

## HIGH COST OF GOVERNANCE AND THE CHALLENGES OF NATIONAL DEVELOPMENT IN NIGERIA'S FOURTH REPUBLIC

**Abdulrahman Adamu**

*Department of Political Science,  
Faculty of Management and Social Sciences,  
Federal University, Gusau  
Email: [abduladamu6@gmail.com](mailto:abduladamu6@gmail.com)*

**Zuwaira Haruna Rasheed**

*Department of Arts and Social Sciences  
Waziri Umaru Federal Polytechnic  
Birnin Kebbi  
Email: [zuwairarasheedharuna@yahoo.com](mailto:zuwairarasheedharuna@yahoo.com)*

### Abstract

*There is no gainsaying the fact that, the cost of governance in Nigeria is too high and has in no small way hindered the Nation's development both human and infrastructural. It is also one of the reasons why corruption has eaten deep into the fabrics of our society. This is evident in the level of stark poverty of many in the midst of the provocative opulence of the few, the collapse of the health care system, education has become as unattainable as the sky, politico-economic infrastructure resulting to the pauperization and near elimination of Nigerian middle class, pollution of values and culture as shown in massive corruption and indecency, high level of indiscipline, moral decadence, the resurgence of dangerous dimension of ethnicity, insecurity of lives and property as well as political violence (Adamu, 2008). All these malaise and quagmires have become features of Nigerian state as a result of lack of meaningful development. This paper is an attempt to not only conceptualize cost of governance and national development in Nigeria, but to also bring to the fore the effects on the nation's development and come out with possible solutions which if adhered to, will reduce the cost of governance in Nigeria and revolutionize our society for better.*

**Keywords:** Governance, Nigeria, Challenge, National Development, Fourth Republic.

### Introduction

Nigeria's independence in 1960 from Britain was greeted with keen interest. Its governance structure comprises of three tiers- the Federal, State and Local Governments. Currently, the Country has a total of 36 states and 774 local government areas with the Federal Capital Territory in Abuja. Every government is established with the purpose of providing social services that can improve the general well being of its citizenry. For government to achieve this objective, it is required to adopt measures that will ensure effective revenue generation as well as judicious utilization of resources at its disposal.

The Nigerian public service used to be known with its cherished history of commitment, dedication and valuable services until few decades ago, when reckless misrule created a spiraling decline, systemic and institutional decomposition. The service came to be characterized by lack of professionalism, excessive partisanship, endemic corruption, slowness and inefficiency, and crass selfishness and greed (Hamid 2008 cited in Agu, 2013).

The tenets of public service, which include honesty, integrity, loyalty, probity, accountability, transparency, impartiality, discipline, commitment, diligence, expertise and competence, among others, have not only been violated by public officials but also eroded by political office holders. Thus, paving way for the enrichment of the few, who are in power and authority, and in turn the impoverishment of majority of the citizens who are subjected to poverty, squalor, insecurity and violence. Most great nations of the world did not attain their enviable status without good governance, revenue generation and moral uprightness by both their leaders and followers.

A number of studies have exposed many areas of wastages and fund leakages in the public budget, at all levels of government in Nigeria in the last 12 years of democracy (see Adeolu and Evans, 2007; Hamid, 2007; Nurudeen and Usman, 2010; Hamid, 2011; Kalama, Etebu, Charles and John, 2012; and Nzeshi, 2012, Hamid, 2011). In their views, it has become evident that the much-dreaded corruption in the public service exemplified by the looting of public funds starts with the budget. It is an open secret that senior civil servants are some of the richest persons in Nigeria today even though their stupendous wealth cannot be equated with their legitimate wages. It is common that audit reports in Nigeria at all levels, reveals flagrant disregard to rules and procedures, overthrow of financial discipline, accountability, probity and transparency, which the treasuries were set-up to establish and protect.

These abuses/breaches ranges from duplication of contracts, over-valuation of contracts, fictitious payments of contracts, non certification of payment vouchers by the internal auditor among others. Other fraud in treasury activities may include over payment to existing staff, payment of salaries and allowances to dead or retired staff and ghost workers. These are clear manifestations of the collapse of standard policy and practices in treasury departments, and hence the inability of most governments to achieve their objectives. Standard treasury management policy and practice is therefore, particularly essential in governance in Nigeria, with a view to being proactive in preventing persistent lack of efficiency and effectiveness that characterized financial activities in the public sector, resulting in fraud (cited in Agu, 2013).

This paper therefore, examines the concept of governance, cost of governance, good governance, national development, the challenges and issues in the governance and its impediments.

### **Conceptual Clarifications**

**Governance:** is defined as the manner in which power is exercised in the management of a country's economic and social development (World Bank, 1992; UNDP, 1997). Typically, governance as explained by these multilateral organisations emphasises leadership – the manner in which political leaders manage use or misuse power to promote social and economic development to pursue agenda that undermine such goals.

In the same view, governance can equally, be seen as the manner in which power is exercised in the management of a country's economic and social resources for development. It is the use of

political authority and exercise of... of a society, and the management of its resources for socio-economic development (Agu, 2013). This entails that governance in whatever manner and context has to do with sound, efficient management and utilization of public resources of which fund is a crucial component.

**Good governance** signifies the effectiveness and fairness in the operation of a country's government. The quality of life of the citizens and functional institutions of government have been identified as vital factors that indicate the good governance of a country. On this basis, Hyden and Court (2002) identified six fundamental dimensions of governance: First, the socialising dimension: This refers to the way rules are constituted to channel participation in public affairs. For instance, Putnam's study (1993) making democracy work in Italy emphasises the significance of social capital in building trust, understanding and confidence both in institutions and among people. Second is the aggregating dimension; which refers to the ways political system is organised to facilitate and control the making of public policy. It deals with how ideas and interests are aggregated into specific policy proposals. Third, the executive dimension; government do not just make policies, they are also responsible for creating environment in which people enjoy relative peace and security. What rules, formal and informal do government put in place to meet popular expectations of freedom from fear and want? These are system concerns for which government is ultimately responsible. The fourth dimension is managerial; Policy formulation and implementation is expected to be people-oriented, result oriented in other words, the ideas that rules must be legal-national and logical sometimes makes such rules and policies to lack human face which should not necessarily follow in governance. In democratic governance, rules and procedures tends to influence how people perceive political system at large. The fifth dimension expresses the regulatory dimension. It explains that in governance, state institutions are often created to regulate the economy. That is the norms and institutions put in place to regulate how corporations operate as well as how capital may be transferred and trade conducted are all important aspects of governance. The sixth and the final dimension is the adjudicatory function. Here, each political system develops its own structures for conflicts and dispute resolution. How such institutions operate has a great bearing on popular perceptions of regime performance (Hyden & Court 2002).

Good governance is simply regarded as the machinery which facilitates effective delivery of the dividend of democracy in a liberal democratic nation.

### **Cost of Governance**

Public expenditure refers to the expenses which government incurs in the performance of its operations. With the increasing rate of state activities, it may be easy to judge what portion of public expenditure can be ascribed to the maintenance of government itself and what portion to the benefit of the society and the economy as a whole. Government expenditure is broadly divided into two (2) main categories namely, recurrent and capital expenditures. Recurrent expenditure is the one that happens repeatedly on daily, weekly or even monthly basis. This includes for instance, payment of pensions and salaries, administrative overhead maintenance of vehicles, payment of electricity and telephone bills, water rates and insurance premiums, etc. Capital expenditure on other hand refers to the capital projects. This includes constructions of houses, schools, hospitals, human capital development (expenditure on education and health), purchases of official vehicles, construction of boreholes and electrification projects, etc (Agu, 2013).

In the constitutional provision which seeks to regulate cost of governance in Nigeria, they seem to be limitations and that has created more opportunities for the looters to make headways. The Nigerian state/government is under constitutional obligations to make and implement a budget, which in the statement of income and expenditure and indication of state prioritised expenditure for the year. Hence, the budget has been tagged the second most important national policy and programme instrument after constitution, which can be used to either deepen or alleviate poverty. Hence, budgetary allocations and actual expenditure constitute the basis for measuring the cost of governance in a constitutional democracy. This is because; the budget deals with how common interest is served through the mobilization and allocation of public resources to common, often competing interest. It reflects the government's vision of economic and social development and the policy and programme choices made in the translation of long-term development plan into annual financial target. Hence, when appropriately formulated and effectively implemented, budget can help to achieve not only the traditional development objectives such as economic growth, equitable income and wealth distribution, economic stabilization as well as internal and external balance, but also institutional goals of democratic culture and good governance (Ladan, 2012).

One of the most unfortunate things in the budget preparations, presentation and implementation in Nigeria, is the role of actors who are constitutionally empowered to actualise the intended benefits to the common people. As it was the case in Nigeria, the National Assembly during its deliberations of 2000 or 2010, 2011 or 2012 budgets of the federal government increased the total estimates, far in excess of what was presented by the president. The reason behind such excessive increase was not to enhance the efficiency in the capital development and recurrent administrative effectiveness, but to enrich themselves at the detriment of millions of ordinary Nigerians.

### **National Development**

The concept of national development has no universally accepted definition. Views and opinions emerged on the term 'National Development'. However, we shall handle it in the following ways.

According to Rodney (1973:1), development in human society is a many sided process. At the level of individual, it implies increased skill and capacity, self-discipline and responsibility and material well-being. Some of these are virtually moral categories and very difficult to evaluate depending as they do on the age, in which ones' live, one's class origin and one's personal code of what is right and what is wrong, while at the level of social group therefore, development implies an increasing capacity to regulate both internal and external relationship.

Conceptualising development from Rodney's perspective, it signifies that development exist when people have the freedom to make decision, capacity to use available resources for survival, creativity in the sense of initiating ideas and alternative of providing prompt solution to emerging problems, general discipline to respect the formal regulations and informal societal values, norms, cultures and behaviours.

National development therefore, refers to the ability of the country or countries to improve the social welfare of the people, for example, by providing social amenities like quality education, infrastructure, medical care and social services.

According to Seers quoted in Udabah (2004), posed the basic question about the meaning of development succinctly when he asserts that;

*The questions to ask about a country's development are therefore; what has been happening to poverty? What has been happening to inequality? What has been happening to unemployment? If all of these three have declined from high levels, then, beyond doubt, there has been a period of development for the country concerned. If one or two of these central problems have grown worse, especially if these entire three have, will be strange to call the result 'development' even if per capita income doubled" (Udabah, 2004).*

### **Issues in Cost of Governance**

Having critically examined the concepts of governance, cost of governance and national development; it becomes pertinent to point out some fundamental issues in cost of governance in Nigeria sincerely, despite constitutional mechanisms, in actual practice, annually, we as a nation have been unable or unwilling to tame the high cost of governance.

Ladan (2012) carefully identified four issues for examination. These four issues include:

- i. The paradox of Nigeria; as a land of plenty inhabited by the poor;
- ii. Lack of financial discipline on the part of political office holders at all levels of governance;
- iii. De-prioritization of investments in core social welfare sectors; and
- iv. Lack of due compliance with constitutional obligations.

#### **a) The paradox of Nigeria as a land of plenty inhabited by the poor**

According to the 2007 Human Right Watch Report, the endemic corruption in Nigeria has led to the loss of US\$380 billion between 1960 and 1999. A Global Financial Integrity Initiative Report rated January 2011 estimated that US\$130 billion worth of illicit financial dollars to the fuel subsidy racket alone brings our national loss due to corruption to \$500b between 1960 and 2011. Hence, corruption diverts resources into graft-rich public projects, at a cost to education and health services. Corruption destroys a nation's social and human capital, to discouraging corruption is even more damaging than terrorism/insurgency, perhaps, it is the single greatest obstacle to both human and national development (cited in Ladan, 2012).

Income inequality is another greatest problem. According to the National Bureau of Statistics (NBS), in 2010 65% of Nigeria's wealth is owned by just 20% of the population (i.e 32 million out of 160 million). Thus, 80% of the population share between them only about (1/3) of the nation's wealth (Ladan, 2012).

Nigeria is no doubt richly endowed with human and natural resources particularly oil and gas as well as 34 solid mineral resources such as gold, coal and sulphur. With a nominal Gross Domestic Product (GDP) of \$280 in 2011, Nigeria is the second largest economy in Africa; the six fastest growing economy in Africa with a real GDP economic growth rate of 6.9% in 2011, the largest oil producer in Africa and the seventh largest in the world in 2011. With a population of 160 million in 2011, Nigeria is by far the most populous nation in Africa accounting for 47% and 2% of West Africa and global population respectively.

Despite this rich human and natural resources endowment, Nigeria's GDP per capita is only \$1,200, average life expectancy 51.9%, average years of schooling, at 5.0% rate and poverty is widespread, with about 70% of the population living below poverty line in 2011. Hence, Nigeria was ranked by the UNDP 2011 Report on UN quality of life/Human Development Index as the 156 out of 187, among the least human development countries globally in terms of income, education and life expectancy.

It is important to note that Nigerian legislators earned higher remunerations and allowances than the USA president. Despite these jumbo salaries and allowances by the Nigerian law makers, the country has remained poor and underdeveloped since 1960-date.

Despite the plethora of development policies and programmes, Nigeria's level of economic development over the past five decades has been disappointing. The country's economy is dominated by primary production sector, with agriculture which is predominantly practiced by peasantry with low and declining productivity, accounting for 41.6% of GDP, followed by crude oil 15% in 2011, while the secondary sector, especially manufacturing has stagnated at 3.7% to 3.9% of GDP in 2011. This makes Nigeria one of the least industrialised countries in Africa.

The above unfortunate situation of the nation's development caused Ladan (2012) to post the following questions:

*The question then is does the second wealthiest in Africa and a country noting lacking in resources or manpower, have a human development however than the average in Sub-Sahara Africa? Why do the great majority of Nigerians lack access to clean and safe water, electricity and other basic necessities? Why are over 14 million educated youths unemployed, forcing them to engage in fraudulent and cyber-crime? Why do the most vulnerable groups in Nigeria lack access to justice as a human right in the justice sector reform initiative?"*  
(Ladan, 2012)

#### **b) Lack of Financial Discipline**

Nigeria's presidential democracy is said to be one of the most expensive in the world. This is justified by the country's soaring recurrent spending in its successive budgets and the raising debt profile prompting deep concerns and warnings about the high cost of governance and the health of the economy. According to the Central Bank of Nigeria (CBN) Annual Report for the year ended 31<sup>st</sup> December 2010, the consolidated expenditure of the three tiers of government was 8,370.9 billion in 2010 while the revenues was N7.135.8b. consequently, the combine fiscal operations resulted in an overall national deficit of N1,235.0b or 4.2% of GDP. The fiscal operation of the federal government resulted in an overall national deficit of N1, 105.4b, or 3.7% of GDP.

Disturbed by the huge spending on politicians, the then Central Bank of Nigeria Governor, Sanusi Lamido Sanusi revealed that the N500b Federal Government Overhead Cost, the National Assembly took N136.2b this is equivalent to 25.1% of the total.

Piqued by the country's spending for political office holders in 2010-2011, the Presidential Advisory Council (PAC) headed by General T.Y. Danjuma (Rtd) as at May 27, 2007 recommended

that the Federal Government cut the country's recurrent budget to 40%. It is also suggested the ministries should be pruned down to 18 from 42.

### **c) De-prioritization of Investment in Core Social Welfare Sectors**

A cursory look at the 2012 budget proposal and other sundry matters, reveal the fact of de-prioritization of investment in core social welfare sectors such as water resources, agriculture and rural development and health. For instance, despite the revelation contained in the January 2011, Nigeria Water Sector Roadmap, that water sustain life and alleviate food poverty and about half of Nigerian population are without access to portable water supply, and the relatively low development of our water resources placed Nigeria among the groups of countries within the Sub-Saharan Africa that lose about 5% of GDP (or US dollars 28.4b annually), the budgetary allocation in 2012 for water resources sectors is N39b nearly half of the N70.8b it got in the 2011 budget.

Also, the alarming rate of maternal mortality and the high prevalence rate of communicable diseases and HIV/AIDs among others, the health sector only got N282.77b, while Agricultural and Rural Development Sectors got N78.99b. in a sharp contrast with the above figure, Defence and Security sector alone got N921.9b (a staggering US\$5.947billion) or about 20% of the total budget. The figure is more than 3times the health sector allocation, about 22 times bigger than that of the water resource; and more than 10 times the vote earmarked for agricultural and rural development.

The 20% total budgetary allocation for Defence and security from the N233b in 2009, N264b in 2010, and N348b in 2011, hence, the highest allocation ever in the sector in the history of the country. The 2011 Defence budgetary allocation which was tamed the highest ever in the country's history was hover 3times doubled 2012, 2013 and 2014. Yet this is not a nation at war; neither internal nor external. This is the same country with the rising profile of Internally Displaced Persons (IDPs) without any national policy to guide the country in the management of IDPs affairs, including preventing internal displacement and providing for durable solution for their return, resettlement and reintegration. Nigeria as at January 2011, account for about 1.4 million or 13% of Africa's 11.1 million IDPs due to conflicts and generalised violence, etc

### **d) Lack of Due Compliance with Constitutional Obligations by Political Office Holders**

From the perspective of the 1999 Constitution of the Federal Republic of Nigeria as amended in 2011, any cost of governance that does not promote the progressive realization of the Fundamental Objectives and Directive Principle of State Policy under chapter 2 of the constitution, is nothing but a clear manifestation of constitutional responsibility on the part of those who govern the country.

Setting out the fundamental obligations of the government, Section 13 of the constitution places the duty and responsibility on all organs of governments and on all authorities and persons exercising legislative, executive or judicial powers to conform to observe and apply the provisions of chapter 2 Of the constitution. The question here is that, why placing constitutional obligation (absolute without a corresponding right of citizens) on the above? (Ladan, 2012)

The above proposition by Ladan brings to fore the contradiction in the financial readiness by the executive, legislature and judiciary as against their responsibilities embedded in chapter 2 of the constitution as discussed above. Every year in Nigeria, we hear of increasing budgetary allocation

at all levels of government across the country without any tangible result to show for this yearly fabulous and bogus budget due to lack of financial discipline on the part of politicians and other public office holders in the country.

### **Corrupt Tendency of Cost of Governance and its challenges to National Development in Nigeria**

Since May 29, 1999, political activities across the country have assumed different dimension in Nigeria and this is why politics has virtually become the most lucrative business in the polity. It is therefore, not surprising that in some parts of Nigeria politics has become a do-or-die affair. It is no longer unusual to see aspirants and candidates for political offices being assassinated over tussle for political positions; in many cases properties were destroyed due to clashes between two opposing camps. This defines the level of desperation of Nigerian politicians to get to public office and earn stupendous wealth.

The outcry over high cost of governance in Nigeria was the case of Bauchi state in 2015, when the then Governor Mallam Isa Yuguda appointed 1,070 political aides to assist him in running the affairs of the State. These political aides were in addition to members of the Bauchi state Executive Council, members of various boards and statutory corporations and governing councils of institutions of higher learning. Governor Yuguda was not alone in this decision to appoint a large number of aides purportedly to run state affairs. His counterparts in Adamawa and Imo States, Governors Murtala Nyako and Rochas Okorocha also appointed a large retinue of aides which included special assistants and special advisers (Okeke and Eme, 2015).

Corruption is a by-product of underdevelopment. In Nigeria, funds that are allocated for the development of the country after the installation of democratic governance since 1999 have been mismanaged by political office holders. For instance, the Minister of Finance bemoaned the absence of physical development in most states of the federation despite the huge federal allocation to these states. According to Ngwube and Okoli (2013) corruption leads to the use of resources to finance elephant projects at the expense of infrastructural development such as schools, hospitals, roads, water supply and electricity supply. Osoba (1996) cited in Alemika (2012) posits that financial corruption dent a nation's capacity to provide the basic necessity of life for the populace. Political corruption is the main factor responsible for Nigeria underdevelopment in all sectors (Egharevba and Chiazor, 2012). "This is significantly so because the greatest challenge to Nigeria's development are Nigerians themselves as represented by the political leaders who should be held responsible for the present pathetic state of underdevelopment in the country" (Falola, 2005).

Since the rebirth of democracy in Nigeria in 1999, bad governance as a result of corruption has constituted a major hindrance to development in the country. For the past 15 years, budgetary allocations for infrastructure development have not yielded positive result to a large extent. For instance, billions of dollars were allocated for the Turn Around Maintenance (TAM) of the four refineries yet, the refineries are not working to full capacity. The health and the power sectors are in comatose due to bad governance and its unnecessary cost influenced by corruption. Furthermore, majority of the federal roads are dead traps because funds that are allocated for the maintenance of these roads are mismanaged. The former governor of Abia State, Orji Uzor Kalu once accused the former Minister of Works Tony Anenih of the embezzlement of N3 billion that was meant for the maintenance of federal roads.



Corruption in Nigeria has been blamed for the high-rate of poverty in the country, for example, the official released of poverty profile of Nigeria by the National Bureau of Statistics (NBS) revealed that 112 million Nigerians live in relative poverty. This data was supported by the confirmation of the United Nations Development Programmes (UNDP) representative in Nigeria that said 100 million Nigerians live in destitution. Just of recent, the World Bank named Nigeria as the third country in the world with a large number of poor people. Poverty is a by-product of insecurity. The security challenges that are facing Nigeria have been blamed on the high level of corruption, unnecessary cost of governance without proper attention given to poverty eradication or alleviation in the country. Despite the governments' effort through the two anti corruption agencies to curtail corruption, the menace still continues unabated.

The Economic and Financial Crimes Control (EFCC) has been accused of not doing enough to prosecute corrupt politicians who only supported the increase of their allowances and salaries. According to Adesote and Abimbola (2012 cited in Agu, 2013), "there is a correlation between financial corruption and national development in Nigeria. The essence of financial corruption is bribery and illegal and greedy acquisition of public funds into private pockets, which otherwise would have been invested for the public good. Financial corruption undermines democracy and the legitimacy of the state, reduces the potentials for economic growth, and threatens the freedom and security of citizens, altogether constitutes impediment to national development". Mohammed (2013) gave a summary of how political corruption hinders development in the new democratic dispensation in Nigeria:

- Poor social welfare
- Loss of public trust and legitimacy by the government
- Increased insecurity
- Increased poverty and unemployment
- Low investment

Aside all these, one main area that corruption has affected is the area of infrastructure. For instance, health services, water supply, power supply, good roads, sound education are a mirage in the Nigerian fourth republic, despite the promises made to Nigerians during electioneering campaigns that all these areas will be addressed by the new democratic government. Fifteen years after, the story remained the same or even getting worse and this is one of the reasons Nigerian politicians have turned India to their medical tourism because of inadequate medical facilities and manpower at the government hospitals.

However, it is not too late for Nigerian political office holders to reconsider their actions by reducing to the barest minimum, the number of their political aids. This is in the interest of their states and ultimately the people. Public sector should under no circumstances be seen as a vehicle for wasteful spending on large retinues of appointees. Nigeria at the moment can ill-afford such profligacy and therefore, need not to operate the most expensive democracy in the world.

### **Conclusion and Recommendations**

There was a deliberate attempt by political office holders, of the paradox of Nigeria described above (following the 2000 World Bank Report description of Nigeria). The consequences of all the

above considerations are the challenges of general insecurity facing Nigeria today; ranges from act of lawlessness, kidnapping, insurgencies, oil theft to endemic corruption in the polity.

One viable option for Nigeria therefore, is that there is urgent need to embrace faithfully the paradigm shift from the high cost of governance and state security investment approach to prioritized investment in human security and welfare consistent with the constitutional obligations place on all levels of organ and arms of government by section 13-20 of chapter 2 (Ladan, 2012).

It also becomes pertinent that all the constitutional mechanisms on legal control of budgeting and actual expenditure must be diligently and conscientiously attended to if we are to ensure transparency, accountability and ultimately good governance. Finally, government should as a matter of sincerity be transparent in the formulation and implementation of budget to get higher percentage of execution, and the procurement process should be followed to be able to track government spending. It is high time government at all levels should set up a monitoring team with effective and sincere discerning minded people that will help to alert the relevant authorities in responding promptly. There is the need to reduce recurrent expenditure to a sustainable level through reducing waste, inefficiency, corruption and duplication of contracts in government as well as making capital expenditure more effective.

There is the need for more citizens' participation to ensure prudence, transparency and accountability in the budgeting process.

There is also the need for merging, restructuring and even repealing their enabling laws to ensure that nonessential agencies ceased to exist to prune down unnecessary expenditure.

There is the need to continue the implementation of the monetization of benefits by ensuring that the practice of purchasing fleet of cars for public officers is discouraged, except ambulances, Black Maria, Hilux vans. The continued implementation of the monetization programme will save resources and cut down expenditure.

The number of commissioners in the States Executive Councils as well as special advisers and personal assistants to Nigerian Governors should be streamline to optimum. Similarly, none of the appointed officials should have more than one official vehicle.

Regulatory agencies and authorities in Nigeria should ensure that all salaries and allowances of civil servants, public servants including political office holders conform to due process, constitutional provisions and existing financial rules and regulations. This will no doubt reduce friction and instability within the entire system.

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