



Citizens' Report on Budgets of
Selected States of, Nigeria

2016



**BUDGETS OF
RECESSION**

Budgets of Recession

Citizens' Report on Budget of Selected States
of Nigeria, 2016

Social Development Integrated Centre (Social Action)

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List of Abbreviations

| | |
|------------|---|
| MDA: | Ministries, Departments and Agencies |
| NDDC: | Niger Delta Development Commission |
| DESOPADEC: | Delta State Oil Producing Area Development Commission |
| NDCBP: | Niger Delta Citizens and Budget Platform |
| DELSU: | Delta State University |
| USAID: | United States Agency for International Development |
| UNESCO: | United Nations Educational, Scientific and Cultural Organization |
| EFCC: | Economic and Financial Crimes Commission |
| ICPC: | Independent Corrupt Practices and Other Related Offences Commission |
| NEITI: | Nigeria Extractive Industries Transparency Initiative |
| DMO: | Debt Management Office |
| NDPHC: | Niger Delta Power Holding Company |
| OMPADEC: | Oil Minerals Producing Area Development Commission |
| UNEP: | United Nations Environmental Programme |
| HYPREP: | Hydrocarbon Pollution Restoration Project |
| PIB: | Petroleum Industry Bill |
| NNPC: | Nigerian National Petroleum Corporation |
| IGR: | Internally Generated Revenue |
| SA: | Special Adviser |
| SSA: | Senior Special Adviser |
| VAT: | Value Added Tax |
| RIVSACA: | Rivers State Agency for the Control of AIDS |
| SDN: | Stakeholder Democracy Network |
| CEHRD: | Centre for Environment, Human Rights and Development |
| BANGOF: | Bayelsa Non-Governmental Organization's Forum |
| C-SPIN: | Centre for Sustainable Peace Initiative Nigeria |



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This report by the Social Development Integrated Centre (Social Action), is a product of yearlong research in six states in Nigeria, namely Abia, Akwa Ibom, Bayelsa, Delta, Kano and Nasarawa.

The background section, which examines some of the significant social and political developments in Nigeria and the Niger Delta in 2016, was written by Peter Mazzi.

Ken Henshaw, Botti Isaac, Boney Akaeze, Sebastian Kpalap, Peter Mazzi and Ekpere Prince conducted the analyses of the 2016 budgets of the states.

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* Background picture at the Executive Summary page courtesy of Pixabay

Executive

Nigeria witnessed a peaceful transfer of power from one political party to another in 2015. The election brought the All Progressives Congress (APC) party and its leader – Muhamadu Buhari – to power under a groundswell of popular support that put

so much hope on the frail shoulders of a 73-year old stalwart of the Nigerian political scene. The economic situation of the country from early 2015 was less than ideal. For one, the price of oil had started its downward spiral, as the world economy stagnated and declined. The previous government had been a spendthrift who according to the new government had not saved for rainy day, which were fully upon Nigeria by 2016.

The security direction in the country was also tenuous. Boko Haram, though dealt some serious setbacks including dislodgement from all its territorial claims in early 2016, was still capable of striking what the government impudently characterized as “soft targets” with both impunity and regularity causing many deaths, especially in the North East. Buhari’s government implemented the Treasury Single Account (TSA) which was proposed by the Jonathan government but never had the political will to implement. Under Buhari, TSA became a corruption-fighting tool and, as claimed by the government, helped the country to realize N2.6 trillion. The government also claimed that some corrupt officials had returned huge amounts of money to the country but figures splattered by government officials were never consistent, neither were Nigerians told who the repentant returnees were. The government also banned the importation of rice and other such products. This policy suffered a lot of teething problems, many of which were self-inflicted due to government inefficiency and/or lack of adequate planning. The body-language mystique of the president in fighting corruption popularized by his backers had yet to translate into any discernible change in the manner of operation by the two

Background Methodology and factors affecting Budget implementation

agencies established by the Federal Government to reduce marginalization, environmental degradation, poverty and unemployment in the Niger Delta. The agencies – the Ministry of Niger Delta Affairs and the Niger Delta Development Commission- continue to receive

huge outlay of money but the product of these huge sums of money was a far cry from the financial outlay..

The Buhari government, not unlike the Jonathan government, seemed to have allowed the rot to continue unabated through inertial or palpable disinterest. It is still not clear what the Buhari government policy view of the Niger Delta is, besides ensuring that operations in the oil sector are not disrupted. The paradox of the Federal Government’s inaction in the face of mounting evidence of wastage of resources at the ministry and agency and the muted acquiescence to this state of affairs by Nigerians especially those outside the region generates not a few concerns. This makes one wonder the sincerity of the country in seeing people’s lives in the region improve beyond the many toiling for the very few at the top. The legitimate grievances of the region are still not being addressed and the existence of the Ministry of Niger Delta Affairs and the Niger Delta Development Commission in their current form are emblematic of this lack of redress. These two bodies seemed to be nothing but tokens used by the Federal Government to beat back the agitation of the Niger Deltans.

The Delta State Oil Producing Areas Development Commission (DESOPADEC) established by Delta state more than 10 years ago the James Ibori government is as ineffectual as its federal cousins. The present Ifeanyi Okowa lead- Delta State Government seemed prepared to use its resources for purposes other than the one it was intended for. This has put the oil

Summary

producing communities in Delta state on a collision course with the state government.

The Petroleum Industry Bill continued to languish at the National Assembly after many years of deliberations and amendments. The bill appeared not to be a priority of the Buhari government in 2016 and the national lawmakers seemed not too keen on passing it, either. The bill was meant to strengthen accountability and to bring transparency to the sector. Oil bunkering and artisanal petroleum and the destruction of these illegal products by the army and the navy once discovered continued unabated in the Niger Delta. So did the environmental pollution caused by the destruction of artisanal refineries. Yet the government at the Centre seemed incapable of rethinking its approach.

The Monitoring and evaluation of budget allocation and project execution in six states by a team of Social Action

Programme staff was carried out using publically available allocations and implementation figures. The states were Abia, Akwa Ibom, Delta, Bayelsa, Nasarawa and Kano. A Brief introductory information was provided for each state, the function of which was to highlight the issues that were important in the way the states conducted their business and what their priorities were for the 2016 fiscal year. The evaluation was organized through 7 key themes, thought relevant to the wellbeing of people in the targeted states. The themes were income flows; prudence in expenditure; policy direction; responsiveness to the needs of citizens; accountability; openness of government; and prioritization of key sectors. The monitoring team read through the budgets, visited sites of proposed projects and noted the costs of the

The Buhari government, not unlike the Jonathan government, seemed to have allowed the rot to continue unabated through inertial or palpable disinterest.

projects. They also interviewed key actors at the ministries for which the projects were allocated (like the Ministry of Health and Ministry of Education) whenever possible. Important personnel at the project sites were equally interviewed when they were available and agreed to be interviewed. The choice of location visited were strategically selected to evenly represent different social, demographic, economic and political interests in the states selected. The projects monitored were randomly selected and were from the educational and health sectors. Other projects monitored were selected from the agricultural sector. The states selected are located in the South-South (3), South East (1), North-Central (1) and North East (1) geopolitical zones out of

which four were from the oil-producing region of the country. Despite the highly varied and faceted history and location of the states, they all faced similar issues and/or challenges in 2016. They all over-depend on the Federal Government to meet their 2016 budgetary

revenue and their budgets were skewed toward recurrent expenditure. They all struggled to meet their internally generated income targets and development goals because they found it hard matching their stated visions as contained in the budget with their implementation priorities. Common to all the state government also is the continued lip services paid to the social sectors by inadvertently allocating the least money to them. Similarly, they continued to under-budget and underspend on agriculture despite often making it the pillar of their development agenda. The dissonance between talk and actions is a commonality that all the 6

“States continued to struggle to generate income independently in their own respective domains in 2016.”

states all shared and seemingly incapable of escaping.

Revenue from Oil and Internally Generated Revenue (IGR) Performance:

States in Nigeria continued to struggle to generate income independently in their own respective domains in 2016. As such the so-called Internally Generated Revenue (IGR) that appears in state budgets continued to be a relatively insignificant source of revenue for many of them. This is so despite the expressed intent annually espoused by the states to change the dynamics or revenue profiles of their budgets in favour of IGR. States reviewed in this report still find it difficult to translate statements of intent on IGR, which every one of them has, into discernible achievement. This may be attributable to lack of innovative thinking and the will to invest on the infrastructural requirements needed to generate the projected revenue by the respective governments in these states. They also seemed to lack the will or genuine interest to expend the effort even to institute deductions from source from their staff salaries and to stipulate that corporations and businesses do likewise. Many have abrogated this responsibility either overtly or tacitly to the Federal Government or the Unitary Structure, which leaves them dependent and even vulnerable to the government at the Centre on matters within their own states.

✓ Abia state made increasing IGR one of the pillars of its 2016 budget. The governor in his budget speech and presentation at the state's House Assembly promised that his lofty development goal will be achieved through funds generated from agricultural and two other subsectors.

✓ Akwa Ibom as an oil producing state was especially vulnerable to fluctuations in the price of crude. Despite speeches by successive governments in the state to diversify the state economy, the state was now more dependent on the Federal Allocations and grants than it had been before to the point that it was not able to meet salaries responsibilities to its staff in 2016 until it was bailed out by the government at the Centre. This over-dependence on oil is typified by its anticipated generation of only 8% from IGR in the budget proposal.

✓ Like Akwa Ibom, Bayelsa is an oil producing state and, not unlike Akwa Ibom, it too seems incapable of escaping the dependence on oil revenue.

✓ Delta state had a much better revenue distribution than the previous three states. In 2016, it was expected that the IGR would constitute 28% of the state total revenue.

✓ The percentage of allocation from the Federal Account, excluding VAT, in Kano's budget decreased by 2% in 2016 from the percentage it was in 2015.

✓ Both Kano and Nasarawa are non-oil producing state. Kano is a commercial hub connecting northern Nigeria to the Sahel region and beyond and a coordinator of commercial activities in the northern region of Nigeria, not unlike the commerce role played by Lagos state in the south. Kano IGR expectation was 22% in 2016. Nasarawa remains an agrarian economy and currently lacks the infrastructure to change its revenue distribution pattern. In 2016, the state was expected to generate 11% of its total revenue from IGR. It is perhaps indicative of the import of oil revenue that Akwa Ibom and Bayelsa have the lowest expected IGR in 2016 amongst the 6 states evaluated.

The dependency of states on its supposed

co-federating equal at the Centre in the Nigerian political landscape has been a recurring theme (or a quirk) since state creation became a feature of the Nigerian nation-building project. This formally started in 1967 when the country moved disjointedly but inexorably from the autonomous regional structure bequeathed to it at independence. The particularities of the country in 1967, of which the two most salient ones were the war of national unity – commonly referred to as the Biafran War – and military rule had conspired, perhaps, unintentionally to rig the arrangement between the Centre and the states in favour of the former. The war provided ready-made justification for strengthening the Centre at the expense of the states. The first Nigerian military ruler – Aguiyi Ironsi – had already whetted the military appetite for a unitary system of government in Nigeria in 1966. Ironically, the unitary system introduced by Ironsi was one of the reasons cited by the countercoup plotters for overthrowing him. But once they got in power they continued and hastened the centralization policy he started.

Presently, not only are the states dominated by the Centre, the financial arrangement between them is principally facilitated through the institutions created and controlled solely by the federal side. It might suffice to cite but one example. The Nigerian National Petroleum Corporation (NNPC) is the organ through which the country carries out its transactions related to oil both inside and outside the country. Because of the importance of oil to the Nigerian economy, NNPC, therefore, has a ubiquitous role in the country. This extends to when and how much money from the sale of crude oil is declared as revenue and remitted into the general accounts to be

shared subsequently amongst the Federal Government, the State, and the Local Government Areas. Yet only the Federal Government decides how NNPC is to be managed and by whom. This arrangement has to change. The states have to demand to be incorporated into how NNPC is managed by asking to be allocated part its board seats. This is expected to make NNPC more transparent to the states. This is especially important when most of the states, including all the states reviewed, depend on the Federal Account and ergo NNPC to meet their revenue needs annually.

Capital Versus Recurrent Expenditures:

The states continued to have budget distribution pattern that heavily leans towards the recurrent side of the budget. Although the states talk about the need for capital and infrastructural assets in their states, they seem less able to direct the needed resources to such aim because of the burden of history and the exigency of the immediate demand that a disproportionate amount of state resources is allocated to personnel cost. We say historical because governments in Nigerian have been the principal employer of white-collar workers dating back to the colonial era.

Nasarawa allocated 56% of the 2016 budget to recurrent expenditure. Which meant that 44% was meant to improve the capital and infrastructure stock of the state. This was a slight improvement though, on the 37% allocated to capital in its 2015 budget. Kano state seems to be a rare exception amongst the 6 states in our evaluation. At least in the past two years, it has been consistent in allocating more money to capital than to recurrent expenditure as it apportioned 70% of the 2016 budget for capital expenditure. Similar allocation pattern was obtained in 2015 as well. However, the actual expenditure performance pattern presents a different priority. In 2015 despite the superior budget for capital spending, actual disbursement was skewed toward recurrent expenditure. Only 60% of the amount allocated to capital was actually released for the purpose. Most of the state actual revenue went to meeting recurrent expenditures in the form of salaries and wages for personnel and overhead costs. While under-spending was recorded in some of the states, grants and loans were procured to take care of personnel and overhead cost in some instance. This is not surprising given that Kano state, like the other five states, is a major employer of its citizens. Some will say that the state

wage bill is bloated. But the issue is really how to cut the wage bill without causing the employment rate to plummet. In Delta state, the current distribution ratio for capital and recurrent is 43:57. This is significantly better than the distribution it had in 2015. Bayelsa state distributed its 2016 budget in a ratio of 67:33 in favour of recurrent. Akwa Ibom budgetary allocation, like Kano State, had a favourable disposition towards capital expenditure, as the allocation of 58% of its budget to capital separates it from the most. It got a similar pattern in 2015 with a ration of 57: 43 in favour of capital. Abia state, on the other hand, followed a similar distributive pattern of Bayelsa state, allocating 61% of its 2016 budget to recurrent expenditure to the detriment of its capital counterpart.

Performance on Key Sectors of Education, Health and Agriculture

All the states proclaimed their desire in the 2016 budget speeches to their respective Houses of Assembly to diversify their economies. The diversification, pivoted on the agricultural sector, was expected to provide development and income to the states and food sufficiency and employment for their citizens. Yet the sector received a paltry allocation from the budget of which a greater proportion went to recurrent expenses. In Abia, state agriculture received 2% of the budget. The figures for Akwa Ibom, Bayelsa, Delta, Kano and Nasarawa were 2%, 0.8%, 0.3%, 3%, and 29%, respectively. Nasarawa with the highest number reflected its position as an agrarian economy, yet the number speaks all but well for them. The projects under the Food Sufficiency Sector were mostly not executed as intended. Some of the projects were abandoned or spurious. The educational sector was expected to train the manpower needed for the new economies they envisaged and they all, to a certain degree, emphasized affordability and improving access to education. In particular, they wanted to increase the importance of vocational training, which they hoped would turn the participants into entrepreneurs or self-employers. However, the educational sector received budgetary allocations that did not match the high expectations. Abia state allocated only 4% of its budget to education. For Akwa Ibom, the educational portion was 2%. Education also received 2% of the budget in Bayelsa and in Delta state, it jumped to 9% from its previous allocation. Kano aimed to 8% of its budget on education. Nasarawa allocated the highest budgetary allocation to education, a whopping 22%. The health sector was similarly neglected even though it was a priority for the



Recommendations

The recession in Nigeria is the direct outcome of a combination of poor economic decisions, years of systematic mismanagement of resources and fiscal accruals, and the sharp decline of the price of crude oil in the international market. For many years, Nigeria structured its economy around earning from crude oil, without corresponding investments in other viable and productive sectors of the economy. Years of buoyancy with the attendant high earnings was wasted in sustaining an economic culture which emphasized consumption rather than investment.

When the economic recession set in, in a matter of months, most states could not meet their basic obligation of salary payments. The reality is that most of Nigeria's subnational economies have been poorly managed. Through the years of boom, none of the states had been able to create a vibrant economy from crude oil earnings revenues, they have equally not succeeded in insulating the economies of their states from the volatilities associated with oil dependence.

Policy inconsistency and lack of vision is the bane of development in the states studied. While the governors claim to pursue economic diversification and entrepreneurial revolution, in reality they remain addicted to oil determined revenues.

The daunting reality for the states is that they must evolve to become more creative and prudent in the generation of alternative resources and management of available ones. A critical component of achieving this level of fiscal responsibility is that citizens need to reclaim the policy initiative and begin to drive development in their states and local government areas. A key avenue to making this happen is to promote citizens' participation in fiscal governance and creating more open spaces for citizens to do so.

Unfortunately, government of the states examined have eclipsed the space for citizens' participation in governance. In many cases, citizen have no way of knowing what their states earn or how the revenues are utilized. While some states are slowly departing from this tradition of secrecy, others have taken alarming steps further into opaqueness. It is strongly believed that the following recommendations if implemented by the relevant stakeholders, will transform the fiscal and development climate in the states.

On Transparency and Accountability

√ States and local governments cannot claim to be accountable when they fail to exhibit transparency in the management of resources. States, therefore should be seen at all times to be open in policy and execution of the people's mandate following democratic principles and ethics.

√ Budget and other fiscal documents are public document as they are meant to have originated from the people. Therefore, State and Local Governments should be timely in making these documents, including midterm performance reports, strategy documents and auditor general's reports available and accessible. Simplified versions of these documents should be readily available at zero cost to the public.

√ States that are yet to pass the Fiscal Responsibility Law and Public Procurement Law should do so. Compliance with the principles of these laws should be strictly enforced and caveats that limit their enforceability should be eliminated. In accordance with this, the relevant bodies to supervise their compliance should be established and funded in a manner that ensures their independence.

When the economic recession set in, in a matter of months, most states could not meet their basic obligation of salary payments

On Citizens participation

√ Policy and legislative mechanisms should be put in place to ensure public participation in budget formation and monitoring of development projects and be encouraged to hold political office holders accountable. Steps should be taken to allow for consultation with citizens at the state and local government levels in the development priorities of the governments.

On Budget Presentation and Details

√ The budget should be documented in a manner that is easy to understand, evaluate and monitor. Inadvertent and deliberate efforts should not be created to conceal facts and figure concerning elements in the fiscal documents. Unambiguous details should be included in the documents as guide to the locations, specific amounts, targets and implementation timeframe of projects.

√ To avoid possibilities for leakages, duplication of projects between sectors and targets within and between states and local governments should be eliminated. Specific disbursement to the relevant targets should be made explicit, reflecting the years and budget lines in order to avoid ambiguity and shut down avenues for misappropriation.

On Budgetary Allocations

√ The allocation of funds to capital projects should be perspicuous in order to achieve the desired result. This will also eradicate loopholes that exists in some budgetary provisions and enable tracking and appraisal to maximize the required impact on society, through the capital projects they are projected to deliver.

√ All allocations in the budget should be explicitly stated in their various headings and sectors and given full details. Allocations to none essential and vague headings such as 'Security Vote', 'House of Assembly Capital Expenditure', 'General Administration', 'Government House' etc should be discontinued.

√ The decline of human development indicators in the states can be reversed by a steady improvement of allocation to Education, Health and the sectors of food sufficiency as these are pivotal to achieving human capital development.

On Revenue Generation

√ Instead of paying lip service to economic diversification, States and Local Governments should advance pragmatic and ingenious measures to ensure independence or reduced reliance on the federal allocation for funding their budgets. Exploring and exploiting other natural and human endowments around the states as well as proper and efficient methods of taxation are

means through which economic independence could be achieved for the states. As much as practicable, steps should be taken to extricate the States and Local Governments from the financial dominance of the federal tier. This recommendation will go a long way in insulating states and local governments from the volatility and uncertainty which oil revenues present.

√ In order to avoid a deepening debt profile, the states should avoid over ambitious budget projections but align with current economic realities, creating realistic benchmarks, and prioritizing projects in the budget formulation process. This will reduce budget deficits and the need to resort to external and domestic borrowing to make up for the eventual shortfall.

The Role of Citizens' Groups

√ Organize capacity building activities that empowers with the requisite knowledge of governmental responsibilities and citizens' rights, which can enhance capacity to negotiate with and place demands on state officials

States and local governments cannot claim to be accountable when they fail to exhibit transparency in the management of resources

√ Mobilize citizens to deliberate and negotiate over the distribution of public resources; to allow them play a direct role in deciding how and where resources should be spent.

√ Push for the enactment and effectiveness of fiscal responsibility laws and other legislations that promote free information flows, fiscal responsibility and public accountability.

√ Challenge social and political exclusion by moving the locus of decision making from the private offices of politicians and technocrats to public forums, thereby helping to foster transparency

“While some states are slowly departing from this tradition of secrecy, others have taken alarming steps further into opaqueness.”

√ Embark on awareness to sensitize communities to participate in greater public scrutiny of government spending priorities and increase representation to law enforcement agencies, including the Economic and Financial Crimes Commission (EFCC) and the Independent Corruption and Other Related Offences Commission (ICPC).

√ Encourage government agencies such as NEITI as opportunities to engage with governments in the states and local government areas of the Niger Delta to promote transparency in the formulation and implementation of budgets.

√ Broaden internal material and personnel capacity for budget advocacy; while mainstreaming issues of fiscal management, accountability and transparency in advocacy and mobilization activities.



Methodology & Scope

This report is the product of field and desk research by the research team of Social Development Integrated Centre, members of the Niger Delta Citizens and Budget Platform and the Open Budget Cluster.

It focuses on state budgets in Abia, Akwa Ibom, Delta, Bayelsa, Nasarawa and Kano States. The report is divided into three sections. The first section provides and examines the underlying issues that significantly influenced the Nigerian economy and therefore the economies of the 6 states in 2016.

The second section assesses the budget and fiscal trends of the selected 6 states. The section is based on data from 2016 fiscal year. This was however supplemented with budgetary and fiscal information going back about 9 years. Reviewing budgetary information for these periods allows the research team to adequately present a comparative picture of the budgeting processes in the states under review.

The section also provides analysis on how the 6 states manage the resources that accrue to them through the national revenue allocation formula. The research team in this section analyzes the often-repeated goal of the states to diversify their economies from the current over-dependence on oil revenue. Diversification is usually framed in terms of looking for alternative sources of revenues within the states themselves. The additional sources of internally generated revenues are capable, if consistently pursued, of lifting the states out of the poverty by adding to the pot of resources available to the states in any given year. The ability of the extra revenue to achieve this aim is of course contingent on whether or not the new-found revenue is spent on the sectors of the economy that will directly lead to the achievement of people's centered development.

In assessing the overall fiscal management of the states, we will be focusing primarily on these 7 key areas, namely: income flows; prudence in expenditure; policy direction; responsiveness to the needs of citizens; accountability; openness; and prioritization of key sectors. And these will be examined through

their impacts on the 3 core sectors of Education, Health, and Food Sufficiency, linked to positive human development. Apart from reviewing budgetary and other fiscal documents, the research team also interviewed key people and organizations in the states. It examined the fiscal trends of the states such as the level of borrowing in each of the states.

The third and final section of this report presents the findings of our budget advocates team who went into the field to monitor the implementation of the provisions of the 2016 budget. The team comprised of 5 individuals including one community volunteer and one member from the NDCBP secretariat. Monitoring was carried out randomly on selected projects in education, health and food sufficiency sectors of the economy. Interviews were conducted with the intended beneficiaries of these projects and included community members and staff of schools and health centres. Where possible, officials of the ministries responsible for these projects were also contacted for additional information. Pictures taken by the monitoring team are supplemented with charts and presented here to provide a visual aid to the exercise.

Our analyses used internationally recognized budget analysis tools and conformed to best practices. The research was constrained, as would be expected in climates where transparency in government affairs continues to be a challenge, by the unavailability of certain vital reports, or their incompleteness or opaqueness when available in the states. The complete availability and accessibility of these important documents would have enabled a more thorough examination of the revenue and expenditure performance of the states in 2016. We attempted to overcome this limitation by interviewing as many key people and organizations in each of the 6 states.



Background Section

2016 OVERVIEW

With an estimated population of 170 million, Nigeria, the most populous black nation in the world is also the biggest economy in Africa.

After a tumultuous election year of 2015, Nigerians were hopeful that the new All Progressives Congress government would turn fortunes around after a shaky start in 2015, despite the non-cheery economic indicators. The hopes hinged on the person of the President, Muhammadu Buhari, whose personality and record spoke of discipline and anti-corruption. There was even talk of his 'body language' being sufficient to realign the country. The former military head of state is perceived to be a leader with an impeccable character and unquestionable credentials to put

sporadic attacks the sect remains largely decimated, dispersed and disoriented^[1], gave some reasons to cheer with hope for a renewed political, infrastructural and agricultural resurgence in the North-East and Nigeria as a whole.

One of the key fiscal policy reforms of the government was the implementation of the Treasury Single Account (TSA) aimed at enhancing accountability, transparency

policy direction of the government is the promise to fight corruption and recover public assets that have been stolen and stashed away by former and serving public officials.

These policy efforts brought initial acclaims. However, the effect of the recession which had fully set in at the close of 2015, coupled with the poor timing of some of the policies, quickly eroded whatever gains could have been made.

“Implementation of the Treasury Single Account (TSA) has helped the government realize N2.6 trillion”- Presidency

August 2016

Inflation + 17.1%

the economy back on its feet. And indeed there were a few cheery indicators at the turn of the year. The Federal Government's fight against insurgency seemed to be yielding fruits as territories were recovered from the terror group, Boko Haram, and many of their fighters killed and others driven into hiding and to the fringes. The announcement by the Minister of Information Alhaji Lai Mohammed that despite

and improved revenue generation in the country, as well as pluck avenues for leakage. According to the Presidency, this policy has helped the government realize ₦2.6 trillion. In the area of agriculture and food sufficiency, the key policy driver of the government is the banning of the importation of rice and other products to ensure that the capacity of the country for the production of these goods is energized to ensure employment and food sufficiency. Perhaps the foremost

For instance, the policy of banning the importation of rice at a time when the local rice production capacity was very low, instantly led to a tripling of the cost of the produce.

**July 2016
food sub-index+
15.8% (y-on-y)**

¹ Niyi, "boko-haram-remains-largely-decimated-despite-recent-attacks-mohammed.html," 16 February 2016. [Online]. Available: <http://www.informationng.com/>.

Figures released by the Nigeria Bureau of Statistic show that inflation rose to 17.1% in July from 16.5% in June, and food inflation rose to 15.8% from 15.3%.

On the 31st of August 2016, Nigeria officially slipped into recession, with the latest growth figures showing the economy contracted 2.06% between April and June. Figures released by the Nigeria Bureau of Statistic show that inflation rose to 17.1% in July from 16.5% in June, and food inflation rose to 15.8% from 15.3%. The report also revealed that food sub-index rose by 15.8% (year-on-year basis) in July, about 0.5% points lower from rates recorded the previous month. With these negative statistics, the Nigerian economy slipped into recession for the first time in more than two decades, reflecting adverse economic shocks, inconsistent economic policies, and security problems in the North East and Niger Delta regions.

The CBN experimented on different fiscal and monetary policies but none was able to significantly impact on the expected revival outcome on the economy as the economy continued to shrink further occasioned by a steady fall in the price of petroleum, which is the highest revenue earner for Nigeria

2016 BUDGET

The 2016 Appropriation Bill was submitted to the National Assembly on the 22nd of December 2015 by the Presidency, but it took about three months to get it passed into law because of the plethora of accusations and counter-accusations between the Presidency and the National Assembly that trailed the submission. First, the budget was reported missing by the Senate, a claim the Presidency denied. Then the Presidency accused the National Assembly of unauthorized insertions into the fiscal document, an action described as “padding” by the Executive arm.

The President had proposed a spending plan of ₦6.07trillion. At the end of its deliberations, what eventually emerged from the National Assembly was ₦17billion lower. The Presidency was not satisfied with this tinkering. The budget remained inoperative until the 6th of May 2016 when it was signed into law, 44 days after it was passed by the National Assembly. A major component of the 2016 budget is the increase in capital expenditure from ₦557 billion in 2015 to ₦1.8 trillion, representing a 323% increase. Capital expenditure occupied 30% of the budget and represented an increase of 223% over the previous year^[2]. However, the delayed passage of the Budget had deep implications for the Nigerian economy and investment climate.

Revenue from oil remains the major growth factor in the Nigerian economy. Virtually all capital projects in the country have been funded from resources generated from oil. A fall in

the price of oil has always impacted on the monolithic Nigerian economy. The call by economists and other experts for the government to diversify the Nigerian economic base from the overt dependence on oil have become recurrent. 2016 seemed to mark a shift towards this direction. Impressively, for the first time, a high ratio was proposed and expected from the non-oil sector. The sum of ₦1.54trillion representing 38% was expected as revenue from non-oil sources, an improvement of 26.5% over 2015 year-on-year record of ₦1.21trillion. ₦1.51trillion representing 39% from other independent sources was also expected to fund the budget. This was a landmark 163.6% increase over the same budget for 2015. The promise to revamp the agricultural sector so as to boost food security and also establish it as a replacement for oil as the biggest source of revenue received improved funding in 2016^[3]. The summary of proposed funding for critical ministries is shown in the chart below.

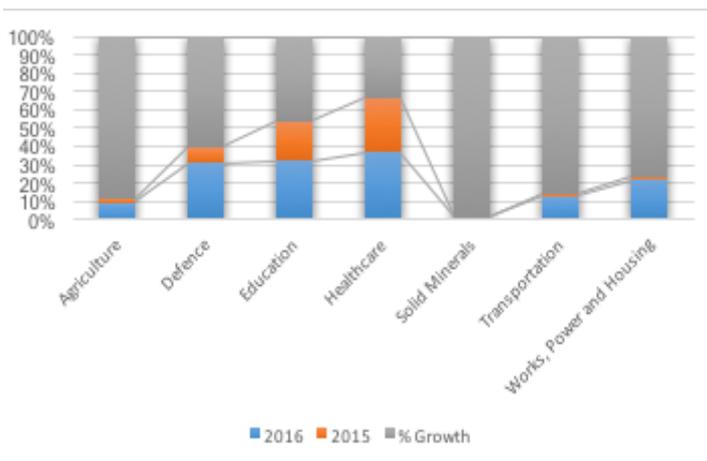


Figure 1: Budget Allocations to 7 Critical Ministries in the 2016 Budget

In terms of revenues in the fiscal year, Nigerian National Petroleum Corporation, NNPC, disclosed that from August 2015 to July 2016, it remitted \$48.99 million to the Federation Account from crude oil export sales, compared to \$607.83 million remitted between December 2014 and July 2015. The prospect of the price of crude oil bouncing back soon to anything above \$60pb was bleak at the end of 2016^[4]. This economy this daunting economic reality require drastic measures. At the end of 2016, revenues accruing from the federation account to states were simply inadequate to support the states. Many states owed backlog of salaries on account of this.

2. L. Nwabughio, “buhari-signs-n6-06trn-2016-budget-change/,” 7 May 2016. [Online]. Available: <http://www.vanguardngr.com/2016/05/>.

3. Federal Ministry of Finance, “OVERVIEW OF THE 2016 BUDGET AND THE STRATEGIC IMPLEMENTATION PLAN FOR 2016 BUDGET OF CHANGE,” 12 May 2016. [Online]. Available: <http://www.finance.gov.ng>.

4. “oil-price-forecast-3306219,” The Balance, 12 February 2017. [Online]. Available: <https://www.thebalance.com/>

Economy in Recession

UNPAID SALARIES AND EMOLUMENTS

Part of the consequences of the fall in oil revenue is the inability of many state governments to pay the salaries of workers. The President on the 18th of October, 2016, lamented the inability of the states to pay salaries, despite collecting bailout funds from Abuja. The country had through some consultants, secured refund of excess deduction of funds from Nigeria's repayment of foreign loans. What later became known as Paris Club refund, was shared among the three tiers of the government from which the loan deductions were made. The understanding was that these funds will be instrumental in supporting the state and local governments to offset backlog of unpaid salaries in their respective domains. But rather than make these payment a priority, some state government were reported to have diverted some part of the funds to other purposes.

A report published by the Independent Corrupt Practices and other related offences Commission (ICPC) showed that Benue, Enugu, Imo and Zamfara

On the 31st of August 2016, Nigeria officially slipped into recession

mismanaged the funds. ICPC in league with the Nigerian Labour Congress monitored the disbursement of the fund by the state government and discovered, for instance, that in Imo state, out of the ₦26.8bn bail-out funds received by the state government from the Central Bank of Nigeria (CBN), over ₦6billion was transferred into certain Imo state government accounts not related to salaries and emoluments. Also it uncovered double payment of ₦37.7million made to the office of the Deputy Governor of Benue State. In Enugu state, the report unveiled disbursement of about ₦6billion to settle other domestic debts out of about ₦10.2billion bail-out funds it received for the payment of outstanding salaries, thus leaving staff salaries and emoluments unpaid.

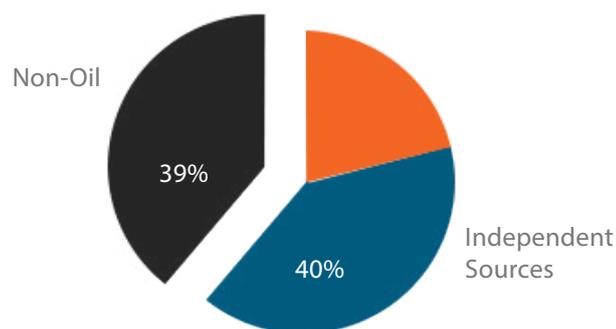


Figure 2: Projected Sources of Revenue in 2016

Further findings by the commission indicated that Zamfara State got ₦10billion bail-out even though it was not owing civil servants and pensioners any arrears as at the time the government released the bail-out funds^[5].

There was also the controversy of the payment of consultancy fees by some state governors to phony consultants through an account run by the Nigerian Governors Forum (NGF).

Apart from the investigation by the ICPC, the Economic and Financial Crimes Commission was also involved in an investigation on claims that the bail out funds were diverted to other uses. US\$86,546,526.65 was said to have been remitted into the account of the Nigerian Governors Forum (NGF). The account operated in a commercial bank in Nigeria was reported to have been opened for the purpose of payment of consultancy and legal fee.^[6] In light of the development some religious and social group have called for closer investigation into the activities of state governors and the NGF as a group. The Socio-Economic Rights and Accountability Project (SERAP) petitioned the International Criminal Court to investigate the manner in which the states mismanaged the bail-out funds. In a petition dated 7 July 2016, SERAP prayed the International Criminal Court to investigate allegations of collective punishment and crimes against humanity against tens of thousands of Nigerian workers as a result of non-payment of their salaries for several months by several state governments in Nigeria .

Apart from the diminution in the allocation accruable to the states, the states were also saddled with external debts that cut down their financial capability due to debt settlement. Report released by the Nigeria Extractive Industries Transparency Initiative (NEITI) says that the debt burden of the 36 States of the Federation had risen over ₦3.342 trillion representing 55.15% of the 2016 budget of ₦6.06 trillion. The report showed that external debt profile of Lagos, Delta, Osun and Akwa Ibom states topped the debt chart with a combined total debt profile

5. Ronald Mutum & Hope Abah, Makurdi, "2017/06/paris-club-refund-pursued-creditor-countries-ten-years-ned-nwoko/," 24 April 2016 . [Online]. Available: <http://www.vanguardngr.com/2017/06/paris-club-refund-pursued-creditor-countries-ten-years-ned-nwoko/>

6 . Damilola, "401753/," 13 March 2017. [Online]. Available: <http://igberetvnews.com/>

7 . E. Okakwu, "208087-nigerians-complain-hardship-nigerian-govt-blames-past-leaders.html," 4 August 2016. [Online]. Available: <http://www.premiumtimesng.com/>

8 . Nigerian Extractive Industries Transparency Initiative, "353-states-debt-burden-rises-to-over-n3-342-trillion-neiti," 14 February 2017. [Online]. Available: <http://www.neiti.gov.ng>

The Niger Delta and Development

The Ministry of Niger Delta Affairs and Responses to Regional Development in 2016

The Ministry of Niger Delta Affairs created by the former President Umaru Musa Yar'adua on September 10, 2008 was a direct response to the series of agitations by the people of the Region over perceived exclusion, environmental degradation, poverty and unemployment facing the Region. Subsequently huge sums of funds have been allocated to the ministry from inception to 2016 without much to show for it.

It was reported by the Ministerial Technical Audit Committee on Contracts Awarded by the Ministry of Niger Delta Affairs that between 2009 and 2016 the Federal Government has awarded 427 contracts worth over N700billion which only achieved a measly 8% impact. The report also disclosed that 18% of the contracts were stalled, only 12% were completed and 70% remains under construction^[9].

In 2016 about N67billion was appropriated to the Niger Delta Ministry^[10]. A review of the budget carried out by a group called the Niger Delta Budget Monitoring Group NDEBUMOG reported that most expenditure line items provide for in the budget had already appeared in the budget for previous years. It was however difficult to tell whether or not actual fund were disbursed for the execution of the projects because of paucity of information. Water and electricity projects, construction of Skills Acquisition Centres and road constructions were a few project that had been recurring in the budget of the Ministry worth billions of naira^[11]. The Minister of Niger Delta Affairs, Pastor Usani Usani hinted that out of over N700b budget for project from inception, about N427billion was disbursed. He lamented that there was no tangible project to show for the billions of naira pumped into the ministry for the execution of projects^[12].

The Niger Delta Development Commission and responses to regional development in 2016

The Niger Delta Development Commission like its counterpart at the Ministry of Niger Delta Affairs has failed to address the purpose for which it was created 16 years ago. The budget proposal for 2016 was N260billion but the National Assembly

passed N241billion leaving a difference of about N18billion^[13]. Although the budget allocation for the commission in 2016 was about N50billion short of the budget figure of N299billion of 2015, the performance of the commission in comparison with the fund allocated to it, still went the same way of the previous years. Projects were either abandoned or uncompleted due to unavailability of funds. Projects were allocated to top officials of the commission or their stooges and cronies, who sell them to contractors for an upfront commission of between 10% and 20% of the total sum of the project. Sometimes the contractor would even sell it to another (forth-tier) contractor and by the time the final executor of the project gets on to cite, there is little left to execute the project and the little is usually not enough. The corruption in NDDC is huge and is reported to involve highly placed persons in the Commission and in government circle. Huge sums are paid by contractors to facilitate the release of their payment and by the time the commission and the corrupt system sucks the funds out of the contractor, they simply cannot deliver. This is the same old system that earned NDDC sponsored projects the tag 'Disposable Project'. Because those who are supposed to supervise the projects are already compromised, it is difficult to bring defaulting contractors to book. It is no wonder therefore that some of the few project seen with the insignia of NDDC are either abandoned, uncompleted or of very low quality. Some of the projects are misplaced because the people are not usually consulted before the projects are situated in the designated locations.

The Senate Committee on Niger Delta on March 7 2016, revealed that the sum of N3.9 billion naira was paid for a non-existing contract by the Niger Delta Development Commission (NDDC) in Ondo State^[14]. The Chairman of the Committee promised to launch an investigation into millions of naira spent to procure drugs that were stored up until they all expire without getting to the intended recipients. He also promised to invite the EFCC to investigate financial misappropriation against the commission, unveil their politician collaborators and bring

9. Sahara Reporters, "six-years-waste-how-niger-delta-ministry-blew-n800b-between-2009-and-2015," 23 August 2016. [Online]. Available: <http://saharareporters.com/>

10. Budget Office of the Federation, Federal Republic of Nigeria, "a-citizens-guide-to-understanding-2016-budget-of-change," 2016. [Online]. Available: <http://www.budgetoffice.gov.ng>

11. Research and Documentation Team: Monitoring and Evaluation Department, Niger Delta Budget Monitoring Group, "/252-2016-federal-appropriation-for-ministry-of-niger-delta-affairs-and-matters-arising," 31 August 2016. [Online]. Available: <http://www.nigerdeltabudget.org>

12. B. Inyang, "niger-delta-minister-complains-over-n420-disbursed-for-projects/," 17 November 2016. [Online]. Available: <http://www.thisdaylive.com>.

13. H. U. J. Erunke, "2016/06/2016-senate-reduces-buharis-nddc-budget-n18-5b/," 23 June 2016. [Online]. Available: <http://www.vanguardngr.com>

14. C. Ugonna, "755052-n3-9bn-paid-nddc-fake-projects.html," july 2016. [Online]. Available: <https://politics.naij.com>

them all to book. As at the end of 2016, not of the threats had been executed.

Delta State Oil Producing Areas Development Commission (DESOPADEC)

Delta State Oil Producing Areas Development Commission (DESOPADEC) was set up to improve infrastructure in the crude oil-bearing areas of Delta State, embark on programmes and projects to generate employment for its teeming youth and thereby ease the huge insecurity-related incidence in those parts of the state ^[15]. Since the Commission was established by former Governor James Ibori in 2006, it has been shrouded in one controversy or the other. Complaints of marginalization, politicking, diversion of fund, embezzlement and lopsidedness in allotment of projects among the 5 ethnic nationalities covered by DESOPADEC have been a recurring problem. Project have been discovered to appear on paper but with nothing to show in the different locations on which they are supposed to be cited. On February 1, 2016 it was alleged that A multi-billion-naira scam in the execution of projects of the DESOPADEC was uncovered. The allegation made by the DESOPADEC Commissioner Chief Favour Izoukumor in Warri, Delta state expressed concerns about the development in which, he said, many projects allegedly completed on paper were nowhere to be seen in Ogbeloh Kingdom. He also said that other projects sited on Naifor Island were on paper but their levels of completion at the site are far below what was claimed including other projects paid for in full without a sign of work at the locations. ^[16].

Meanwhile in 2016, accusations have continued to trail Delta governor, Ifeanyi Okowa on matters bordering around embezzlement of fund meant for DESOPADEC. The workers of the commission reportedly locked out the Commission's Managing Director, Williams Makinde, as well as Commissioners and other officials, during a mass protest against the governor and the Commission. The workers claimed that the governor may have embezzled the sum of N48.6 billion, being half of the 13% derivation funds due DESOPADEC covering the period of May 2015 to November 2016. They also accused the governor of planning to scrap DEPOPADEC for unclear reasons. While analyzing the figure the workers expounded that the amount accrued to the state as 13% derivation from the federal allocation within the said period was N97.2billion and therefore half of the amount which is due DESOPADEC was N48.6 billion. Within the period they claim no project was carried out by DESOPADEC as nothing was budgeted for the commission by the state government ^[17].

The Commission's workers were not alone in the accusation

against the governor. The Delta State Oil and Gas Stakeholders Group, DOGSG, comprised of Itsekiri, Ijaw, Urhobo, Isoko and Ndokwa ethnic nationalities, expressed fear that the governor is trying to kill the commission slowly by starving it of funds. Representative of the group wondered why the 2015 and 2016 budget are covered in secrecy and no project was going on in the areas where DESOPADEC is supposed to be working. Although the Chief Press Secretary refuted the claims, he only blamed 'prevailing situation in the country' as reason why no visible project was going on in the state and especially the oil-bearing communities for which funds have been release as 13% derivation form the federal government ^[18].

The Niger Delta Avengers, the Presidential Amnesty Programme and the Prospects of Development

The year witnessed a surge of restiveness of militants in Nigeria's oil-producing Niger Delta region. The emergence of a new group, the Niger Delta Avengers (NDA) was responsible for a new wave of strikes on oil installations. The government responded by deploying gunboats and fighter jets to the creeks to check the situation ^[19]. The limited successes this approached recorded forced the federal government to initiate a dialogue process with the group with elders of the region as intermediaries. Their tabled demands included:

- a. Control of 60% of regional oil blocs
- b. Continuation of the Presidential Amnesty Programme introduced by the Late President Yar'Adua to address the restiveness in the Niger Delta in 2009.
- c. Commence the cleanup of Ogoniland polluted by oil spill from exploration activities by Shell Petroleum Development company and compensate the communities, among others.

At the end of 2016, some reasonable normalcy had returned to the region and oil production was stable. Dialogue remained ongoing between the leadership of the Niger Delta and the federal government.

Oil production and Community Livelihoods

The people of the Niger Delta and especially the oil-bearing communities are highly susceptible to violations of their health, as well as their environmental and livelihood rights by oil companies operating in their communities. Oil and gas companies have not paid enough attention to the environmental impact of their operations on host communities and thus the rights of the communities to good health, clean environment, sustainable livelihood and social development. No place demonstrates this reality than Ogoniland after about 35 years of oil exploration by Shell Petroleum Development

15. The Pointer News, "42792," [Online]. Available: <http://thepointernewsonline.com>

16. S. C. Reports., "multi-billion-naira-scam-uncovered-in-desopadec-projects/," 12 November 2016. [Online]. Available: <http://sweetcrudereports.com>

17. SAHARAREPORTERS, NEW YORK, "gov-okowa-accused-misappropriating-desopadec-n486b-funds-planning-scrap-commission," 7 January 2017. [Online]. Available: <http://saharareporters.com/>.

18. R. Chukwuma, "group-gov-okowa-dont-kill-desopadec/," 17 August 2016. [Online]. Available: <http://www.vanguardngr.com/>.

19. K. Omonobi, "crude-oil-theft-drug-smuggling-illicit-fishing-nigerias-story-stolen-resources/," 4 December 2016. [Online]. Available: <http://www.vanguardngr.com>

Company. It is believed that the community in this space of time experienced about three thousand oil spills accounting for over 40% of the total oil spills caused by Shell in all its exploration activities worldwide. The adverse effects have been polluted rivers, unproductive land, polluted underground and surface water with benzene over 900 times above tolerable levels^[20]. Global pressure brought upon the Nigerian government forced them to commission the United Nations Environment Programme (UNEP) to embark on an environmental assessment of Ogoniland in 2010. The project which lasted over a period of 14 months involved the examination of 200 locations in Ogoni, review of more than 5,000 medical records of Ogoni people, survey of more than 122kms of pipeline rights of way and engaged more than 23,000 people at local community meetings. Detailed soil contamination investigations were conducted at 69 sites. Altogether more than 4,000 samples were analyzed, including water taken from 142 groundwater monitoring wells drilled specifically for the study and soil extracted from 780 boreholes.

Apart from setting up the Hydro-Carbon Pollution Restoration Project (HYPREP), nothing tangible could be said to have been achieved by the previous government of Goodluck Jonathan when it came to implementing the UNEP report. The approach to the report could best be described as lackluster as there was no sense of urgency as things dragged on for unknown reasons. The current government of Muhammadu Buhari promised to be different, and as such had 'restructured' the HYPREP Board and also set aside \$10 million as take-off fund for a cleanup that was said to require about \$1.5 billion for the first 5 years^[21].

'Oil bunkering' and other forms of oil theft

Oil theft and illegal oil refineries has become a thriving business in the Niger Delta region with a wide network, involving communities, government officials, oil workers, and security agencies. Interaction with those involved in the illicit trade shows that they do not consider what they do as illegal. They insist that it is the government and international oil companies that are actually stealing oil from the region and then go on to accuse the Nigerian political elites as the real thieves who share the stolen proceeds of oil in Abuja through corrupt practices leaving little or nothing for the development of the oil producing region.

This oil racketeering business happens in an industrial scale. An estimate of about 400,000 barrels of crude oil are reportedly being stolen every day in Nigeria. The vast majority of this is sold internationally.

However, it is believed that one in every four barrels of crude oil stolen everyday ends up in the Niger Delta region where it is refined at illegal refineries and supplied to local dealers. Observers claim the illegal refining industry is worth several billions of naira annually, and Nigeria's politicians and security officials are among those benefiting from the business. Crude oil theft and artisanal refining contribute to the massive oil spills with a large volume spilling into the environment in the processes and causing long lasting environmental disasters. The response of the government to the illegal activities further adds to the degradation of the ecosystem. The indiscriminate burning of tankers, vessels, artisanal refining sites and other oil laden containers by the military end up destroying fauna, fish and other marine life, wildlife habitat and breeding grounds, marshlands and fragile aquatic ecosystems in addition to other environmental effect as experienced in Port Harcourt recently with the sprinkling of black soot in the atmosphere. Despite efforts of the Federal government to curtail the stealing and refining of oil in the Niger Delta, the incessant destruction of pipelines and other oil facilities across the country as well as trade in stolen oil by criminal cartels with international connections have continued unabated. The current government ended the contentious pipeline surveillance and protection contracts awarded some militant groups by the former administration to monitor the pipelines and installation along their areas of operation. All through 2016, there was no sign that the stealing and refining of crude oil with its attendant pollution of the environment was abating.

The Petroleum Industry Bill

In a bid to ensure prudent management and allocation of petroleum resources and their derivative in accordance with the principles of good governance, transparency and sustainable development in Nigeria and possibly end or reduce drastically the illegal oil activities in the Niger Delta, the Petroleum Industry Bill was proposed.

The Bill which has 9 parts and proposes to cover the entire spectrum of the oil and gas industry has been bedeviled with so much controversy since it was presented in 2008. It has passed through adjustments and mutations from the original intervention of the Oil and Gas Implementation Committee (OGIC) inaugurated by the Obasanjo administration in April 2000. Yet the bill has remained a recurring decimal in the National Assembly since it was first presented. The main point of contention is the recommended accruals to the oil-bearing state which does not go down well with some of the state not directly benefiting. At the end of 2016, there were however some indications that the National Assembly will revisit the Bill.

20. Editorial, "The Impact of Oil Exploration on Ogoniland," 15 December 2015. [Online]. Available: <http://www.ogoninews.com/>.

21. Nigerian Extractive Industries Transparency Initiative, "353-states-debt-burden-rises-to-over-n3-342-trillion-neiti," 14 February 2017. [Online]. Available: <http://www.neiti.gov.ng/>

| | |
|--------------------------|--------------------|
| • Capital: | Umuahia |
| • Created: | 27th August 1991 |
| • Governor: | Dr. Okezie Ikpeazu |
| • GDP (billion \$): | 18.7 (2007) |
| • GDP Per Capita (\$): | 3,003 (2007) |
| • Unemployment Rate (%): | 11.2 (2011) |
| • Land area (in sq. km): | 4,900.0 (2006) |
| • Population: | 2,845,380 (2006) |
| • Literacy Rate, Adult: | 85.1 (2010) |

Abia State

Background

Abia state was created in 1991 from the old Imo state in south eastern Nigeria. The state occupies a space of 6,230 square kilometers. According to the 2016 population census, it has a population of 2,833,999 people. Abia state also hosts one of the busiest and most industrious cities in Nigeria, Aba, well known as an emerging indigenous manufacturing and Abia state is a marginal oil producing state with about 100 oil wells and 3 installed flow stations, producing approximately 36,000 barrels of crude oil daily. In revenue terms, this means that Abia also benefits from the derivation principle which ensures that 13% of oil proceeds is returned to their states of extraction. This gives Abia state an alternate source of revenue beyond statutory allocations from the federation account.

2016 BUDGET POLICY GUIDE

According to the government, the 2016 Abia state budget which was tagged "Budget of Restoration" was premised on the principle of international best practices of prudent utilization of resources with the aim of achieving outstanding results and output. The government says the budget was designed with commitment and support to the Sustainable Development Goals to enhance the state in the following areas: Economic Development, Environmental Sustainability, Social inclusion and Positive Governance. It says these development goals are to be achieved within the interplay of agricultural, mineral and manpower resources to increase food production and raw material and wealth creation. With the enormous opportunities in the area of human capital spread in the informal sector, the budget aimed at the provisions of adequate infrastructure, to generate and beef up the much required investment enterprises.



Abia State

2016 Budget Assumptions

To ensure that the Abia state 2016 Budget has the maximum impact on citizens of the state, the following assumptions were identified as the key underlying factors:

- Steady and continuous efforts to reduce the cost of Governance.
- A strong belief that they would be Macroeconomic Stability in the country.
- Expansion in the revenue net to increase internally generated revenue.
- Plugging all sources of financial linkages.
- Creation of a friendlier business environment to attract local and foreign direct investment

2016 BUDGET OBJECTIVES

The government places the objectives of the 2016 budget on the following five pillars;

- To optimize the human and natural resources potentials for achieving rapid and sustained economic growth.
- To translate economic growth into equitable social development that guarantees a dignified and meaningful existence for all citizens.
- To provide a market-friendly competitive business environment that supports a fast growing economy with adequate infrastructure and full mobilization of all economic sectors.
- To evolve a healthy and economically productive population that is growing at a sustainable pace, supported by a healthcare system that focuses on all, and sustains a life expectancy of not less than 70 years.
- To introduce a modern and vibrant education system that meets international standards of quality education that is accessible and aligned to the changing needs of the society and demands of industries.

STRATEGIES FOR IMPLEMENTING THE BUDGET

The focus of the 2016 budget is the prudent utilization of resources. To this end, the following strategies were adopted:

- The budget structure to remain within the context of 3-Multi-year/Medium Term Expenditure Framework accompanied by medium term sector strategies.

- Correcting the inherent weaknesses in internally generated revenue mechanism through the strategy of Direct Bank Lodgment of Electronic Collection System.
 - Funding of 2016 budget will be based on actual and available revenue.
 - Reducing the level of state domestic debt.
 - Reducing of funding gap through improved independent revenue sources e.g. donor agencies and private partners.
 - Facilitating the strategy of Public Private Partnership initiative in project implementation, and providing a conducive environment for investors'/counterparts' funds.
- It is in view of the above objectives and strategies that the state proposed a total budget estimate of N96.779 billion with special focus on five key sectors which include:

- Agriculture
- Health
- Education
- Commerce and,
- Oil and Gas

THE BUDGET OUTLOOK

Abia state government proposed a total sum of N96.779 billion for the 2016 fiscal year. This amount represents a 22.8% decrease from the 2015 budget provisions outlay of N105.8 billion. To finance the 2016 budget proposal, a total expected revenue of N72.8 billion was projected, to be generated from two main sources; independently generated revenue and FAAC. The Total sum as contribution from FAAC represents 71% of the total expected revenue, while independent revenue represents 29%. However, there is a deficit of N24 billion to be funded from Recurrent Revenue which will be transferred to Capital Account to fund capital project.

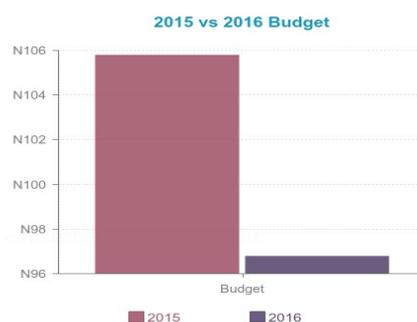


Fig 1.1: Abia State 2015/2016 Budget Comparison

EXPENDITURE PATTERN

In spite of the budget projection aimed at restoring the Abia state economy to the part of growth, expenditure pattern continued to be skewed toward recurrent with relatively little to meet the capital need of the state. In the 2016 budget proposal, of the N96.7 billion, total recurrent expenditure was estimated at N58.9 billion representing 61% of the entire budget allocation. The total capital allocation to four main broad sectors of Administrative, Economic, Law and Justice and Social Sector was N37.8 billion representing just 39%. This trend is worrisome given the huge capital infrastructural needs of the state, and the robust plans the state claims to be pursuing.



Fig 1.2: 2016 Budget Allocation Outlook



The Sector of Food Sufficiency

The state's policy thrust is to use the 2016 budget to bring about drastic change in the agricultural sector, ensure increase in agricultural production, create value chain traction, improve incomes of small scale food producers, establish agricultural research and extension services, and to leverage on technology development for food security. The agricultural sector is expected to provide the lead in the socio-economic development of the State and drive food sufficiency. A total of N1.9 billion is allocated as capital expenditure to the sector in 2016. This capital allocation represents just 2% of the entire budget. For a sector expected to drive economic development, this is grossly inadequate.

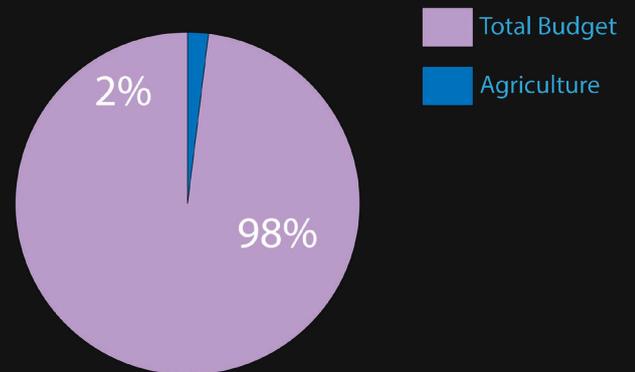


Fig 1.3: Capital Allocation to Agriculture as a percentage of Total Budget



The Sector of Health

The 2016 budget is expected to achieve reduction in infant and maternal mortality through the provision of access to quality essential healthcare services, safe, effective, quality and affordable essential medicines and vaccines including Universal health coverage. By this, the government aims at attaining global goal of Ensuring Healthy Lives and Promoting Well-Being for all at all Ages. As one of the key sectors the 2016 budget provides for a total capital budgetary allocation of N4.9 billion. This amount represents 5% of the entire budget.

While the goals and strategies the state has outlined in the health sector are commendable, financial commitments does not seem to be commensurate. It is difficult to see how a modest allocation of N4.9 billion to the health sector in a state with life expectancy currently below 50 years, will ensure an upward push to 70 years. Similarly, an allocation of 5% hardly shows any deep commitment of the government to the health sector.

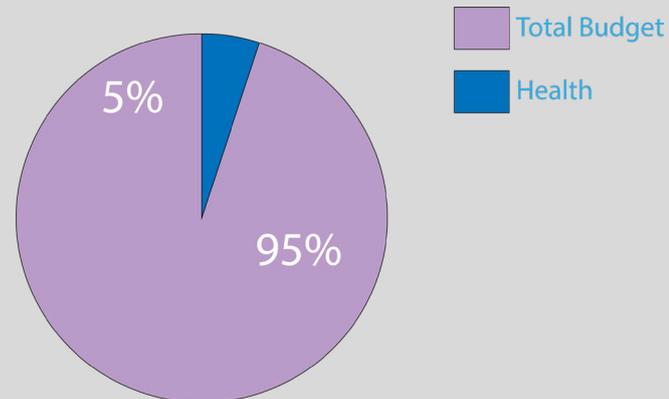


Fig 1.4: Capital Allocation to Health as a percentage of Total Budget

The Sector of Education



“To introduce a modern and vibrant education system that meets international standards of quality education that is accessible and aligned to the changing needs of the society and demands of industries”-
Ikpeazu

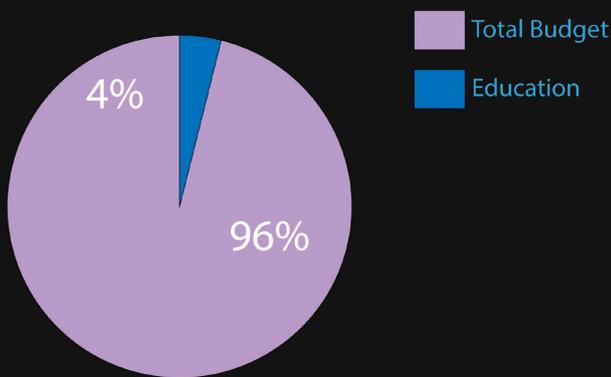


Fig 1.5: Capital Allocation to Education as a percentage of Total Budget

The education sector is one of the most critical sectors that government tends to focus in the 2016 budget implementation. It aims at linking up with all stakeholders to ensure equal access for all women and men on affordable and quality technical, vocational and tertiary education including university for achieving inclusive, equitable, quality education for promotion of lifelong learning opportunities for all. In view of this, a total capital budgetary allocation of N4 billion is allocated to the education sector. In percentage terms, this amounts to only 4% of the 2016 budget. As in the health sector. It is difficult to see this level of allocation translating into the goals of the government in the education sector of the state.

BUDGET MONITORING REPORT

| | PROJECT | AMOUNT | MONITORING REPORT: |
|----------------------|--|---------------|--|
| Health Sector | | | |
| fig1.6 | Construction of class room blocks at school of nursing and midwifery | N3.5 million | On the spot assessment, the team visited the old and new site located at hospital road and Abayi respectively. The team observed that there was no such project going-on in 2016. However, it was gathered from a source in the institution that the building being renovated at the old site was not a project in 2016 budget |
| fig1.7 | Malaria Control (Net Distribution, Drug And Spray) | N2.25 million | On a visit to Ohuru community health centre in UkwaEast, primary health centre obeaja ward ugwunagbo headquarters, Obohia health centre in UkwaEast and general hospital Okeikpe in UkwaWest L.G.As. It was clearly observed from the interactions with some staff in the health centres that no supply was made in 2016. |
| fig1.8 | Abia State University Teaching Hospital: purchase of power generating set, purchase of computer/automation, purchase of motor vehicle, purchase of health medical equipment, and purchase of furniture. | N300 million | When the team visited the institution, it was observed that no supply was made in 2016. Though, the team learnt from a source that there was low capacity generating set in the administrative block but it was not clear if the generating sets were provided by the state since the team was not privy to see them. |
| fig1.9 | Abia State College of Health Science and Management Technology-Aba: purchase of canteen/kitchen equipment, purchase of power generating set, purchase of shredding machine (nos 50) @ 50,000 each, purchase of computer printers (nos 50), purchase of computers (nos 100) @ 150,000 each, purchase of office furniture and fittings, purchase of buses (no 8) @ 5m per bus, purchase of van (nos 5) @ 7m per van, purchase of library book and equipment, purchase of teaching/learning aid equipment, purchase of health/medical equipment, purchase of security equipment, purchase of fire fighting equipment, construction/provision of libraries, erosion and flood control, rehabilitation/repair of electricity, construction/ provision of office building and construction/ provision of ICT infrastructure. | N151 million | When the budget implementation monitoring team visited the institution, it was revealed that a construction work was going on; however, from a source in the institution, the funding for the construction of the project was being sourced from the staff of the institution. Apart from this, none of the items listed above was executed in 2016 as captured in the budget. |

| | | | |
|---------|---|--------------|---|
| fig1.10 | Abia State Specialist Hospital & Diagnostic Centre-Umuahia: establishment of intensive care unit, purchase of 1 No gastro endoscope, equipping accident and emergency department, purchase of 2 No ambulance van, purchase of health and medical equipment, purchase and installation of VSAT satellite, purchase of eye centre equipment and provision of precision R&I for radiographic unit. | N181 million | When The team visited the hospital, on hand to receive them was the Chief Medical Director (CMD). In the cause of exchange with the Chief Medical Director, the team noted that there were some consumable items that were jointly supplied to the hospital in 2016 by the state and foreign donors. The CMD, who lamented that no supply or project execution was made so far, advised the team to visit the state ministry of health for further information on the supply for his hospital. He also identified funding as major challenge facing the adequate implementation of government budget. |
|---------|---|--------------|---|

Food Sufficiency Sector

| | | | |
|---------|--|--------------|--|
| fig1.11 | Procurement of 2 No agric tractors •Renovation and stocking tree concrete fish pond •Establishment of ministerial library •Raising of 15,000 budded citrus •Community based rice production project. Community based cassava project | N400 million | Since some of these projects have no specified location, the team visited ministry of agriculture in Umuahia. Upon the team's visit to the ministry, the director of planning and statistics requested that the Head of CSO should write to the permanent secretary who will instruct him to offer us with vital information on the implementation report of the ministry as it affects the above mentioned projects. Furthermore, the team found fish ponds in the ministry but there was no evidence that the ponds were built in 2016 as they appear as old structures. Two (2) tractors and other agricultural farm machines such as riggers and trucks were found. Upon further interaction with the director of planning and statistics, it was gathered that the tractors, riggers and trucks were procured in 2016 |
| fig1.11 | Liberation farm for 17 LGAs/Agric Transformation | N70 million | In trying to verify if there are establishment of liberation farms in 17 LGAs as contained in 2016 budget, the team visited about 10 LGAs where it was observed that there are only 3 existing liberation farms in the state located at Abiriba (Ohafor LGA), Okikpe (Ukwa west LGA), and Lodu (Umuahia north LGA). Apart from these, there are no evidence of new establishment of liberation farm in 2016. |
| fig1.12 | Construction of one modern abattoir at Aba north LGA | N100 million | When the team visited the abattoir site in ogbor hill at Aba north, there was no evidence showing that construction work was going on. Only old slabs and dilapidated structures were found. |
| fig1.12 | Provision of requisite meat inspection equipment | N20 million | still on the abattoir visit at ogbor hill (Aba north LGA), the butchers stated that there is no such equipment located in any abattoir site in Abia State. |

| | | | |
|--|--|---------------|--|
| | Phase 3 farmers field school programme for 20 communities | N5 million | In order to verify if this project is provided in the community as captured in 2016 budget, the team visited about 10 communities in different LGAs in Ugwunagbo, UkwaWest and Umuahia north. It was observed from the interaction with different members of the respective communities that no such project was provided; some equally said that oftentimes, "we have experienced presence of government officials from the state level who promised to visit the communities soon with such projects. |
| Education Sector | | | |
| fig1.13 | CONSTRUCTION OF 13 NO CLASSROOM BLOCKS IN 6 MODEL SCHOOLS | N100 MILLION | The team visited two models Secondary Schools: Afugiri Girls' (Model) Secondary Schools and William's Memorial Model Secondary School in Afugiri Community in Umuahia North Local Government Area. No Indication of such Construction in 2016 |
| fig1.15 fig1.16 | ESTABLISHMENT OF EDUCATION RESOURCE CENTRE | N 165 MILLION | The team visited some schools such as: Ohuru Comprehensive Secondary School in Ukwa East, Ozar Secondary School in UkwaWest, Ndoki Community Secondary School in UkwaEast and Afugiri Girl's (Model) School in Umuahia North. It was observed that no Establishment of Education Resource |
| fig1.14 fig1.17 fig1.18 fig1.21 | PROCUREMENT AND SUPPLY OF PRACTICAL MATERIAL | N120 MILLION | Since there was no specific location of the project, The team visited some Schools such as Ohuru Comprehensive Secondary, Ikwueke Girl's Secondary School Ohambebe, William's memorial Secondary School Afugiri in Umuahia North, community comprehensive secondary school ihie ukwu, secondary technical school Obegu Ngwa in Ugwunagbo. When the team interacted with some staff of these Schools, it was gathered that No such thing was provided in 2016. |
| fig1.19 | ABIA STATE POLYTECHNIC: Land Acquisition Cost, Site Development cost, Construction/ Provision of School Building, Student's Hostel | N170 million | When the team visited the polytechnic campus, the PRO who interacted with the team defied to give information base on the fact that he was not in the position to do so, he rather asked the team to write an official letter to the Rector of the School for permission to speak. Not satisfied, the team went round the campus to observed things themselves, in the process the Team encountered a source who provided that the permanent site of the campus along Osisioma Road has been fully acquired and the Foundation leading ceremony performed in previous years. In site development, the source also said that there is nothing going on for now because of funding challenges. The team further observed that there is no evidence of Construction/Provision of School Building and Students' Hostel in 2016 |

| | | | |
|---------|---|--------------|---|
| fig1.19 | ROAD RECONSTRUCTION | N10 million | Still on Abia State polytechnic, the team equally gathered that there was no reconstruction work done on any of the existing roads in the campus in 2016. |
| fig1.20 | ABIA STATE LIBRARY BOARD: Construction of Abia State Library Board. Purchase of photocopy machines. Purchase of scanners. Purchase of library books and equipment. Purchase of power generating sets. Purchase of printing equipment. | N35 million | When the team visited Abia State Library board – Headquarters Umuahia for fact finding, it was gathered from the Head planning, Research and Statistics that the projects as itemized above were not provided for in the past years not to talk of 2016. Further observations have it that the only old photocopying machines and printers found in one of the offices were sourced by the staff, while the books and equipment found in the library were old and outdated. The source equally explained that State Government in the last three years built an E-library on a site belonging to the library board but was yet to officially hand it to them in spite of the pressure being mounted on the government. The team equally observed that the only renovation work done in 2016 was the children’s Library executed by the wife of the Governor. |
| fig1.20 | CONSTRUCTION OF LIBRARY FOR 50 SECONDARY SCHOOLS IN THE STATE | N300 million | In establishing the empirical facts about the above mentioned project since no school was specified in the budget details, schools were randomly selected and visited. The schools included Ohuru comprehensive secondary school-Ohuru-Ndoki in Ukwu East, Ikwueke girls secondary school- Ohambele-Ndoki in Ukwu East, Ozar secondary school-Ozar-Asa in Ukwu West, Okigwe Road secondary school Aba North, Secondary Technical School Obegu-Obegu-Ngwa in Ugwunagbo, Community Comprehensive Secondary School-Ihie-Ukwu in Ugwunagbo, Afuigiri (Girls Model) Secondary School Afuigiri Umuahia-North etc. The interesting part of the visit to these schools was that it afforded the team with the opportunity of interacting with the students, some staffers and villagers. These people expressed disappointment over the failure of Government to implement budget policies. They also express concern on the need to receive copies of budget allocated their institutions as it relates to respective projects. The team, after being conducted round the schools, it became clear that project in terms of supply or construction was not going on in 2016. |



Fig 1.6: School of Nursing and Midwifery complex Aba as indicated in the report.



Fig 1.7: General Hospital, Okikpe



Fig 1.8: Abia State University teaching hospital Aba old complex



Fig 1.9: Abia State College of Health Science and Management Technology, Aba



Fig 1.10: Abia State Specialist Hospital and Diagnostic Centre-Aba Road Umuhia



Fig 1.11: Abia state ministry of Agriculture Headquarters, Library Avenue Umuahia.



Fig 1.12: Abattoir site at Ogbor hill at Aba North



Fig 1.13: Williams Memorial Model Secondary School, Afugiri



Fig 1.14: Some communities visited



Fig 1.15: Ozar secondary school, Asa Ukwa West



Fig 1.16: Ohuru Comprehensive Secondary School, Ukwa East



Fig 1.17: Old practical material found in Ndoki Comm. Sec. Sch



Fig 1.18: Old Lab in Ohuru Comp. Sec. Sch

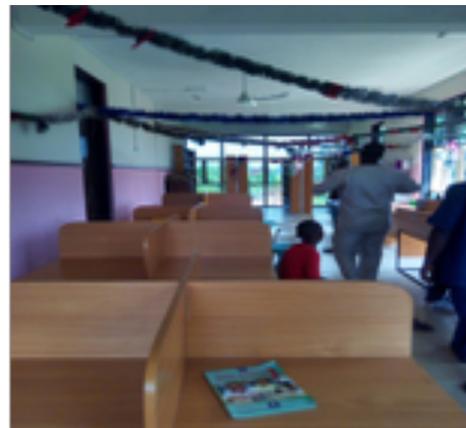
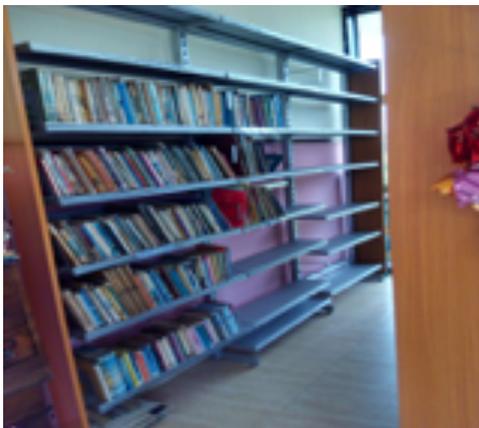


Fig 1.20: The renovated part of Abia State Library Board.



Fig 1.19: Abia state polytechnic complex



Fig 1.21: Library in one of the schools visited

| | |
|--------------------------|---------------------------|
| • Capital: | Uyo |
| • Created: | 23rd September 1987 |
| • Governor: | Mr. Udom Gabriel Emmanuel |
| • GDP (billion \$): | 11.2 (2007) |
| • GDP Per Capita (\$): | 2,779 (2007) |
| • Unemployment Rate (%): | 18.4 (2011) |
| • Land area (sq. km): | 6,900.0 (2006) |
| • Population: | 3,902,051 (2006) |
| • Literacy Rate (Adult:) | 89.5 (2010) |

Akwa – Ibom State

Background

Receipts from the Federation Account on the basis of 13% derivation have made Akwa Ibom one of the highest earning states in Nigeria. Akwa Ibom state ranks first among the 36 states of Nigeria in terms of natural resource wealth. Unfortunately, such receipts have not translated into significant improvement in the lives of citizens of the state. On many development indices, the state does not fare much better than other non-oil producing states in Nigeria. Akwa Ibom state is still principally characterized by a large subsistent rural population living in conditions of worsening health and education infrastructure.

Performance of the 2015 Budget

While presenting the 2016 budget to the Akwa Ibom state House of Assembly, the state Governor reflected on the performance of the previous years' budget. According to him; "As at September, 2015, the actual recurrent Revenue collected was N150.871 billion. A breakdown of Recurrent Revenue shows that N12.718 billion was realized from internal sources: N21.805 billion from statutory allocation; N6.885 billion from Value Added Tax (VAT) and N109.463 billion from derivation. In re-appraising expenditure, a total of N72.487 billion was spent on the recurrent services which include: Personnel Costs N26.711 billion; Overhead Costs N5.795 billion, and Consolidated Revenue Fund Charges N39.981 billion. A total of N82.808 billion was spent on capital programmes within the period."

The governor went further to inform the House the budget performed well.

The 2015 Budget of Actualization and Continuity Governor Udom Emmanuel declared to the State House of Assembly that the 2016 budget was christened The Budget of Sustainable Development aims at providing "development that is sustainable



Akwa Ibom State

in Health, Education, Electricity, Water Supply, Agriculture, Information Technology, Capacity Building, other Infrastructure, Housing, Commerce and Industry, General Administration, Security, Industrialization and other facets of governance.”

Policy Thrust of the 2016 Budget

According to the governor, the policy framework of 2016 Budget is predicated on the following underlining principles;

- The consolidation of the transformation so far achieved and setting new measures for further action that will surpass that superior performance as outlined in our Medium Term Plan Document, the AK – VISION 2020.

- The actualization of the economic power base of the state through industrialization and sustainable public-private sector initiative that will open up opportunities for growth and improved living standard.
- The Creation and maintenance of a conducive and enabling environment where the tenets of democratic governance shall thrive and dividends of democracy dispensed for the betterment of all
- Ensuring the Security of lives and property of the people at all times, while adhering to the principle of the rule of law, thereby ensuring equity, justice and fair play.
- The promotion of unity and oneness across the state, as well as ensuring due respect for traditional institutions and elders of our society which is a sinequanon for the achievement of a peaceful and prosperous estate.
- The Continuous development, mobilization and promotion of youth and women empowerment programmes via planned and well-articulated welfare packages and capacity building programmes.
- Giving all Akwa Ibom persons (both within Nigeria and the Diaspora) a proud sense of belonging; build on good governance, economic advancement and due respect for the fundamental Human Rights of all.
- Pursuance of the task of rural development and integration with all vigore, bring all the benefits and dividends of our democratic governance to every nook and cranny in the state,

and provide basic amenities of life to all.

- Ensuring Accountability and Transparency in government by fighting and tackling corruption in all facets of our administration.
- Promotion of trade, commerce, and tourism between Akwa Ibom State, our country and the rest of the world.
- Fostering the development and maintenance of good working relationship with both the legislative and judiciary arms of government in the state as well as ensuring an effective local government administration for grassroots development, mobilization and empowerment.
- The attraction of all possibly required federal presence to Akwa Ibom State, by developing and sustaining a harmonious and very cordial relationship with the government at the centre.

To achieve the objectives laid out for the budge, the governor proposed a 2016 appropriation of N423 billion. This figure is a significant decline when compared to the N484 billion budgeted for 2015. The figure is comprised of a recurrent expenditure profile of N181 billion and a Capital Expenditure outlay of N245.000 billion



Fig 2.1 Source of Revenue

The recurrent to capital share, however, reveals an emerging pattern of increasing recurrent expenditure as a share of the budget. From just 15% of the overall budget in 2012, the share of recurrent expenditure as a proportion of the budget rises to 43% in 2015. The reason for this steady rise is not quite clear, but the implications are more obvious. A higher recurrent expenditure profile represents the reduced ability of the government to carry out much needed capital expenditure—necessary for the infrastructural development of the state.

Information above demonstrates that despite the commitment of successive governments in Akwa Ibom state to diversify the revenue base of the state, this has not been the case. The state is still largely dependent on transfers that accrue to it from the federation account. As it is well known, these types of revenue are highly volatile and fluctuate according to the rise and declines of the international oil market. Akwa Ibom state came on the receiving end of such fluctuations in 2014 and 2015 when the price of crude oil drastically dropped. The income of the state was adversely affected, including its ability to pay salaries of workers in the service of the state.

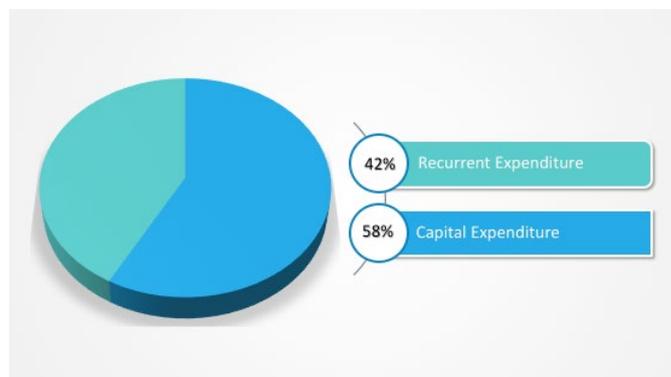


Fig 2.2 Recurrent and Capital Share 2015



The Sector of Education

On the official website of the Akwa Ibom state government, the Ministry of Education represents its mission and thrust thus;

“A State with functional and qualitative education which will serve as the catalyst for development, job creation, poverty alleviation and as a foundation for our envisaged science and technology and industrial revolution.

To achieve the desired functionality and quality in our educational system, this sector which is the main determinant of our collective future must be totally re-organized. Our strategy for this aspect will be the production of quality teachers, expansion of our education infrastructure and increased funding.”

In his budget speech, Governor Udom Emmanuel states; “Education remains a core social sector of our economy. It is a pivot on which every human capital development revolves. This administration places a high premium on education and skills development.”

In 2016, the sum of N9.888 billion is allocated for capital expenditure in the sector of education. This amount shows a paltry 2% share to the sector of educations which is obviously inadequate to achieve the targets the government has set for itself in the sector. It is also one of the lowest allocations the

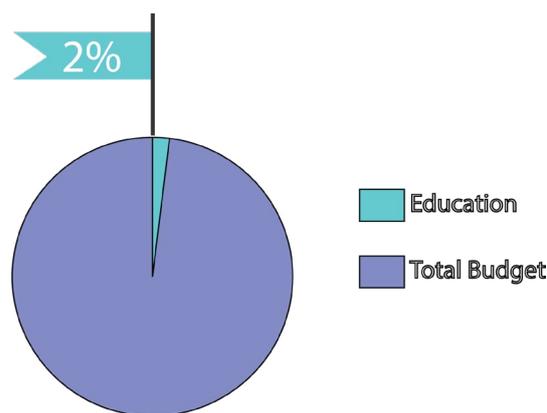


Fig 2.4 Share of Capital Vote to Education



The Sector of Health

According to the governor while presenting the 2016 budget before the House of Assembly, "in 2016, the policy thrust of government is to ensure that the people of Akwa Ibom state continue to enjoy the highest standard of healthcare within the framework of planned programmes"

The government allocates N7.4 billion to the sector of health in 2016. Compared to the 2015 figures, this is a decline of N5 billion in allocation to the sector. This reduced allocation in no way reflect the desire of the government to achieve key milestones in the sector. It rather shows reduced interest in the healthcare of residents of the state. The 2016 allocation also represents a meagre 2% of the overall budget.

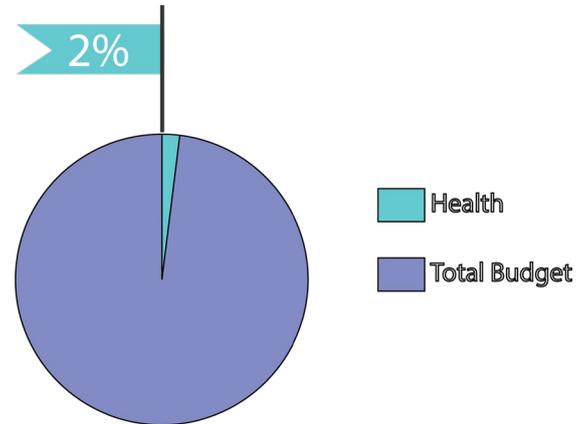


Fig 2.3 Share of Capital Vote to Health



The Sector of Food Sufficiency

The Akwa Ibom state government captures its policy towards agriculture and food sufficiency in the following branding on the state official website;

"Aggressive agricultural sector reforms have enabled us adopt proactive measures and best practices to assure of lessening dependence on oil derivation through massive agricultural development and massive statewide agricultural schemes which include mechanized agriculture to leverage technology, aggressive environmental security policies, integrated farmers scheme to empower farmers for improved production, food and grain silos, and accelerated livestock scheme."

In 2016, the government allocates N8.071 billion to the sector of agriculture. This amount represents 2% of the overall budget 2016 budget of Akwa Ibom State. In comparison to other sectors of the state, this allocation hardly shows a deep commitment to creating the manner of traction needed to sustainable revamp agriculture and food sufficiency in the state.

The allocation to agriculture is clearly in contrast to the mission statement of the Ministry of Agriculture that seeks to lessen the state's dependence on oil revenues.

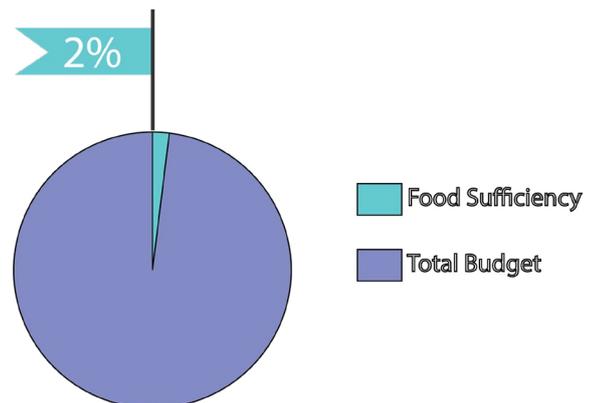


Fig 2.5 Share of Capital Vote to Food Sufficiency

BUDGET MONITORING REPORT

| | PROJECT | AMOUNT | MONITORING REPORT: |
|----------------------------|---|----------------|--|
| Agricultural Sector | | | |
| | Construction of one Ten Metric Tonnes per day of Cassava Processing Centre at Etinan Local Government Area | N25 million | The Field Monitoring Team observed that the Project as stated in the Project was carried out in the Fiscal Year. |
| | Establishment of 1 ha Plantation/ Banana and 1/2ha Pineapple, Citrus Seedling Guava, Pawpaw and any other Fruit Trees Programme and Garden at Uyo in Uyo Local Government Area, | N1.0 million | The monitoring team transverse the whole part of the local government being the state capital looking for the location of the said projects and asking questions but could not locate it, an indication the project was nonexistence. |
| | Automated Poultry Processing Plant at Itu Local Government Area | N40 million | The Monitoring Team visited the Project Site at Itu comprehensive work was on going, the Construction/Project Engineers that agreed to speak to the Team said all works will be 80% Completed before the end of the Year. |
| | Reconstruction /Renovation of Agriculture engineering Workshop at Ekpiri Nsukara,Uyo Local Government Area. | N20 million | Findings by the team revealed that the Workshop was in a state of disrepair, all the Tractors were in a bad shape, the roofing was falling off and the Workshop Security Men laments even of unpaid salaries and no Engineer reports for Duties. |
| | Construction of one Labour line of 6 rooms at Odiok Itam,Itu Local. | N10 million | The Monitoring Team observed that the said budget item was not carried out, and no Construction activities was seen. |
| | Construction of 500 pet boarding Pen at Ediene Abak at Abak Local Government Area. | N4.625 million | Findings by the Monitoring Team revealed that no such Project was carried out, rather old and dilapidated Poultry Houses. |
| | Construction of 1 no 20 Pig House at Ekpene Ukpa, Etinan Local Government Area. | N1.515 million | The Monitoring Team only saw an abandon Piggery Pen, the only Pen in use with few Pigs were privately owned. |
| | Construction of 2 No standard Goat House and establishment of 2 Ha Goat browsing Paddocks at Adadia,Uruan | N865 million | The Monitoring Team visited Adadia,Uruan and observed that no new construction was visible, rather old dilapidated Houses, and the Goats browsing were not even up to ten. The Goat Pens were instead used as private Poultry Houses. |

| Health Sector | | | |
|------------------|--|----------------|--|
| | Provision of 6 No body mortuary facilities at gen. hospitals in Abak, Etinan, Eket, Oron, Ikot Abasi and Ikot Ekpene. | N30 million | The Monitoring Team visited Etinan, Abak, Ikot Abasi and Eket General Hospitals the Mortuary Facilities were not new ones, and the condition was in a very poor. |
| | Provision of 6 No of 40kva Generating Sets to the 6 no of Secondary Health Facilities (General Hospitals) | N15 million | NDCBP Monitoring Team visited the Hospitals at Abak, Eket, Etinan there was no presence of a Generating Set of such size (40KVA) in there, but smaller and old Generating sets. Some of the workers complained of electricity not being regularly available. |
| | Renovation of Staff Quarters in General Hospitals in Etinan, Itukmbang and Ikono | N195.5 million | At the Etinan general hospital the team observed massive construction work was on going and a lot of renovation, but such aggressive construction and renovation was not seen in the other two hospitals. |
| | Provision of Fire Extinguishers in Secondary Health Institutions. | N0.5 million | The Monitoring Team also observed that most of the Fire Extinguishers at the points in the Hospitals visited were old and have not been replaced for a long time. |
| Education Sector | | | |
| | Completion of Projects at Model Secondary School, Isheit Ekim Uruan Local Government Areas | N126 million | Monitoring Report Monitoring revealed that the Site of the Model School has not seen Constructions or Renovations for many years, the School has been over taken by Shrubs and Grasses. Villagers confirmed the that it was an abandoned Project. |
| | Completion of Projects at Model Secondary School, Ekparakwa Oruk Anam Local Government Area. | N52 million | The Team also observed that the Model School has been abandoned for many years, with no visible signs of recent Construction and overgrown Shrubs and Grasses. |
| | Provision of one Meal per to 45,000 Pupils in the State. Sector Education | N18 million | The Monitoring Team interviewed Parents and Pupils across the State and the general response was that nothing like that ever took place and they are even surprised that such a Programme was in the budget. |
| | Perimeter fencing of Special Education Centre Itiam Etoi, Uyo Local Government Area | N20 million | The Team observed that the Perimeter Fence in the School was an old one that has been there for many years, but plastering was recently done. |
| | Payment of subvention to 234 Secondary Schools Heads in the State (N300/Child) | N467 million | The Team interviewed many Secondary School Heads, some declined comments while many who responded said they were not regularly paid and being owed many months hence affecting the everyday running of the School. |
| | Construction of 1 No Science Block for Physics, Biology, Chemistry and Agric. science, Special Education Centre Itiam Etoi, Uyo Local Government Area. | N17 million | The Monitoring Team saw only one newly constructed Building within the School and was reliably told that it was the Project of her Excellency, the Wife of the Executive Governor of the State. |

| | | | |
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| | Provision of Books/Equipment, Furniture for the divisional Libraries at Abak,Eket,and Uyo (@ 11,000,000 each) | N33 million | The Three Libraries visited by the NDCBP Monitoring Team was an eyesore, There were no new Books and most of the Furniture were old and broken. The Generating Set has been in a state of disrepair for over 4 years |
| | Provision of C-Band and V-SAT internet Facilities to 3 zonal Libraries with Accessories/Installations. | N18 million | The Monitoring Team observed that there was no signs of an installations of a C-Band and V-SAT connections like Mast, Dish etc. Some Staffs confirmed nothing like internet connection. |
| | Constructions of Court for Volley ball, Basketball, Lawn Tennis and Badminton at College of Education,Afaha Nsit, Nsit Ibom Local Government Area | N15 million | The Team observed that only a Volleyball and Basketball court had been Constructed. |
| | Construction of internal road network and drainage system at College of Art and Science,Nung Ukim,Ikono. | N20 million | The Monitoring Team observed that Construction work was actually going on within the School Compound. |

| | |
|--------------------------|--------------------|
| • Capital: | Yenagoa |
| • Created: | 1st October 1996 |
| • Governor: | Seriake H. Dickson |
| • GDP (billion \$): | 4.3 (2007) |
| • GDP Per Capita (\$): | 2,484 (2007) |
| • Unemployment Rate (%): | 23.9 (2011) |
| • Land area (in sq. km): | 9,059 (2006) |
| • Population: | 1,704,515 (2006) |
| • Literacy Rate, Adult: | 74.9 (2010) |

BAYELSA STATE

Analysis of the Bayelsa State 2016 Budget

During the presentation of the 2016 budget proposal, the Bayelsa state governor christened the 2016 budget “Budget of Transition” reflecting the fact that, 2016 was an election year. He went further to say that;

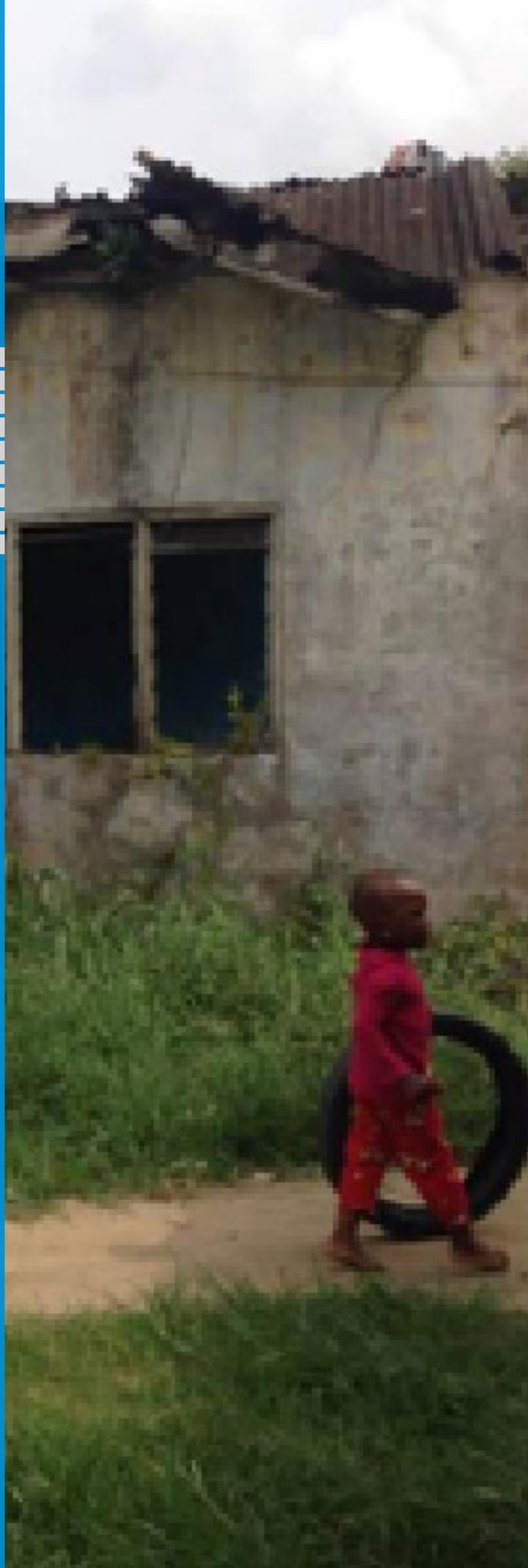
“as a responsible and people centered government, we have initiated so many projects in the selfless, committed and transparent bid to improve the quality of life of the average Bayelsans. Accordingly, the central trust of this budget of transition for 2016 is to ensure that all the projects so far initiated and executed by this administration are completed. This will further confirm that a smooth transition is put in place such that rapid and sustainable economic growth and development is guaranteed for the next four years”.

2015 BUDGET PERFORMANCE

The 2015 Bayelsa State government budget was pegged at N 250 billion which comprised N154 billion or 62% for recurrent expenditure and N 96 billion for capital expenditures respectively. As at September 30th, 2015, actual receipts for the fiscal period was N 148.8 billion or 60% budget realization. The budget was expected to be financed from the following sources:

1. Statutory Allocation N 182,088,582,000 .00
2. VAT N 8,642,000,000.00
3. Independent Revenue N 11,517,000,000.00
4. Capital Receipts/ loans N 48,122,641,452.00

The government informs that as at 30th September, 2015, actual



Bayelsa State

receipt stood at N148.8 billion or 60% of expected revenue. Of this figure only N43.3 billion or 29% was invested in capital expenditures. The rest was spent on recurrent purposes.

Worthy of mention is the fact that 20% or N 48.1 billion of the budget was expected to be sourced through internal loans, regrettably, this figure was overshoot by an additional N 2.96 billion.

The debt profile of Bayelsa State as at December 31st 2015 stands at a staggering N 103.3 billion, making the state one of the top ranked in the domestic debt in Nigeria. This is an emerging trend which inevitably leads to higher and higher expenditures on the repayment of loans and interests.

IGR was expected to account for N 11.5 billion. This is a decline when compared to N 12.2 billion of the previous year. Bayelsa state has had a history of poor IGR revenues. In the 2007 budget for instance, the state did not expected to earn any revenues from internal sources, given the impression that even workers in the service of the state were exempted from paying taxes. Between 2008 and 2011, the IGR witnessed significant increase to between 3% and 5% contribution to the states revenue. Again, between 2012 and 2014, the IGR projection rose to N 12.2 billion while actual receipts were N 4.7 billion in 2012, N 7.2 billion in 2013 and N 9 billion as at September, 2014.

Faced with the harsh realities of continued economic down turn especially in the accrual of revenues from the federation account, the governor of Bayelsa State presented a relatively modest budget proposal of N150.6 billion for consideration and passage by the Bayelsa State House of Assembly. The Assembly approved it.

The 2016 budget is made up of N99.3 billion or 67% allocation for recurrent expenditures and N51.2 billion or 33% allocation for capital expenditures. The allocations reflect the continuation of a rather unsettling culture of allocating a higher percentage of the state's earnings to recurrent spending at the detriment of much needed capital expenditures. This pattern has persisted in Bayelsa State for over a decade.

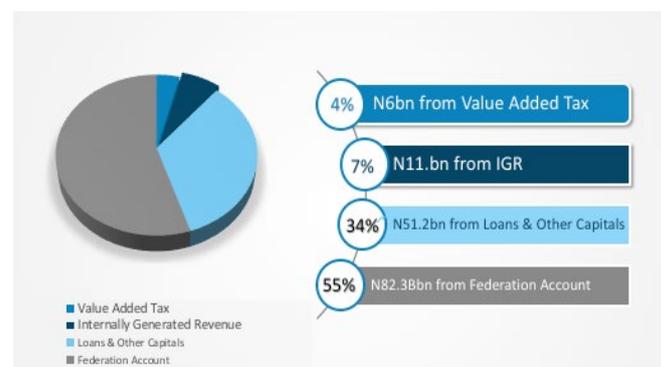


Fig 3.1 Source of Funds

Financing the Budget

Out of the N150.6 billion proposed, 55% or N82.3 billion is expected to come from the federation account, VAT is expected to provide N6 billion or 4%, IGR 11 billion or 7%, Loans and other capital receipts N 51.2 billion or 34%.

A look at the sources of revenue reveals that the state still depends heavily on the federation account and loans from internal and external sources to finance the activities of the fiscal year.

In the all the states of the Niger Delta, Bayelsa state still has the lowest capacity to generate revenues independent of accruals from the oil dependent federation account.



The Education Sector

The 2016 budget of Bayelsa State earmarked the sum of N 3.8 billion or 2.5% as allocation for the execution of capital projects in the education sector. This amount is a N 8.6 billion decline when compared to the previous year's allocations. Clearly, this allocation falls short of the recommended minimum budgetary allocation to Education. It also does not demonstrate the commitment of the government to achieving good strides in the sector.

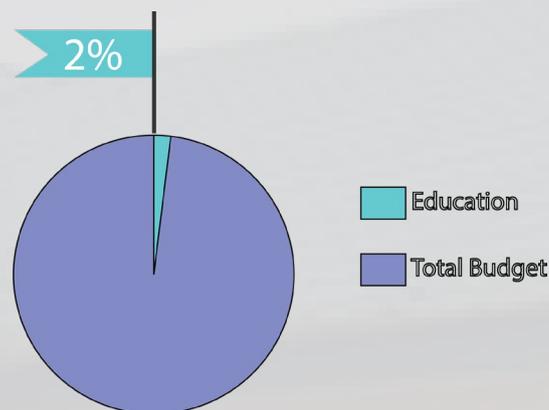


Fig 3.2 Share of Capital Vote to Education



The Health Sector

“With a mission of taking qualitative health care to the doorsteps of every citizen and inhabitant of Bayelsa State and making the State the hub of excellent medical service thereby also promoting health tourism” Bayelsa State Ministry of Health
The health sector got an allocation of N2 billion or 1.3% of total budget size. In 2014, the health sector received capital allocation of N 5.6 billion, and in 2015, it received, N 3.8 billion. The indicates a regular pattern of decline in allocations to the sector. A continuation of this trend of budgetary neglect of citizens healthcare the extent of the commitment of the government to realize its own policy in the sector.

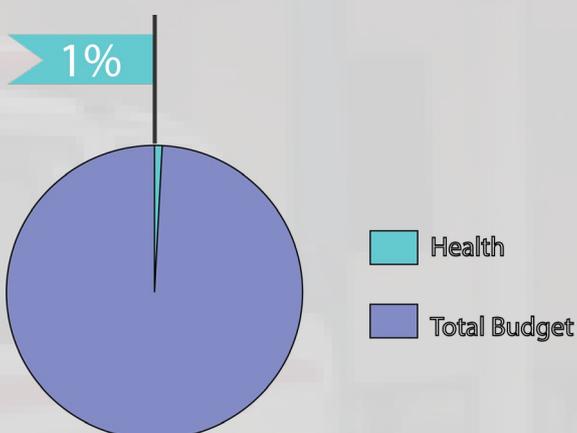


Fig 3.3 Share of Capital Vote to Health



The Sector of Food Sufficiency Sector

The ministry of Agriculture was allocated N 1.3 billion for execution of capital projects in the 2016 fiscal year. This amount represents 0.8% of total budget size. When compared to allocation of the previous years, it shows a reduction of N900 million compared to that of 2015 and a further N 5.6 billion when compared to that of 2014. These declining allocations does not seem to indicated that the government recognizes the primacy of Agriculture which should be views as strategic in the economic diversification efforts of the State especially in the realization of poverty alleviation and employment generation. The challenge of realizing these feet is abysmal with an allocation of N 1.3 billion to the sector

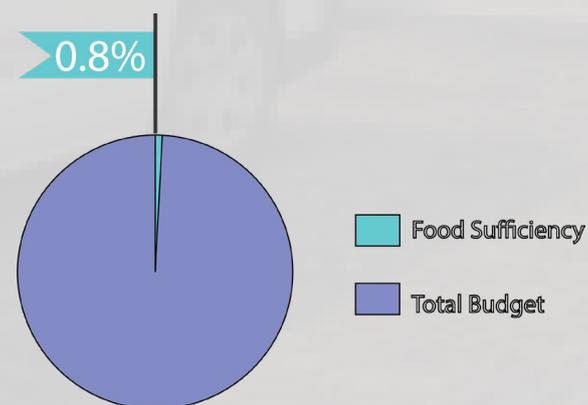


Fig 3.4 Share of Capital Vote to Food Sufficiency

BUDGET MONITORING REPORT

| | |
|---|---|
| <p>Title Amount in Budget Monitoring Report</p> | <p>Construction/Provision of Public Schools N 1.8 BILLION The Grassroot Community Budget Advocates visited several public schools in Bayelsa State, of the schools visited, Construction works were carried out only at Government Secondary School Ogbia Town. Interactions with community people revealed that, constructions ranging from Hostels to Class rooms were carried out in the 2016 fiscal year, they however, were not sure if it was from the 2016 budget, as constructions in senatorial model secondary schools has been ongoing since 2012. Officials at the school acknowledged the receipt of school books, they however, said it was a fall out of 2015 schools items which GSS Ogbia did not benefit then. A block of six (6) class rooms at Community Primary School Okaka/Ekeki was renovated by the Bayelsa State UBE in 2016. All other schools visited did not benefit from any form of construction/provision or rehabilitation in the 2016 fiscal year</p> |
|---|---|

| | |
|---|--|
| <p>Title Amount in Budget Monitoring Report</p> | <p>Purchase of Teaching/ Learning aide N 150 Million All the schools visited did not receive any kind of teaching or learning aid in the 2016 fiscal year. Only Government secondary school Ogbia town received textbooks, although the textbooks were for 2015 fiscal year which the school did not get then.</p> |
|---|--|



Fig 3. 5: Govt. girls sec. sch Kaiama



Fig 3. 6: State school 1 Kaiama



Fig 3. 7: Completed Auditorium, Jasper Boro College of Education



Fig 3. 8: Ongoing construction of lecture halls at Jasper Boro College of Education



Fig 3. 9: Dilapidated staff Quarters at States Primary Sch 1, Ogbia Town



Fig 3. 10: State Primary school Ogbia town



Fig 3. 11: Completed Hostel Block at GSS Ogbia Town



Fig 3. 12: State Primary School Otakeme

Title Construction/Provision of Hospitals / Primary Health Care Centers
 Amount N 1.3 Billion
 Monitoring Report Cottage Hospital Otuagbagi in Ogbia and Comprehensive Health center Sagbama were under lock and key as at the time of the visit. The structures does not seem to have attracted any government attention in the 2016 fiscal year. The team was excited as construction works resumed at Referral General Hospital Sagbama, but the case was not the same for Referral General Hospital Kaiama which has been over grown by weeds and shrubs..
 On arrival at General Hospital Kolo, the team discovered that, the Hospital was under going remodeling and SPDC was responsible for the remodeling, it was further discovered that At Model Health Center Ogbia, the LGA council resumed work in the 2016 fiscal year.



Fig 3. 13: Comprehensive Health Center Ogbia



Fig 3. 14: General Hospital Sagbama



Fig 3.15: Cottage Hospital Otuagbagi, Ogbia



Fig 3.16: Comprehensive Health center Sagbama



Fig 3.17: Referral General Hospital Sagbama



Fig 3.18: Referral General Hospital Kaiama



Fig 3.19: General Hospital Kolo,



Fig 3.20: Model Health Center Ogbia



Fig 3.21: Primary Health Care Centre Otakeme

| | |
|--------------------------|------------------|
| • Capital: | Asaba |
| • Created: | 1st October 1989 |
| • Governor: | Ifeanyi Okowa |
| • GDP Per Capita (\$): | 3,990 (2007) |
| • Unemployment Rate (%): | 27.2 (2011) |
| • Land area (in sq. km): | 17,108 (2006) |
| • Population: | 4,112,445 (2006) |
| • Literacy Rate, Adult: | 74.3 (2010) |

Delta State Budget Analysis 2016

Delta State is home to over 50 oilfields and accounts for over 30% of the oil production in Nigeria. Having a total land mass of 16,842 square kilometers and an estimated population of about 4.8 million people, the state has the potential for agriculture, tourism and commerce. Delta State, however, ranks as the second most indebted state in Nigeria, falling behind Lagos state in the most indebted state hierarchy. With a huge external debt burden of N331.95 billion, Governor Ifeanyi Okowa is saddled with the responsibility of harmonizing the reduced income from the Federal Allocation due to the declined earnings from oil, as well as huge debt management. The key concerns here is the fear that the debt profile is likely to rise even further as the state is expected to increase the rate of borrowing to finance projects. Aside the external debt, the state is also committed to internal outstanding bills which forms part of the recurrent expenditure.

Coupled with this twin problems, Governor Okowa faces an uphill task of his stewardship of the 13 percent derivation fund for oil producing states from the Federal Allocation. He has been accused by different interest groups of mismanaging the funds received for DESOPADEC, a commission created by previous administration for the management of half the sum set aside from the 13% derivative fund from the federal allocation. The 50% was meant directly for the development of the oil bearing communities in the state.

The claims were that he either deployed DESOPADEC funds into project outside the purview of the commission while starving the bonafide communities of projects due them, asserting that even the ones started before he took over office have been abandoned.

2016 POLICY THRUST

Delta State government proposed a SMART agenda for the 2016 fiscal year and the budget under review was supposed to drive the agenda. The acronym SMART represents;



Delta State

- ✓ Strategic Wealth Creation projects and provision of jobs for all Deltans
 - ✓ Meaningful, peace building platforms aimed at political and social harmony
 - ✓ Agricultural reforms and accelerated industrialization
 - ✓ Relevant Health and education policies
- Transformed environment thorough urban renewal

This Plan agenda released as part of the Fiscal Strategy Paper (FSP) and Medium-Term Expenditure Framework (MTEF) 2016 – 2019, is intended serve as a valuable tool for the dissemination and understanding of our development policies, strategies and programmes. It is expected to guide the allocation of resources for programmes in Delta State.

Performance of the 2015 Budget

The sum of N408,864bn was passed into law by the State Assembly as against N327 billion presented to the House by the former governor. This figure was seen by many as 'over-optimistic and unrealistic' considering the drop in the revenue allocation from the Federation Account. When the new administration was inaugurated in May 2015, the budget was reviewed downward to N252.296bn, a negative difference of N156.568bn representing about 38.29%. The amount constitutes a recurring expenditure of N162.744bn while capital expenditure took up N89.551bn.

With regards to revenue, at the end of the third quarter, the government had recorded a revenue receipt of N152.105bn representing an overall budget performance of about 80% over expected revised

proportionate Q3 revenue expectations of N189.222. In terms of expenditure, a total of N141.739bn was disbursed for the same period under review. Out of this amount, N117.856bn was spent on recurrent items while N23.883 was actual expenditure for capital project.

From the available data, it may seem that the budget performed



Fig 4.1: 2015 Recurrent/Capital Expenditure Performance

well as the overall performance at the third quarter as reflected by the figure is about 80%. It suggests a prudent management of resources and a departure from the previous fiscal year which was riddled with deficit and more debt. However, considering the huge massive downward review of the budget, it is not much surprise that the performance was so highly rated. The main reason for budgeting and appropriation is to touch the lives of the citizens for which the budget is drawn in the first place. Aside paying some outstanding debt, it seemed not much was achieved in the area of capital projects. The government managed to achieve only 35% as regards capital project. Even this too was better than the preceding year where only N11.3 was actually spent in the entire fiscal year out of a budget of N84.1 billion, throwing up a deficit of about 87% in capital budget projections.

2016 BUDGET

Governor Okowa presented the budget sum of N265,668,156,174 (two hundred and sixty-five billion, six hundred and sixty-eight million, one hundred and fifty-six thousand, one hundred and four naira only) to the state house of assembly for passage for the 2016 fiscal year. He stayed true to form in keeping with the spirit of reasonableness in budgeting which he established the preceding year. This amount comprises N153,156,852,956 or 57.65% for recurring expenditure and N112,511,303,218 representing 42.35% for capital expenditure

The revenue distribution trend is indicative of a familiar pattern over the years which is a heavily skewed distribution towards the federal allocation. Occupying about 52% of the projected source of funds, the government once again is relying heavily on statutory allocation including 13% derivation to bear the burden of funding the expenditure for the fiscal year. Comparatively year-on-year, the figure for 2016 is the lowest but against the projection for the fiscal year, it is second only to 54% recorded in 2015, against the dwindling fortune from the sale of oil due to the fall in price in the international market. And since all indications points to the fact that prices would not be buoying any moment soon, it means that the government would be running a huge risk of deficit way down the year and may have to resort to other means of raising fund.

With the huge debt profile already hanging on the shoulders of the present government, further borrowing would be gangrenous to the economy of the state. The government have to come up with a more ingenious means to drive revenue. Just like the preceding year, the state might just find itself employing most of the revenue it generates to servicing recurring expenditure and the payment of the heavily loaded personnel cost which gulped about 60% of the expenditure of the previous year.

2016 Budget Size- Recurrent and Capital Share

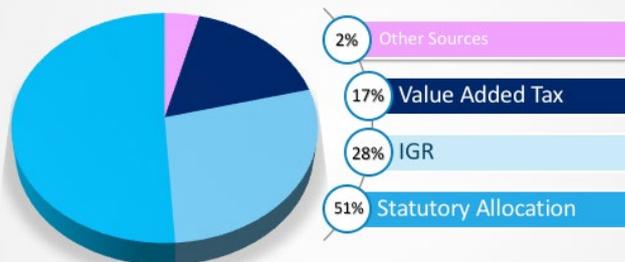


Fig 4.2: Source of Funds 2016

2016 Budget Size- Recurrent and Capital Share

The recurrent and capital share seem to be on an even balance with a relatively marginal variance of 6%. This is a better distribution than previous years and particularly 2015 which had a 29% margin between capital and recurrent in favour of the latter. Though this figure many appear encouraging, if considered against the backdrop of actual disbursement we find that capital expenditures are usually sacrificed in favour of the recurrent. For example, in 2015 and 2014 budgets, in spite of the huge disparity, only 35% and 24.47%. of capital expenditures were achieved as against 97% and 101% of recurrent expenditure respectively.

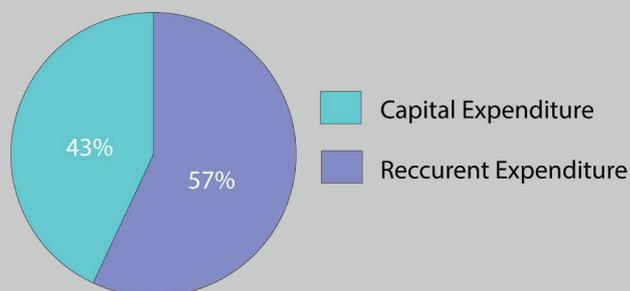


Fig 4.3: Recurrent/Capital Share 2016

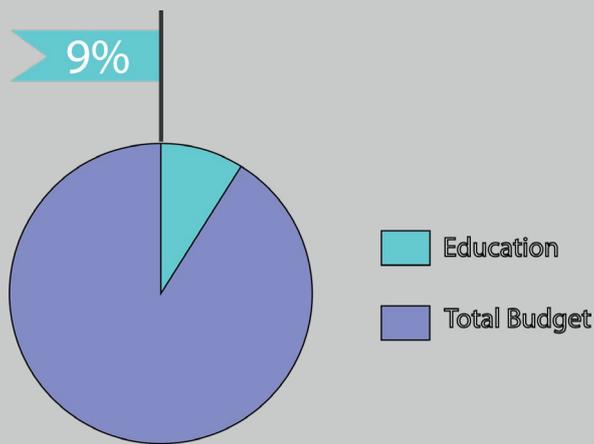


Fig 4.4: Share of Capital Vote to Education

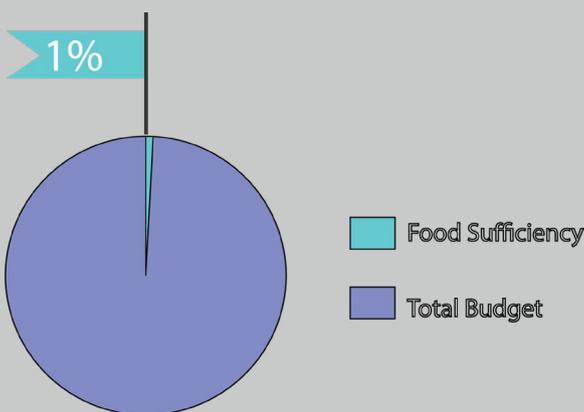
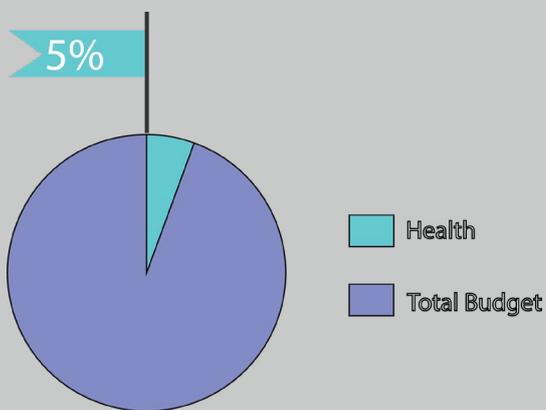


Fig 4.6: Share of Capital Vote to Food Sufficiency



Education Sector

Education is grouped under the Social Sector in the budget. With a proposal of N11,298,838,025 it occupies about 61% of the budget space for that sector which has other constituents as Health, Information & Culture and Social Development. In the overall capital expenditure framework however, education takes up only 9%. This is N15.2 billion less than the N26.5 billion allocated for the sub sector in 2014 and 1% less in comparison to the capital expenditure. The decline in the allocation to education in the state continues over the last four years. The figures used for 2015 (in green boxes) were the allocation to the sector prior to the downward review of the budget by the present government. The details of the adjusted figures are not available but are sure to be much less than those used. From 2013 to 2016, capital budget allocation to education has lost about N15 billion. This may not be unconnected with the decline in revenue accruable to the state, which is responsible for the shrink in the budget size



Health Sector

Health is another very key sub-sector in the Social Sector as stipulated in the budget. The capital expenditure allocation for health in the 2016 budget was N5,793,524,184. This represents 31% of allocation to the Social Sector and a mere 5% of the total allocation for capital expenditure. Like the educational sub-sector, allocation to health have experienced a slide from 2014. Compared to the N9.3 billion allocated in 2015, there a negative difference of about N3.5



The Sector of Food Sufficiency- Agriculture, Livestock Fisheries

With the charge above, the government of Delta state initiated two programmes to actualize the purpose. The Young Agricultural Entrepreneur Programme was initiated to encourage young people into agriculture by boosting awareness and creating incentives. Similarly, the Production, Processing and Support Programme was design to support agricultural entrepreneurs in the bid to increase agricultural product food chain and generate employment for the teaming youth in the state

The capital budget allocation to support these and other schemes to the sub-sector was N675,517,284.00 covering Agriculture, Livestock and Fisheries. This amount forms about 0.6% of the capital expenditure and 0.3% of the total budget. the figure is about N300 billion less than the preceding year. The decline is reminiscent of the general decline in budgetary allocation as reviewed in the Education and Health sub-sectors.

If the performance trend in the three previous years is anything to go by then we should brace up for a longer journey to attaining food security and generate gainful employment as even less resources would be available for promoting programmes for which they were initiated.

BUDGET MONITORING REPORT

| | PROJECT | AMOUNT | MONITORING REPORT: |
|------------------|---|----------|---|
| fig4.7 | Construction of a Block of 6 (six) Classrooms with Toilets and Offices at Adams Primary School, Issele-Uku. | N36m | As at Wednesday January 18, 2017 when the Monitoring Team visited the School, the Project; Construction of a Block of Six Classrooms with Toilets and Stores was being undertaken. Information from members of staff of the school revealed that work commenced at the Project Site in October 2016 and the Project is being executed by the member of Delta State House of Assembly representing the Aniocha North Constituency; Hon. Nwobi, Emeke. The Project is currently at the roofing stage. |
| fig4.8 fig4.9 | Construction of a Block of Six Classrooms at Azagba Primary School, Issele-Azagba | N25.484m | The Project Site was visited on January 18, 2017. A staff of the School conducted our Team round a Block of Three Classrooms with Toilets and Stores which is being constructed. The construction work was seen to have advanced very close to completion. The Headmaster of the School revealed that the Project is being handled by Hon. Nwobi, Emeke; Member of Delta State House of Assembly representing Aniocha North Constituency. The Headmaster gave the impression that the Project is an act of magnanimity from the House of Assembly member. The Team was also shown an abandoned Building Project in the School, which according to some members of staff of the school; the abandoned Project has been there for more than ten years. |
| fig4.10 | Construction of Examination Hall at Ukala Mixed Secondary School, Ukala Okpunor. | N2.5 | Ukala Mixed Secondary School was founded in 1996 as a Community Secondary School managed by the Ukala Okpunor Community. The School was taken over in 2004 by the Delta State Government. Our Team visited the School on January 18, 2017 and recorded the following findings in respect of the Project Title under review. There was no construction of an Examination Hall undertaken in the School within the last one year. There is an existing Examination Hall which according to members of staff of the School was built in 2012 and handled by Hon. Pat Ajudua; the member of Delta State House of Assembly representing Oshimili North Constituency. The roof of the existing Examination Hall started caving in with the ceiling collapsing shortly after the Project was completed and therefore could not be put to use. This no doubt is traceable poor quality materials used. |
| fig4.12 | Construction of Examination Hall at St. Paul's Grammar School, Ebu | N2.5 | St. Paul's Grammar School, Ebu was founded in 1965. It is one of the Schools handed over to the Catholic Mission in 2012 by the Delta State Government. On the Project Monitoring visit to the School, there was no evidence of an Examination Hall Project undertaken within the last one year. The Principal of the School was away at the time of this visit, but the Secretary to the Principal informed our Team that the current Management of the School inherited a dilapidated Examination Hall when it took over the School in 2012. The Team could not be conducted around nor was allowed to take pictures of features in the School premises due to the orders the Secretary said she received from the Principal to that effect when she informed the Principal about the Team's presence. The picture below was sourced through other informal means. |

| | | | |
|--------------------|--|----------|--|
| fig4.11 | Construction of Examination Hall at Okpanam Commercial Secondary School, Okpanam. | N2.5m | There was no evidence of the Project in view in the School. The School was handed over to the Catholic Mission in 2012 and renamed; St. Mulumba Grammar School, Okpanam |
| fig4.13 | Renovation of Akasiede Girls Secondary School, Obiaruku. | N30.00m | There was renovation work carried out in the school during the period under review. The school was established in 1980 by the Government of the defunct Bendel State. It was initially established as a Teachers Training College but later converted to a Girls Secondary School. A senior member of staff of the school who conducted the Monitoring Team round the school revealed that the greatest need of the school is perimeter fencing of the compound. This according to him is because the current situation has reduced the school to a safe shelter for miscreants and cultists who normally use the school compound as hideout for their nefarious activities. |
| fig4.15 | Construction of a Block of six classrooms at Igwete Primary School, Amai in Ndokwa West Local Government Area. | N5.00m | A top source at the school conducted the Monitoring Team round a Block of Six Classrooms which according to the source was constructed in 2016. However; the source lamented the current state of the Block as the ceilings were collapsing as the doors and windows are falling off. The main Administrative Block of the school was a very old and dilapidated structure which poses great danger to both staff and pupils of the School. |
| fig4.14 | Renovation of Amai Mixed Secondary Commercial School, Amai | N30.00m | A staff of the school who conducted the Monitoring Team round the School revealed that the only renovation project in the school is a block of classrooms initiated by the Delta State Oil Minerals Producing Development Commission (DESOMPADEC) in 2015. |
| fig4.16 | Upgrading of Abavo Primary Health Centre to a Cottage Hospital/ | N/A | A reliable source at the Health facility revealed that neither was any physical construction carried out nor any equipment supplied to the facility in 2016. |
| fig4.17 fig4.18 | Construction of Trauma Centre at Central Hospital, Agbor, in Ika | N400.00m | In view of the difficulty in access to information from official of the health facility, the Monitoring Team was left the option of sourcing the need information informally. Sources close to the Hospital who volunteered information were unanimous in the view that there was no Trauma Centre constructed at the Hospital in the last one year. They also revealed that what began at the facility from last year is renovation of the Amenity Ward, the Medical laboratory as well as the Accident and Emergence Unit which also houses the Orthopedic Department. According to one of the sources the renovation work on the structures covers replacement of doors and windows, fixing of floor tiles, block work restructuring and reroofing of the Laboratory Department building. |

| | | | |
|---------|--|-------|--|
| fig4.19 | Supply of Medical Equip-ment at Okwe General Hospital. | N7.5m | The Chief Medical Director (CMD) of the Hospital declined to speak on the Project on the claim that as a civil servant she has no authority to speak to the public and any person except she is directed by her employer. She therefore directed the Monitoring Team to the Delta State Ministry of Health and the State Health Management Board as the appropriate authorities to speak on the Project. The Team was not also allowed to take photographs of the premises by the security men of the health facility. |
|---------|--|-------|--|



Fig 4.7: Adams Primary School, Issele-Uku.



Fig 4.8 Azagba Primary School, Issele-Azagba



Fig 4.9 Azagba Primary School, Issele-Azagba



Fig 4.10: Examination Hall at Ukala Mixed Secondary School, Ukala Okpunor.



Fig 4.11: Examination Hall, Okpanam Commercial Secondary School, Okpanam



Fig 4.12: Examination Hall, St. Paul's Grammar School, Ebu



Fig 4.13: Akasiede Girls Secondary School, Obiaruku.



Fig 4.14 Amai Mixed Secondary Commercial School, Amai



Fig 4.15 Block of six classrooms at Igwete Primary School, Amai in Ndokwa West Local Government



Fig 4.16 Abavo Primary Health Centre to a Cottage Hospital/Supply of Medical Equipment



Fig 4.17 Trauma Centre at Central Hospital, Agbor, in Ika South Local Government Area.



Fig 4.18 Trauma Centre at Central Hospital, Agbor, in Ika South Local Government Area.



Fig 4.19 Okwe Community in Oshimili South Local

| | |
|--------------------------|---------------------------|
| • Capital: | Kano |
| • Created: | 27th May 1967 |
| • Governor: | Dr Abdullahi Umar Ganduje |
| • GDP Per Capita (\$): | 1,288 (2007) |
| • Unemployment Rate (%): | 21.3 (2011) |
| • Land area (in sq. km): | 20,280.0 (2006) |
| • Population: | 9,401,288 (2006) |
| • Literacy Rate, Adult: | 37.4 (2010) |

Kano State Budget Analysis 2016

Kano State was created on the 27th of May, 1967 from the old northern Region, when Nigeria’s regional governance structure was replaced with 12 states. Historically, Kano state has been known as a regional commercial hub since the 16th century. That status has remained to some degree till present day. According to the 2006 National Population census, Kano State has a population of 9,383,682 persons, the highest state population size in Nigeria. The state also has a total of 44 local government areas, also the highest number in the country. By Nigeria’s revenue sharing formula, this counts for higher earnings from the federation account.

2016 Policy Direction

While presenting the State 2016 Budget to the House of Assembly, Governor, Dr. Umar Ganduje of Kano State captured the thrust of the 2016 budget as “aimed at pursuing development objectives built on progressive policies, needs, aspiration and priorities geared towards the continued leadership position of the state in all sector of the economy particularly Commerce, Industry, Education, Agriculture and Infrastructure development”

This implies that Kano state intends to use the 2016 Budget to diversify the state resources of revenue and also pursue policy objectives that will continue to promote other key sectors such as Education, Agriculture, and Infrastructure. The governor further explained that the year’s budget will be a vehicle to progressively pursue and complete about 2000 projects initiated by the previous administration in the state.

The government presented a budget of N274.8 billion to the State House of Assembly for deliberation. The same amount was passed as the 2016 budget of Kano State.

PERFORMANCE OF THE 2015 BUDGET

The Kano 2015 budget tagged “Budget of Celebration of Success” had a total of N210.7 billion with recurrent allocation of N75.14 billion and capital estimates of N135.61 billion. Shedding light on the estimated revenue for the budget, the governor stated that it includes Internally Generated Revenue of N45.6 billion, and Statutory allocation of N 52.2 billion, Value Added Tax of N10.6 billion, other receipts of N5.4 billion and total capital receipts of N 96.8 billion.



Kano State

He further stated that despite the nationwide cash crunch his government would not take any loan to finance its projects, and that “besides completing (ongoing) projects, the government plans to embark on new ones”. However, his successor, Governor Ganduje in his 2016 budget speech pointed out that he inherited over 2000 on-going projects from the previous administration, indicating that the objective of completing all ongoing project as a minimum deliverable of the 2015 budget was not met. According to the government, the 2015 budget performance stood at 61% as a result of dwindling revenue. This seems to be the impetus of the new administration’s focus on diversifying the economy of the state to more stable and independent sources

THE 2016 BUDGET

To further buttress the economic diversification intentions of the government, the 2016 Budget of Kano state was tagged “Budget of Self Reliance”. It overtly emphasizes the readiness of the state to depend more on internal sources of revenue generation as opposed to the continued dependence on the oil determined federation account. In terms of size, the 2016 budget N274 billion represents a nominal increase of 30% in comparison to the 2015 budget which has a total outlay of N210. billion. The 2016 budget estimate consists of N191.55billion for capital expenditure and N83.27 billion for recurrent spending.

Compared to 2015, where the recurrent estimates share of the overall budget was 36%, in 2016 it reduces to 30%. Correspondingly, capital spending increases from 64% in 2015 to 70% of the overall budget in 2016. The share seems balanced considering the daunting capital infrastructural needs of the state.

To fund the 2016 budget, the state government projected a revenue comprising of N60 billion as Internally Generated Revenue, N97.4 billion as transfers from the Federation Account (FAAC), N29.4 billion to be secured via Internal and External loans, N52.3 billion as Grants, N35.5billion Miscellaneous and N100 million Treasury Bill.



Fig 5.1 Recurrent and Capital Share of 2016 Budget

A close examination of the state's revenue streams and their contributory share to the overall expected income of the state in 2016 shows that Kano state still depends largely on federal allocations, loans and grants to finance development in the state. This is clearly at variance with the policy direction of the state which places emphasis on the desire of the state to diversify its economy. 78% of the state revenue in 2016 is expected to come from sources which do not necessarily depend on the effort or judicious management of the state, while only a modest 22% is expected to be generated internally. This is against the spirit of the state policy direction of economic diversification, certainly not a demonstration of self-reliance. Kano State and Debts

Of equal importance to note is the fact that a chunk of the state's income in 2016 is expected to accrue through internal and external loans. Kano state has an external debt stock profile of \$59.6 million while the state's domestic debt as at December 2015 was N65 billion. With the proposed new loans, Kano will be rated among the most indebted states in Nigeria, leaving the state with a heavy repayment burden.

EXPENDITURE TREND

The 2016 Kano State Budget has a total of N 83 billion in Recurrent Expenditure which represents 30% of the total budget estimates while Capital Expenditure has total budget allocation of N191 billion which represents 70% of the total budget. The recurrent expenditure is structured to cover Personnel Cost and Overhead cost. Over 72% of the Recurrent Expenditure is allocated to Personnel Cost while Overhead cost takes 24% of the recurrent expenditure. Analysis of the expenditure trend in 2016 shows a 22% increase in personnel cost expenditure and over 10% reduction in Overhead cost. It is important to note the efforts by the Kano state government to reduce the cost of governance by making conscious effort to reduce overhead cost in the state. This trend reflects in the expenditure structure in almost all the Ministries, Departments and Agencies (MDAs) in the state. This trend is commendable.

Capital estimates in the 2015 budget was put at N135.6 billion, but with the level of performance attained, only N82 billion representing 60% was allocated to implementing capital projects in the state during the year. However, in the 2016 budget speech, the governor reported that quite a good number of the 2015 of over 2000 inherited projects have been completed and commissioned by his administration. The relative poor performance of the 2015 budget shows that about 50% of

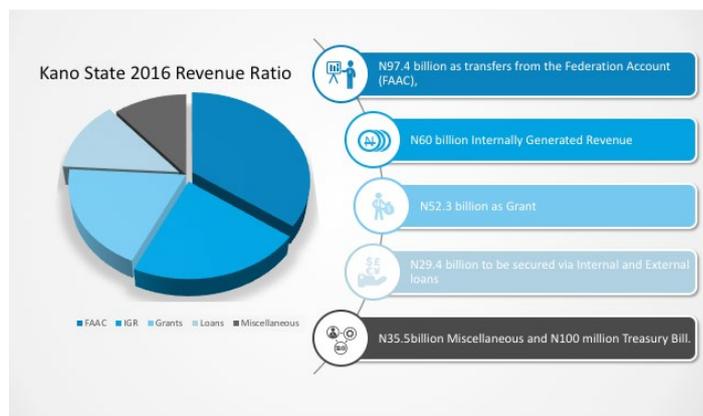


fig 5.2: Kano State 2016 Revenue Ratio

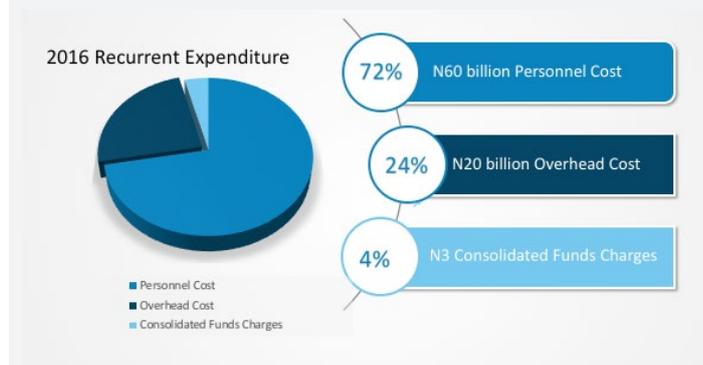


Fig 5.3: 2016 Recurrent Expenditure Structure

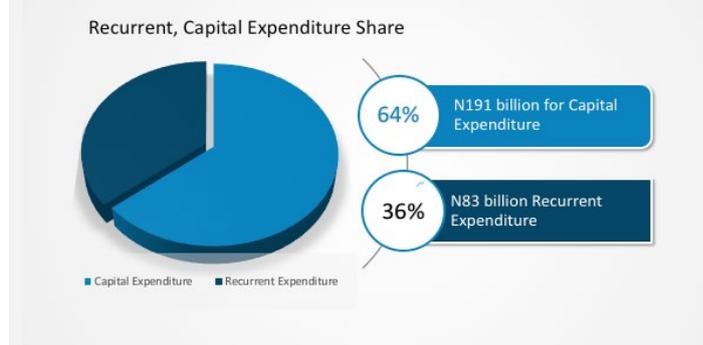


Fig 5.4: Recurrent and Capital share of 2016

SECTORIAL ANALYSIS OF THE 2016 BUDGET



The Health Sector

Kano State government proposed to spend a sum of N13.7 billion of the entire budget for various health related programs. This amount represents about 5% of the entire state budget

The N13.7 billion health Sector capital allocation in 2016 is higher than what was allocated in 2015 which was N4.9 billion. This represents a nominal allocative increase of 179.5%. While the increase is highly commendable and reflective of a renewed drive to address the health challenges in the state, there is however great need to ensure that the amount is actually spent in the sector. Going by evidence of previous budgets, actual performance is often at variance with what is allocated.



The Sector Education

According to the governor's budget speech, the Education sector is one of the key areas it aims at paying greater attention to and improving. To achieve the target in the sector, a total sum of N23.65 billion is allocated with the intention to continue developing and encouraging educational capacity at all levels. This amount represents an improvement on the 2015 allocation to Education which was N18 billion.

The 2016 allocation to the education sector represents 8.5% share of the overall budget. By comparison, this represents 31% increase from the previous year. Again while there has been nominal improvement in the education budget, a vital concern is how much of the allocation will actually be spent on delivering education to the people of the state. As in the health sector, experience shows that performance is hardly commensurate with the huge allocation. Another concern is the fact that the 8.5% allocation to the education sector does not demonstrate the commitment of the government to fundamental improvement in the sector.



Sector of Food Sufficiency

To promote food security in Kano state and drive economic diversification through agriculture, development in the sector and ancillary sectors is imperative. The governor in his budget speech pointed out that priority will be given to this sector. To achieve its targets, the sum of N 7.5 billion is earmarked for the development of the sector. This amount represents a 167% increase from the previous year which was N 2.5 billion. This indicates greater commitment geared towards the sector. However, with the current economic situation with its attending threat to food security, a budget allocation of N 7.5 billion to agricultural sector is quite modest and may not be enough to achieve the targets of the state, especially given its population. The 2016 allocation is just 3% of the total budget estimates.

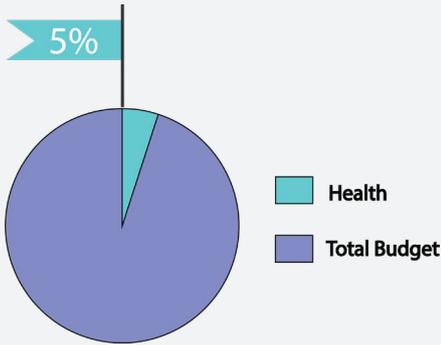


Fig 5.5: Share of Capital Vote to Health Sector

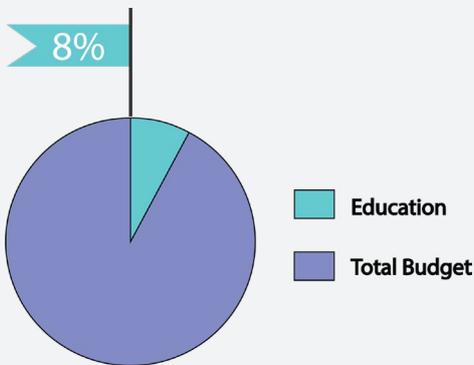


Fig 5.6: Share of Capital Vote to Education Sector

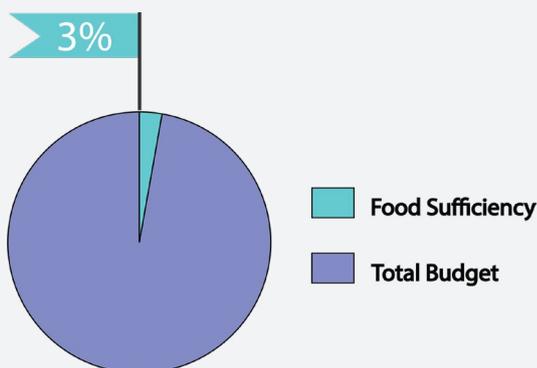


Fig 5.7: Share of Capital Vote to Food Sufficiency

BUDGET MONITORING REPORT

| | PROJECT | AMOUNT | MONITORING REPORT: |
|--------------------------|---|--------------|--|
| fig5.8 | 060426 – Establishment of 38 Schools for Islamic Studies across the state (Wudil, Garko, Sumaila inclusive) | N2 Billion | Arising from field visits to Wudil, Garko and Sumaila LGAs, we are made to understand that it was the former Governor Rabiu Kwankwaso that started the building; however, the current administration is yet to complete the said schools. This means that, throughout 2016, Kano State Government did not do anything on the said 38 Schools of Islamic Studies. |
| fig5.9 | 550102 – Construction And Equipping Of 2 Lecture Hall Complex At School Of Management Studies (SMS) and School of general Studies (SGS), Kano State Polytechnique | N26 Million | According some of the academic staff interviewed, no new lecture hall was constructed by the State Government in 2016 fiscal year. We went round and did not any new structure other than the one built by TET FUND. Photographs |
| fig5.10 | 050702 – Completion of Faculty of Engineering Complex at Kano University of Science and Technology, Wudil | N300 Million | From the interview we made, the said faculty was built in 2011 and since then, that faculty is yet to be completed by the State Government. This means that nothing is done pertaining to the said completion of the faculty. |
| Health | | | |
| | 040605 – Establishment of Kano Contributory Health Scheme Agency, Kano | N100 Million | Upon inquiry in the State Ministry of Health, we were made to understand that, in 2016, the state Government only constituted an implementation committee and gave them a temporary Secretariat at No. 3b behind Government House to run the agency |
| | 040606 – Establishment of Deafness Screening and Treatment Centre in Kano South Senatorial District | N46 Million | Several inquiries were made both within the Health Ministry and across the general public, but no such centre said to have exist across the two senatorial zones. |
| Works and Housing | | | |
| fig5.11 | 050212 - Rehabilitation and Upgrading of Sani Abacha Stadium, Kano Municipal LGA | N50 Million | No sign of any renovation and the staff of the stadium have attested to that |



Fig 5.8: Part of the 38 uncompleted School for Islamic Studies established since Kwankwaso's administration!



Fig 5.9: sections of one of the 38 uncompleted School for Islamic Studies established since Kwankwaso's administration!



fig 5.10: Faculty of Engineering Complex at Kano University of Science and Technology, Wudil



Fig 5.11: Sani Abacha Stadium, Kano Municipal LGA

| | |
|--------------------------|------------------|
| • Capital: | Lafia |
| • Created: | 1 October 1996 |
| • Governor: | Umaru Tankoa |
| • GDP Per Capita (\$): | 1,588 (2007) |
| • Unemployment Rate (%): | 36.5 (2011) |
| • Land area (in sq. km): | 28,735.0 (2006) |
| • Population: | 1,869,377 (2006) |
| • Literacy Rate, Adult: | 52.9 (2010) |

Nasarawa State Budget Analysis Background

Nasarawa state was created on the 1st of October 1996 by military decree and through the partitioning of Plateau state. The state currently has 13 local government areas spread over a land mass of 27,117 km². The 2006 National Population Census puts the population of the state at 2,040,112. Nasarawa state is bordered by Kaduna State in its north, Kogi and Benue states in the south, the FCT Abuja on the west and Taraba and Plateau on its east. In Nigeria's geopolitical parlance, Nasarawa state is considered a 'north central state'.

The Nasarawa State 2016 Budget was developed in the light of realities of Nigeria's economic recession occasioned principally by the global fall in the prices of crude oil. To this effect, the government emphasized more robust generation of internal revenue, as well as improved prudence in the management of the resources of the state. According to it, the key objective of the budget is to address increased poverty, displacement, and loss of properties by citizens of the state while promoting inclusiveness as a center point policy of the administration. The government also says the state will through the budget, mainstream often forgotten constituencies like people living with disability, the displaced, women and children, the old and rural indigent group. The government also says it intends to adopt a pragmatic approach to solving the economic problems that confront the state by taking realistic and practical decisions to quickly put the state on the path of growth and rectitude. In his budget speech, the governor says the state's 2016 Budget is also designed to prioritize the education and health sectors given the critical roles they play in making life worthwhile to the people. He emphasizes his commitment to the development of these two sectors, while also giving priority to employment creation.

PERFORMANCE OF THE 2015 BUDGET

In the same budget speech, the governor also presents a summary run down of the performance of the 2015 budget. According to him, the Nasarawa State 2015 approved budget had a total figure of N108.1billion. Of this amount, N63.6billion



Nasarawa State

which represents 59% of the total budget was earmarked for Recurrent Expenditure, while N44.4billion was dedicated to Capital spending.

In terms of revenue to fund the budget, the state performed poorly as only N43.4 billion was realized as at October of the 2015 fiscal year. In percentage terms, this amount represents just 40.23% of the total expected revenue for 2015. In terms of expenditure, the buck of available revenue spent on recurrent purposes. Of the N43.4 billion, N27.2 billion which represents 63% was utilized on Recurrent Expenditures. Only 37% which was N14.02billion was utilized on Capital Expenditures. The state also acquired a concessional loans to the tune of N3.96billion. This amount increased the state domestic debt stock by 10% to N43.9billion, making the state heavily indebted.



Fig 6.1: N43.4 bn Revenue Realized as at October 2015

The above diagram depicts the revenue realized by the state in 2015 was expended. Besides the Capital and Recurrent expenditures which stand at ratio 1:2, 5% amounting to N2.2bn of the revenue could not be categorized under any expenditure head.

The Nasarawa State House of Assembly on 20th April 2016 expressed their concern over the 2015 budget which they rated had performed poorly. The Speaker of the state Assembly noted that funds appropriated for capital expenses were not released to ministries, agencies, boards and parastatals. The Speaker further noted that there was a gross violation of the Nasarawa State Financial regulation law in the 2015 budget implementation.

The State's Assembly also pointed out the 2015 budget witnessed over spending in most economic codes of most

ministries, agencies, boards and parastatals without authorization. The Assembly also raised alarm over instability in the Internally Generated Revenue and lack of collection centre for revenue. According to the legislature, this allowed for embezzlement of revenue out of the state's internally generated revenue. However, the state governor predicated the poor performance of the 2015 budget on the faulty and unrealistic, parameters on which the budget was based, making their targets unachievable.

2016 BUDGET OUTLOOK

Nasarawa State Government in a bid to avoid the pitfalls of the 2015 budget, developed a relatively modest budget of N79.301 billion for 2016. This amount represents a significant decrease of N30.2billion, representing 38 % decrease from 2015 Budget estimates.

The Government cited the 2015 poor budget performance as the major reason for setting a more realistic and pragmatic targets in 2016. To achieve this target, the government plans to ensure prudent management of resources, while it also fashions out remittance mechanism to improve internally generated revenue. However, one of the ways the state plans to meet the budget estimates is to increase borrowing. It planned to access N10billion CBN Infrastructural Facility Loan as well as a N5billion Bond and N1 billion Commercial Bank Facility.

BREAKDOWN OF THE SOURCES OF REVENUE FOR 2016

The N77.9 billion budget estimates were expected to be financed from the following sources:

1. N30 billion Statutory Revenue Allocation
2. N10 billion Value Added Tax (VAT)
3. N250 million Excess Crude Oil receipt
4. N2.5 billion Exchange Gain
5. N3.5 billion Special Allocation
6. N250 million Refund from NNPC
7. N6.24 billion Aids and Grants
8. N5 billion Bond
9. N8.9 billion Internally Generated Revenue
10. N10 billion CBN Infrastructure Intervention Facility
11. N1 billion Commercial Bank Overdraft

It is noted with concern that the Debt composition in the expected revenue for 2016 Nasarawa state budget stands at 32% or N25 billion. This is a high amount to be borrowed by a state with a total budget estimates of N77.9 billion and an existing N43 billion domestic debt. This does not in any way support the professed objective of improving Internally Generated Revenue (IGR) of the state rather it shows that the state depends largely on Federal Government and Internal borrowing to finance its 2016 budget.

NASARAWA STATE EXPENDITURE PATTERN IN 2016

SECTOR OF EDUCATION

The Nasarawa state education sector has a total budget allocation of 17.05 billion which represents 21.8% of the total budget

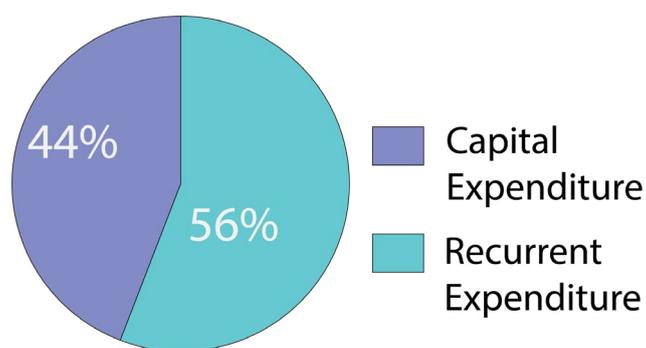


Fig 6.2: Nasarawa State 2016 Budget Structure

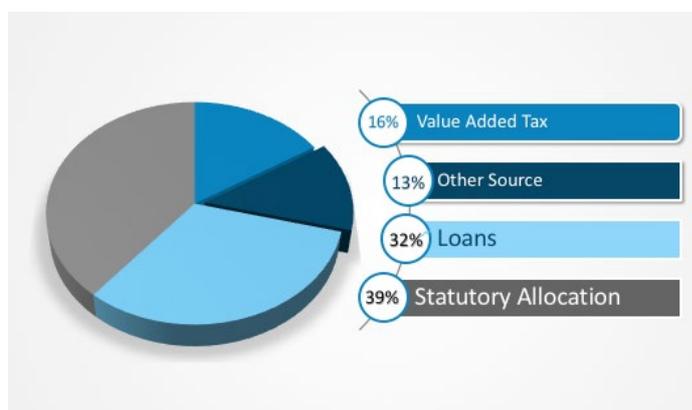


Fig 6.3: Nasarawa State Expenditure Pattern in 2016

Of the N77.9 billion budget estimates for 2016, the state has a total recurrent allocation of N43.33 billion, representing 55.6% of the entire budget. As an improvement over that of 2015, N34.5 billion was earmarked for Capital Expenditure. This represents 44.4 % allocation as against the 37% allocation made in 2015.

figure. This amount is to be shared between the Ministry of Education and the agencies under the Ministry. These include Nasarawa State Universal Basic Education Board, Nasarawa State Library Board; Agency for Adult and Non-Formal Education, Nasarawa State Polytechnic Lafia, College of Education, Akwaga; Nasarawa State University, Keffi; College of Agriculture, Lafia; Teachers Service Commission, Ministry of Special Education, Science and Technology; Scholarship Board; Ministry of Higher Education.

It is worrisome to note that of the N17.05 billion allocated to this sector, only a paltry N2.5 billion representing 14% was the Capital expenditure component of the entire allocation. Some agencies have little or no capital allocation while only the Ministry of education has above N1 billion in capital allocation. A common trend in the entire allocation is the extremely high recurrent rate in all the Ministries and agencies in the education sector.

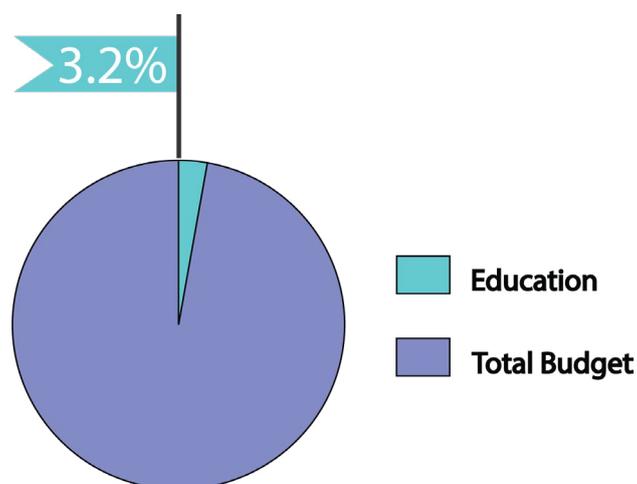


Fig 6.4: Capital Allocation to Education as a percentage of Total Budget

Breakdown of Allocations to Education

| Ministry/ Agency | Recurrent Allocation | Capital Allocation | Total Allocation |
|--|----------------------|--------------------|------------------|
| Min. of Education | N7.3 billion | N1.5 billion | N8.8 billion |
| Nasarawa State Universal Basic Education Board | N375.3 million | 603.1 million | 978.4 million |
| Nasarawa State Library Board | N30.04 million | N4million | N34.4 million |
| Nasarawa State Polytechnic | N1.372 billion | N1million | N1.3 billion |
| College of Education, Akwanga | N1.5 billion | N39.5 million | N1.6 billion |
| Nasarawa State University, Keffi | N3.027 billion | N52 million | N3.079 billion |
| College of Agriculture, Lafia | N790.2 million | N20 million | N810.2 million |
| Teachers Service Commission | N30 million | N19 million | N49 million |
| Min. of Special Education, Science & Tech | N82.3 million | N162.5 million | N244.88 million |
| Scholarship Board | N254.6 million | N300,000 | N254.9 million |

HEALTH SECTOR

The Nasarawa state 2016 budget allocates a total of N6.37billion to the sector of health representing 8% of the entire budget estimate. As in the education sector, this figure does not reflect the state's declaration to prioritize investment in the sector. Further breakdown of the allocation shows a total recurrent allocation of N4.48 billion and N1.89 billion Capital allocation. The percentage of capital allocation to Health in the total capital expenditure profile of the 2016 budget is a paltry 4.3%. This figure is too low for a sector that the state government claims to prioritize in the year's development plan. Percentage of Health sector capital allocation to the overall capital estimates.

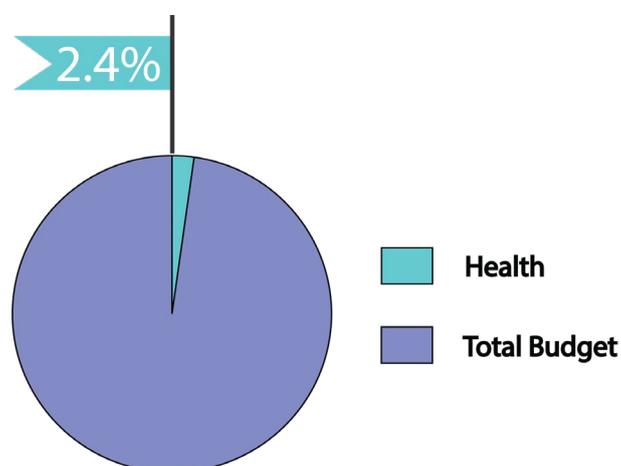


Fig 6.5: Capital Allocation to Health as a percentage of Total Budget

Capital Expenditure pattern in the Health Sector

Despite the low level of capital investment in the Nasarawa health sector, a more disturbing fact emerges in what appears to be disproportional capital allocations among the 23 agencies/ departments in the sector. A critical look at the allocation pattern reveals that the Ministry of Health owns 76% of the total N1.5 billion capital allocation to the sector while the remaining 22 organization (mostly General Hospitals) share only 24%. The Expenditure pattern shows that capital allocations to these remaining 22 organizations range between N100,000 to N500,000 among the departments and agencies. The most worrisome is the fact that 20 of these organizations are General Hospitals across the state. Rather than the project directly allocated to the concerned health facilities, all the projects are domiciled with the Ministry of Health.

The analysis of the sector capital expenditure pattern shows a terribly skewed capital allocation. The Ministry of Health alone takes 76% of the capital allocation to the sector while Eighteen General Hospitals in the state less than 1% of the budget capital allocation. This is a serious contradiction in the states agenda of developing the health sector.

SECTOR OF AGRICULTURE

“Government will continue to intensify effort in agricultural development through encouragement in commercial agricultural enterprise, for small and subsistence farmers by easing improved seeds and fertilizer procurement and distribution at subsidized rate. Government will also raise the standard of our veterinary services for the purpose of improving and sustaining a healthy livestock development”

Food sufficiency is clearly not a priority for the Nasarawa state government as it only allocates N2.80 billion to the Agriculture sector. This is despite the acknowledged need to encourage commercial agriculture as noted in the state’s policy statement above. Of the N2.80 billion allocation only N798 million is allocated to the sector’s capital expenditure. This amount represents 28.5% of the total allocation to the sector. The Ministry of Agriculture and Water resources takes N756.1million of the capital votes while Nasarawa Agricultural Development Programme takes just N41.9million.

The capital allocation to the sector of agriculture represents just 2.3% of the total budget capital allocations. This implies a relative lack of concern for food sufficiency in the state.

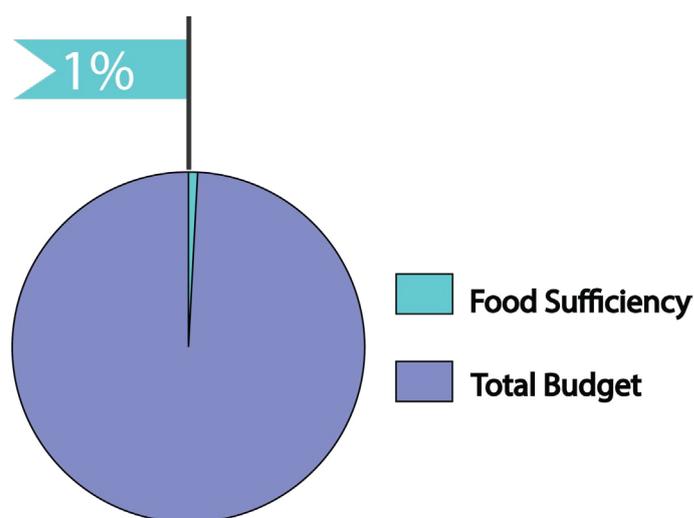


Fig 6.6: Capital Allocation to Agriculture and Water Resources as a percentage of Total Budget

BUDGET MONITORING REPORT

| | PROJECT | AMOUNT | MONITORING REPORT: |
|---|--|---------------|--|
| Agriculture and Wataer Resources | | | |
| Fig6.8 | DEDERE WATER PROJECT | N122 Billion | The contract for the project was awarded in 2014, completed in 2016. It was meant to supply water to Dedere and the surrounding towns. A staff of the development area interviewed said since the water project was commissioned and test-run in February 2016 for just one week, the supply of water has since stopped and nobody is offering any explanation. |
| Fig6.9 | CONSTRUCTION OF VETERINARY HOSPITAL | N156 Million | The project was supposed to be a construction of a veterinary hospital, but what we saw was a partial renovation of an old structure. A staff of the hospital has confirmed that there is inadequate supply of equipment, lack of awareness of the existence of the hospital, there is no supply of water and the hospital has no parameter fence. The renovation was carried in 2015 |
| Fig6.10 | CONSTRUCTION OF LAFIA ABATTOIR I | N 7.3 Million | This project was awarded and constructed in 2003 by the first civilian administration in the state. Yet it appeared as a construction and was budgeted for in 2016. Our visit to the site confirm some renovation work going on, like drilling of borehole, flooring and wall dressing. There is no supply of electricity to the place and the place has not been put to use for about four years. |
| Fig6.15 | UPGRADING OF HOME ECONOMICS CANTEEN IN AKWANGA | N 300,000 | A visit to the site has confirmed that this work that was budgeted for has been abandoned. There was no single personnel or worker seen in the place and it was not fenced. No one was available to explain reasons for this |

| | | | |
|---------|------------------------------|--------------|---|
| Fig6.12 | NASARAWA EGGON WATER PROJECT | N 17 Million | <p>The contract was awarded in 2013 because it was captured in the budget. It was an MDG's (now SDG's) project. The project was completed and connected to the National grid. Not until around February, 2016 that the project was commissioned to supply water to Nasarawa Eggon town. It was test-run for barely two weeks then it stopped. Since then nothing has been done to this gigantic project.</p> <p>In an interview with the security guard on site, it was revealed that since the pumping machine stopped work, government has neglected the project.</p> |
|---------|------------------------------|--------------|---|

Education

| | | | |
|---------|--|---------------|---|
| Fig6.11 | CONSTRUCTION OF MALE/FEMALE HOSTELS AT THE COLLEGE OF AGRICULTURE LAFIA | N 200 Million | <p>The construction of both hostels was awarded in 2014. Visit to site confirmed that work is at 40% completion other things discovered was no parameter fence, work seems to have stopped. When the authorities of the institution were contacted, they declined to comment.</p> |
| Fig6.16 | CONSTRUCTION OF MALE/FEMALE HOSTELS AT THE NASARAWA STATE POLYTECHNIC, LAFIA | N 200 Million | <p>Also this contract was awarded in 2014, but the budget keeps occurring after that. Visit to the site confirm that one of the hostels is almost completed waiting to be painted whereas the other one is at 60% competition. Work seems to have stopped, there is no parameter fence and when authorities were contacted, they refused to comment on the work.</p> |
| Fig6.13 | CONSTRUCTION OF MALE/FEMALE HOSTELS AT THE COLLEGE OF EDUCATION, AKWANGA | N 200 Million | <p>The contract and foundation laying was in 2014. Just like other institutions it was a construction of a 336 capacity student's hostel. Unlike other institutions, these hostels at the College of Education were 100% completed. Not only that the two hostels were completely finished with beds and mattresses ready for occupation. The only complain from the authority is lack of a borehole.</p> |
| Fig6.17 | CONSTRUCTION OF MALE/FEMALE HOSTELS IN NASARAWA STATE UNIVERSITY, KEFFI | N 300 Million | <p>The project was awarded in 2014 budget and work has commenced. At the time of visit the work has gone 60% completion at the male hostel while that of the female hotels is at 40% level. Both hostels have no parameter fence. There was no one at the site to talk to. The work appeared to have been stopped.</p> |
| Fig6.14 | CONSTRUCTION OF SPECIAL EDUCATION SCHOOL, GUDI | N 3.7 Million | <p>The contract for the school was awarded in 2014. Visit to the site has shown that the work is at lintel level and just about 40% constriction level. We also observed that the project was on a water way. In an interview with one of the security men at site, it was revealed that the work has been abandoned for over three years now. There was no ministry officials on ground to talk to.</p> |

Health

| | | | |
|---------|--|---------------|---|
| Fig6.18 | REHABILITATION OF GENERAL HOSPITAL AT MARARABA-UDEGE | N 156 Million | A visit to the place shows no any rehabilitation work done to the hospital though budget provision has been made. The structure is in bad shape with all the roofs leaking. There is no power supply to the hospital; they depend on a bad generator that uses diesel and money has to be generated internally to fuel it. The ambulance at the hospital is grounded and the whole environment is bushy. In fact there is serious government neglect at this hospital. |
| Fig6.19 | CONSTRUCTION OF 40 BEDS STANDARD MODEL HOSPITAL AT AKWANGA | N 728 Million | Construction at the site is 50% completion; while some structures have been roofed others are at lintel level. A visit to the site confirmed that the construction site appeared abandoned with no visible sign of people. What we saw were some building materials and abandoned vehicles on site. The hospital has no parameter fence, yet the huge amount keeps reoccurring in a budget for like three years. |
| Fig6.22 | CONSTRUCTION OF GENERAL HOSPITAL AT NASARAWA TOWN | N 200 Million | A visit to the site indicates that the project is abandoned. Though the work has reached 50% with some structures at roofing and lintel levels. A security man on site has confirmed to us that he has not seen the presence of either government officials or contractors for like two years now. |
| Fig6.21 | REHABILITATION OF GENERAL HOSPITAL AT AGBASHI | N 102 Million | Our visit to the hospital has confirmed the outcry by the people of the community that they have been ignored by the government. A hospital that a budget provision of N 102 million was made for rehabilitation yet the structures are in a dilapidated condition One of the staff interviewed says in spite of series of complaints to the authority concern, nothing is been done about the hospital. |
| Fig6.20 | REHABILITATION OF GENERAL HOSPITAL AT ARIKYA | N 52 Million | A visit to the hospital confirmed that there is no nexus between the amount budgeted and the physical structures on ground. The hospital is in dire need of renovation and equipment. A staff at the hospital says even the transformer that was supplied to the hospital never worked for a day. It was a fake one. |



Fig 6.8: Disfunctional Water Project art Dedere



Fig 6.9: Renovated structure in place of a Vetinary Hospital,



Fig 6.10: Lafia Abattoir first constructed in 2003 but still appeared in 2016 budget.



Fig 6.11: Construction of hostels at College of Agriculture Lafia



Fig 6.12: Nasarawa Eggon Water Project, first awarded in 2003 but captute in 2016 budget as SDG Project



fig 6.13: Hostels at the College of Akwanga under construction



Fig 6.14: Special Education School Gudi under construction



Fig 6.15 : Abandoned work at the Hone Economics Canreen in Akwanga



Fig 6.16 : Hostels at the Nasarawa State Polythectic under construction



Fig 6.17 : Construction of Male/Femal Hostel in Nasarawa State University Keffi



fig 6.18: General Hospital Mararaba-Udege. No rehabilitation going on



Fig 6.19: Standard Model Hospital Akwanga under construction



Fig 6.20 : General Hospital Arikya



Fig 6.21: General Hospital Agbashi, No visible construction going on.



Fig 6.22 Abandoned construction of General Hospital Nasarawa Town.



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