word budget has been defined by Due and Friedlaender (1977) "as a financial plan that serves as the basis for expenditure decision - making and subsequent control of expenditures".

Moris (1968) defines it as "A financial and/or quantitative statement prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective".

Viewed in this way, the concept of Budget is strategic in nature. In the words of Gibbs (1979), "A budget is the expression in financial and quantitative terms of a business plan for a defined period of time". Budget is therefore a statement or plan consisting of a number of targets which are to be achieved by managers and

departments in a company. If all these targets are achieved, then the performance will be in line with the Budget.

Since budget is a detailed commitment to a plan of action, it differs from forecast which is merely an assessment of future events which are likely to occur if no positive planning action is taken. However, Gibbs (1979) argues "Forecasts are a necessary preliminary to budget preparation. It is only when the existing trends have been extrapolated and modified to take account of changed conditions that it becomes possible to take decisions about the actions necessary to alter the forecast results and to establish a budget plant".

From the angle of public finance, it may interest the researcher to know how the term budget came to being. Historically, the word referred to a leather punch, wallet, bag or purse. And, according to Burkhead (1956), the term 'budget' was used in Britain to describe the leather bag in which the Chancellor of Exchequer (the Minister of Finance) carried to parliament, the statement of the government needs and resources. With the passage of time, 'budget' came to refer to the statement within the bag rather than the bag itself.

In public finance, the multiplicity and diversity of the perspectives from which individual scholars and practitioners can, and often tend to view the Budget and Budgeting have naturally resulted in a plethora of definitions. Happily, however, this has not significantly

affected the coverage of opinion in what key elements universally constitute the central concern and focus of budgeting.

Wildavsjy (1975) defines budget as: "..... a document containing words and figures which proposes expenditure for certain items and purposes. The words describe items of expenditure (Salary, Equipments, Travel) or purpose (preventing war, improving mental health, providing low income housing) and the figures that are attached to each item or purpose..... in the most general purpose, budgeting is concerned with the translation of financial resources into human purposes".

Lee and Johnson (1974) in their own definition of a budget say that it is a document or a collection of documents that refers to an organization (family, corporation or government) including information or revenue, expenditure and purposes of government..... budgeting, on the other hand, can indeed be a system..... as set of units with interrelationship among them.

More light will be shed on Budget and Budgeting in chapter two.

1.7.2 CONTROL

Concepts of control range from the systems, engineering and Cybernetics approach framed essentially in terms of feedback and to the human relations approach typified by management objectives. To some extent, control has been defined by Henrici (1969) as:

The difference in a given time period between actual cost and standard cost, known as variance, tells management to what extent cost can be controlled".

The variance itself if not a control; for costs are not controlled by compiling statistics about them.

The control consists of the steps that management takes to regulate or limit costs. The effectiveness of these steps is gauged by the degree to which actual costs approach as the standard; in other words the size of the variance.

The many definitions of control have a lot in common. The essential differences between them lie in the extent to which they regard the original target setting process, and the taking of corrective action as elements of control.

It seems difficult to envisage a situation as being under control when targets are being achieved, but the targets are inappropriate. It seems equally difficult to regard a situation as being under control when planned levels of performance are not attained and yet no corrective action is taken. For these reasons, it is maintained that both target setting and corrective action are elements of control.

Here, the term 'control' is assumed to include at least the following three elements.

(i) Setting targets at the appropriate levels to achieve the required performance.

(ii) Measuring actual performance and comparing this with targets.

(iii) Taking corrective action in the event of actual results deviating from target result is necessary because in professor John Sizer's words (1969), "action is the essence of control".

Again, in the area of public finance the functions of budget include:

(a) Accountability and Control;

(b) Management;

(c) Planning;

(d) Economic Policy

The degree to which any budget is able to perform one or all of these functions will depend to a large extent, on a number of factors including the environmental and institutional circumstances of the budget itself.

1.7.3 ACCOUNTABILITY AND CONTROL

These constitute one of the primary traditional functions of Budget. Premchand (1984) asserts that:

Budgeting in the early stages of its evolution was concerned with serving the purposes of legislature, accountability,..... Having won some right to impose, amend or approve tax proposal, legislatures turned their attention to control spending.

The need to ensure accountability and control led to the requirement by legislature that annual submissions of budget requests showing

statement of both revenues and expenditure be made. Central audit agencies were later set up within government to oversee its financial management.

Accountability is defined as legal liability, the establishment of pattern of control over receipts and expenditure that permit a determination either by executive or by the legislature (or both) that public money have been used for public purpose.

It is ensured principally through the classification system of the government budget by way of assigning specific accounting responsibility to particular individuals in an organization.
These individuals, usually the executive heads of organizations like government ministries and departments are entrusted with the responsibility of ensuring that funds are judiciously and properly disbursed and expended. The accounting officer constantly checks to ensure that the public is not being 'ripped off'. More importantly, the designated accounting officer has the 'official' liability of misapplication or misappropriation of public funds.

The control aspect is similarly ensured through the classification system based on existing accounting practices and reporting procedures which restrict the transfer of funds from one account or expenditure head to another and also limits the number of positions available in an agency. The control function ensures that the business of government as it relates to expenditure is carried out

in accordance with laid down procedures, rules and regulations. In effect, expenditure reflects a managerial process that is both political and administrative, dealing with horizontal and vertical relationship with government organizations.

Although the Budget is one effective medium for checking the excesses of government officials, a number of administrative documents are usually designed to complement the budget in their discharge of this function. In Nigeria, these rules and regulations governing control and accountability at the federal, state and local government levels can be found in the federal regulations. For the federal and state, it is financial instructions, at the local government level, it is financial memorandum. These documents are usually seen as 'holy' books and veritable source of guidance for government officials in the conduct of financial administration. Though designed to aid financial management, the rigidities, stringent and inflexible rules and regulations contained in these three documents often turn out to constrain action.

1.7.4 MANAGEMENT

The management function, which is one of modern functions of the Budget, involves efforts to carry out approved plans and policies effectively. If as many students of the managerial process assess what management is all about in making and implementing

decisions, then, the budget is perhaps the most essential management tool. It organises, influences, facilitates and expresses management thought and managerial actions.

The Budget, from management point of view is therefore regarded as the operational document which specifies directly or indirectly, the cost, time and nature of the expected results of specific budgetary outlays. Nevertheless, structural and institutional rigidities of current budgetary practices in many countries tend to limit the managerial effectiveness of the Budget.

1.7.5 BUDGETARY GOALS

Budget goals are often as a means of effecting motivation, behaviour and task performance. And these effects can be either positive or negative depending on the characteristics of budget goals. The difficulty of attaining budgetary goals has been extensively researched. Researchers say that goal difficulty specifies a certain level of task proficiency measured against a standard. Hirst (1987) defines it "as the level of performance reached in order to achieve a goal. Budget goals may range from very loose and easily attainable to very tight and unattainable ones.

Many text books on 'budgeting' suggest that for motivational purpose, budgetary goals should be tight but attainable. Higher budget goals lead to higher motivation. Beyond a certain limit,

however, tightening budget goals reduces motivation. However, there are some authors who assert that harder goals lead to better performance than easy goals. There are also those who disagree with this assertion and support the fact that there are positive effects of goal difficulty on motivation and performance.

1.7.6 GOAL CLARITY

This is the degree of quantitative precision with which the aim is specified (such as sell 'X' units of product 'Y'). Kenis (1979) refers to budget goal specification or clarity as the extent to which budget goals are understood by those who are responsible for meeting them. Results have shown that setting specific difficult budget goals leads to higher task performance than setting either specific moderate goals, specific easy goals or general goals.

1.7.7 RELATIONSHIP BETWEEN GOAL CONGRUANCE AND BUDGETARY PERFORMANCE

Budgeting focuses on the agreement between the goals and standards set by management and the goals held or accepted by lower workers group.

Managers at all levels view the budgetary process in a manner governed by their individual role sets. These different levels of management may have different attitudes about various aspects of the

budgetary process. Therefore, the more congruance between top and lower management , the more effective the budgetary system would be. Then, the more the information flowing along the communication channel between them the more meaningful would be the overall performance of the organization.

Relationship between goal congruance and budgetary performance has attracted the attention of researchers in the past. Dunban (1974) developed a conceptual model of a budgetary system called "black box". He viewed the budgetary system as consisting of a set of input, the budgetary process, performance, output and feedback loop. This relationship is depicted in figures 1.

Fig 1.1

CONCEPTUAL MODEL OF THE BUDGETARY SYSTEMS

Goal Difficulty ----> BUDGETARY
---> PERFORMANCE
Participation ----> PROCESS
Monetary ---->
Goal Congruance ---->
FEEDBACK LOOP

Source: Budgeting for control "Administrative Science Quarterly p.88.

Inputs to the budgetary system are those variables that influence the budgetary process and are thought to be associated with performance outputs. The budgetary process is the way in which an organization plans and controls its operation. The planning phase is

performed during the period of time in which the organization's budgeted goals are being established, and the control phase is performed on an on going basis throughout the year, when an organization compares its actual results with the budgets. On monetary incentive, some authors have provided evidence to support the concept of increasing performance through providing monetary incentives.

1.7.8 BUDGETARY FEEDBACK AND EVALUATION

Feedback about the degree to which budget goals have been achieved is a motivation variable. Members of an organization should know the result of their efforts, else they will have no basis of feelings of success or failure and no incentive for higher performance. Further more, they might become dissatisfied (Becker and Green, 1962). The few emperical studies on the effects of feedback on performance, however, give inconclusive results. For example, some authors find feedback to be positively correlated with self related goal attainment but not with self rated effort level.

Budgetary evaluation refers to the extent to which budget variances are traced back to individual departments' heads and used in evaluating their performance. The fashion in which budgets are used in performance evaluation tend to influence the behaviour, attitudes and performance of the participants.

1.8 PLAN OF THE RESEARCH

This project is divided into five (5) chapters which are not mutually exclusive.

Chapter one is an introduction to the entire study. It deals with the background of the study, problem statement, justification of the research, objectives of the study, research hypotheses, scope of the study and definition of key terms.

Chapter two entails the review of relevant literature on what budgeting is, types of budgets, budgetary goals in non-profit organizations, budgetary goals in profit - oriented or private organizations, reasons for achieving the budgetary goals and why budgetary goals are not achieved.

Chapter three describes the research areA, the sampling techniques used, types and sources of data, methods of data collection and methods of data analysis.

Chapter four deals with the data presentation and Data on internal sources of revenue for KADP, Federal Government to KADP, effects of budgetary goals on managerial attitudes at KADP and budgetary goals attainment and their characteristics at KADP are analysed.

Chapter five contains a summary of findings, conclusion, limitations of the study and recommendations.

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CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The need for change is apparent in relation to defects perceived in the status quo. In budgeting literature the status quo is represented by the traditional budget. A review in 1977 of the budgeting system of the Nigerian Federal Government noted that 'the budgetary process has remained constant, the procedures have become more cumbersome..... the traditional concern for financial control and accountability could no longer be enforced in the face of the high volume of activity' (Dean, 1989).

2.1.1 OBSERVATIONS ON TRADITIONAL BUDGET

On examining a traditional budget the first impression would be one of bulkiness and the second of detail. Examination would reveal that the substantive part of it is devoted to a series of "votes" - each a subdivision of the budget representing the resources estimated to be required by a client of government or department for the forthcoming year. We might also expect to find a statement of all the established posts for each unit of government: their designation, number and salary scale. We would not, however, expect to find answers to questions such as:-

(a) What are government's objectives for each sub-division of the budget?

(b) How do different parts of the budget relate to each other and to the fulfillment of government objectives?

(c) What does the government expect to achieve with the budgeted money?

(d) How does cost relate to expected achievement?

Failure to answer such questions has led to the accusation that the traditional budget is more concerned with financial inputs than with what those inputs are designed to achieve, and that it ignores outputs, performance and the attainment of policy objective and their relationship to costs.

It is in view of this that this chapter intends to look at what the word budgeting is all about, the different types of budget that can be used to replace the cumbersom traditional method. It also intends to describe budgetary goals in the non-profit organizations, budgetary goals in the private sector, reasons for achieving budgetary goals and why budgetary goals are not achieved.

2.2 WHAT IS BUDGETING

"The word "Budget" conjures up images in many people's minds of thick documents crammed with obscure jargon and thousands of numbers and of debates over accounting conventions

and performance indicators". (OECD, 1987). These are manifestation and not what budgeting is all about. It is about the inter-play of people and their ideas and goals.

Budgeting is also a process which governs the behaviour of public servants in actually managing and delivering assistance and services to the public, and in the subsequent accounting for public monies used and results achieved.

Budgeting practices are influenced by a designe to influence the decision making environment.

During the early and mid 1970s, the size and role of the public sector expanded substantially; the combined expenditures of all levels of government almost doubled on average as a share of Gross Domestic Product in Nigeria.

Economic performance was strong, and government expenditure policies could generally be characterised as activist, interventionist and expansionary. Budgeting was often focused on choosing amongst a variety of ideas for increased spending on new programmes or enhanced services.

After this period, in the mid - 1980s governments increasingly became net borrowers by the late 1980s to date, the combined government sectors in general and the country in particular have been in deficit positions. Concerns have since begun to emerge over the consequences of the escalating debt burden; the large and steadily

rising share of debt interest costs in total spending was crowing out other spending options and limiting government flexibility.

Spending restraint continues to be a central element in economic policy, since the late 80s (1989) to date. The control of expenditures and budget deficits is essential to establish a stable domestic financial environment and to promote a durable reduction - in the real interest rates which will help private investment to expand and thus promote sustained growth.

In addition the appropriate control of budget deficits and the overall scale of policy must also be directed to improving the efficacy and efficiency of government programmes. This implies flexible reallocation of resources to priority needs.

2.3 TYPES OF BUDGET

There are many types of budget but a few are described below the researcher coniders to be relevant to the study.

2.3.1 TOPDOWN BUDGETING

The central review and assessment of the requests for funds presented by individual ministries and departments remain the key annual tasks of budget offices in providing advice to Budget ministries and departments. This bottom-up system of budgeting has its limitations and is gradually being replaced with the Top-Down method.

Top-Down system of budgeting stresses some form of high-level target which sets a limit on total spending. These targets are specific quantitative goals usually covering a specified time period. "They are intended to condition behaviour and constrain demands for more resources. They can make for more readiness to accept restrictions on spending, and help to reduce the tensions in budget negotiations" (OECD,1987)

2.3.2 PERFORMANCE BUDGETING

This is a system of budgeting that was proposed in 1965 by the United nations. It is defined as a system which presents the purposes and objectives for which funds are requested, the costs of the programmes proposed for achieving those objectives and quantitative data measuring the accomplishments and work performed under each programme. (Dea & Pugh 1989).

Performance budgeting comprises essential elements.

(a) Programming, or the sub-division of the government budget for information purposes into programmes and activities representing identifiable units with similar aims and/or operations.

(b) Identifying the operational aims of each programme and activity for the budget year.

(c) Budgeting and accounting so that the separate costs and

revenues of each programme and activity are shown.

(d) Measuring the outputs and performance of activities so that these can be related to their cost, and to operational aims.

(e) Using the resultant data to establish standards and norms so that costs and performance can be evaluated and government resources used more efficiently.

Clearly, such a system offers the opportunity to correct a major defect of traditional budgeting. That is, the failure to consider performance. It concentrates on the objectives of government activity, on the costs incurred to achieve these objectives, and on measurement of the degree to which objectives are fulfilled. Thus a performance budget presents figures of performance in relation to cost, where as a traditional budget presents figures only of cost.

Moreover, a performance budget is organised on programme lines and it attempts to impose on the budget a rational, ends-related structure; whereas the structure of the traditional budget was determined more by historical chance and considerations of institutional control.

The goals or objectives of public finance in developing countries are those of economic policy as a whole: economic growth, internal and external stability, and the attainment of an appropriate distribution of income and wealth.

2.3.3 INCREMENTAL BUDGETING

This is a system of making minor changes or marginal increase over the existing budget for next year estimates. Thus, the current budget is used as the base or starting point for next year's budget. Incremental budgeting is an extension of "incrementalism", a policy process developed by Charles C. Lindblom.

Public Policy making is essentially incremental. That is, only a marginal change is made for another year over what has already been practised or the status quo. Lindblom asserts that if a policy is changed slightly, the consequences are largely predictable and it could easily be reversed. Whereas, if a policy is changed completely as preached by "rational comprehensiveness", the policy will be difficult to reverse in case of mistakes or unforseen circumstances. Because of the apparent ease in implementing incrementalism either in budgeting or in policy making, it is commonly adopted by the public sector in most countries, especially where pluralist democracy is being practised.

2.3.4 ZERO-BASE BUDGETING

Zero-base budgeting on the other hand is a technique in which the total cost of every item included in a proposed budget must be justified and approved. It is defined as, ".... an operating plan and budgeting process which requires each manager to justify his entire

budget request in detail, and shifts the burden of proof to each manager to justify why he should spend any money. This procedure requires that all activities and operations be identified in decision packages which can be evaluated and ranked in order of importance by systematic analysis" (Garabath and Mirnier 1974)

By so doing, the objectives of the organization can be achieved. These objectives have been defined by Savant (1978) as "Statements of reasonable, measurable and specific results to be achieved within a certain period of time" He went further to say that "if managers cannot measure it, or describe it, perhaps it does not or should not exist".

The main theoretical difference between incremental budgeting and zero-base budgeting is the base used as the starting point. While the former makes the current budget its base for the next year's budget, the latter starts from a base of zero and all appropriation packages have to complete equally for the available monetary resources.

2.4 A MASTER BUDGET

Budget may be formulated for the Organisation as a whole or for any sub-unit . The master budget summarises the objects of all sub-units of an organisation - sales, production, distribution and finance. It quantifies the expectation regarding future income, cash

flows, financial status and supporting plans. In most cases, the master budget is the best practical approximation to formal model of the total organisation: its objectives, its inputs, and its outputs. This fact is supported by Levy and Sarnat (1978) who pointed out that "by its very nature, financial decision-making involves purposeful behaviour, which implies the existence of a goal, or what is much more likely some combination of goals. In the absence of any objective, the firm would have no criterion for choosing among alternative investment strategies and projects".

If the master budget serves as a total decision model for top management, then decision about strategies for the forthcoming period may be formulated and altered during the budgetary process. Traditionally this has been a step-by-step process where by tentative plans are gradually changed as executives exchange views on various aspects of expected activities. While this is being done the human aspect of the entire budget is not overlooked.

Budgeting is too often looked upon from a purely mechanistic viewpoint. The human factors in budgeting are more important than the accounting techniques. The success of a budgetary system depends upon its acceptance by the company members who are affected by the budgets. Attitudes ideally are sympathetic, co-operative and cost-conscious.

2.4.1 BUDGET AND MANAGEMENT

Budgets place managers in the spot light The natural reactions to restrictions, to criticisms, and to control is resistence and self-defence. The job of education and selling is over-whelmingly important here. For many departmental heads think that budgets represent a penny-pinching negative brand of managerial pressure. To them the word budget is about as common as say: layoff, strike, or pay decrease. Ideally, company personnel should understand and accept the role of budgets as positive department improvement and individual improvement. "The budget is not a heinous means of squeezing the last drop of sweat out of employees. Properly used, it is simply a systematic tool for establishing standards of performance, for providing motivation, for guaging results, and for helping management advance towards its objectives" (Horngren 1972).

These performance standards, or targets according to Weston and Brigham (1977), "can be compared to actual results, this process is called 'controlling to plan. It is a continuous monitoring procedure, reviewing and evaluating performance with reference to the previously established standards".

The budget technique in itself is free from emotions, its administration however, is often packed with trouble. The budget's major role is to communicate the various motivations that basically already exist among the management personnel, so that everybody

sees, understands, and co-ordinates the goals, means and drives of the organiation.

The importance of these human aspects cannot be over-emphased. "Without a thoroughly educated and cooperative management group at all levels of responsibility, budgets are a drain on the funds of the business and are a hinderance instead of a help to efficient operations." A budgetary program per-se is not a remedy for weak managerial talents, faulty organiation, or a poor information system " (Garabath and Mimier, 1974).

Budgets may span a period of one year or less - or "depending on the nature of the business detailed plans may be formulated for the next five years, or even longer" Weston and Broghm (1977). Capital budgeting for plants and product changes can go up to ten or more years. More and more companies are using budgets as essential tools for long-range planning. The usual planning - and - control budget period is one year. The annual budget is one year. The annual budget is often broken by months for the first quarter and by quarters for the remainder of the year. Continuous budgets are increasingly used whereby a twelve month forecast is always available by adding a month or quarter just ended or dropped.

Continuous budgets are desirable because they force management constantly to think concretely about the forthcoming twelve months, irrespective of whether the month at hand is May or

October. The choice of the budget periods largely flows from the objectives, uses and dependability of the budget. This inturn depends on the goal(s) of the organisation. A goal as pointed out by savant (1978), "is a statement of intended output in the broadest terms. It is normally not related to a statement of goals which is to communicate top management's decision about the aims and relative objectives to provide guidelines as the organisation is expected to follow". For example the goals of Nigeria's 1995 budget are;

1. To achieve a real growth of three (3) to four (4) percent;
2. To reduce inflation rate significantly and;
3. To restor balance of payment (New Nigeria Newspaper,1995).

To what extent have these goals been achieved is now the difficult question to answer but writers have it that budget deficits which went as high as ninety billion naira (N90 billion) in 1993 were reduced to sixteen billion naira (N16 billion) by June 1995.

The following is a simplified sub-classification of the master budget, the comprehensive plan. Many subsidiary budget schedules are necessary in actual practices.

Table 2.1
MASTER BUDGET, CONSISTING OF:

Operating Budget, consisting of :		**Financial budget consisting of:**	
i.	Budget income statement	i.	Cash Budget
ii.	Sales Budget	ii.	Receipts
iii.	Production Budget Materials Direct labour Factory overhad Inventory levels	iii.	Disbursement
		iv.	Budget balance sheet
		v.	Budgeted Statement of sources and application of funds
iv.	Cost of goods sold budget		
v	Selling - Expenses Budget		
vi.	Administrative Expenses Budget.		

2.4.2 BASIC APPROACH TO FORMULATING MASTER BUDGET

The following techniques are basic to the study of budgeting First, the steps in preparation are presented. Secondly, some condensed, illustrative budget reports are shown in the solution to the problem.

The Basic steps

1. The sales forecast is the starting point for budgeting, because inventory levels and production are generally geared to the rate of sales activity. The sales budget is the result of a series of management decisions.

2. After sales are budgeted, the production budget may be prepared. The total units needed will be the sum of the desired ending inventory plus the amount needed to fulfil budgeted sales. The total need will be partially met by the

beginning inventory; the remainder must come from planned production. Therefore, production is computed as follows: Units to be produced equals to desired ending inventory of finished goods plus budgeted sales less Beginning Inventory of finished goods.

It should be noted that the production budget is stated in physical units. As the calculation indicates, production is affected by both inventory levels and the sales budget. Frequently, production is established throughout the year despite seasonal fluctuation in sales. Therefore the inventory serves as a co-ordinating link between manufacturing and sales by providing a cushion that satisfies the marketing need for goods when demand is usually heavy and that also satisfies a production aim of stable utilisation of manpower and facilities.

3. When the level of production activity has been determined, the following budget schedules may be constructed.

(a) Material usage and purchases. Usuage will depend upon the level of production activity determined in step 2 above. The purchases are influenced by both expected usuage and inventory levels. The computation of purchases units equals desired ending material inventory quantities plus usuage, less Beginning

inventory quantities.

(b) Direct labour Costs: These depend upon the type of products produced and the labour rates and methods that must be used to obtain desired production.

(c) Factory-overhead costs: These depend upon the behaviour of costs of the individual overhead items in relation to the anticipated level of production.

(d) Inventory levels: These are the desired ending inventories. This information is required for the construction of budgeted financial statements.

4. Cost of goods sold: This budget depends upon the information gathered in step 3.

5. Budget of selling, administrative and other expenses.

6. Budgeted income statement: Step 1 through 5 will provide enough information for the statement.

7. Cash Budget.

2.5 BUDGETARY GOALS IN NON-PROFIT SECTOR.

In centrally planned developing economics, enterprises are viewed as executors of national plan assigned to them by a superior authority. On the other hand, there are instances when one finds public enterprises which enjoy almost total independence and where government monitoring and control is not effective enough.

Neither of these two extremes is defensible or consistent with the logic of the situation. Total control denies the corporate status of the enterprise.

In public enterprises, government have a responsibility. As guardians of the public purse governments have an obligation to ensure that their investments are secure and fruitful. As promoters of public policy, they must see that the enterprises do contribute to national development.

Government is therefore, an institution whose voice is heard by the enterprise management. However, it speaks with at least four distinct voices.

Elock, Jordan and midwinter (1986) describe these voices as:

(i) The voice of public purposes, expecting the enterprises to function as an instrument of national development;

(ii) The voice of propriety, demanding high standards of probity, consistency with established systems and fairness and equality in its transactions;

(iv) The voice of the owner and share holder, demanding financial stability and returns on invested capital. The rightful areas of state intervention in the affairs of public enterprises are summarised in a model.

Figure 2.1

Basic Model of Government Enterprise Relation

	1. Defining the objectives	
	2. Approval of Investments	
	3. Nomination of Board of	
	4. Directors	
Government	5. Appointment of Chief	Public Enterprise
	6. Executive	
	7. Directives on Security	
	Matters	
	8. Information, Monitoring,	
	Audit	
	9. Performance Evaluation	

Source: Fernandes (1986:27)

Each of the areas in the model can be defined as follows:

Area one - The government has the right to define the mission of the enterprise and to specify its goals and objectives.

Area two - Government should have the right to determine and to approve the enterprise's investment plans, investment decisions and major capital expenditure.

Area three - Government has the right to approve, endorse and

sanction the corporate plans of the enterprises.

Area four - Government has the prerogative of nominating the board of directors of the enterprise.

Area Five - The government has the right to appoint the chief executive of the enterprise.

Area Six - Government has the absolute right to issue directives to the enterprise on matters relating to national security.

Area Seven - The government has the right to issue instructions to the enterprise on matters affecting the public interest.

Area eight - Government has the right to be fully informed about the activities of the enterprise, to monitor and review its progress and to audit its transactions.

Area nine - Government has the right to evaluate the performance of the enterprise.

From the following discussion of a public sector and government involvement one can rightly conclude that their budgetary goals would include:

1. National Development;
2. Financial Stability;
3. Consistency with established systems;
4. Fairness and equity in transactions;
5. Returns on invested capital

In general, budgetary goals are geared towards serving the

governed. Budgetary goals are usually very difficult to set because budgeting in the public sector involves many people with differing interests. The objective to be set here is quite different from that of a company which is out to make profit. The principal budget factor 'sales' which is the starting point of a company budget, does not exist in non-profit making organizations.

To this end, premchard (1984) pointed out that the budgeting process is "an intricate and complex process, containing many pieces (which if) viewed as a puzzle cannot always be arranged sequentially because several of them interact simultaneously". It is a "process that entails competing and often countervailing forces, centralisation and decentralization, authonomy and interdependence, micro - politics and macro - politics.

2.6 BUDGETARY GOALS IN PROFIT - ORIENTED SECTOR

It is believed that the profit motive of a private sector was invented by the classical economists to explain an economic reality which their hypothesis of static equilibrium could explain.

The purpose of business lies in society, since it is an organ of the society. According to Drucker (1977) there is only one definition of business purpose: to create a customer. It is the customer who determines what a business is. It is the customer alone whose willingness to pay for a good or a service converts economic

resources into wealth, things into goods.

The functions of the private sector are only two: marketing and innovation. These are the two basic functions that produce results; all the rest are "costs". It is also these functions that differentiate the private sector from the public sector.

These differences also indicate that the budgetary goals of both sectors are bound to differ one from the other. They pursue different goals. After all the end purpose of a budget is to attempt to reconcile the conflicting interests of all persons within the entity. Aaron Wildavsky puts it, as being 'a political document couched in figures' and as in politics, opinions are bound to differ but the socio-economic welfare of the people should remain the cardinal objective of all concerned. The government and the governed.

There are different types of budgets prepared in the private sector or profit oriented sector and each specifies what it intends to achieve at the end of the day.

All private enterprises make plans - some in a systematic and formal way, while others in informal manner. However, they differ in their budgeting practices. Generally, the large and medium firms have a comprehensive system of budgeting - they prepare budgets for all their important operations but the small firms and some large and medium firms do not have a comprehensive system of budgeting. There are three important components of the master budget

specifying their goals.

(1) Operating Budgets:

These budgets relate to the activities or operations of the enterprise, such as production, sales and purchase. Operating budget is composed of two parts - a programme or activity budget and a responsibility budget. These represent two different ways of looking at the operations of the enterprise.

The programme budget exhibits the expected future in an impersonal manner and helps in ensuring balance among various operations or functions of an enterprise.

The responsibility budget specifies plans in terms of individual responsibilities. The basic aim of this kind of budget is to achieve control by comparing the actual performance of a responsible individual with the expected level of performance.

The plan (programme budget) must be converted into the control (responsibility budget) before the actual implementation, and communicated to the persons involved in the execution of the plan so that they may precisely know what is expected of them.

Table 2.2

ILLUSTRATION OF OPERATING BUDGETS

OKOEDO (NIG) COMPANY LTD - A sweet manufacturing company

PRODUCTION BUDGET FOR 1990

Materials

Material 111	-	N1.20 per unit
Material 112	-	N2.60 per unit
Direct Labour	-	N2.05 per hour

Overhead is applied on the basis of direct labour hours.

	Product F.	Product G
	Special Sweets	Ordinary Sweets
Finished Products		
Material 111	12 units	12 units
Material 112	6 units	8 units
Direct Labour	14 hours	20 hours

(b) Okoedo Company Ltd

Sales Budget for the year ending 31st Dec. 1990

	Units	Selling Price	Total Sales
Product F (Special Sweet)	5,000	105.40	527,000
Product G (Ordinary Sweets)	1,000	164.00	164,000
			691,000

Product Budget

	Products	
	F	G
Planned Sales	5,000	1,000
Desired ending finished Good Inventory	1,100	50
Total Needs	6,100	1,050
Leeds beginning finished Good Inventory	100	50
Units to be produced	6,000	1,000

(c) Director Material - Purchase Budget

	Material 111	Material 112	Total N
Desired Ending Inventory	6,000	1,000	
Needed for production	84,000	44,000	
Total Needs	90,000	45,000	
Less Beginning Inventory	5,000	5,000	
Units to be Purchased	85,000	40,000	
Unit Price	N1.20	N2.60	
Purchase Cost	102,000	104,000	
			206,000

(ii) **Financial Budget**

These are concerned with the financial implications of the operating budgets. They include cash budget (that is cash inflow and outflow); Proforma balance sheet and income statement and statement of changes in financial position.

The goal here is to keep cash balance at optimum level; too little cash in a firm end - angers the liquidity of a company and too much cash tends to impair profitability. Therefore, cash must be planned in such a way that the company always maintains sufficient cash balance to meet its needs and the idle cash used in the most profitable manner.

A cash budget reveals expected cash position of an enterprise while proforma financial statements give information as to the future assets, liabilities and income statement items.

Table 2.3

AN ILLUSTRATION OF A CASH BUDGET FOR THREE MONTHS

	JANUARY N	FEBRUARY N	MAR N
Cash on hand beginning of month	1,400	350	250
Cash Sales	1,100	1,000	1,400
Account Collections	1,200	1,600	1,900
Total Receipts	2,300	2,600	3,300
Total Cash available	3,700	2,950	3,550
Disbursements: Expenses	3,350	3,700	2,200
Repayment of Loans	-	-	1,000
Total Disbursements	3,350	3,700	3,200
Net Cash Balance (deficit)	350	(750)	350
Required Borrowing	-	1,000	-
Cash Balance end of Month	350	250	550

The above illustration shows that the estimated cash available for February is not sufficient to meet payments; hence, borrowing is necessary. The total cash available for March, however, is expected to be large enough to cover disbursements for expenses, to repay the loan, and to provide as cash balance at the end of the month.

(iii) **Capital Budgets**

These involve the planning to acquire worthwhile

projects, together with the timings of the estimated cost and cash flows of each project. Capital budgets require large sum of funds and have long term implications for the firm.

In the capital budgeting, the profitability of each project has to be carefully evaluated capital budgets are difficult to prepare because estimates of the cash flows over a long period have to be made which involve a great degree of uncertainty.

One of the major purpose of budgeting is to provide a bench mark controlling performance of managers and their subordinates. Control is said to be achieved when actual performance is compared with budgeted performance and action is taken to correct the budget variance.

The budgetary goals in a profit - oriented sector would include:

1. To provide direction to carry out business operations;
2. To measure actual performance for each area of responsibility;
3. As a feedback mechanism: reports are prepared to inform management about deviations from plans
4. To act as a corrective measure to ensure that future performance is in accordance with budgets.
5. To achieve sufficient profit to cover the risks of economic activity and thus, to avoid loss.

2.7 REASONS FOR ACHIEVING BUDGETARY GOALS

Having looked at budgetary goals for both the public and private sectors, it suffice me to say that attaining them is very necessary for the overall success of an organization.

An organization will be an utter failure if it is not initiated and supported budgeting system. Budgeting is not merely an accounting device, but it is an important management tool. Without attaining or achieving budgetary goals therefore an organization cannot survive. It is necessary to achieve budgetary goals in order to support the programmes of the organization in all its ramifications.

It is important to achieve these goals so that employees will have a proper direction and management's efforts not wasted.

Development is also enhanced through budgetary goals attainment.

It is necessary to achieve budgetary goals so that the effectiveness and efficiency of employees performance can be up-graded.

Enterprise objectives and budget goals must provide a real challenge and should be capable of motivating employees.

2.8 WHY BUDGETARY GOALS ARE NOT ACHIEVED

So many reasons contribute to the non attainment of budgetary goals - these include:

(a) Mismanagement - It is a generally accepted view that

Nigeria neither lacks well articulated wholesome and meaningful budgets nor the personnel to implement them. Nigerian public servants are comparable to their counterpart in the advanced countries in terms of their academic training and professional competence. The brain drain problem proves that point. What has generally been accepted as lacking in us is the discipline, commitment to probity, accountability and selflessness in the implementation of the budget.

(b) Unclear and Unrealistic Goals - Budgeting will not succeed if the goals to be achieved are not clear. In the absence of goal clarity, employees will lack a proper direction; the efforts of management will be wasted. The financial manager or the budget director, therefore must ensure that objectives and goals have been properly laid down.

Budget goals should not be set at too high or too low a level. Goals set at a very high level are impossible to attain and as a result, have a depressing effect on the employees' morale. Goals set at a very low level do not provide any challenge to employees. Their achievement does not require any special effort and, therefore, employees do not feel motivated.

(c) Assignment of authority and responsibility - Authorities and responsibilities of each manager should be clearly defined. A sound organizational structure and a clear cut assignment

of authorities and responsibilities provide an effective means of achieving organizational goals.

(d) Full participation - Full participation of managers and their subordinates at all levels should be sought in developing the budgeting system. A meaningful participation creates a positive motivation.

(e) Lack of effective Communication - Communication is the process of transmitting thought or information from one person to another. The purpose is to bring mutual understanding between two or more persons. Budgetary goals cannot be accomplished without effective communication.

(f) Budget Education - Budgetary goals cannot be achieved unless people at all levels of management are convinced of the usefulness of the budgets, understand the nature and characteristics of budgets and know the role which they have to play in planning and control.

2.9 CONCLUSION

Every country has its own special environmental conditions, history, culture, religion, traditions, economic levels, political system and developmental ideology. An understanding of the country's ethos and its orientation is the starting point of the exercise.

Budgetary goals therefore vary from country to country and from state to

state and from organization to organization.

What are the realistic objectives and goals of an organization depend on may factors, such as size of the organization, nature of activities, managerial philosophy and quality, age of the organization etc..

Generally speaking, national budgetary goals can be summed up as follows:

(a) The removal of poverty;

(b) Increasing gross domestic product;

(c) Raising living standards by lifting per capital incomes;

(d) Social justice through income redistribution;

(e) Development of backward areas;

(f) Generation of employment;

(g) Technological self - reliance;

(h) Managing the balance of payments through import substitution and export promotion;

(i) Raising skill levels of the nation;

(j) Controlling inflationary tendencies;

(k) Making available basic goods and services in adequate quantities and at reasonable prices.

Public enterprises managers need to be aware of the thrust, focus, direction and priority of national goals.

It is from these general national goals that enterprises respond to their own budgetary goals. This in turn depend on the nature of their activities.

Public enterprises' budgetary goals are geared towards serving the public in terms of providing them with the basic necessities of good living. Private enterprises on the other hand lay emphasis on the customer and profitability. Budgetary goals must be achieved in order to fulfil these aims and objectives.

In most cases achieving these goals is not always easy for the fact that most employees lay different emphasis on the different budgetary goals and the organization concerned in general.

A good example of this, is of a public servant or an employee in the public sector who feels that it is not his/her responsibility to see to the successful running of the organization. He/she feels it is government work/property and is therefore not responsible or accountable for its failure or destruction. This attitude has given rise to so many problems including mismanagement of public funds, destruction of public property, theft and so on.

Conflict in private sector has also hampered progress in most cases thus depriving an organization from achieving its budgetary goals.

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter is aimed at providing detailed information about the procedures to be followed to achieve each of the research objectives. These objectives as earlier stated include: how budgetary system operates in non-profit making organization like KADP; how goals are set; factors hindering their effective implementation (in non-profit making organisations such as KADP and positive steps to be taken towards devising strategies to curb wastages of public resources.

The researcher intends looking at the following in achieving the above objectives:

(a) A description of the Research Area;

(b) Description of Sampling Technique;

(c) Types and Sources of Data;

(d) Methods of Data Collection;

(e) Methods of Data Analysis.

3.2 THE RESEARCH AREA

In order to effectively pursue the aims of this research (that is, budgetary goals attainment in the public or non-profit making

organization), the Kaduna State Agricultural Development Project (KADP) was chosen for study Details on KADP that is, organization its organ, structure and related information are given in chapter 4.

3.3 DESCRIPTION OF SAMPLING TECHNIQUES

Looking at the nature of study, the researcher conducted interviews with relevant staff of Kaduna State ADP who are directly or indirectly involved with budget preparation and implementation. These interviews were conducted both at the Headquarters and two out of the four zones which were used as samples.

The Relevant Staff interviewed

Headquarters: (i) Directors of Planning and Finance;

(ii) Programme Manager

(iii) Other Directors and Senior Staff

Zones: (i) Zonal Managers;

(ii) Zonal Managers;

(iii) Deputy Directors of Planning and Finance

3.4 TYPES AND SOURCES OF DATA

Two types of data were used for this study. These are;

(i) Primary Data: This is data collected through personal interview

(ii) Secondary Data: Data collected from previous work

The sources of these data include data collected from personal interview with employees of Kaduna State ADP, documents kept in the KADP resource centre and from libraries. The secondary sources of data were from previous works done which are relevant to the study. Others include magazines, periodicals, journals, monthly, quarterly and annual reports of KADP, workplans, budgets of Kaduna State ADP, reports from studies undertaken by the monitoring and Evaluation Division of Kaduna ADP workshop and seminar papers, conference papers, staff appraisal report and others were all used.

3.5 METHODS OF DATA COLLECTION

All primary data and information required were collected through the use of structured questionnaire (Appendix A) and using the interview schedule method. The interview was personally administered by the researcher. The respondents consisted of mostly senior employees of Kaduna State ADP (as mentioned in the section of sampling technique).

Effort was made to seek clearance from the different sectional/departmental heads of the areas concerned.

To gain an indepth knowledge of the concept of budgeting, budgetary goals and their attainment in the public sector, the interview was divided into three sections. The first section dealt with the concept

of budgeting. The aim, among others, was to collect information on how budget is drawn and prepared in the project (KADP). The second section of the interview dealt with budget implementation and the effectiveness of budgeting (that is, its goal attainment based on the set objectives).

The third section is concerned with future developments in the research area. What are the prospects of the project (Fadama) which is about to take off.

Data are collected on two measures of effectiveness:

(i) The cotailment of expenditure by Heads of Department to ensure that it is in line with approved estimates.

(ii) The analysis of variances where expenditure is over or below the approved budget.

The ultimate aim in this regard is to discover the cause of the deviations and to perhaps take corrective measures.

3.6 METHODS OF DATA ANALYSIS

The researcher has used the following analytical techniques: Internal Rate of return (IRR), Benefit cost ration (B/C), net present worth (NPW), performance index measure (PIM), analysis of variance (t-test).

In measuring the project's objectives two of the three approaches discussed above have been used to analyse budget effects

on goal attainment. These are comparison of observed budgets against set targets in connection with the project's stated objectives. In budgetary goals evaluation, estimates (that is, what has been planned) and what is actually spent are considered to be the focal point upon which goal attainment depends. Defining goal attainment is somewhat difficult most especially if the goal is related to multiplicity of objectives. In this case achievement is defined as the value of projects completed.

The 1990 - 1994 budgets will be used in the computation. Like benefits or achievements, costs have different meanings to different budget analysts and investors. To a social cost analyst, cost is defined as the highest alternative benefit foregone. To a private investor, costs are those items of investment that have been expended to get a return. Such items can include machinery, vehicles, utilities, land, working capital and so forth. Since to the society cost is the benefit foregone and to the private industrialist it is the actual money spent (as outlays) on a project, cost will be defined here as non attainment of budgetary goals.

The tools of analysis used in this study, have been used bearing in mind their strengths and weaknesses. The results were therefore interpreted bearing this in mind. In order to calculate the IRR, the planned and actual budgets streams were obtained and computed rom 1985 to 1993 when the first plan was incepted and

completed. the IRR is a measure of the profitability of the project.

The budget performance index measure is used in this study to evaluate the realization of the project's objectives with respect to funds released, used and effects. The statistical approach is being used in this study because it is particularly useful in evaluating budgets where available data may not lend itself to vigorous sociological analysis. It is also well suited to this study because the opinions of the selected staff about the budget and budgetary goal achievement provide an indication of the budget's effects. In this study, the statistical approach is used to obtain the staff's assessment of the budget in KADP.

The analysis of variance using F-test to test whether the variance between estimates (Pan), actual amount spent and so forth is significant or not. Similarly, the T-test is used to test whether the mean values between plan and actual budgets since 1990 to 1994 are significant or not. This is done by providing null and alternative hypotheses. The hypotheses is stated in a statistical form as:

Null Hypothesis: $H:X_1 = X2$

Alternative Hypothesis: $H:X_1 = X2$

Where X_1 and X_2 are the sample means of any two zones. The mean values are calculated for all the zones. The T-values are calculated using the formular below. Whereas the table values are obtained from the table by adding the samples n_1 and n_2 and subtracting 2 to

obtain the degrees of freedom. The calculated values and table T-values are compared. If the calculated value is less than the table value, the null hypothesis will be rejected and the alternative hypothesis accepted and say that the difference between the two means is significant.

$$t = \frac{/x - x/}{1 \quad 2}$$

$$\frac{(n_1 - 1)\, s_1^2 + (n_2 - 1)\, s_2^2}{n_1 + n_2 - 2} \quad \frac{1}{n_1} + \frac{1}{n_2}$$

Where $S_1^2 = \frac{(X_1 - X)^2}{n_1}$

$S_2^2 = \frac{(X_2' - F)}{n^2}$

N1, n2 represent the sample

X1, X2 represent the means of the two samples selected.

The F-test will be calculated using a similar approach as shown in the t-test. The variance for each zone will be calculated using the formular below. To obtain the calculated value, the first variance is divided by the second as follows: 6_1^2. The value (that is the

6_2^2

Calculated value) is then compared with the table value at 95 percent confidence interval. Like the t-test, the null and the alternative hypothesis are stated as follows:

Null hypothesis: H: $r_1^2 = r_2^2$

Alternative Hypothesis H r^2_1: $= r_2^2$

Where r_1^2 and r_2^2 are the sample variances of the two zones under consideration. If the calculated value is less than the table value, we reject Ho and conclude that the difference between the two variances is significant.

$$F = \frac{r_1^2 \text{ where } r_1^2}{r_2^2} = \frac{E (X_x - X)^2 \text{ and}}{n_1}$$

$$r_2^2 = \frac{E (X_1 - X)}{n_2}$$

For the F- test, the calculated F value is found by dividing the bigger variance with the small variance. For example, if r_1^2 is bigger than r_2^2, r_1^2 becomes numerator while r_2^2 becomes denominator.

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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

The researcher had an opportunity of observing most of the budgeting activities and daily operations of Kaduna ADP, more especially at the Headquarters where most of these activities are carried out and later sent to the various zones. The procedures adopted in the preparation and monitoring of work plans/budgets were also taken into consideration. Personal interviews were conducted with various staff involved in budgeting system operating at Kaduna ADP as a non - profit making organisation.

The findings of this research have been broadly classified into various sub-headings as follows:-

(a) Organization and structure of Kaduna ADP

(b) Sources of funds to Kaduna ADP

(c) Budget preparation at KADP

(d) Instruments of budget preparation

(e) Steps to preparing the final budget

(f) Physical progress monitoring and implementation of budget

(g) Conclusion.

4.2 ORGANIZATION AND STRUCTURE OF KADP

"KADP originated as an off-shoot of the former Funtua Agricultural Development Project (FADP) in 1975- and was bifurcated in 1987. The project become loan effective (that is, operational) in July 1985 with a total loan amount of U.S. dollars 122 million. In October 1987, the project was bifurcated into Kaduna and Katsina States ADPS". (APMEU, August 1995).

"One bifurcation, the Kaduna State ADP was redesigned for the period 1989 to 1993 and a total of U.S, Dollars 58.3 million was allocated to Kaduna State" (KADP, 1995). The loan was rescheduled in 1994 and in 1995 the contract agreement ended.

The Kaduna State ADP covers a land area of 4.5 million hectares of which 2.02 million hectares (46 percent) are under cultivation. Of this, about 0.08 million hectares are low lying Fadama lands. Kaduna State has an estimated population of 3.96 million (1991 projection); with a total of 450,000 (four hundred and fifty thousand) farming families spread over four zones covering the 18 (eighteen) local government Areas of the State" (KAD 1991) see figure 4.1. The zones are as follows:

1. Maigana Zone: Comprising Zaria, Soba, Sabon Gari, Giwa, Makarfi and Ikara Local Government Areas with Zonal Headquarters at Maigana.

2. Samaru Zone: Comprising Zango Kataf, Kachia, Jaba, Jama'a and Kaura Local Government Areas with zonal headquarters at Samaru Kataf.

3. Birnin Gwari Zone: Comprising Birnin Gwari, Kaduna North, Kaduna South, and Chukun Local Government Areas with zonal Headquarters at Birnin Gwari.

4. Lere Zone: Comprising Lere, Igabi, Kauru Local Government Areas with zonal headquarters at Lere. (See figure 3.1)

The goal of the Kaduna State ADP is to increase food production, farm incomes and living standards of the rural populace in the State, which will be achieved by providing.

(a) Rural infrastructural facilities such as feeder roads, water supply, inputs distribution and;

(b) Improved agricultural technologies to the more than 450,000 farming families through extension services.

4.2.1 FEATURES

The following departments make up the major operational features of the Kaduna ADP.

(i) **Agricultural and Services**

(a) Technical Services Department

(b) Land Planning and Development

(c) Livestock Services

(ii) **Fadama Development**

(a) Fadama/irrigation services

(b) Co-operative Financing Agency

(iii) **Planning, Monitoring and Evaluation**

(iv) **Administration, Personnel and Training**

(a) Administration and Personnel

(b) Manpower Development and Training

(v) **Finance and Supplies**

There are two (2) units attached to the Programme manager's office:

(a) Internal Audit and

(b) Engineering Services.

4.2.1.1 **AGRICULTURAL**

(a) Technical services department: This department is aimed at improving agricultural extension, conducting agricultural adaptive research and seed multiplication. It is also responsible for establishing viable cooperatives and revitalising existing societies

and improving the pasture Programme state wide.

(b) Land Planning and Development: This department comprises four (4) sections:

(i) Farm Planning and Management;

(ii) Soil Conservation and land development;

(iii) Fadama development;

(iv) Agroforestry development

(c) Livestock Services: The livestock sub-programme is involved in the development and distribution of suitable varieties of fodder to the farmers in the state. High quality pasture seeds are given to farmers to enable them develop their own pasture seeds are given to farmers to enable them develop their own pasture farms. The project grows in its own farms bales and sells it to the farmers.

In order to augment the veterinary services in the state, plans are under way to provide equipments and drugs to the existing veterinary clinics at seven locations in the state.

4.2.1.2 **FADAMA DEVELOPMENT**

(a) Fadama/irrigation services: This section is established to undertake irrigation and water control

development in Fadama areas, the construction of washbore/tubewells, and the establishment of pilot flood irrigation schemes for training and demonstration purposes.

It also provides advisory services to farmers on dry season crop development. It will reactivate and expand pilot irrigation schemes covering 2,500 (two thousand, five hundred) hectares of land in the first instance.

(b) Co-operative Financing Agency - The unit provides assistance in the formation and revitalization of Agricultural Co-operative Societies. The unit therefore assists these societies in areas of input distribution, storage, produce marketing and processing, savings mobilization, credit administration, livestock development and Fadama irrigation development. It also encourages the formation of Fadama Users Association (FUAS)

4.2.1.3 **PLANNING, MONITORING AND EVALUATION**

This department is vested with the responsibility of providing Planning, Monitoring and Evaluation support during project implementation. It carries out evaluation studies to assess the project performance and input in terms of changes

in cropping patterns, farms incomes, employment and living standards of the target population. Furthermore, it undertakes monitoring activities including the monitoring of commodity prices at both rural and urban markets throughout the state. The department also maintains a data bank on behalf of the ADP.

4.2.1.4 **ADMINISTRATION, PERSONNEL AND TRAINING**

(a) Administration and Personnel - The department is aimed at providing and co-ordinating functional administrative structure. It is also aimed at formulating and delivering effective staff/farmer training and develop needed training infrastructure.

(b) Manpower Development and Training - This department's main mandate is to improve the technical competence of the project staff, to ensure the achievement of the programme's overall objectives, that is, to increase food production in the state and to raise farmers income and standard of living.

Staff Development and Training is used as the method of achieving this mandate.

4.2.1.5 **FINANCE AND SUPPLIES**

The department prepares budgets and monitors its implementation and also does disbursement of funds. It is also responsible for procurement of goods and services and maintains the stores.

4.2.1.6 **INTERNAL AUDIT**

This department is responsible for ensuring the maintenance of appropriate financial records in accordance with sound accounting practices to reflect the operations and financial position of KADP. In addition, it is to be noted that the "Management Board" KADP should arrange to have the accounts audited annually by a firm of independent external auditors acceptable to the World Bank.

4.2.1.7 **ENGINEERING SERVICES**

4.3 SOURCES OF FUNDS TO KADUNA ADP

According to the Staff Appraisal Report (SAR) of 1983, total projects costs under Kaduna ADP were estimated at "US$193.7 million for which a bank loan of US$122 million (63 percent of project costs) was approved by the Board in 1984". The Federal Government (FGN) was supposed to contribute US$24 million (12

percent of project costs). The rest of US$9 million (5 percent of project costs) was supposed to be contributed by project beneficiaries. Table 4.1 gives a summary of project financing plan for Kaduna ADP in 'Naira'.

From interviews conducted by the researcher this tripatile (involving three parties) system of funding has not gone down well as planned. Responses from both Federal and State Governments of Nigeria have not been adequate enough.

The project was redesigned in 1988 due to some reasons which include the following:

(a) Slow rate of implementation of the Kaduna ADP,

(b) Possible loan savings arising from the naira devaluation, and;

(c) The bifurcation of the erstwhile Kaduna State in September 1987.

The changed economic circumstances in Nigeria since the collapse of oil prices and the subsequent implementation of the Structural Adjustment Program (SAP) also necessitated the re-design of former Kaduna AADP with a view to ensuring sustainability of project institutions and benefits, accelerating the pace of implementation, and ensuring cost effectiveness.

Table 4.1 Summary Project Financing Plan for Kaduna ADP (US$'000)

		IBRD	FGN	S.G	TOTAL
(a)	**By Project Component**				
	Agriculture	4.0	0.3	3.1	7.4
	Rural Infrastructure	23.2	0.9	3.4	27.5
	Commercial Agric.Services	11.3	0.1	2.1	13.5
	Project Management	2.8	0.2	1.0	4.0
	MANR	0.4	-	-	0.4
	Expenditure for 1984-89	16.4	8.9	10.7	36.0
	Total	58.1	10.4	20.3	88.8
(b)	**By Disbursement Category**				
	Buildings and Houses	7.4	0.3	0.9	8.6
	Vehicles, Tractors, Equipments etc		6.1	0.4	0.77.2
	Internationally Recruited Staff	3.7	-	0.4	4.1
	Chemicals and Implements		8.8	-	1.09.8
	Contracts for Roads, Water supply and Fadama irrigation	14.4	0.5	1.7	16.6
	Salaries and Allowances	-	-	4.7	4.7
	Incremental Operating Costs		1.3	0.3	0.21.8
	Expenditure for 1984-89	16.4	8.9	10.7	36.0
	Total	58.0	10.4	20.3	88.8

Source: Staff Appraisal Report 1993

The redesigned ADP was costed at Naira 455-5 million (US$88.8 million). Total project costs for the remaining 1989 - 91 development period were estimated at Naira 359.6 million (US$52.9 million) The FGN's total contribution to the re-designed project (that is, since 1984) would amount to US$10.4 million (11 percent). The State Government yearly contribution was US$20.3 million (12 percent) of the project's cost. The state government's contribution is largely limited to the payment of estimated taxes and salaries of local project staff.

The total costs of project after the devaluation of naira in 1987 was estimated to be US$124.4 million The bank loan for this period

was US$95.3 million which was 77 percent of the project cost. The financing plan by expenditure category are summarised in the table above. It should be noted however, that expenditures since 1984 are deduced as balancing items.

4.4. BUDGET PREPARATION AT KADP

The preparation of budget involves some steps such as the preliminary stage of reviewing previous work plans/budgets and the use of some instruments by all departments in compiling detailed activities leading to how the budget will be drawn.

4.4.1 PRELIMINARIES AND INSTRUMENTS FOR PREPARING BUDGETS

The most appropriate activity preceding the preparation of annual work programme and budget is the review and evaluation of the previous year's work programme. The process normally starts around August when the work programme for the year is more than half completed. The financial year followed by KADP is from January to December.

Programme Budgeting and Monitoring Systems (PBMS) is an instrument designed by the Agricultural Projects Monitoring and Evaluation Unit (APMEU) at the federal level of the project. Programme budgeting and monitoring systems has three main elements:

(a) **Programming:** This means organising and controlling the activities that have to be undertaken when carrying out planning decisions. It involves breaking down of the major objectives into sub-objectives and organizing these to relate clearly to packages of activities (programmes) that must be carried out.

(b) **Budgeting:** It refers to the process of transforming the decisions made in the programming process into financial plan for a given period of time, which according to all respondents, is done annually.

(c) **Monitoring:** This is the level of consistency of progress against the implementation plan. It is essential to know what is actually on the ground and whether the target set for the outputs of various components of the entire plan are actually being achieve. It should be able to identify emerging problems which may require responses. A close check must also be kept on expenditure so that the budget position is also monitored.

When the researcher visited APMEU, the deputy national coordinator incharge of monitoring systems shed more light on their activities. APMEU according to the deputy director, has institutionalised the system of PBMS in many ADPS (KADP inclusive) using formats designated forms, A,

B, C, D, E, F, and G. (see appendix 2a to n). These forms comprise the work plan, the budget and the review.

(i) **Form A - summarises:** (A) overall objectives of the project as per SAR), (b) a list of sub-programmes of the project. This will be prepared by the Planning, Monitoring and Evaluation Department in consultation with the Programme Manager (PM).

(ii) **Form B - This form is prepared by each sub-programme Head for each sub-programme separately and it gives the following details:**

(a) Overall objectives of the sub-programme (over the project life).

(b) Physical targets for the sub-programme for the year.

(c) For each of the components of the sub-programme, targets to be met, account number and computer analysis code will be provided by the accounts section as, and when they are devised by.

(iii) **Form C - Each of the components of a sub-programme will be broken down into operations required to fulfil the target of that component.** Form 'C' shows the monthly targets and actual achievement of each component. Also operations required to fulfil the targets will be depicted by timelines (black). Red timeliness can be drawn under the

Black timelines to depict actual progress.

Form c - 1: Here, the details of annual work programmes for each quarter will be prepared. This form can also be used for monitoring progress by depicting the plan by Black timelines and the progress in redlines under the Black Timelines.

Forms D1 to D6 - these forms are essentially to workout the total manpower and other resources required for each of the components of the various sub-programmes.

Form E - for each operation, details are to be entered in this form.

Form F - Using Forms D and E, this will be used to prepare the Annual Budget and cash flow with monthly breakdowns.

4.4.2 SCHEDULE FOR PREPARING THE WORK PLAN AND BUDGET (STEPS TO FINAL BUDGET)

Personal interview with the Director, some members of staff and answers from questionnaires administered revealed the following information on the schedule for preparing budgets at Kaduna ADP.

The department of planning, monitoring and evaluation prepares the form 'A' in consultation with the programme Heads (including the zonal offices)Programme Manager (PM). This form

is circulated to all sub-out Each of the Divisional Heads will then complete the forms B, Ds, Ds and E are also sent out. Each of the Divisional Heads will then complete the forms B, Bs, Ds and E for their sub-programmes and submit to the PM by the end of August. These are forwarded to the planning, monitoring and evaluation sub-programme for consolidation and for co-ordination of the whole exercise.

The PME will study them in detail and in consultation with the respective Sub-programme Heads, reschedule the operations within their constraints to optimise the resource requirements. The scheduled workplan will then be passed to the accounts department for finalizing the budget and cash flows in close consultation with the various Sub-programme Heads and the PME sub-programme. Adjustments are made where necessary. The revised work plan and budget will be submitted to the PM who will convene a special meeting by the end of September to the PMU to reach an agreement. This meeting comprises the management and internal auditor who recommend the work plan and budget.

After that, the General Purpose Committee (GPC), comprising the Commissioner of Agricultural as chairman and members who include, commissioners of works, finance, justice, water Resources, Secretary to the State Government (SSG), representative of Niger River Basin, Regional Head of Kaduna Federal Agricultural Co-

ordinating Unit, the Programe Manager (PM) of KADP and Zonal Office Heads of KADP. This committee in turn recommends to the Agricultural Development Project Executive Committee (ADPEC) with the state executive (Governor) as chairman. Other members include the Commissioner of Agriculture (vice chairman) and all members of the GPC. Others are the Director, Federal Department of Agricultural and Heads of Units, Federal Agriculture co-ordinating unit.

A revised (if necessary) action plan and Annual Budget proposals are then prepared and submitted to FDARD and the World Bank. After announcements of the federal and state budgets, another revision is often necessary to produce the working Action Plan and Budget.

Form 'C' and 'CI' (Timelines chart) and form Es will now show the scheduled start and finish times (after optimising the resources) as against early start or early finish and the revised targets for components. Suitable changes in other forms will also be made on final revision. Form F will have the revised budget and cash flow.

From all indications, a flexible system of budgeting operates at KADP. This can be attributed to the fact that room is given for any adjustments at any point in time.

Responses from questionnaire however, show that the

difficulty in budget preparation lies with the accounts department most of the time. About 60 percent of respondents said that this department most of the time, does not use the form E. That is to say, that the form is not worked into form F. Reasons the respondents gave ranged from laziness of the accounts staff to management attitudes (who do not follow work plan/budget) in implementing set down targets.

4.5 PHYSICAL PROGRESS MONITORING AND IMPLEMENTATION OF BUDGETS

The researcher observed that KADP adopts a mixture of incremental and zero-base budgeting techniques. There is basically one method of implementing the budget. This is by Physical Progress Monitoring.

According to the instruments for preparing work plan/budget, PBMS, certain forms are used for reviewing the progress of work plans/budgets by the project's management (PMU) on a monthly progress review meeting. These forms are, forms G1(A), G1 (B) and G2 (see appendix 2a to n). From G1 (A) contains the following information for each of the components of the various sub-programmes:

(i) Targets of each component;

(ii) Actual achievement against the above targets;

(iii) Code and description of operations required to meet the targets of the component;

(iv) All operations started (or should have started but unfinished to-date are to be listed). All operations completed to-date may be deleted from this list.

(v) For each operation the scheduled start and finish dates.

Form G1 (B)

Since input distribution is very important and critical activity of the project, it needs to be monitored very closely and carefully. As such, the form G1 (B) will contain information on targets and achievement on input distribution for discussion and decision making of the monthly progress review meeting of the PMU. After the meeting, this will be consolidated by the PME together with form G1 (A). Form G2 is used to monitor the expenditure against the budget for each component. After the monthly progress review meeting, the forms G1 (A and B) and G2 will be consolidated by the PME and will form a monthly report of the project. This report will be primarily meant for internal use in the project and will be circulated to the PM and all the Heads of sub-programms in the project. Information contained in it will support information requirements for any external monitoring system as well as for MARM and PCR. The monthly progress report will form the basis for quarterly progress report submitted to PM.

4.5.1 ACTUAL BUDGET IMPLEMENTATION AT KADP

"As at March, 1995, the total, project cost stood at $140.27 million against the SAR target of $194.0 million. As a result of the problems of inadequate counterpart funding and rapid devaluation of naira over the loan period, a total of $7.5 million was cancelled from the original loan amount of $122 million, resulting to a net loan amount of $114.5 million (Implementation completion report (ICR), 1995. This forms part of the concluding report of budget's implementation at KADP. Appendix III gives a summary picture of budgets which are planned yearly and what is actually spent since the inception of the project (1985) to when it was concluded (1994). From 1985 to 1988 (when project was redesigned) the actual amount of money spent exceeded the planned amount by N34.7m.

Table 4.2 Yearly cost details in 'N' million

Plan		Actual
1985	8.4	9.4
1986	4.7	15.9
1987	5.9	19.4
1988	6.2	15.2
Total	25.2	59.9

Difference 34.7

Source: Field Survey (1995)

Table 4.2 Shows that a total amount of N34.7 million was spent in excess of the amount (N25.2 million) planned.

Table 4.3 Yearly Budget and Expenditure in 'N' million

	Plan	Actual
1989	31.8	23.7
1990	50.3	50.6
1991	56.8	51.0
1992	51.1	59.0
1993	69.0	45.6
1994	119.389	294.510
Total	378.389	294.510

Difference 83.879

Net Surplus (1985 - 1994) N49.179 (See also Table 4.2)

Source - 1995 field survey.

Unlike in Table 4.2 which shows a budget deficit of Naira 34.7 million, table 4.3 shows a budget surplus of approximately Naira 84.0 million. This gives a net surplus of Naira 49.179 million during the entire life of the project (1985 to 1994)

The sudden rise in budget from 1989 to 1994 can be attributed to the changes which were made to redesign the project. these include the component 'Rural Infrastructure' which replaced 'Civil Works'. As a result of this, the target for new road construction was

raised from "1400 kilometres to 1,511 kilometres. Construction was to be executed through contract as against force account previously planned in the original SAR. A programme for training and equiping village mechanics to maintain facilities was also incorporated in the redesign. Another contributing factor was the provision made for strengthening the capacities of the State Ministry of Agriculture and Natural Resources for sector planning, expenditure programming and implementation, policy formation and regulatory control.

Appendix iv: gives a summary account of the financial plan for the redesign of Kaduna ADP. It also shows the total amount of money that was to be disbursed by all financiers (that is World Bank, Federal Government of Nigeria and State Government).

Table 4.4 Annual Financing Plan/Requirement for KADP in US$ million

	Pre-89	1989	1990	1991	Total
IBRD	16.4	18.5	12.4	10.3	58.0
FGN	8.9	0.6	0.5	0.3	10.3
SG	10.7	3.7	3.0	3.0	20.4
Total	36.0	22.8	15.9	14.0	88.7

Source: SAR, 1983

The Key lessons learnt from budget implementation at KADP include the following: (a) According to the implementation report

document (1995) prepared by KADP, inadequate counterpart funding and untimely release of funds caused delay in the project implementation, resulting in prolonged project life and consequent commitment charges.

This point was confirmed by the researcher when in question 19 of the questionnaire about 80 percent of respondents both at the headquarters and zones agreed that achievement of goals has not been as expected because both federal and state governments did not release funds as agreed (see table 4.4).

Table 4.5 How ways of budget preparation and implementation have affected the achievement of goals

Reasons	Headquarter	Lere Zone	Saminaka zone
-Non release of funds state and Federal Governments	55.0	29.1	22.0
- Workplan and Budgets are not strictly followed	51.7	25.0	30.5
- By setting unattainable goals/objectives	10.0	-	-
- By Management not being accountable	30.0	29.8	27.5
- By not utilising funds as budgeted	-	2.4	6.5

Source: Field survey 1995

4.6 FINDINGS OF THE STUDY

(i) From the researcher's study, the following findings were made:-

A hundred per cent (100%) of respondents said that budgets at KADP are prepared annually. A circular is normally sent out to respective sub-heads from the Department of Finance and Supplies. The circular is accompanied with standard Budget forms as discussed earlier on in this chapter. All the directors and principal planning officers of KADP are involved in the budget preparation.

(ii) The methods used in preparing and implementing budgets at KADP are satisfactory. Eighty per cent (80%) of respondents answered in the affirmative to question nine (9) of the questionnaire. Ten per cent (10%) said that they are not satisfied and the reasons they gave ranged from management inadequacies to non-release of funds by state and Federal Governments for implementation. Answers to question sixteen (16) of the questionnaire confirms this fact where one hundred per cent (100%) of respondents agreed that funds are not released as provided for in the budget. Answers to question seventeen went further to state the difficulties which KADP faces in implementing its budgets. For example, sixty per cent (60%) attributed these difficulties to the Federal

and State Governments, while ten per cent (10%) did not respond to this question.

Findings also show that though one hundred percent (100%) of respondents are satisfied with the methods adopted by KADP in preparing and implementing budgets, they are not satisfied with the physical implementation of budgets, Eighty per cent (80%) of respondents said that the two arms of government (Federal and State) most often do not give their shares of funds Another ten per cent 10%) blames the management staff. The remaining ten per cent (10%) attributes this failure to the country's present economic position which has led to a general fall in government spending.

When asked how ways of budget preparation and implementation have affected achievement of goals at KADP (question nineteen), thirty per cent (30%) of respondents said that, by involving the federal and state governments in financing budgets, many projects are not executed. Twenty per cent (20%) said that though goals are attainable, work-plans are not strictly followed. Thus, goals are not achieved.

Fifty per cent (50%) did not respond to this question. Sixty percent (60%) in response to question twenty one agreed the control measures built into the operations of budgets are

all right but they are not adhered to by management.

The tables below confirm these findings. For example table 4.5 shows how responses both at the headquarter and two zones indicate governments' (federal and state) inadequacies in releasing funds.

Table 4.5 **BUDGET PREPARATION AND IMPLEMENTATION MEASURES (THEIR EFFECT ON THE ACHIEVEMENT OF GOALS) RESPONDENTS OPINIONS EXPRESSED AS A PERCENTAGE**

Reason for non attainment of goal.	Headquarter	Lere Zone	Saminaka Zone
- Non release of funds by state and federal government.	55.00	29.1	22.0
- Work plan and budgets are not strictly followed	51.7	25.0	30.5
- By setting unattainable goals/objectives	10.4	-	-
- By management not being accountable	30.0	29.8	27.5
- By not utilizing funds as budgeted	-	2.4	6.5

Source: Field Survey 1995.

The researcher gathered that though there are adequate instruments for monitoring physical budget activities, they are not usually followed thus rendering implementation difficult. Table 4.6 sheds some light on this.

TABLE 4.6 **THE ADEQUACIES AND EFFECTIVENESS OF CONTROL MEASURES**

Respondents opinions expressed as a percentage

	Response for failure	Headquarter	Lere Zone	Saminaka Zone
-	They are quite adequate but they are not strictly followed.	20.1	30.2	25.0
-	They are adequate but the Nigerian factor and management have not been keeping to measures	22.0	10.1	-
-	All measures are alright except that funds are not available for implementation.	15.2	4.5	11.39

Source: Field Survey 1995.

4.7 CONCLUSION

This chapter on data presentation and analysis was very challenging in the sense that the data analysis revealed some important points without which it would have rendered the work a failure. These points include the way the project is being funded (World Bank, Federal and State Governments) and the percentage of funds contributed by each party involved. It shed more light on the

attitudes of governments towards funding of projects in the public sector. The projects at KADP are largely funded by the World Bank. Table 4.3 for instance, shows that prior to 1989 - 91 about 88.7 per cent of total funding was provided by the World Bank.

Implementation has also been very slow because the project's life span was prolonged by about five years. This is attributed to the problem of inadequacy of funds whenever budgets are drawn to last a specified period of time Budgetary goals at KADP therefore are attainable but forces beyond the organization either hinder or prolong the period of achieving them.

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

In its budgetary process, KADP has a way of identifying the units and people that are involved in Budget implementation. The aim is to ensure that Head of Department does not spend more than the amount approved in the Budget. But as we can deduce from the research, where a Head of Department overspends his allocation, there is no follow up action in form of investigation. The monthly check ups in form of reviewing the progress of work plans/budgets by project's management (PMU) do not include punitive measures. The forms are aimed at controlling over expenditure.

It should be noted as revealed in this project that in a situation where an organization's Budgetary system only aims at avoiding over expenditure such should be called PREVENTION of over - spending and COUNTABILITY; it is not a control mechanism.

KADP in a non-project organization which prepares its budget annually. The project (KADP) has so many forms designed to monitor the preparation and implementation of budgets.

Every head of department and sub unit head (including the zonal offices) are involved in budgeting one way or the other. All departments have their various requirements which are sent to the

finance department for discussion and further action.

The method(s) adopted in preparing budgets at KADP are satisfactory as most of the respondents said. this is because it involves so many committees. The final budget is approved only after these committees have met and deliberated on every issue involved. So it is not a particular office or individual in KADP that gives the final 'word' on budget.

Despite the satisfactory method(s) of budgeting adopted at KADP, implementation is always difficult. This has been attributed to so many factors by the respondents. Non availability of funds and the lack of release of funds when and where needed are some of the reasons which have been attributed to poor budget implementation at KADP. Again this has led to the project spending more than what it should have spent. The menace of fluctuating exchange rate of the American dollar to the naira has also contributed to this. A successful and sound budgeting system is based upon certain prerequisites which according to Okeji (1994), "represent management attitude, organization structure and managerial approaches necessary for the effective and efficient application of the budgeting system". The organization structure and budgeting system at KADP are influenced by the country's larger structure and its economic activities. The federal and state budgeting systems have tremendous impact on budgeting at KADP, thus, whatever affects the

country's general economy more especially the foreign exchange market (FEM) is bound to influence budgeting in KADP.

Budgetary goal achievement has been hampered or delayed at KADP for some reasons among which are:-

(i) Delay in releasing funds;

(ii) Management not being accountable;

(iii) By not utilizing funds as budgeted.

The method of disbursing funds to each department according to their budget is a good way of assigning responsibility because 80 percent (80%) of the respondents said they know when a head of department is doing the right or wrong project.

5.2 CONCLUSION

Based on findings, the following conclusions can be drawn from the study.

(i) The built-in control system to monitor the gap between established goals or objectives and actual performance so as to provide a guide for action by management is not very effective. This is because apart from delay of funds by government, lack of effective implementation within the organization is still glaring. Benjamin (1981) has enumerated the main characteristics of a good control system as:

(a) "The system should be simple to operate, and should be

so designed as to meet the specific requirements of the project.

(b) It should concentrate on key variables to be measured.

(c) It should provide speed answers, though approximate, to the critical determinants of project performance.

(d) It should provide management with some leads as to what the corrective measures should be and how they should be introduced.

(e) It should attempt to evaluate, both elements which lend themselves to quantitative measurements and those that do not, such as attitudes of beneficiaries, which are important to the project's success".

Effectiveness on the other hand has been defined as, "how well a programe or activity is achieving its stated objectives, its defined goals (e.g targets/market share) on other intended effects" (Tomking, 1987).

(ii) External factors which are beyond the organization's power interplay to contribute to delay or hinder implentation of budgetary goals. IFAD lending policies "require that the projects it finances should not have a negative impact" (Benjamin 1981). But these forces which include among others;

(a) Government regulation and other institution's buying habits,

(b) Recession/inflation have contributed in no small way, to prolonging the project's completion period (from five to ten years). An environmental factor that affects the country or state or one department in the organization is bound to affect the entire organization.

(iii) Apart from the initial period of the project, figures show that the actual amount of money spent (expenditure) always exceeded the budgeted amount (plan). Variances it seems, are never investigated. If implementation tools are used as they should, management should be able to know why a particular Head of Department overspends his budget.

(a) Whether the original budget was wrong.

(b) It could be that the Head of Department was unnecessarily wasteful in fund disbursement.

(c) It could equally be due to changes in environmental factors on which the Budget setting was based.

(iv) Budget preparation at KADP is very comprehensive judging from the different stages it passes. It can therefore be concluded that in effective achievement of budgetary goals is not due to bad preparation but bad implementation. this again can be attributed to the calibre of the people involved.

(v) The steps towards preparing the wok plan/budget are to many; thus most of the time these steps are only in writing and are not practically followed. As many as fourteen forms (see appendix 2) have to be worked on before the final budget is drawn. since this is internally done (within the various departments), most departmental heads only assume what should be contained in the forms.

(vi) Physical progress monitoring and implementation of budgets is very weak. Suffice it to say therefore that, an "incomplete, unreliable or even misleading financial information may well have a negative effect on capital formation processes within an economy" (Chor and Mueller 1984). "Variances between budget and actual represent a divergence from what was planned to happened and unless the reasons for the variances are analyzed and steps taken to bring the budget and actual back into line the whole system will rapidly become out of control" (Jones and Pendiebury, 1988).

5.3 LIMITATIONS OF THE STUDY

This study does not pretend to have found the full answers to the question of understanding why the attainment of budgetary goals in the public sector is difficult or not possible most of the time. It does not pretend to have suggested ready - made solutions to the

complex problems faced by KADP or other similar organizations (non-profit) in achieving their budgetary goals' because there may be other relevant issues which have not been incorporated in the analysis.

One of the most important limitations of the data is that though it pertains to about four zones, it was collected from the headquarter and two zones only. The heads of planning and monitoring of Lere and Saminaka zones were relied upon to provide information on behalf of others. the information provided by these heads and some staff (including heads of department) at the headquarter was used to form similar opinions about the other two zones (Maigana and Birnin Gwari zones).

Answers to some questions such as whether the respondent is satisfied with the methods used in the preparation and implementation of budget and if not, they should give reasons; were not well answered. For example a lot of the respondents left the spaces for such answers blank. It has therefore made it difficult for the researcher to draw a logical conclusion. the finance department was reluctant in releasing relevant information such as documents on past budgets. the researcher was therefore restricted to information received from other departments, in drawing conclusions.

There were a lot of inconsistencies in data presented especially on the funds disbursed. Documents such as the SAR and others gave

different amounts. These inconsistencies were difficult to reconcile. the bulky nature of document where departmental/unit targets are contained made it difficult for the researcher to assess each target in order to know whether or not the said target was achieved.

Being a public organization, the researcher could not interview the major investors of the project (World Bank FGN and State Government). The bulk of those responsible for planning the final budget could not be reached and it therefore means that findings were based on one side alone.

5.4 RECOMMENDATIONS

Despite the numerous setbacks of their attainment at KADP, there are brighter chances of success in future budgets on projects if the few suggestions below are observed.

(1) "Perhaps, the single most important problem of financing the Kaduna State Agricultural Development project (and others) have been poor funding especially by the Federal and State Governments" (Ndalak, 1990). Most of the respondents have attributed the problem of delay and subsequent non-implementation of budgetary goals to non-release of funds by federal and state governments. It is therefore suggested that the Kaduna State Government stems up effort in assisting KADP in order to encourage the federal

government and to also appreciate efforts by the World Bank. "A project, being an instrument of change, is undertaken to change the dynamics in a system that is at an undersirably low level of equilibrium or that is stagnating (Benjamin, 1981). It is therefore very important for Government to attach some importance to budgets. In such organizations the Federal Government should set aside specified sums for the Agricultural Development projects before funds are allocated to other projects in the annual budgets. Successive governments (both Federal and State) should ensure a measurable degree of stability in agricultural policies.

(2) Governmental (external) auditors should visit the project and check on their financial records more often in order to:-

(i) Ensure that systems of accounting and financial control are efficient and operating properly.

(ii) Regularly verify that expenditure has been incurred on approved services and in accordance with statutory or their regulations and authorities governing them". This is because it is not enough to just say that built-in control measures exist in the organization without checking to make sure that they are effected.

(iii) "Assess whether programmes or projects undertaken to meet established policy goals or objectives have met these aims" (Choi and Mueller, 1984).

(3) Where deliberate fund wasting is obvious, especially in the organization, management should issue warning to the Head/Sub-Head of that department. Where environmental factors are traced to be responsible for variances in the budget it becomes imperative on the organization's planning and finance departments to carry out environmental analysis. This is to enable the organization determine the most likely variable that will distort the budget implementation.

(4) In the budget of 1995, the Federal Government said it was "fully aware of the need to pursue the policy of fiscal transparency, comprehensiveness and completeness in the formulation and implementation of its annual budget". It went ahead to promise "Counterpart funding requirements for the Agricultural Development Project" (Federal Republic of Nigeria, 1995), What the researcher is trying to point out here is that Government should be able to keep to its words in order for organizations to achieve their budgetary goals. This is because, if an organization, based on expectations, draws its

annual budget, it will be difficult for it to implement the said objectives if at the end funds are not released. Still on the 1995 budgets, Government (Federal) said that fertilizer will be sourced locally and "resources saved there from will be applied to facilitate local production of the commodity". (Federal Republic of Nigeria, 1995). This promise was never kept because many tons of fertilizer found their way into the country after a few months of this broadcast.

Efforts should be made to intensify mobilization of funds locally by Kaduna State Agricultural Development Project (and other similar organizations) to reduce their reliance on Government.

Finally, if all the recommendations made are accepted and implemented, Kaduna State Agricultural Development Project and other related non-profit making organizations in Nigeria will go a long way in achieving their desired budgetary goals. This can be enhanced if the spirit of the country's annual budgets which lays emphasis on checking inflationary pressures and correcting the disequilibrium in the balance of payments is to be achieved.

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APPENDIX I

QUESTIONNAIRE

As part of the requirements for the award of masters degree in business administration (MBA), I am currently embarking on a research project in partial fulfilment of the requirements for the award of degree.

To make this project a reality, data and information obtainable from your organisation would be of immense value.

I hereby wish to seek you assistance for relevant materials that will aid this study. All information supplied will be treated in very strict confidence and would be used only for the purpose of this research.

I will be grateful if you indicate your answer by a tick ( ) in the box or against "Yes" or "No" where appropriate.

1. Name (Optional) .....

2. Rank and Department.....

3 Main Responsibilities/Functions performed.

.....

.....

4. Does your organisation prepare its budgets:

   (a) Annually ☐

   (b) Semi - annually ☐

   (c) Quarterly ☐

   (d) At any other interval? (please indicate).....

5. Do you have an office which sends out the circular letter to commence compiling data for the budget? Yes ☐ No ☐

6. If the answer to question five (5) above is yes, which department/office is responsible?

(a) Planning, monitoring and Evaluation ☐

(b) Administration, Personnel and Training ☐

(c) Finance and Supplies ☐

(d) Any other (please indicate).....

7. Is the circular referred to in 5. above, accompanied with standard Budget forms? Yes ☐ No ☐

8. What is your level of involvement in the preparation of budgets?

(a) High ☐

(b) Moderate ☐

(c) Minimum ☐

(d) No involvement at all ☐

9. Are you satisfied with the methods used in the preparation and implementation of budgets in your organisation?
Yes ☐ No ☐

10. If your answer to question 9 is 'No', kindly state the reasons very briefly:

.....

.....

11. (a) In your organisation, which department is responsible for preparing the final budget? .....
.....

(b) If the responsibility is with a particular office/individual, kindly indicate
.....
.....

12. In your organisation, does each section/department prepare its work plan?
Yes ☐ No ☐

13. If your answer to question '12' is yes, is it ratefied an appropriate committee?
Yes ☐ No ☐

14. Are the work plans incorporated in the development of the overall budget at KADP? Yes ☐ No ☐

15. If your answer to question '14' is yes, which is the 'body' or appropriate 'section' responsible for giving final approval to the budget? Please state briefly.....

.....

.....

☐ ☐

16. Are funds released as provided for in the budget? Yes No

17. If your answer to question '16' is 'No' kindly state the difficulties you encounter on this issue:.....

.....

18. For the projects undertaken by KADP, the finance is provided by:

(a) World Bank only ☐

(b) Federal Government only ☐

(c) State Government only ☐

(d) World Bank and Federal Government ☐

(e) World Bank and State Government ☐

(f) World bank, Federal Govt. and state Govt. ☐

(g) Any other service of finance/ Please indicate.....

19. How have the ways of budget preparation and implementation affected the achievement of goals in KADP?

(a) By not utilizing funds as budgeted ☐

(b) By management not being accountable ☐

(c) By setting unattainable goals/objectives ☐

(d) Any other (Please state briefly) ☐

.....

.....

20. Are there control measures built into the operations of budgets in your organisation? Yes ☐ No ☐

21. (a) If the answer to question 20 is 'yes' please tick ( ) against the control measures, as appropriate:

(i) By discrip forms to check management activities

(ii) By each departmental manager sbumitting monthly report

(iii) By the programme manager checking all department's activities

(iv) By external auditors paying impromptu visits

(b) Do you thick the control measures, particularly these related to fund disbursement, are adequate and effective?

Yes ☐ No ☐

(c) If answer to 21. (b) above is 'No, please state briefly the reasons:

.....

.....

22. If the answer to question 20 is 'No' please state briefly the reason why control measures are not brief into the operations of your business.

.....

.....

APPENDIX II A

MISCELENEOUS FORMS

FORM A:

ANNUAL SUMMARY WORK PLAN.

PROJECT:

1. OVERALL OBJECTIVES OF PROJECT
(Summary of S.A.R.)

2. PHYSICAL TARGETS FOR THIS YEAR

3. SUB-PROGRAMMES

II B

SUB-PROGRAMME SUMMARY WORK PLAN

SUB-PROGRAMME: COMPONENT:

1. OVERALL OBJECTIVES OF SUB-PROGRAMME
(OVER PROJECT LIFE)

2. COMPONENT/SUB-COMPONENT TARGET

S/N	COMPONENT/SUB COMPONENT	ANNUAL TARGET	A/C NO.	COMPUTER ANALYSIS

FORM C II C

TIME LINES CHART FOR _____

SUB PROGRAMME: SUB-COMPONENT: COMPONENT:

NO	OPERATION	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC

II D

FORM C1

DETAILED WORK PLAN FOR I QUARTER

SUB-PROGRAMME: COMPONENT: SUB-COMPONENT:

WEEKS OF QUARTER

NO.	ACTIVITY/OPERATION	LINKAGES	1	2	3	4	5	6	7	8	9	10	11	12	13

II·E

FORM D1

TOTAL RESOURCE REQUIREMENT - STAFF

SUB-PROGRAMME: COMPONENT:

STAFF NAME/POSITION	GRADE LEVEL	BASIC SALARY	TOTAL ALLOWANCE	TOTAL EMOLUMENT (N)	MONTH REQUIRED	HOUSING REQUESTS		
						S	I	J
SUB-TOTAL								

S = Senior Staff Housing
I = Intermediate Staff Housing
J = Junior Staff Housing

DR = Directly Recruited
S = Seconded

R = Rented
M = Ministry
A = Allowance

NB: Under "Month Required" Existing may be mentioned wherever an item already exists.

'II F

TOTAL RESOURCE REQUIREMENT - BUILDINGS

COMPONENT:

BUILDING	TYPE	M² AREA	NO.	MONTH REQUIRED	COST ESTIMATE (₦)	REPAIR & MAINTENANCE COST (₦)	REMARK
SUB TOTAL							

N.B: Under "Month Required" Existing may be mentioned whenever an item already exists.

II G

OPH D3

TOTAL RESOURCE REQUIREMENT - LIGHT VEHICLES

SUB-PROGRAMME: *COMPONENT:*

LIGHT VEHICLES & H/Cs	YEI	NO	AGE OF PURCHASE	UTILIZATION TO DATE	MONTH REQUIRED	COST ESTIMATE (N)	R & M COST (N)	REMARK
SUB-TOTAL								

N.B. Under "Month Required" Existing may be mentioned where an item already exist.

II H

FORM D4

TOTAL RESOURCES REQUIREMENT - HEAVY PLANT AND VEHICLES

SUB PROGRAMME: COMPONENT:

HEAVY PLANT & VEHICLE	TYPE	NO	DATE OF PURCHASE	UTILIZATION TO DATE	MONTH REQUIRED	COST ESTIMATE (N)	R & M COST (N)	REMARKS
SUB-TOTAL								

N.B: Under "Month Required" Existing may be mentioned wherever an item alread exists.

TOPE DS II I

TOTAL RESOURCES REQUIREMENT - SPECIAL EQUIPMENTS

SUB-PROGRAMME: COMPONENT:

SPECIAL EQUIPMENT & TOOLS	TYPE	DATE OF PURCHASE	NO	MONTH REQUIRED	COST ESTIMATE (N)	R & M COST (N)	REMARK
SUB-TOTAL							

N\B: Under "Month Required" Existing may be mentioned wherever an item already exists.

FORM DG II J

TOTAL RESOURCE REQUIREMENTS - OFFICE EQUIPMENTS

SUB PROGRAMME: COMPONENT:

OFFICE EQUIPMENT	TYPE	DATE OF PURCHASE	NO	MONTH REQUIRED	COST ESTIMATE (N)	R & M COST (N)	REMARK
SUB-TOTAL							

N.B. Under "Month Required" EXISTING may be mentioned wherever an item already exists.

11-K

FORM E

DETAILED WORK-FLAN

SUB-PROGRAMME: COMPONENT: SUB-COMPONENT:

CODE	OPERATION	OFFICER RESPON-SIBLE	SCHEDULE START & FINISH DATES	DURA-TION WEEKS	OPERATING RESOURCES: DESCRIPTION & UNIT OF MEASURE	COST PER UNIT	NO. UNITS	TOTAL COST	PRECEDING: ACTIVITY	PRECEDING: SECTION
			S							
			F							
			S							
			F							
			S							
			F							
			F							
			S							
			F							
			S							
			F							
			S							
			F							
			S							
			F							
			S							
			F							
			S							
			F							

S = START DATE
F = FINISH D ..

IIIL

FORM G1 (A): PYSICAL PROGRESS

(MONTH) ----------

Sub Programme:

Component:

LIST OF OPERATION TO START/FINISH* AND IN PROGRESS Y-TD	SCHEDULED START/ FINISH DATE	ACTUAL START/ FINISH DATE	DELAY	PROGESS/REASONS FOR DELAY	MANAGEMENT OBSERVATION ACTION NEEDED

* OPERATIONS STARTED (OR SHOULD HAVE STARTED) BUT UNFINISHED TO-DATE ARE TO BE LISTED.

ALL OPERATIONS COMPLETED TO-DATE MAY BE DELETED FROM THIS LIST.

II M

FORM G1 (B): PHYSICAL PROGRESS

INPUTS

MONTH:----------

SER	NAME OF INPUT	LGA SELLING POINT	UNIT	FOR THE MONTH									
				ACTUAL			TARGET		ACTUAL		TARGET		N.
				OP. STOCK	RECEIPTS	SALES	RECEIPTS	SALES	RECEIPTS	SALES	RECEIPTS	SALES	RECEI
	FERTILIZER												
	1.												
	2.												
	3.												
	ETC.												
	AGRO CHEMICAL												
	1.												
	2.												
	3.												
	ETC.												
	PLANT MAT.												
	1.												
	2.												
	3.												
	ETC												
	EQUIPMENT												
	1.												
	2.												
	3.												
	ETC.												

II N

FORM G2: FINANCIAL PROGRESS

SUB PROGRAMME:---------- MONTH:---------

ACCOUNT (CODE)	ANALYSIS (CODE)	COMPONENT/ SUB-COMPONENT	THIS MONTH			YEAR TO-DATE			REMARK
			ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	

APPENDIX III

KADUNA ADP

NIGERIA
KADUNA AND KATSINA - ADP
(REDESIGNED KADUNA ADP PROJECT)
Financing Plan by Summary Accounts
(US$ '000)

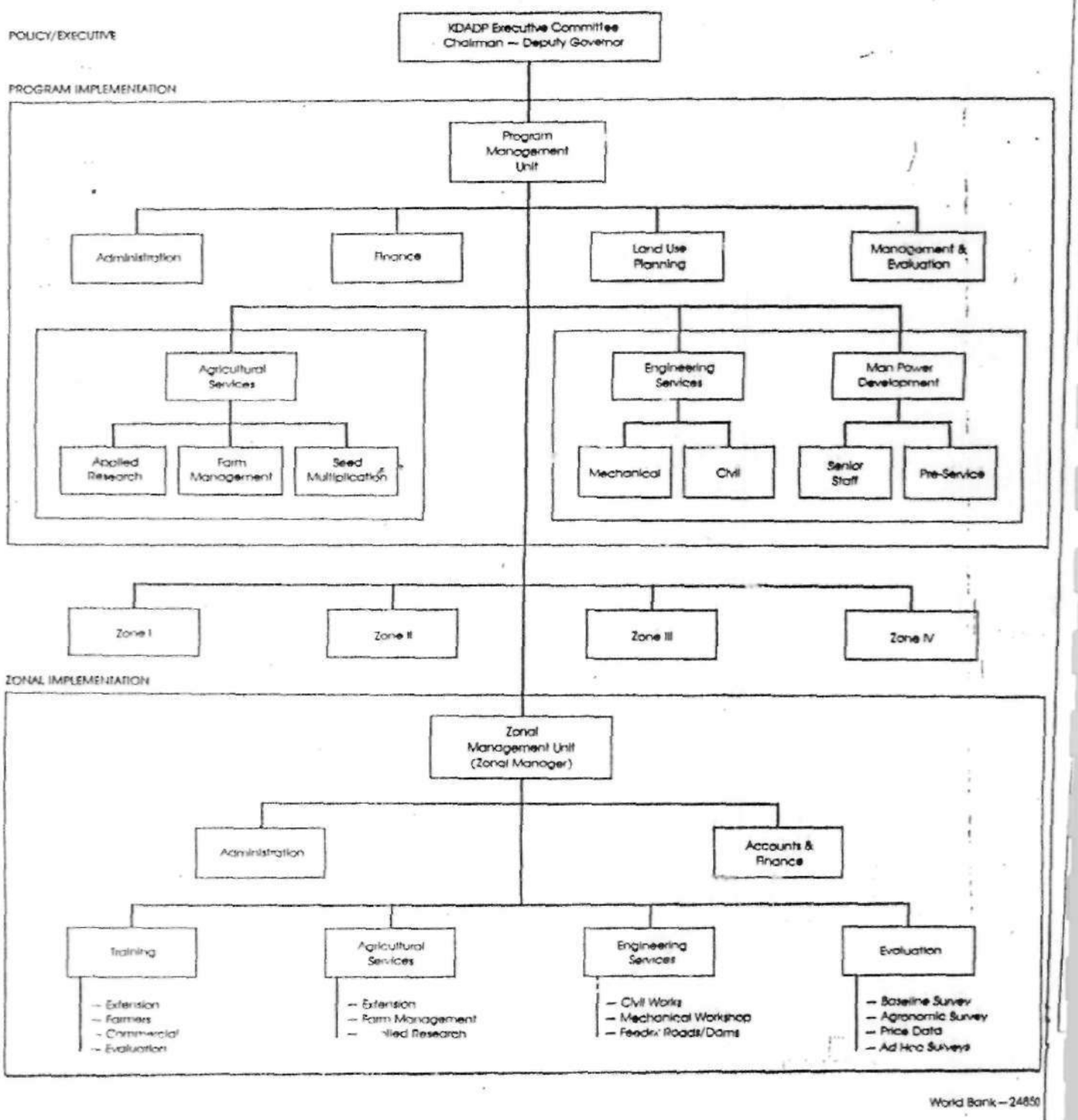
	WORLD BANK		FEDERAL GOVERNMENT		BENEFICIARY		STATE GOVERNMENT		Total				
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	For. Exch.	Local (Excl. Taxes)	Duties & Taxes
I. INVESTMENT COSTS													
A. BUILDINGS AND CIVIL WORKS	7,396.96	86.22	324.13	3.78	-	-	857.92	10.00	8,579.11	15.23	6,888.21	1,833.08	857.82
B. EQUIPMENT	1,885.67	89.98	0.48	0.02	-	-	209.57	10.00	2,095.72	3.96	1,883.79	2.37	209.57
C. VEHICLES/PLANT MACH.	2,280.57	90.00	-0.00	-0.00	-	-	253.40	10.00	2,533.97	4.79	2,280.57	-0.00	253.40
D. FADAMA IRRIGATION(CONTRACT)	1,518.59	86.81	59.18	3.19	-	-	186.45	10.00	1,864.52	3.53	1,457.29	220.68	186.45
E. WATER SUPPLY													
WATER SUPPLY (CONTRACT)	7,261.03	86.81	267.16	3.19	-	-	836.47	10.00	8,364.66	15.82	6,536.39	991.80	836.47
Sub-Total WATER SUPPLY	7,261.03	86.81	267.16	3.19	-	-	836.47	10.00	8,364.66	15.82	6,536.39	991.80	836.47
F. RURAL ROADS													
ROAD CONSTRUCTION (CONTRACT)	3,861.85	86.79	142.62	3.21	-	-	444.94	10.00	4,449.41	8.42	3,474.05	530.42	444.94
ROAD REHABILITATION (CONTRACT)	1,684.89	86.80	62.16	3.20	-	-	194.12	10.00	1,941.17	3.67	1,515.97	231.08	194.12
Sub-Total RURAL ROADS	5,546.73	86.80	204.78	3.20	-	-	639.06	10.00	6,390.57	12.09	4,990.01	761.50	639.06
G. AGRO INPUTS AND OPERATIONS	8,718.88	90.00	0.00	0.00	-	-	968.76	10.00	9,687.64	18.32	8,718.88	0.00	968.76
H. TECHNICAL ASSISTANCE, TRAINING AND STUDIES	3,557.88	89.85	6.08	0.15	-	-	396.00	10.00	3,959.96	7.49	3,557.88	6.08	396.00
I. VENTURE CAPITAL FUND	130.50	90.00	-0.00	-0.00	-	-	14.50	10.00	145.00	0.27	130.50	-0.00	14.50
Total INVESTMENT COSTS	38,396.83	88.02	861.31	1.98	-	-	4,362.13	10.00	43,621.26	82.51	36,243.62	3,015.52	4,362.13
II. RECURRENT COSTS													
A. SALARIES AND ALLOWANCES	-	-	-	-	-	-	4,926.57	100.00	4,926.57	9.32	-	4,187.58	738.98
B. EQUIPMENT OPERATIONS	626.10	78.27	123.78	11.73	-	-	105.54	10.00	1,055.43	2.00	330.98	619.97	105.54
C. VEHICLES/PLANT OPERATIONS	1,077.91	75.44	208.12	14.56	-	-	142.89	10.00	1,428.92	2.70	245.44	1,040.58	142.89
D. INCREMENTAL OPERATING COSTS	1,340.02	73.05	310.95	16.95	-	-	183.44	10.00	1,834.41	3.47	98.23	1,554.34	183.44
Total RECURRENT COSTS	3,244.03	35.08	642.85	6.95	-	-	5,358.44	57.96	9,245.33	17.49	672.65	7,401.81	1,170.86
Total Disbursement	41,640.86	78.77	1,505.16	2.85	-	-	9,720.57	18.39	52,866.58	100.00	36,916.27	10,417.33	5,532.99

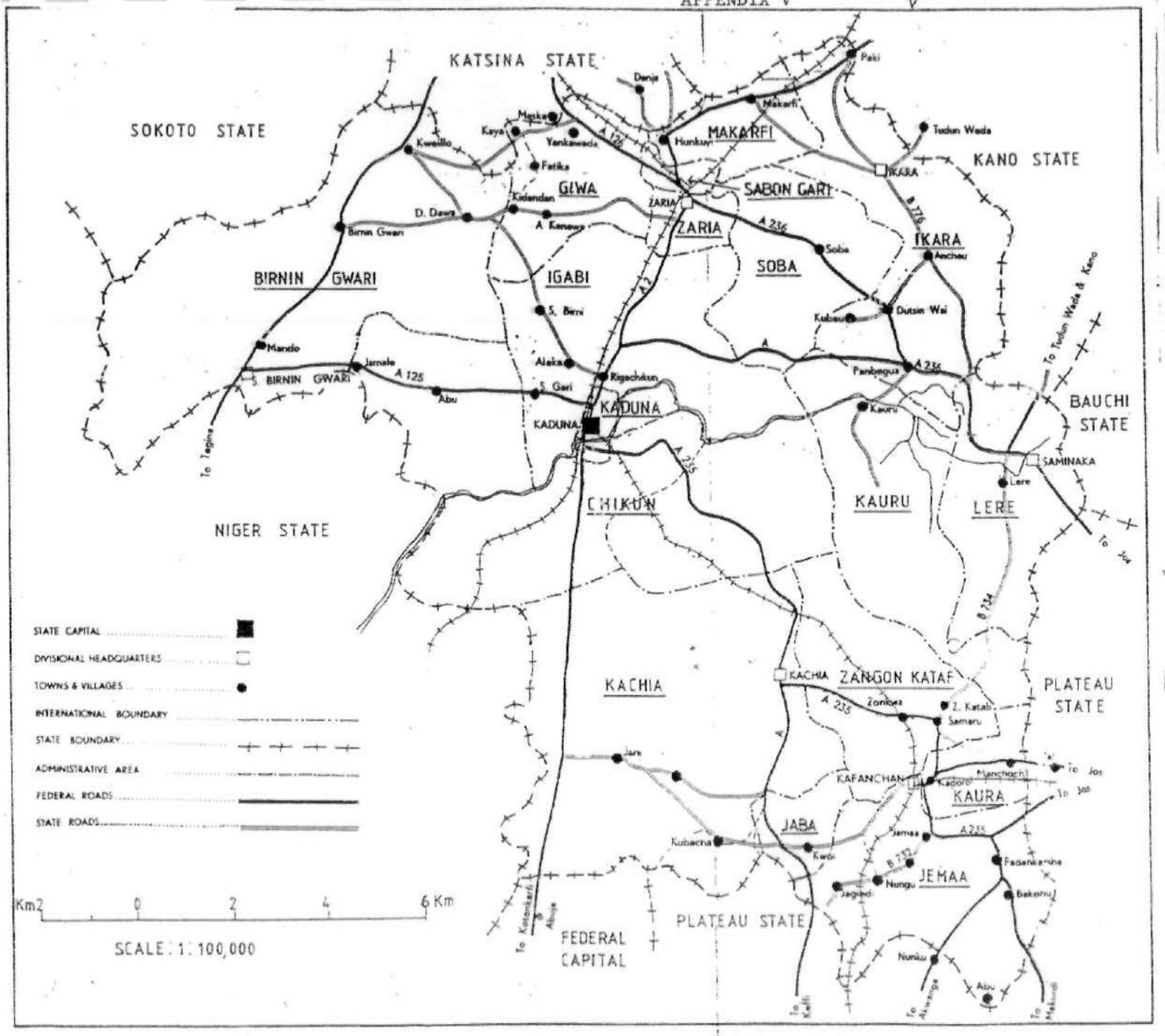
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SOURCE: STAFF APPRAISAL REPORT (1983)

APPENDIX IV

NIGERIA
ORGANIZATION OF KADUNA STATE AGRICULTURAL DEVELOPMENT PROJECT





KADUNA STATE
SHOWING LOCAL GOVERNMENT AREAS

1 BIRNIN GWARI
2 CHIKUN
3 GIWA
4 IGABI
5 IKARA
6 JABA
7 JEMAA
8 KACHIA
9 KADUNA NORTH
10 KADUNA SOUTH
11 KAURA
12 KAURU
13 LERE
14 MAKARFI
15 SABON GARI
16 SOBA
17 ZANGON KATAF
18 ZARIA

NORTH

SCALE : 1: 1000 000

APPENDIX VI

COST DETAILS BY COMPONENTS IN '₦' MILLIONS AT KADP APPENDIX III

Components	1985		1986		1987		1988		1989		1990		1991		1992		1993		1994		TOTAL	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Act
	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Administation	1.7	2.0	0.9	3.5	1.3	4.4	1.7	4.1	2.5	5.5	3.7	9.7	4.0	8.2	5.1	11.7	10.0	11.1	22.335	11.509	53.635	71.709
Fin. & Supplies	0.3	0.3	0.6	0.6	0.8	0.07	0.1	0.1	0.3	1.3	2.4	2.4	2.0	4.5	2.6	3.7	2.7	3.5	2.840	5.125	14.940	17.225
PM & E	0.3	0.3	0.2	0.8	0.3	0. 9	0.4	0.9	1.2	1.3	2.6	2.3	2.8	1.6	3.4	3.3	2.9	3.1	2.900	1.115	17.000	15.615
Training	0.2	0.2	0.2	0.7	0.2	0. 6	0.3	0.7	1.5	1.3	8.7	1.9	9.5	3.6	10.5	2.0	3.1	2.5	9.620	3.700	43.820	17.800
Agriculture	3.6	4.1	1.5	5.7	1.8	3. 9	1.5	3.8	6.7	5.9	7.4	9.4	10.4	8.7	11.6	9.0	16.0	8.6	11.240	12.637	7.740	74.733
C. F. A	0.6	0.7	0.3	1.0	0.3	1. 0	0.3	0.7	1.2	1.0	1.3	1.7	1.5	1.5	2.0	1.6	2.8	1.5	1.948	3.113	12.548	12.913
L.P.D	0.4	0.4	0.2	0.8	0.6	2. 0	0.6	1.5	2.5	1.5	5.0	5.2	2.9	1.7	2.3	3.1	2.9	2.9	1.798	2.873	18.218	21.913
FADAMA	0.2	0.3	0.2	0.6	0.4	1. 3	0.4	1.0	1.7	1.0	3.3	3.5	1.9	1.2	1.4	2.1	2.0	2.0	1.061	1.696	12.261	14.696
ENGINEERING																						
a.Rural Roads	0.6	0.7	0.4	1.3	0.6	1. 9	0.5	1.4	8.0	2.9	9.5	8.8	14.8	12.1	11.9	6.5	16.0	6.2	38.378	11.501	120.578	53.100
b.Building	0.2	0.2	0.1	0.5	0.2	0. 6	0.2	0.5	2.6	1.0	3.2	2.9	4.9	4.0	4.0	2.2	5.3	2.1	0.523	0.103	21.223	14.003
c.Water Supply	0.2	0.2	0.09	0.3	0.1	0. 5	0.1	0.4	2.0	0.8	2.4	2.2	3.6	3.0	2.9	1.6	4.0	6.1	0.228	0.045	15.728	10.445
d.Others	0.05	0.06	0.03	0.1	0.05	0. 2	0.05	0.1	0.6	0.2	0.8	0.7	1.2	1.0	1.0	1.0	1.3	0.5	6.518	1.284	11.718	4.784
TOTAL	8.4	9.4	4.7	15.9	5.9	19.4	5.2	15.2	31.8	23.7	50.3	50.6	56.8	51.1	51.1	59.0	69.0	45.6	119.389	64.510	413.489	328.996

Base: Field Survey 1995