

BEYOND AMNESTY

2009

CITIZENS REPORT ON STATE
AND LOCAL GOVERNMENT
BUDGETS IN THE NIGER DELTA



NIGER DELTA CITIZENS AND BUDGET PLATFORM

BEYOND AMNESTY

**Citizens Report on State and Local Government Budgets in
the Niger Delta, 2009**

NIGER DELTA CITIZENS AND BUDGET PLATFORM

Copyright © 2010 Social Development Integrated Centre (Social Action)

All rights reserved.

ISBN: **978-978-902-962-0**

Published for:

Niger Delta Citizens and Budget Platform

www.citizensbudget.org

By

Social Development Integrated Centre (Social Action)

33, Oromineke Layout, Off Emekuku Street, D-Line

Port Harcourt, Nigeria

Tel/Fax +234 84 765 413

www.saction.org

Design and layout: TulipsConsult

CONTENTS

Abbreviations.....	V
List of tables and figures.....	VI
Acknowledgments.....	VII
Summary.....	1
<i>Recommendations</i>	4
Methodology.....	6
Background: Beyond Amnesty.....	7
Akwa Ibom State.....	15
Bayelsa State.....	27
Delta State.....	36
Rivers State.....	43
About NDCBP.....	VIII

ABBREVIATIONS

BEITI - BAYELSA EXPENDITURE AND INCOME TRANSPARENCY INITIATIVE

BYSSDS – BAYELSA STATE SUSTAINABLE STRATEGY DOCUMENT

CBOs – COMMUNITY BASED ORGANISATIONS

EFCC – ECONOMIC AND FINANCIAL CRIMES COMMISSION

ICPC – INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION

IGR – INTERNALLY GENERATED REVENUE

LGA – LOCAL GOVERNMENT AREA

NDCBP – NIGER DELTA CITIZENS AND BUDGET PLATFORM

NDDC – NIGER DELTA DEVELOPMENT COMMISSION

NGOs – NON-GOVERNMENTAL ORGANISATIONS

NNPC – NIGERIA NATIONAL PETROLEUM CORPORATION

PDP - PEOPLES DEMOCRATIC PARTY

PIB – PETROLEUM INDUSTRIES BILL

RSSDA – RIVERS STATE SUSTAINABLE DEVELOPMENT AGENCY

UNICEF – UNITED NATIONS CHILDREN'S FUND

LIST OF TABLES AND FIGURES

Table 1:	Basic components of Akwa Ibom State capital receipts 2009).....	18
Table 2:	Allocation and Actual Expenditure as at August 2008 (Akwa Ibom).....	19
Table 3:	Basic Fiscal Data of Bayelsa State (2009)	28
Table 4:	Budget Projections of Bayelsa State 2007-2009.....	30
Figure 1:	2009 Allocations of Akwa Ibom.....	15
Figure 2:	Budget Share of General Administration (Akwa Ibom).....	21
Figure 3:	Ratio of Revenue Sources of Bayelsa State (2009).....	27
Figure 4:	Recurrent and Capital Share (Bayelsa State) 2007.....	31
Figure 5:	Recurrent and Capital Share (Bayelsa State) 2008.....	31
Figure 6:	Recurrent and Capital Share (Bayelsa State) 2009.....	31
Figure 7:	2008 Budget Performance of Delta State as at 31 August 2008.....	38
Figure 8:	2009 Revenue Sources (Rivers State).....	44
Figure 9:	Budget Share of Education in 2009 (Rivers State).....	46
Figure 10:	Budget Share of Health in 2009 (Rivers State).....	46

ACKNOWLEDGEMENTS

This report presents analyses and monitoring reports of the 2009 state and local government budgets of Akwa Ibom, Bayelsa, Delta and Rivers States by members, volunteers and associates of the Niger Delta Citizens and Budget Platform (NDCBP).

Members of NDCBP's budget analysis team in 2009 comprised of Ken Henshaw, Bonney Akaeze and Ndam Ledornu. Kelechi Obasi provided support to the team.

The budget monitoring teams in 2009 comprised representatives of NDCBP secretariat, member organisations, community volunteers and professional valuers including Emem Okon, Francis Owubor, Joseph Inyang, Uzor Ogbonnaya (Akwa Ibom State), Phillip Slaboh, Wisdom Wilson, Igonikor Oduma, Pephits International Company (Bayelsa), Sebastian Kpalab, Bonney Akaeze, Clement Osadebe (Delta State), Pius Dukor, Ndam Ledornu, Romeo Need, Austin Vince (Rivers State).

Isaac 'Asume' Osuoka contributed to the background section of this report, in collaboration with Ken Henshaw and Chinedu Karl Uchegbu. Elias Courson reviewed the document.

The Secretariat of NDCBP was active in coordinating the analyses and monitoring process. In particular we acknowledge the roles of Ken Henshaw, Mercy Atsekurubu and Tonye Nria-Dappa.

Leaders and members of NDCBP member organisations provided immense support to activities in 2009. We recognise the contributions of Social Development Integrated Centre (Social Action), Stakeholder Democracy Network (SDN), Centre for Environment, Human Rights and Development (CEHRD), Bayelsa NGO Forum (BANGOF), Sustainable Peace Initiative Nigeria (SPIN), Foundation for Non-Violent Social Change, Kebetkache Women Development and Resource Centre and the United Action for Democracy (UAD), South-South Zone.

NDCBP thanks Revenue Watch Institute (RWI) and its staff members, Antoine Heuty and Dauda Garuba, for supporting this initiative and other processes to promote budget transparency in the Niger Delta and Nigeria.

SUMMARY

In 2009 Nigerian government revenues were adversely affected by major shortfalls in petroleum production as a result of increased violence and worsened social conditions in the hydrocarbons bearing Niger Delta. A major military offensive by the armed forces of Nigeria against some militants based in the area was followed by an intensified campaign by the militants who targeted petroleum infrastructure. This was the major cause of reduction in crude oil output to less than 1.7 million barrels per day, from about 2.6 million barrels per day in 2005. The result was that public finances were subjected to one of the worst crisis since independence. The amnesty programme announced by the federal government for militants in the Niger Delta, however, halted attacks on oil facilities by the end of 2009.

The violence in the Niger Delta and the amnesty programme that followed tended to overshadow the continuing failings of governments at all levels to deliver on promises of 'democracy dividends' since Nigeria was returned to a civilian dispensation in 1999. Since then receipts from the Federation Account on the basis of 13% derivation has placed Akwa Ibom, Bayelsa, Delta and Rivers States among the highest earning states in Nigeria. But such receipts have not translated to tangible improvements in the lives of residents of these states. Some of the states are still principally characterized by a large subsistent rural population living in conditions of worsening health and educational infrastructure. The continuation of petroleum related environmental degradation, excruciating poverty and increasing community resistance has turned the states into theatres of conflict.

The crisis in the Niger Delta and impact on government finances further revealed the dangers of heavy dependence on petroleum rents for revenues. The vulnerability of government finances is accentuated by major global fluctuations in the global prices of crude oil, as was experienced between 2007 and 2009. With the fall in oil prices and depletion of the savings from the excess crude account, governments at the federal and state levels have resorted to internal and external loans to maintain expenditures at levels of the recent oil boom period. This portends dangers of entrapment to creditors – the same situation that adversely affected public finances in the 1980s and 1990s.

The fluctuations of oil prices presented another reminder that states need to pro-actively support the development of non oil based economic activities if any measure of stability is to be achieved in the medium to long term. The need for policy shift is predicated on experiences from the past half century. Government's reliance on oil export revenues has resulted in the crowding out of other productive sectors of the local and national economy. Previously vibrant fishing and farming sectors and a robust manufacturing sector have suffered under collapsing national infrastructure including energy and transportation, as governments, not being dependent on taxes from non-petroleum sectors of the national economy, have neglected and diminished incentives to those sectors.

Fluctuating oil prices and resultant reductions to government coffers could explain some of the poor budget implementation and inadequate government spending on social programmes (such as health and education) in 2009. However, NDCBP's analyses of state and local government budgets reveal continuation of profligate spending on unaccountable ventures such as 'security vote' and the maintenance of offices of state governors and local government chairpersons, instead of prioritising of social programmes and investments that boost production of goods and services in non-petroleum sectors of the economy. In some states, the 'security vote' can get as high as ₦12 billion per year and

has acquired notoriety, as it is often propelled above other social and capital provisions. The governor and local government chairpersons have wide discretionary powers over how these funds are spent. Apart from the 'security vote', the rise in militant activities and general insecurity have provided cover for amorphous budget line items like 'special projects', 'welfare', and 'miscellaneous'.

The regime of political corruption in the Niger Delta has made a mockery of the budgeting process as what obtains appears to be recycling of previous year's budgets, without input from the people. At the beginning of the year the state governor makes a show of presenting the year's budget to the legislature which often wastes no time in accenting to it and passing it into law. But the budget is often ignored as a guide to development while legislative arms of government hardly exercise their oversight functions over the executive's implementation of the budget. State budgets often include 'constituency projects' whereby huge sums are allocated to individual legislators to spend as they deem fit within their constituencies. These funds are never accounted for even as residents do not see actual projects.

Oil and Budget Governance

Nigeria's crude oil deposits occur in association with gas. During drilling for crude oil, the bulk of the 'associated gas' is flared by the oil producing companies. The practice of routine flaring continued to the end of 2009, and continues into 2010. The lack of infrastructure to capture flared gas means that flaring would continue into the near future, at the least. During the year 2009, an attempt by the Nigerian Senate to legislate for a 2010 deadline to end gas flares was brushed aside by the intense lobby of the oil companies who cite high cost of production and dwindling revenues as one of the reasons why gas flares will have to continue. The executive arm of the federal government did not show commitment to ending gas flaring, with Minister of State for Petroleum, Odein Ajumogobia describing gas flare deadlines as "a shifting target".

In 2009 a Petroleum Industry Bill (PIB) was presented to the National Assembly of Nigeria by the Federal Government for passage into law. The Bill follows widespread public clamour for an overhauling of the petroleum industries and seeks to bring together the provisions of different laws regulating the petroleum industry and to reform the oil and gas sector in Nigeria. However, observers have questioned the political will to eradicate the organised corruption that has bedeviled the industry in Nigeria.

At some point, governors of the oil bearing states, as well as citizens expressed reservations on some aspects of the PIB. The powerful oil industry lobby has also opposed aspects of the Bill for being "anti-investment", while there are indications that entrenched interests within the NNPC may be attempting to subvert the restructuring process. Also, civil society organisations like Social Action observed that most of the discussions have addressed production and commercial aspects of the PIB - leaving out issues of immediate concern to oil bearing communities, such as resource control and environmental management.

Following the amnesty programme for militants, the Yar'Adua government announced an introduction of a section to the PIB which would allow 10% equity participation for oil bearing communities in the petroleum ventures. This announcement spurred some excitement among the communities, even as the provisions on how this would be managed, as well as the general contents of the PIB have not been made known to leaders of communities at the grassroots level.

Budget Monitoring

In recent times budget monitoring has become a key focus for citizens groups in developing countries seeking political accountability and responsible government. Indeed, one of the essential ways of ensuring that the broad spectrum of citizens, in particular the poor and vulnerable groups in society, get

a fair share of public revenues is through the monitoring of government budgets. Such monitoring can also be an effective way of ensuring that vital sectors of society and the economy do not suffer neglect. Through innovative and constructive engagement on budget issues, NGOs and other citizens groups in developing countries can widen the budget debate beyond the confines of select government offices.

Nigeria's history is replete with the collapse of previous democratic experiments on account of fiscal indiscipline and poor management, and the resultant disaffection of the citizens with government. The involvement of civil society in the process remains a sure way of not only putting elected public officers and civil servants on their toes, but also in averting a relapse into the kind of fiscal chaos and total absence of governance that has always provided ready excuse for military political adventures, as in the past.

For the residents of the Niger Delta, political accountability may be the only assurance that the scourge of poverty, devastation of the environment, unemployment, lack of good schools and inadequate health care, affordable shelter and good roads are addressed. But a lot remains to be done. Citizens' action and advocacy anchored around civil society programmes must be galvanised to ensure that the rights of the citizens to participate in the budgeting process and to monitor the implementation of budgets are guaranteed.

Budget Secrecy

In the states of the Niger Delta, as in other states of Nigeria, matters of budget and other fiscal issues are treated with the utmost secrecy, and are the exclusive preserve of political office holders and a few civil servants. Full budget documents are not readily available on any website or in public libraries in the states. Request for it is viewed with suspicion. Governments of Akwa Ibom and Delta States display the least transparency with the budget process.

In contrast, Bayelsa State has exhibited great promise in terms of budget transparency. While it is the practice in most other states for the budget document to be kept highly secret, Bayelsa State is the first state in the Niger Delta and perhaps in Nigeria to place its complete annual budget on the web for public access and evaluation. This is a trend that is worth commending as it marks a clear shift from the era of secrecy. However, the same trend does not apply to areas such as budget performance documents and other relevant fiscal data. There is potential for improvement with the inauguration of the Multi-Stakeholder Working Group of the Bayelsa State Expenditure and Income Transparency Initiative (BEITI) in March 2009. However, a member of the Multi-Stakeholder Working Group reported that the "the actual direction of the transparency body is still not clear...as the government has allowed bureaucracy to swallow it".

The Rivers State government posted a summary of its 2009 Budget on its website. While the few pages made public gives insight into the overall spending priorities of the government according to sectors, as well as the size and contribution of various revenue sources, it fails to provide any detail into actual projects that the various sectoral allocations will be spent on.

On the analyses and monitoring of the 2009 budgets of the states, NDCBP discovered:

- Low allocations to vital areas such as health and education. Also these sectors are often starved of funds duly appropriated to them.
- There are often budget repetitions and irregularities. For example, the 2009 budget of Rivers State presents very poor distinction of sectors and the attendant allocations. Budget lines that obviously belong to certain sectors are treated as independent. Roads and Drainage is treated as distinct from Sewage and Drainage. In the 2009 Approved Capital Expenditure Estimates of

Akwa Ibom State, project code 44a, "FREE TEXTBOOKS" with budget provision of ₦2 billion is repeated under project code 46, "Support to Free Education Program" with budget provision of ₦1 billion. Both have the same target. Such ambiguity makes it difficult to make for accountability in government.

- States are spending less on residents each year as budgets are hampered by a reliance on revenue originating from oil.
- The Rivers State Budget provides ₦1,050,000,000 for Rivers State House of Assembly Capital Expenditure (In 2008, ₦3,153,319,904 was allocated for the same purpose). No indication of the actual expenditure plan for the funds is provided. This puts to question the principle of separation of powers which preclude legislators from embarking on capital projects.

While the governments of Akwa Ibom, Bayelsa, Delta and Rivers States embarked on development projects during 2009, monitoring of some of the projects by NDCBP revealed that overall budget implementation is low, projects are often over-valued and repeated in different annual budgets. This means that by the time projects are completed, it is difficult to verify the exact amount of public funds expended on such projects.

In many instances, NDCBP discovered that amounts have been appropriated in state and local government budgets, even when such allocations are not known to relevant civil servants. In such cases, the year ended without implementation for the residents. What happens to those funds at the end of the year?

RECOMMENDATIONS

General

Urgent work is needed by governments and, in particular, citizens' organisations to make state and local government budgets relevant to the needs of communities in the Niger Delta area. As has been pointed out in previous reports by NDCBP, addressing the problem of mismanagement of public resources would involve major restructuring of the governance systems; including major electoral reforms that aim at restoring suffrage to the citizens. Continuation of citizens' action is needed in the analyses and monitoring of budgets to expose inherent gaps.

A commitment to Electoral Reforms would provide fresh opportunity for addressing not just the crisis of democracy in Nigeria, but also the lingering Niger Delta crisis. With elections in the region marked by intense violence and rigging, electoral reforms would make citizens' votes to count while legitimising political authority.

In addition, there is need for fundamental restructuring of the local government system in ways that reconciles systems of community governance with the Local Government Areas (LGA) councils. Elected community leaderships such as Community Development Committees (CDCs) should have full representation in local government councils. Chairmanship of LGAs should rotate among different communities. The restructuring of local governance and major electoral reforms would assist communities and citizens to assert their rights and ensure that revenues from oil and gas exploitation are utilized for the benefit of communities.

To State and Local Governments

- Develop enforceable legislation that promotes free information flow, fiscal responsibility and public accountability.
- State and local governments should publish annual state budget proposals prior to presentation to the state houses of assembly and local government legislative assembly respectively. The governments should also make quarterly budget execution reports available to the citizens. Such reports should detail monthly state government income from federal allocations and other sources, and state government expenditures, including allocations to local governments.
- State and local governments should avoid ambiguous languages and statistics in the presentation of budgets. As much as possible, details should be provided for cost and location of specific projects.
- State and local governments should work towards demystifying budgets by making their formulation a public issue and creating windows of opportunity for communities, individuals, and groups to make inputs into the budget processes.
- Government officials should be trained on budget making and monitoring.
- Reduce allocations for 'security vote', 'welfare', the offices of governors and chairpersons of states and local governments respectively and allocate a greater percentage of budgets to education, health, and infrastructure, as these are the pivot for economic development.
- Pro-actively support the development of non-oil based economic activities to ensure more financial stability in the medium to long term.
- Reduce and be transparent about internal and external borrowing. This is so that state residents are aware of possibilities of governors and legislators leaving a debt burden for future administrations and generations.

To Citizens Groups

- Push for the enactment of fiscal responsibility laws and other legislations that promote free information flow, fiscal responsibility and public accountability.
- Embark on awareness campaigns to enlighten the public on the need for active participation in the formulation, monitoring, and evaluation of budgets.
- Mobilise communities to allow for 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 and BEITI 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.

METHODOLOGY

This presentation contains findings of analyses and monitoring of the implementation of the annual budgets of the governments of Akwa Ibom, Bayelsa, Delta and Rivers States. In some instances, the budgets of local government councils were monitored. All analyses and monitoring reports presented in this volume have been carried out by representatives of member organisations and community volunteers of the Niger Delta Citizens and Budget Platform (NDCBP).

During the year under review, NDCBP sent formal requests for copies of annual budgets to the governments of Akwa Ibom, Bayelsa, Delta and Rivers States. None of the governments responded to our formal requests. Visits to the budget offices and other agencies involved in budget matters did not yield the budget documents. In the cases of Akwa Ibom and Delta States, due to the secrecy budget documents are shrouded in, NDCBP had to rely principally on informal channels to acquire copies of 2009 Details of Approved Capital Expenditure Estimates for both states, as full budget documents were not available even to top ministry officials. For Bayelsa state, NDCBP secured copies of the budget through its member organizations from the state. A summary of the sectoral appropriations of the Rivers State government were published in the official website of the state.

NDCBP discovered that in most of the local governments, budget documents were simply not available as councils do not work with budgets. In a state like Bayelsa where elections have not been conducted for the local government councils since 2007, officials appointed by the state governor do not have full access to statutory allocations to the councils, and do not bother with the niceties of budgets.

These analyses are based on policy and mission statements of the various administrations in the states, most of which declare the primacy of education and health and the need for alternative sources of revenue. The analyses sought to examine the level of prioritisation of these sectors by the administrations and the level of fiscal independence they sought to achieve. The monitoring reports are based on random selection of state and local government projects in the states, with special emphasis on the education and health sectors. This report is divided into two main parts. The first part provides a background and insight into an array of social issues with major significance to the development of the Niger Delta. The next part provides the findings of NDCBP budget analysts and monitoring teams in Akwa Ibom, Bayelsa, Delta and Rivers states.

Though, this report is based on activities carried out in only four states in the Niger Delta, the Niger Delta Citizens and Budget Platform is convinced that the practice of appropriation and management of resources is reflective of the practice in the region and even beyond.

BACKGROUND

BEYOND AMNESTY

In 2009 Nigerian government revenues were adversely affected by major shortfalls in petroleum production, occasioned by increased violence and worsened social conditions in the hydrocarbons bearing Niger Delta. For the most part of the year, as the crises in the area escalated, reduced crude oil and gas production meant that public finance was subjected to one of the worst crisis since independence. At the height of the violent conflict in sections of the Niger Delta, attacks on oil installations by some militants based in the area reduced the nation's output to less than 1.7 million barrels per day, from about 2.6 million barrels per day in 2005. The amnesty programme announced by the federal government for militants in the Niger Delta, however, halted attacks on the oil facilities by the end of 2009. Under the amnesty offer, militants who turn in their weapons are expected to be paid a monthly allowance in addition to a promise of job training. However, many observers remain skeptical of the sustainability of the selective amnesty process which does not address the underlying causes for mass poverty, and does not proceed from an understanding of the need to address the issues of corruption and the current inadequate framework for political representation, which ignited the militancy in the first place.

The violence in the Niger Delta and the amnesty programme that followed also tended to overshadow the continuing failings of governments at all levels to deliver on promises of 'democracy dividends' since Nigeria was returned to a civilian dispensation in 1999. Since return to civil rule the country is still struggling to restore its paths towards the goals of sustainable democracy and economic progress, which have proven elusive for Africa's most populous nation.

The Nigerian economy, moreover, is burdened by heavy dependence on petroleum revenues which has left the country vulnerable to major global fluctuations in prices, especially in 2008 and 2009. While crude oil prices averaged \$97 per barrel in 2008, and reached a peak of about \$150 per barrel during the year, by January 2009 prices had crashed to about \$43 per barrel.ⁱ Within a year, federal and state government coffers had been swelled and then punctured.

During the boom of 2008 the different tiers of the Nigerian government shared increased revenues from the Federation Account. This pot of funds was also boosted by the distribution of the bulk of funds warehoused in the Excess Crude Account, which had been set up by previous administrations to save additional revenues over the price stated in the annual federal budgets (\$30 in 2005, \$35 in 2006, \$59 in 2008, \$45 in 2009). Between May and July 2008, ₦1.723 trillion (about \$14.7 billion) was reportedly shared amongst the three tiers of government from the excess crude oil account.ⁱⁱ So much so that former Central Bank Governor, Charles Soludo had said that what is left in the account "will not be enough to make any significant impact on the budget if the price of oil falls below the budget benchmark".ⁱⁱⁱ

The Niger Delta states under review are entitled to 13% derivation from petroleum revenues, as provided for in the 1999 Constitution of the Federal Republic of Nigeria. This principle has essentially made these states some of the highest earners from the Federation Account.^{iv} Unfortunately, this increased allocation has not translated to much tangible improvements in the lives of citizens of the

states. On many development indices, they do not fair better than other non oil producing states in Nigeria. The citizens of these states still live in conditions of worsening health and education infrastructure, a situation compounded by the environmental degradation that is occasioned by oil and gas exploitation.

While there were periods of record high prices, the Nigerian ruling elite have not been able to address the problems of decaying or non-existent social infrastructure. Many ordinary Nigerians blame political corruption for this state of affairs. With the fall in oil prices that followed, and depletion of the savings from the excess crude account, governments at the federal and state levels have resorted to internal and external loans to maintain expenditures at levels of the recent oil boom period. This portends dangers of entrapment to creditors – the same situation that adversely affected public finances in the 1980s and 1990s.

Although the Nigerian federal budget for 2009 was conservative in relation to oil prices at the time of its drafting [budgeting on the basis of \$45 per barrel of oil], the fluctuations of oil prices presented another reminder that states need to pro-actively support the development of non oil based economic activities if any measure of stability is to be achieved in the medium to long term. The need for policy shift is predicated on experiences from the past half century. Government's reliance on oil export revenues has resulted in the crowding out of other productive sectors of the local and national economy. Previously vibrant fishing and farming sectors and a robust manufacturing sector have suffered under collapsing national infrastructure including energy and transportation, as governments, not being dependent on taxes from non-petroleum sectors of the national economy, have neglected and diminished incentives to those sectors.

Fluctuating oil prices and resultant reductions to government coffers could explain some of the poor budget implementation and inadequate government spending on social programmes (such as health and education) in 2009. However, NDCBP's analyses of state and local government budgets reveal continuation of profligate spending on unaccountable ventures such as "security vote" and the maintenance of offices of state governors and local government chairpersons, instead of prioritising of social programmes and investments that boost production of goods and services in non-petroleum sectors of the economy.

Oil, Community Livelihoods and Budgets

Starting from the discovery of oil in Oloibiri, in present day Bayelsa State in 1958, oil bearing communities in the Niger Delta have continued to be described as poor, backward and under developed. This is in spite of the billions of petro-dollars that have been extracted from the region in the last four decades. Attempts to ameliorate the plight of the region beginning with the Niger Delta Development Board (1960) have at best been half hearted. Living conditions in the oil producing communities have remained poor, with devastated and polluted environments, destroyed livelihoods, impaired health and a destroyed social order. Few of the citizens of the region have access to proceeds of hydrocarbon resources. Their children lack access to good healthcare and quality education. Unemployment is high. Yet the country is rated as the world's eighth-largest oil exporter, the fifth-biggest supplier of oil to the United States, and long time Africa's dominant oil producer. Nigeria's oil is classified as "light and sweet," which makes it easy to refine into petrol and its derivatives.^v

Nigeria's crude oil deposits occur in association with gas. During drilling for crude oil, the bulk of the 'associated gas' is flared by the oil producing companies. This practice of routine flaring has continued for over fifty years as a result of a weak regulatory regime in the country. Indeed, Nigeria flares more gas from oil production sites than any other country in the world. Advocacy and campaigns by civil society

groups and agitations by communities in calling for an end to gas flaring in the Niger Delta has been repeatedly ignored by the oil producing companies and their partner - the Nigerian Government. In 2009, an attempt by the Nigerian Senate to legislate for a 2010 deadline to end gas flares has been brushed aside by the intense lobby of the oil companies who cite high cost of production and dwindling revenues as one of the reasons why gas flares will have to continue.^{vi} The executive arm of the federal government has also not shown commitment to ending gas flaring, with Minister of State for Petroleum, Odein Ajumogobia describing gas flare deadlines as "a shifting target".

Corruption remains at the apex of concerns of the citizens of the Niger Delta states. The reason for this is not far-fetched. Many residents of the Niger Delta are traumatized by the brazen display of fiscal irresponsibility that now pervades all tiers of government. This has in turn fuelled political instability as competition for public offices have tended to be more acute and violent. The result is that governments exist in abeyance only waking up now and then to do further damage to the already traumatized psyche of the people.

Bayelsa Expenditure and Income Transparency Initiative (BEITI)

Bayelsa state is making some effort to achieve sustainable development by way of fiscal discipline and transparency through proper planning and partnering with stakeholders. Nothing sign posts this more than the setting up of the Bayelsa Expenditure and Income Transparency Initiative (BEITI). BEITI is programmed to be a key component of the Bayelsa State Government's Sustainable Development Strategy.^{vii} BEITI among others aims to; Sustain peaceful environment and enhance investment climate in Bayelsa State. According to the Bayelsa State Government, the key strategy for sustainable development include,

- *Seek financial and technical partnership with international development partners (UNDP, World Bank, DFID, EU etc.) to achieve the Millennium Development Goals (MDGs)*
- *Review and strengthen government revenue, budgetary and expenditure processes*
- *Design a comprehensive communication strategy to raise awareness and advocate Bayelsa State initiatives to foster revenue transparency and accountability.*^{viii}

The Bayelsa State Government envisions BEITI "to be stakeholder driven and to be owned by Bayelsans"

"It is proposed to open up the books of the state to the highest levels of scrutiny and situate Bayelsa as Nigeria's most transparent State. The BEITI aims to bring transparency through, monitoring of public expenditure (State, Niger Delta Ministry, LGAs, private sector voluntary contributions), audit government receipts from FGN, Internally Generated Revenues (IGR) and actual transfers to Local Government Authorities."^{ix}

On paper BEITI looks good as a policy document, but what is not clear is whether the government has the political will to see it through. Already, there have been concerns that the state was caught napping and almost overwhelmed by the tide of financial downturn less than twelve months after articulating a seemingly fool-proof Bayelsa State Sustainable Development Strategy Document (BYSSDS) to guide planning and budgeting for a decade. Questions are being asked about the adequacy of the direction taken by the state guided by the new document so far. However, one of the worthy outcomes of the initiative is that the government has moved concretely to check the ghost worker syndrome through the use of electronic registration of workers in the civil service.^x

The regime of political corruption in the Niger Delta has made a mockery of the budgeting process as what obtains appears to be recycling of previous year's budgets, without input from the people. At the beginning of the year the state governor makes a show of presenting the year's budget to the legislature which often wastes no time in accenting to it and passing it into law. Even with this show of following due process, the budget is often ignored and shoved aside even before the ink signing it into law dries. Legislative chambers hardly exercise their oversight functions over the executive's implementation of the budget. In a pattern already established, the legislature in the guise of 'constituency projects' is

given its share of the gravy, through the allocation of huge sums to individual legislators to spend as they deem fit. These funds are never accounted for even as residents do not see actual projects. The executive arm in turn spends outside the approved appropriation with scant regards to due process.^{xi}

Rivers State Sustainable Development Agency (RSSDA)

The Rivers State Sustainable Development Agency (RSSDA) is touted as a medium to long term special intervention agency with the mandate of poverty reduction and social development. According to the agency's briefing notes, the RSSDA is envisioned with a 15 year horizon with particular focus on rural poverty reduction, improvement of the human condition and livelihood, building economically useful skills and capacity for self development by the poor, especially the youth population and collaborating with government, donor and private sector partners. The agency is also tasked with providing technical assistance to CBOs, NGOs and local governments to make them the engine of rural growth and transformation in the state.^{xii}

With an initial take off budget of ₦16 billion, RSSDA has yet to impact on the developmental profile of the state. In the past months the agency has focused more in the area of human capital development with scholarship awards to Rivers citizens for study outside the country. These students have tended to be children of politically connected individuals.

From its mandate, the agency is not charged with providing infrastructural development. Also the agency has so far not been able to inure itself from political interference and influences.

Creative ways of emptying the treasury abound. The most common has remained the 'security vote', which in some states can get as high as ₦12 billion per year. The rise in militant activities and general insecurity has aided the looting of funds through such amorphous budget line items like 'special projects' 'welfare', 'general administration' and 'miscellaneous'. These are easily covered up by citing security considerations. Monies that ordinarily should go to provision of social amenities for the people are thus, diverted by government officials.^{xiii}

However, the security vote is not a recent development in government budgets. Ordinarily the security vote is meant to be a pool of funds to be used in maintaining public order and security. Before now it used to take up a minute percentage of the yearly appropriation. However, in the past few years it has acquired notoriety, as it is often propelled above other social and capital provisions. The governor and local government chairpersons have wide discretionary powers over how these funds are spent.^{xiv}

Civil Society and Budget Monitoring

In recent times budget monitoring has become a key focus for citizens groups in developing countries seeking political accountability and responsible government. Indeed, one of the essential ways of ensuring that the broad spectrum of citizens, in particular the poor and vulnerable groups in society, get a fair share of public revenues is through the monitoring of government budgets. Such monitoring can also be an effective way of ensuring that vital sectors of society and the economy do not suffer neglect. Through innovative and constructive engagement on budget issues, NGOs and other citizens groups in developing countries can widen the budget debate beyond the confines of select government offices. The need to ensure participatory and responsible government calls for an all-year monitoring of the budget by citizens groups.

The idea of civil society participation in the budget process is gaining grounds in Nigeria. Such participation is anchored on various principles, including the 1999 Constitution of the Federal Republic

of Nigeria (section 14:2), which makes elaborate provisions for citizens' participation in governance: a) sovereignty belongs to the people of Nigeria from whom government... derives all its powers and authority; b) the security and welfare of the people shall be the primary purpose of government, and c) the participation by the people in their government shall be ensured.

There is no doubt that the issue of budgeting and its implementation will be cardinal to the survival of democracy in Nigeria. Nigeria's history is replete with the collapse of previous democratic experiments on account of fiscal indiscipline and poor management, and the resultant disaffection of the citizens with government. The involvement of civil society in the process remains a sure way of not only putting elected public officers and civil servants on their toes, but also in averting a relapse into the kind of fiscal chaos and total absence of governance that has always provided ready excuse for military political adventures, as in the past. The federal anti-corruption watch dog, the Economic and Financial Crimes Commission (EFCC) may not have lived up to the expectations of Nigerians to rid the country of corrupt politicians, but it has a few strides in reigning in corrupt tendencies on the part of some corrupt public officers. The recent conviction and jailing of Chief Bode George, a leader of the ruling People Democratic Party, indicates some potential for ending the impunity that has characterised public office for the major part of the past half century. The EFCC needs to be allowed to do its job without political considerations and interference from the government.

For the residents of the Niger Delta, political accountability may be the only assurance that the scourge of poverty, devastation of the environment, unemployment, lack of good schools and inadequate health care, affordable shelter and good roads are addressed. But a lot remains to be done. Citizens' action and advocacy anchored around civil society programmes must be galvanised to ensure that the rights of the citizens to participate in the budgeting process and to monitor the implementation of budgets are guaranteed.

Militancy, State Violence and Amnesty

2006 ushered in a phase of armed militancy coordinated by the Movement for the Emancipation of the Niger Delta (MEND). Through extensive use of the internet, MEND secured for itself a prime role as the clearing house of militant activities. This period saw coordinated attacks at the backbone of the nation's oil infrastructure and a kidnap and hostage taking campaign that crippled oil production.^{xv}

Given the rise of militancy and civil agitations in the Niger Delta and the resultant focus of global attention on the region, the federal government in September 2009 set up the Technical Committee on the Niger Delta. The Committee which was inaugurated by Vice President, Dr. Goodluck Jonathan, was tasked to collate and review all past reports on the Niger Delta, starting from the 1958 Willinks' Report^{xvi}, to appraise their recommendations and make other proposals that will help the Federal Government to achieve sustainable development, peace, human and environmental security in the Niger Delta Region.

The Technical Committee on the Niger Delta was presented as proof of government's resolve to develop a coherent, long-term development strategy in the Niger Delta. Part of the optimism that greeted the setting up of the Committee was its broad selection of membership.^{xvii}

Amongst others, the 45-man Committee recommended total amnesty for the militants as well as a process of demobilization, disarmament, and rehabilitation. It was also recommended that allocation of oil revenues to the region be increased and that infrastructure development and human welfare services be instituted.^{xviii}

However, government dallied on acting on the recommendations of the Committee. By 2009 the armed campaign reached its height. Escalations in the fighting between militants in the Niger Delta and the armed forces of Nigeria posed challenges for petroleum production, especially in the western Niger Delta axis where militants often attacked oil installations. At the height of the campaign by militants to disrupt export of petroleum products, critical infrastructure like off shore loading terminals and tank farms were especially singled out for repeated attacks by MEND and affiliated groups. The cumulative effect of this was a drastic fall in the country's oil exports. According to one estimate, in 2009 militant attacks on oil installations reduced Nigeria's crude oil output to about 1.7 million barrels per day, from about 2.6 million barrel capacity in 2005.^{xxix} The conflict escalated further with the killing of some high ranking military officers in Chanomi Creek. In response, the federal government on May 13, 2009, ordered the Nigerian army, backed by naval and air forces to invade Gbaramatu kingdom ostensibly in search of militant leaders. As is usual with the Nigerian military, civilian casualty was heavy, as indiscriminate aerial bombardments affected villages of Oporoza, Kurutie, Kunukunuma, Okerenkoko, Kiangbene (Abiteye), Benikurukuru etc.^{xx} But the intensive military attacks by Nigerian soldiers did not stop the destruction of petroleum infrastructure by militants, hence the federal government was compelled to lobby key and known militant leaders to accept an amnesty programme and renounce violence. This effort started to bear fruits when key militant leaders were airlifted to Abuja for discussions with President Umaru Musa Yar'Adua. Since then, the government has claimed that over 15,000 militants have surrendered their arms to the government and embraced the amnesty offer.^{xxi}

Many in the Niger Delta especially community leaders and civil society actors have challenged the speedy implementation of the amnesty package, estimated to cost the federal government over ₦50 billion. The skepticism is informed by the manner in which the amnesty package for armed militants have been presented as solution to the myriad problems of the Niger Delta – when most of the militants are unconnected to communal struggles of the Niger Delta. Observers reference a previous programme in 2004 that ended up putting more money in the hands of the militants who wasted no time in acquiring new weapons.

Given the country's chequered political history, there is growing fear and concern that the amnesty offer may be part of a political "new deal" by corrupt politicians to forge new alliances with the militants ahead of 2011 elections. This fear is credible given the ignoble roles some of the militant leaders played during the 2003 and 2007 general elections in the Niger Delta region.^{xxii}

NDDC and the Ministry of the Niger Delta

The NDDC was established as a development agency to facilitate and execute development projects in the nine oil-bearing states in the South-South region of Nigeria. The commission was established in 2000 during the administration of Olusegun Obasanjo. In keeping to his campaign promises, one of the first executive acts of former President Olusegun Obasanjo was the creation of the NDDC, envisioned as an "institutional framework for special development in the Niger Delta region of Nigeria". Ten years after, the agency has commissioned many projects, but is still perceived as inadequate to transform the lives of the people. Critics believe that part of the problems militating against the agency has been interference from the presidency and also pandering to political interest in the areas of project and appointments. Niger Delta leaders have also complained about inadequate funding of the agency. Since the establishment of the NDDC, billions of Naira due to it by its enabling legislation has been withheld by the federal government.

With the NDDC sometimes serving as a special political machinery of the PDP, its leading officials have been embroiled in local politics and with the result that corruption is rife within the agency. In a rare case in 2008 a Chair of the Board of NDDC, Sam Edem was arrested for stealing ₦800 million from the agency. Observers believe that this case is reflective of a more widespread looting of NDDC's funds. In 2008 the federal government went on to create the Ministry of Niger Delta without scrapping the NDDC. This is considered an attempt at multiplication of bureaucracies.

Perhaps in reaction to the criticisms, the federal government in November unfolded a ₦270 billion development package for the region. This is in addition to assurances that it would begin the implementation of the Niger Delta Regional Development Master Plan in December 2009.^{xxiii} Skepticism remained high that the government is not committed to alleviating the plight of the region.

Opportunities for Electoral Reforms

On assumption of office in 2007, President Umaru Musa Yar'Adua acknowledged the flawed electoral process that gave him the highest political office in the country and went on to set up an Elections Reform Committee headed by Mohammed Uwais (a retired Chief Justice of the Supreme Court of Nigeria). This provided a fresh opportunity for addressing not just the crisis of democracy in Nigeria, but also the lingering Niger Delta crisis. In the Niger Delta, the illegitimacy of the electoral process has weakened political participation and representation. Elections in the region are marked by intense violence and rigging. Because of the high revenue profile of the states, electoral positions are contested with a 'do or die' attitude. Elections in the region have often been referred to as low intensity warfare. Hence the call for electoral reforms that will make citizens votes to count while legitimizing political authority.

However, the Yar'Adua government and the National Assembly have failed to move on implementing the popularly accepted recommendations of the Electoral Reforms Committee, thereby presenting a spectre for continuation of business-as-usual.

Petroleum Industries Bill

In 2009 a Petroleum Industries Bill (PIB) was presented to the National Assembly of Nigeria by the Federal Government. The Bill is a culmination of a review of the petroleum sector as initiated originally by the Olusegun Obasanjo administration, following widespread public clamour for an overhauling of the petroleum industries. On assumption of office, the Yar'adua administration continued the process with a promise of major structural changes in the management of petroleum resources in Nigeria. The PIB seeks to bring together the provisions of different laws regulating the petroleum industry and reform the oil and gas sector in Nigeria. However, observers have questioned the political will to eradicate the organized corruption that has bedeviled the industry in Nigeria.

Following public hearings, both the Senate and House of Representatives have commenced deliberations on the PIB with lawmakers being urged by the executive arm of government to expedite action on the Bill. This is coming at the background of a rather intense elite debate on the Bill.

At some point, governors of the oil bearing states, as well as citizens expressed reservations on some aspects of the PIB. The powerful oil industry lobby has also opposed aspects of the Bill for being "anti-investment", while there are indications that entrenched interests within the NNPC may be attempting to subvert the restructuring process. Also, civil society organisations like Social Action observed that most of the discussions have addressed production and commercial aspects of the PIB - leaving out issues of immediate concern to oil bearing communities, such as resource control and environmental management.

Following the amnesty programme for militants, the Yar'Adua government announced an introduction of a section to the PIB which would allow 10% equity participation for oil bearing communities in the petroleum ventures. This announcement spurred some excitement among the communities, even as the

provisions on how this would be managed, as well as the general contents of the PIB have not been made known to leaders of communities at the grassroots level.

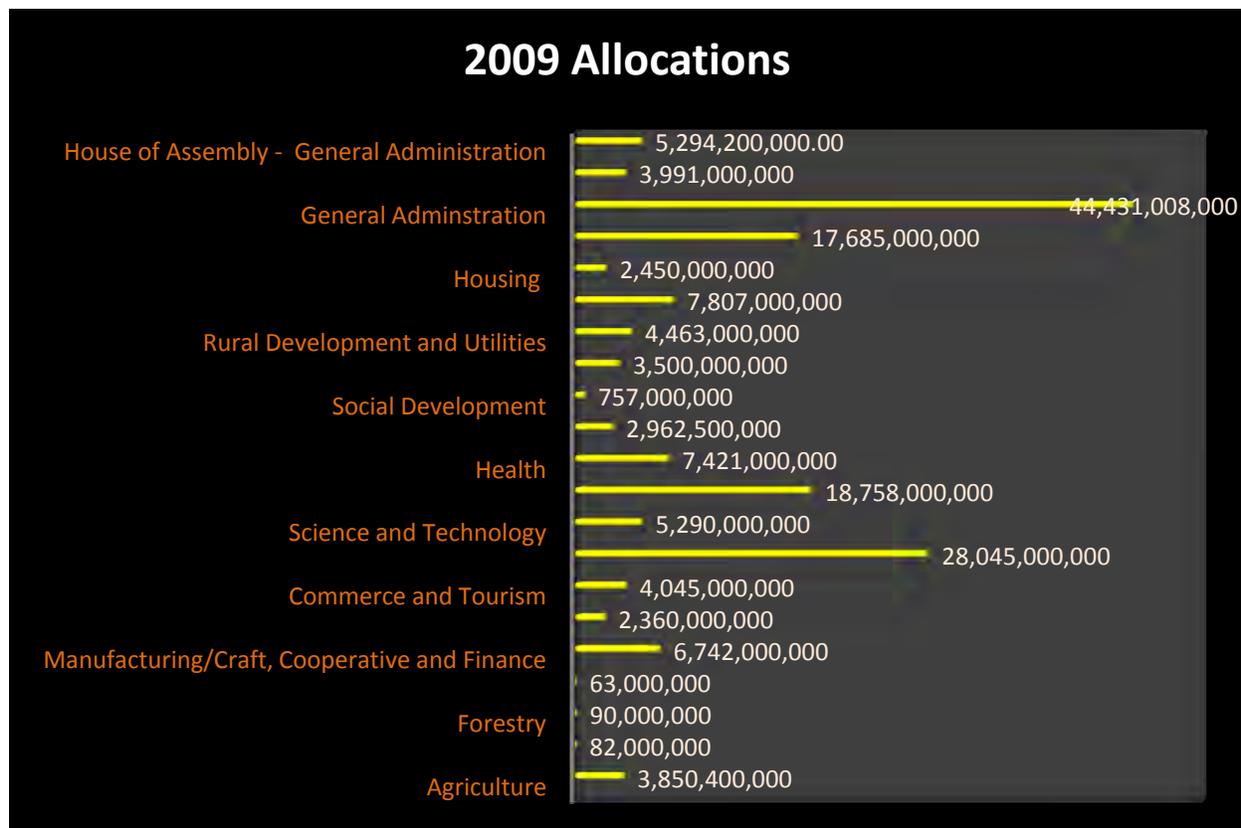
Civil society groups have also questioned indications that communities would be obliged to respond to cash calls in a joint venture system that has remained dysfunctional. There are also questions of community representation and the identification of “host” communities – issues that have been identified as a major ignition for communal conflicts. Other issues of governance and accountability still demand addressing ahead of the passage of the PIB. This prompted interventions in 2009 by groups such as Social Action, Stakeholder Democracy Network, Bayelsa NGO Forum and the Civil Society Legislative Advocacy Centre (CISLAC) who believe that leaders of communities and civil society in the Niger Delta should be given opportunity to study and participate in informed discussion on the PIB, to ensure that the outcome of the restructuring process addresses local concerns.^{xxiv}

AKWA IBOM STATE

Total Budget for 2009	No information
Total Capital Votes	₦167,114,108,000
Total Recurrent Votes	No information
Total Vote, House of Assembly General Administration	₦5,294,200,000.00
Total Recurrent/Capital Votes for Government House	No information
Security Vote	No information
Total Capital Votes for Health	₦7,421,000,000
Total Capital Votes for Education	₦18,758,000.00

Receipts from the Federation Account on the basis of 13% derivation have made Akwa Ibom one of the highest earning states in Nigeria. Unfortunately, such receipts have not translated to tangible 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.

Figure 1: 2009 Allocations



Budget Secrecy

In Akwa Ibom State, matters of budget and other fiscal issues are treated with the utmost secrecy, and are the exclusive preserve of political office holders and a few civil servants. Budget documents are not readily available on any website or in any library in the state and request for it are viewed with suspicion. Research undertaken by NDCBP reveals that the budget making processes in the state begins and ends within the quarters of government without any consultation or participation of citizens.

NDCBP carried out an analysis of the 2009 budget of Akwa Ibom State with a focus on the education and health sectors. The analysis basically aims to examine the following:

- Whether the allocations to the key sectors of Health & Education are adequate
- Whether the government is efficient with the allocation and management of the state's resources
- Reveal the risk involved in depending mainly on federal transfer for development programme.
- Whether the allocations do justice to the state's mission in these sector
- Whether the allocations meet national and international stipulations for development in these sectors.
- Whether the allocations along budget lines are adequate and targeted to meeting the stated objectives.

Policy Thrust and Objectives

The approved capital estimates of Akwa Ibom state do not include the 2009 policy thrust of the administration. Inquiry by NDCBP revealed that for all intents and purposes, the 2008 policy thrust of the state is still in force. The policy thrust reflects the medium term plan of the state begun by the previous civilian administration. Accordingly, the present analysis will depend on policy information provided by that document.

POLICY THRUST AND OBJECTIVES

- (i) *The consolidation of the gains so far achieved and setting parameters for future action that will ensure that the process of transformation is accelerated and our collective goal as outlined in our medium term plan document , the AK-SEED, is judiciously and strictly implemented and sustained;***
- (ii) *The revitalization of our human capacity development;***
- (iii) *Actualization of the economic power base of the state through the development of tourism, transport and economic infrastructure with emphasis on the revitalization of our educational system;***
- (iv) *Provide strategic rural and urban road network throughout the length and breadth of the state;***
- (v) *Intervene through the inter-ministerial Direct Labour Committee to eradicate or reduce to the barest minimum bureaucratic bottlenecks in contract awards, supervision and administration of small and medium scale jobs;***
- (vi) *Provide health care and educational facilities within 3 kilometers and potable water within one kilometer radius of every community in the State;***
- (vii) *Completely electrify all rural communities in the State;***
- (viii) *Expand and diversify the resource base of the state's economy to sustain the transformation and reforms initiatives;***
- (ix) *Develop agriculture through the supply of improved agricultural inputs, credits and extension services and provide simplified agricultural technology to farmers and encourage the cultivation of crops and production of livestock.***
- (x) *Pursuit of poverty reduction measures to enhance the living standards of the people and increase the level of productivity of the citizenry;***

- (xi) Address the social development gaps in the educational and health sectors.*
- (xii) Tackle the ecological challenges of the state towards creating a friendly living environment for the people;*
- (xiii) Promote youth and women empowerment as well as ensure the protection of the child and the vulnerable groups in the society, to entrench social equity; and*
- (xiv) Ensure a peaceful and safe society through effective security network in the state.*

IMPLEMENTATION STRATEGIES

- 10. The following strategies and measures shall be adopted in 2008 in order to realize the above objectives:**
- (i) Completion of ongoing supportive infrastructural facilities especially roads and power, and promotion of economically productive enterprises;*
 - (ii) Commitment to the completion and consolidation of the gains of development efforts of the last Administration as well as commitment to collective goals outlined in AK-SEEDS, Medium Term Development Goals (MDGS), and other Medium Term Expenditure Frameworks (MTEFS)*
 - (iii) Application of resources in a prudent manner to accelerate the transformation of the State for the attainment of "A Greater Akwa Ibom State" in keeping with the broad goals of this Administration;*
 - (iv) Investment in revenue yielding projects in oil and gas and tourism related activities;*
 - (v) Expansion and diversification of the internal revenue generation base and plugging loopholes to stop leakages.*
 - (vi) Implementation of wealth creation and poverty alleviation programmes through core ministerial mandates and other donor-funded programmes in the State;*
 - (vii) Expansion of women and youth empowerment through capacity building and elimination of gender discriminating practices and enforcement of protection laws;*
 - (viii) Combating crimes by providing necessary assistance to security agencies operating in the state to facilitate prompt response to security threats in order to sustain a peaceful and friendly environment which would attract investors and donors to participate in the tourism, oil and gas and other relevant sectors of the State's economy;*
 - (ix) Making the Public Service efficient and effective to meet the challenges of good governance; and*
 - (x) Embarking on compliance and value for money monitoring on all capital releases.*

The import of the policy thrust of the administration in the area of health and education, can be summarized thus:

- Emphasis on the revitalization of the educational system.
- Provide health care and educational facilities within 3 kilometers and potable water within one kilometer radius of every community in the State.
- Address the social development gaps in the educational and health sectors.

2009 Budget

Akwa Ibom State depends heavily on funds from the Federation Account for its expenditures. In 2007, 85% of capital receipts came from federal transfers. In 2008, the figure represented 87%, and was expected to be 61% in 2009. However, this projected decline in dependence on federal transfers is not as a result of better mechanisms for internally generated revenue, neither is it attributable to a diversification of the economy.

Table 1: Basic components of Akwa Ibom State capital receipts (figures in ₦)

SOURCES OF INCOME	REVISED RECEIPTS, 2007	ESTIMATED APPROPRIATION, 2008	APPROVED ESTIMATES, 2009
Transfer from Federation Account	122,216,675,300	193,909,980,080	101,960,990,530
Opening balance	1,000,000,000	1,000,000,000	30,000,000,000
Internal loans	12,214,850,000	6,121,835,920	24,517,577,470
External loans	897,506,000	2,000,000,000	2,000,000,000
Grants	630,000,000	6,000,000,000	7,541,000,000
Ecological Fund	100,000,000	100,000,000	100,000,000
Miscellaneous	6,078,540,000	3,700,000,000	994,540,000
TOTAL	143,137,571,300	222,831,816,000	167,114,108,000

From the table above, it is clear that the decline is as a result of an opening balance of ₦30 billion due to unspent funds from the previous fiscal year, and ₦ 24.5 billion in planned credit facilities from Nigerian financial institutions. When all these are put in perspective, it becomes clear that rather than being in a position of greater financial independence, Akwa Ibom state is increasingly cultivating the habit of seeking external and internal loans to bankroll its budget. If this trend continues, it could result to a situation where larger chunks of the state's revenue will be spent in debt service payments.

The government's dependence on grants to finance its budget is also on the increase. In 2007 only 0.4 % of projected revenue was dependent on grants. In 2008 the figure was 2.7 %. The figure almost doubled in 2009 to 4.5 % of total expected revenue. While grants in themselves are not dangerous, a situation where the state becomes more and more dependent on these grants could have a negative effect if the flow of these grants stop.

Also noteworthy is the state's expectation from the source of revenue that is labeled 'miscellaneous' (believed to refer to revenue flow from investments like the state owned hotels, equity in telecommunication companies etc) has significantly declined in the last two years. In 2007 the share of 'miscellaneous' was 4.2 %. By 2009, it had dropped drastically to 0.6 %. As the source of such revenue is believed to represent the commercial undertakings of the government, it is troubling that there is no explanation as to why the returns from these investments should be on the decline.

The fiscal trends highlighted above are clear contradictions of the government's plan to diversify the revenue base of the state, which has been expressed as aimed to "*expand and diversify the resource base of the state's economy to sustain the transformation and reforms initiatives*". Rather than achieve the stated objective, the government is further entrenching its dependence on federal transfers which comes from the sale of oil and gas in the international market. As is well known, the price of oil is determined by international market forces beyond the control of Akwa Ibom State and other states where oil is extracted. This fact makes the revenue base of these states very volatile as there is no way of predicting what revenue will accrue from oil in the next year or even the next month.

In the 2008 fiscal year, total federal transfer to Akwa Ibom State (as made available by Federal Ministry of Finance monthly revenue shared to states) stood at ₦206,728,156,540. Total revised appropriation

approved was ₦222,831,816,000. The difference between what was collected as transfers and what was budgeted was ₦16,103,659,460. This shortfall in revenue from federal transfers may account for the poor performance of the 2008 Akwa Ibom State budget as at 31 August, 2008. If this is the case, it shows that Akwa Ibom State is depending absolutely on federal transfers and is susceptible to all the volatility that comes with it. Indeed, the overall budget performance was low as only ₦104,475,908,351.78 out of the total allocation of ₦222,831,816,000 was spent as at 31 August, 2008.

Table 2: Allocation and Actual Expenditure as at 31 August 2008

ECONOMIC SECTOR	Revised Appropriation 2008	Actual Expenditure as at 31/8/2008	Approved Estimates 2009
Agriculture	1,279,400,000	800,572,722.16	3,850,400,000
Livestock and Veterinary Services	72,000,000	8,890,000.00	82,000,000
Forestry	60,000,000	486,000.00	90,000,000
Fisheries	45,000,000	23,907,000.00	63,000,000
Manufacturing/Craft, Cooperative and Finance	12,794,000,000	5,558,005,884.41	6,742,000,000
Urban Electrification	5,450,000,000	3,113,161,752.27	2,360,000,000
Commerce and Tourism	3,255,000,000	1,147,071,087.80	4,045,000,000
Works and Transport	38,609,270,000	35,668,508,530.18	28,045,000,000
Total (Economic Sector)	61,564,670,000	46,320,602,976.82	45,277,400,000
SOCIAL SERVICES SECTOR			
Education, Science and Technology	24,088,600,000	4,207,994,854.65	21,075,000,000
Health	10,247,000,000	357,114,469.00	7,421,000,000
Information, Culture, Youth and Sports	3,367,500,000	355,328,994.11	2,962,500,000
Social Development	953,500,000	145,410,200.00	757,000,000
Water Supply (Urban)	5,000,000,000	3,510,000,000.00	3,500,000,000
Rural Development and Utilities	8,190,000,000	1,249,134,998.84	4,463,000,000
Total (Social Services Sector)	51,846,600,000	9,824,983,516.60	40,178,500,000

ENVIRONMENTAL REGIONAL DEVELOPMENT SECTOR			
Sewage, Drainage and Refuse Disposal	4,730,000,000	2,107,401,371.72	7,807,000,000
Housing	5,500,000,000	948,927,836.10	2,450,000,000
Urban Development	33,085,134,000	18,155,005,451.67	17,685,000,000
Total, (Environmental/Regional Development Sector)	43,315,134,000	21,211,334,659.49	27,942,000,000
ADMINISTRATION			
General Administration	58,691,912,000	24,588,727,768.46	44,431,008,000
Judiciary- Administration	3,149,000,000	1,045,341,655.24	3,991,000,000
House of Assembly - Administration	4,264,500,000	1,484,917,775.47	5,294,200,000.00
Total (General Administration):	66,105,412,000	27,118,987,199.17	53,716,208,000
TOTAL CAPITAL EXPENDITURE	222,831,816,000	104,475,908,351.78	167,114,108,000

Health

While in the 2008 budget of Akwa Ibom State, the health sector got ₦10,247,000,000 representing 5% of the total revised appropriation. In 2009, the figure stood at ₦7,421,000,000 representing 4.4% of the overall budget. This shows a 1.7% percent nominal reduction in allocation to health. In real terms however, when inflation has been factored in at 14 %, the drop amounts to ₦6,509,649,122.8 or 3.9%. This is a drastic drop for a government that places emphasis on health, and intended to provide health care facilities within 3 kilometers radius of every community in the State.

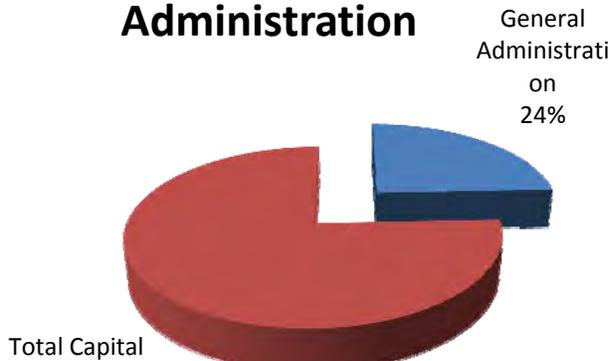
Unfortunately, even the insufficient allocation in 2008 was not fully expended in the sector. As at 31 August 2008, the actual amount spent in the sector was ₦357, 114,469 representing only 0.16% of the sectoral appropriation. This scenario raises questions as to the government's priority in the health sector. Not only is the sector underfunded, it is also starved of funds duly appropriated to it. In 2008, the per capita spending in the health sector was ₦2,846.39 while in 2009 it is ₦2,061.39, a reduction of ₦785 per citizen. This fact demonstrates that in 2009, the Akwa Ibom state government is spending less on the health of each of its citizens than it did in 2008.

Education

In 2008, the Education sector got ₦15,858,600,000 representing 7% of the total expenditure estimate but the actual amount spent in the sector as at 31 August, 2008 was ₦3, 826,662,272.55, representing only 24 % of allocation to the sector.

Figure 2:

Share of General Administration



In the 2009 capital expenditure estimate, the education sector got ₦15,785,000,000 representing 9% of the total capital estimate of the budget. Not only is this a reduction, an allocation of the above amount to the education sector does not do justice to the policy statement of the state in this regard. While other sectors in the state got much higher percentages of the total capital estimate, a vital foundation sector as education was allocated just 9%.

Of particular note is the fact that the highest allocation in the 2009 capital estimate is dedicated to 'general administration'. In 2008 the case was

the same; a total of ₦66,105,412,000 was allocated to 'general administration'. The exact description of 'general administration' is still a matter of contention and speculation. But the practice of allocating an overwhelming chunk of the budget to an area that has an unclear significance raises questions of transparency and commitment to the stated goals of the administration. Indeed the allocation to 'general administration' supersedes that given to health, education and agriculture combined.

Budget Repetitions and Irregularities

An examination of the 2009 budget of Akwa Ibom State reveals many irregularities and repetitions. As in 2008, this could be a function of poor and hasty budget making process or conscious effort at funds diversion. Whatever the case may be, Akwa Ibom State cannot afford such wastage in the face of huge development needs confronting the government and citizens.

PROJECTS WITH DIFFERENT TITLES BUT THE SAME ANTICIPATED TARGET AS PRESENTED UNDER THE EDUCATION SECTOR IN THE 2009 BUDGET OF AKWA IBOM STATE.

1. Complete expansion/Refurbishing of buildings and provision of facilities in primary and secondary schools with budget provision of ₦3 billion (p49 of Akwa Ibom state 2009 Approved Capital Expenditure Estimates) but on page 56 of the budget, another provision of ₦250 million is made for the disarticulation of JSS from SSS with the same target.
2. On page 65, project code 44a, title: "FREE TEXTBOOKS" with budget provision of ₦2 billion repeated under project code 46, title: 'Support to Free Education Program' with budget provision of ₦1 billion. Both have the same target.
3. On page 66 of the Akwa Ibom State budget, project code, 48, title: 'Printing of Statutory Records' with budget provision of ₦450 million. Target is repeated on page 67 of the budget, under the title 'Procurement of Educational Materials for Primary Schools' with budget provision of ₦350 million.
4. On page 66, project code 50, title; 'Capacity building for staff' with budget provision of ₦30 million, repeated under another project title on page 67, "Training and Retraining of School Teachers/Staff Dev. With budget provision of ₦60 million

MONITORING REPORT

NDCBP monitored specific projects in the sectors of health and education as provided for in the 2009 budget, to ascertain their level of implementation and budgetary compliance. Health and education projects mentioned in the 2009 budget of Ikot Abasi Local Government Area were also monitored. The following are findings of the NDCBP monitoring teams.

State Government Projects

Special Education Centre, Itiam Etoi, Uyo	
Sector	Education
Target	<ul style="list-style-type: none"> ○ Purchase & provision of instructional materials for the mentally & physically challenged persons. ○ Perimeter fencing ○ Construction of 1 No. science block for Biology, Physics, Chemistry & Agricultural science ○ Construction of 2 No. dormitory blocks for male & female students ○ Purchase of 50 No. double-bunk beds (6 springs) ○ Purchase of 100 No. mattresses (6 springs vita foam) ○ Annual National Arts & Crafts Exhibition/Award of prizes for persons with special needs ○ Staff quarters: principal & other staff ○ Purchase of 1 No: 31-seater coaster bus
Approved Estimate	₦60 Million
Monitoring Report	<p>As at December 2009, NDCBP noticed that the school has been fenced. There were 2 blocks of classrooms, 2 dormitory blocks, and blocks of teachers' quarters, which were commissioned in April 2009.</p> <p>However, the beds, mattresses, equipment, instructional materials for the mentally and physically challenged persons are yet to be provided as at end of 2009. The centre has a nursery, primary, Junior and Senior secondary schools with a total of 350 students. There are inadequate teachers and inadequate facilities.</p>



Renovated Block of Classrooms and fencing of Special Education Centre, Uyo

Purchase of 30 buses to transport school children to and from school	
Sector	Education
Beneficiary	10 Selected Urban Centers Of Uyo, Ikono, Itu, Ukanafun, Ikot Abasi And Eket
Approved Estimate	₦250 million
Monitoring Report	NDCBP did not see any school bus transporting school children to and from school throughout the monitoring period. A cross section of community members interviewed responded that they are yet to see any bus(es) dedicated to that purpose. Staff of the state ministry of education declined providing any information on the issue.
State Polytechnic, Ikot Osurua	
Sector	Education
Target	<ul style="list-style-type: none"> ○ construction of 3 blocks of six classrooms ○ renovation of 5 blocks of six classrooms ○ building of 1 each of mechanical, electrical, civil engineering workshops with equipment/machines ○ construction of two hostels (storey building) ○ construction of computer science laboratory with furnishings ○ road network/drainage; accreditation programmes ○ purchase of 6 vehicles for key staff
Approved Estimate	₦1 billion
Monitoring Report	During visits to the site, NDCBP noticed ongoing construction work of an architectural studio, which is part of preparations for the visit of the accreditation team from the National Board for Technical Education (NBTE). Staff of the institution reported that the construction work had nothing to do with the state budget. According to them, the fund for the project was generated internally by the institution.
Construction of three Oxygen Plants in Akwa Ibom State	
Sector	Health
Beneficiary	Government owned hospitals
Approved Estimate	₦120 million
Monitoring Report	NDCBP confirmed that there is one Oxygen Plant located in the premises of the General Hospital, Ikot Ekpene. However, entry into the facility was denied. The existence of two similar plants as provided for in the budget could not be established as no officer of the State Ministry of Health was willing to provide any information as to their location or availability.

Projects of Ikot Abasi Local Government Area

St. Theresa Adult Education Centre, Ikot Abasi	
Sector	Education
Target	Re-roofing of 1 classroom block, block work, plastering & painting, provision of teaching aids, provision of 2 motorcycle for inspectorate services and sensitization campaign
Approved Estimate	₦3.5 million
Monitoring Report	At the construction site, NDCBP saw ongoing roofing. However, it was gathered that the project was being funded by the Akwa Ibom State Inter-Ministerial Direct Labour Committee, a contraption that allows the State Government to directly administer and utilise funds duly allocated to the local governments from the Federation Account. No one could confirm whether there is provision for motorcycles and teaching aids as no principal staff of the local government was available during visits by NDCBP.



Reroofing of St Theresa Adult Education Centre

2,000 exercise books and 100 dual desks for each Primary school at Ikot Ubo Akama, Ikot	
Sector	Education
Beneficiary	Ikot Ubo Akama, Ikot Akpanudo, Ikot Okpok and Ikot Etetuk
Approved Estimate	₦3.2 million
Monitoring Report	NDCBP interaction with members of the target communities revealed that no free exercise books had been received as at end of 2009. Visits to the schools also revealed that they were yet to receive the dual desks and books from the LGA. Despite this, the state government's publicity organ, 'IMPACT' reports that the government has distributed over 200,000 exercise books to public primary and secondary schools.

Provision of drugs and other consumables and Construction/rehabilitation/ upgrading of health centres	
Sector	Health
Beneficiary	Ikot Umiang, Ikot Akan, Ikot Usop, Ikot Etetuk, Ikot Akpan Udo
Target	Provision of assorted drugs, medical equipment, 10 sets of hospital bed/mattresses, bed sheets, pillows/cases, 10 tables and 20 chairs for Ikot Umiang, Ikot Akan and Re-roofing, plumbing works, repair of electrical fittings, replacement of broken doors/windows, painting, provision of nets on doors & windows at Ikot Akan & Ikot Usop Health Centres.
Approved Estimate	₦6 million for Drugs and Medical Equipment ₦25 million Construction Rehabilitation and Upgrading of Health Centres
Monitoring Report	<p>NDCBP's investigation revealed that the Ikot Usop Health centre was built by the Akwa Ibom State Inter-Ministerial Direct Labour Committee. The re-roofing, plumbing works, repairs of electrical fittings, replacement of broken doors and windows, provision of nets and painting have been completed but there is no electricity. The only generator in the facility is owned by a staff and this provides power to the health centre. The local government has not provided any drugs to the centre, instead, an international organization JUBAIGO donated some drugs specifically for pregnant women. Staff at the centre provided evidence of having written several request letters to the Local Government Council to provide drugs, all to no avail.</p> <p>During visits, NDCBP discovered that there is no form of renovation and upgrading at the Ikot Akan Health centre. The building is dilapidated; ceilings have fallen; the paintings are worn out, the doors and windows need to be replaced. Staff at the health centre said they had received donations of anti-malaria drugs from the Aluminium Smelter Company of Nigeria (ALSCON) and JUBAIGO, otherwise drugs are bought from the private retailers.</p> <p>At Ikot Umiang, NDCBP saw a completed 8 room Health Center which was undertaken by the Local Government. However, there are no fans, no electrical connections/fittings, no chairs and only one broken table. Out of the 10 beds provided for in the budget, only 2 beds were sent by the local government. The rooms are empty. The Health center also benefitted from donations of anti-malaria drugs from the Aluminium Smelter Company of Nigeria, and only got supplies of immunization facilities from the local government.</p> <p>NDCBP discovered that the Health Centre at Ikot Etetuk was built by the EU-MPP6, European Union Micro Projects Programme for 6 States. Drugs are purchased over the counter at private pharmacies, and chairs are borrowed from the community town hall. Several requests have been made to the Local Government Council without any response.</p>



Completed Ikot Usop Health Centre building



A Ward in Ikot Akan Health Centre



Dilapidated ceiling at Ikot Akan Health Centre



The only table available in Ikot Umiang Health Centre



The only beds in Ikot Umiang Health Centre



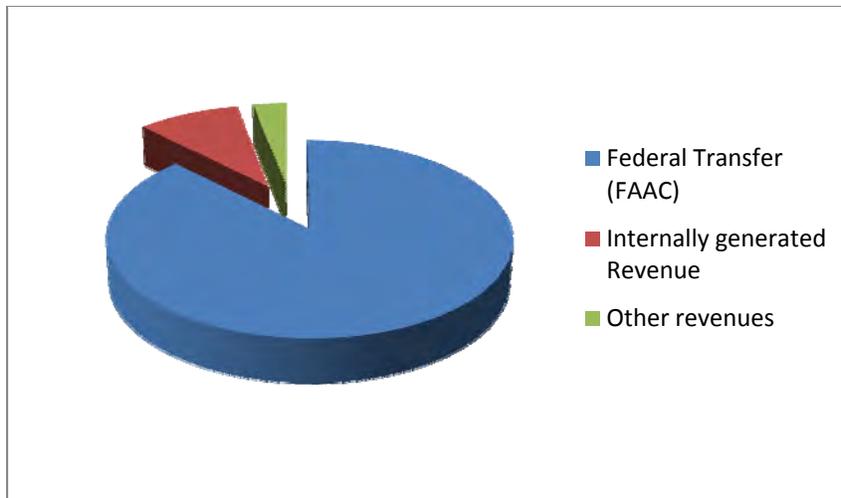
Ikot Etetuk Health Centre with borrowed chairs

BAYELSA STATE

Total Budget for 2009	₦ 160,889,327,049
Total Capital Votes	₦ 94,948,671,051 (59.0%)
Total Recurrent Votes	₦ 65,940,655,998 (41.0%)
Total Recurrent/Capital Votes for House of Assembly	₦ 4,810,959,853 (2.99%)
Total Recurrent/Capital Votes for Government House	₦ 19,868,608,567 (12.34%)
Security Vote	No information
Total Votes for Health	₦ 7, 702,975,777 (4.78%)
Total Votes for Education (12.21%)	₦ 19, 648,339,179

Despite the huge potentials for internally generated revenue in Bayelsa State, this source of income has been neglected in favour of almost total reliance on allocations from the Federation Account. In 2007, internally generated revenue accounted for only 1% of the state's revenue. In 2008, it was projected to rise to 7.5% in 2009.

Figure 3: Ration of Revenue source, 2009



Even with the compelling wealth of natural resources, the occurrence of environmental degradation, excruciating poverty and increasing community resistance has turned the state into a theatre of conflict in the Niger Delta. It is perhaps this understanding that informed the focus and three strategic orientations (i.e. environmental sustainability, social advancement and economic prosperity) of the current administration's Sustainable Development Strategy (BYSSDS) - as a medium and long term development roadmap for the state in the decade 2009-2019.

Budget Transparency

Bayelsa State has exhibited great promise in terms of budget transparency. While it is the practice in most other states for the budget document to be kept highly secret, Bayelsa State is the first state in the Niger Delta and perhaps in Nigeria to place its complete annual budget on the web for public access and evaluation. This is a trend that is worth commending as it marks a clear shift from the era of secrecy. However, the same trend does not apply to areas such as budget performance documents and other relevant fiscal data.

The process of budget making is still not participatory. The majority of citizens are not allowed any role in the budget cycle from the period of formulation, evaluation and implementation. The consequence of this practice of citizen's alienation is that the budget may not truly reflect the development priorities and aspirations of the people. This trend seems to be changing with the inauguration of the Multi-Stakeholder Working Group of the Bayelsa State Expenditure and Income Transparency Initiative (BEITI) in March 2009. However, a civil society representative in the Multi-Stakeholder Working Group, Alagoa Morris, reported that the group met five times in 2009 though "the actual direction of the transparency body is still not clear to me, as the government has allowed bureaucracy to swallow it. Apart from the snail speed pace strategy to frustrate our efforts, there is no indication that the Bayelsa State government is keen on actually opening its books to the public". Civil society members complain that government officials represented in the Multi-Stakeholder Working Group often fail to turn up for scheduled meetings.

Policy Thrust

The policy direction of the state as revealed in the BYSSDS document is pursuant to achieving;

- *Conflict reduction and sustained peace.*
- *Improved individual and community health.*
- *Rural stability.*
- *Increased economic activity and associated increase in household income.*
- *Increased level of education achievement and higher skills relevant to current and near term employment opportunities in Bayelsa State; and*
- *Creation of medium and long term employment opportunities.*

2009 Budget

Table 3: Basic Fiscal Data

	2009	2008	2007
Projected Revenue			
Federal Transfer (FAAC)	108,909,238,005	114,000,000,000	116,050,080,000
Internally generated Revenue	11,591,458,225	5,000,000,000	858,725,000
Other revenues	3,747,227,021	4,300,000,000	511,894,542
Total Revenue	124,247,923,251	123,300,000,000	117,420,699,542

Recurrent expenditure	65,940,655,998	64,104,000,000	65,107,567,553
<i>Overhead</i>	26,033,118,226	30,759,000,000	37,397,196,848
<i>Wage bill</i>	19,876,176,360	16,903,000,000	15,849,746,097
<i>Consolidated Revenue Fund Charges (CRFC)</i>	20,031,361,412	15,892,000,000	11,360,624,608
<i>Contingency</i>	0	550,000,000	500,000,000
Capital Expenditure	94,948,671,051	121,336,247,582	99,386,391,730
<i>Government house</i>	138,374,806	162,377,482	2,156,000,000
<i>House of Assembly</i>	472,187,333	1,008,850,000	0
<i>Secretary to the State Government</i>	50,000,000	50,000,000	0
<i>Ministry of Finance & Budget</i>	3,391,954,619	4,400,000,000	0
<i>General Administration</i>	0	0	12,608,320,000
<i>Ministry of Sports</i>	2,396,981,082	5,000,000,000	700,000,000
<i>Ministry of Information and Communication</i>	2,141,766,061	1,250,700,000	1,314,000,000
<i>Ministry of Health</i>	4,323,565,120	9,847,500,000	8,331,231,200
<i>Ministry of Energy</i>	3,112,573,958	7,159,000,000	7,890,540,530
<i>Ministry of Water Resources</i>	4,536,164,869	4,360,000,000	2,100,000,000
<i>Ministry of Justice</i>	915,105,843	850,000,000	0
<i>Ministry of Works & Transport</i>	24,610,962,255	37,530,000,000	25,275,000,000
<i>Judiciary</i>	1,533,420,310	3,180,000,000	0
<i>Ministry of Youth, Conflict Resolution & Employment Generation</i>	2,510,350,000	3,000,000,000	0
<i>Ministry of Education</i>	11,456,127,479	10,159,807,513	14,470,000,000
<i>Ministry of Environment</i>	4,245,688,267	3,958,000,000	3,479,000,000
<i>Due Process & E Governance</i>	1,911,105,843	900,000,000	1,109,000,000
<i>Ministry of Commerce & Industry</i>	2,513,589,019	4,340,000,000	3,430,000,000
<i>Ministry of Agriculture & Natural Resources</i>	5,260,500,000	3,401,414,000	2,025,800,000
<i>Ministry of Local Government</i>	4,456,610,148	3,877,637,811	2,817,500,000
<i>Ministry of Gender Development / Social Development</i>	2,016,800,000	1,850,000,000	1,170,000,000
<i>Ministry of Lands</i>	0	278,000,000	

<i>Housing</i>	1,474,206,753	6,459,059,017	4,630,000,000
<i>Office of the Surveyor General</i>	352,376,437	762,940,983	1,230,000,000
<i>Capital City Development Authority</i>	4,798,260,849	7,449,960,776	4,650,000,000
<i>Office of the Auditor-General (State)</i>	40,000,000	51,000,000	
<i>Local Government Service Commission</i>	40,000,000	50,000,000	
<i>Senatorial districts</i>	750,000,000		
<i>Ministry of Special Duties</i>	2,000,000,000		
<i>Tourism Development & Publicity Bureau</i>	500,000,000		
<i>SIEC</i>	1,000,000,000		
<i>Micro credit administration Agency</i>	2,000,000,000		
TOTAL EXPENDITURE	160,889,327,049	185,440,247,582	164,493,959,283
FISCAL BALANCE	-36,641,403,798	-62,140,247,582	-47,073,259,741
Budget deficit	-22.8%	-33.5%	-28.6%

In 2007, Bayelsa State projected an income of ₦ 164,493,959,283. In 2008, the projection was ₦185,440,247,582. In 2009, the government projected an income of ₦ 160,889,327,049. Looking at the revenue projections, it will be noticed that between 2007 and 2008, there was a 5% growth. This was because of the oil boom of 2007 and the releases from the Excess Crude Account in 2008. Between 2008 and 2009, when the price of crude in the international market dropped and Nigeria's ability to produce at capacity was compromised by internal ferment, there was a nominal growth rate of only 1%. In real terms, however, when an annual inflation rate of 14% is factored in, there is a negative growth. To put this fact in simple terms, it means that when the Bayelsa State government suspects it is going to get more money, due to windfalls, it simply budgets more to spend, when its prospects for higher revenue declines, it budgets less. This phenomenon means that the state is fully dependent on oil revenue and all the attendant volatility. Continuing with this trend will negate the state's ability to plan in the long term.

Table 4: Budget Projections

BUDGET PROJECTIONS	2009	2008	2007
TOTAL REVENUE	124,247,923,521	123,300,000,000	117,420,699,542
RECURRENT EXPENDITURE	65,940,655,990	64,104,000,000	65,107,567,553
CAPITAL EXPENDITURE	94,948,671,051	121,336,247,582	99,386,391,730
FISCAL BALANCE	-36,641,403,798	-62,140,247,582	-47,073,295,741
BUDGET DEFICIT	-22.8%	-33.5%	- 28.6% -

Another danger in this trend is that in actual terms, the Bayelsa state government is spending less on its citizens each year. This is because its ability to meet the enormous development challenges facing the state is deeply hampered by its total reliance on revenue originating from oil. This is so because as internally generated revenue is relegated, it is impossible for the state government to plan for the future as it has no idea or control over what its revenue will be in the coming year or even the coming month. This raises questions as to the reliability and feasibility of the BYSSDS as a long term plan.

It is also significant to note the evolution of recurrent expenditure in the state. In the three years under consideration, there was a significant flow of revenue going into the service of recurrent expenditure. In the 2009 budget, recurrent expenditure takes 45% of the entire budget. Due to the unavailability of requisite data to show staff strength and breakdown of the wage bill, as well as data on other recurrent services, it is difficult to understand exactly why this is the case. The fact however is that the size of the recurrent expenditure has increased significantly compared to other years and is competing with the capital vote. Perhaps it is due to this fact that the Due Process Office in Bayelsa State has began a commendable system of registration and digital identification of all civil servants in the state in order to check the tide of 'ghost workers' that unnecessarily swells the wage bill of the state.

Figure 4

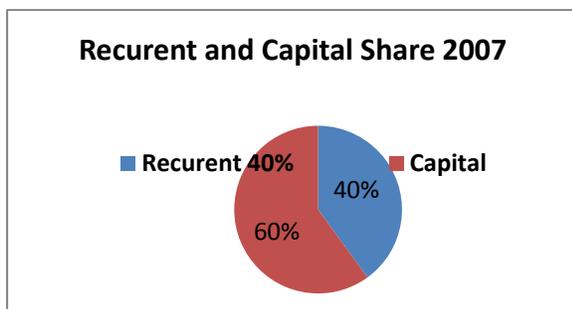


Figure 5

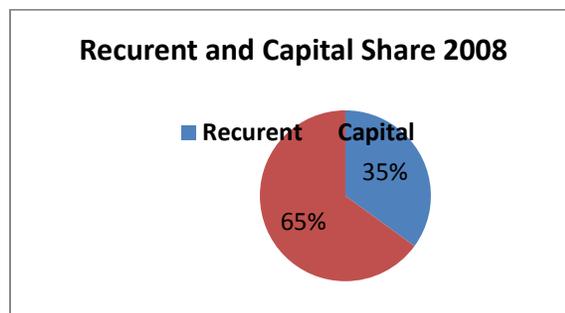
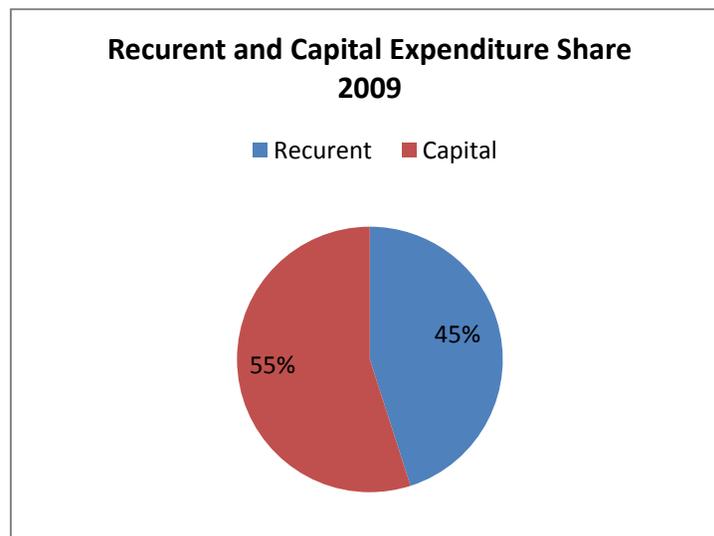


Figure 6



The Education sector was allocated ₦11,456,127,479 compared with the 2008 figure, which was ₦10,159,807,513. There seems to be an increase of ₦1,296,319,966, but when inflation is factored in at 14%, there is instead a reduced spending on education. The allocation to education represents just 7% of the total budget. Given the fact that Bayelsa State is considered one of the educationally disadvantaged states in Nigeria, requiring more educational attention than other states, an allocation of this percentage does not adequately address the yawning educational gap in the state, neither does it do service to the state's Economic Empowerment and Development (SEEDS) programme which hinges one of its mission on the educational development of citizens of the state. With only 7% of the total budget going to education, it is realistic to say that the state's educational objectives cannot be achieved if the trend continues. In comparison to UNICEF recommendation that 26% of the total budget of states be given to education, the Bayelsa case is far from adequate.

In the Health sector, the state recorded a massive reduction in allocation. ₦4,323,565,120 was allocated to the health sector in 2009, which is 2.69% of the total budget. Compared to the 2008 allocation which was ₦9,847,500,000, there has been a reduction of ₦5,523,934,880. This drastic drop in allocation to the sector calls to question the state government's interest in the physical well being of its citizens. From its mission statement in the health sector, which proposes to make Bayelsa State "the hub of excellent medical services", the sharp decline in allocation can only be described as either a loss of interest by the government or a policy reversal. In any case, such poor consideration for health, despite Bayelsa state's known health gaps, must be seen as a dangerous trend that could have dire consequences on the capacity of the state's productive force, and the citizen's mortality rate.

Ministry of Health Bayelsa State

Mission

Taking qualitative health care to the doorstep of every citizen and inhabitant of Bayelsa State and making the State the hub of excellent medical services thereby also promoting health tourism.

Goals

- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Achieve universal social health care insurance
- Achieve State-wide Medical Emergency Services coverage
- Improve Private-Public Partnership in health care delivery
- Encourage Medical tourism by establishing a centre of medical excellence in the state.
- Achieve local production of drugs and medical consumables
- Promote training of health care personnel
- Promote effective and efficient primary health care thereby enhancing accessibility of medical care in the rural areas

MONITORING REPORT

NDCBP monitored specific projects in the sectors of Health and Education as provided for in the 2009 Bayelsa State budget, to ascertain their level of implementation and budgetary compliance. The following are the findings.

Construction of State Action Committee on AIDS House	
Sector	Health
Approved Cost	₦ 400 million
Monitoring Report	NDCBP could not ascertain the location of the project since it was not mentioned in the budget. Ministry of Health officials in the state could not also provide any information on the project as they were not aware of any proposal or plan to that effect. However, it was established that there is a rented property being used by the State Action Committee on Aids (SACA)
Renovation and Rehabilitation of Igbogene Hospital	
Sector	Health
Beneficiary	Igbogene community
Approved Cost	₦ 300 million
Monitoring Report	NDCBP discovered that there is no Hospital in Igbogene in need of rehabilitation or renovation. There is however a hospital building that was completed in 2008. Since then the building has not been put into use. Community members and Ministry of Health officials could not provide any information to indicate why the existing hospital was not in use or why an appropriation for renovation was made.



Hospital building at Igbogene is not in use

Renovation of Kolo Hospital	
Sector	Health
Beneficiary	Kolo community
Approved Cost	₦ 260 million
Monitoring Report	On a visit to the Hospital, NDCBP gathered that though the hospital is in need of renovation and supply of medical equipment, no such intervention took place in 2009. Staff of the hospital and State Ministry of Health officials had no knowledge of the proposal for renovation.



Kolo General Hospital

Ongoing Construction and Renovation of Health Facilities	
Sector	Health
Beneficiary	Unknown
Approved Cost	₦ 500 million
Monitoring Report	Ministry of Health official interviewed by NDCBP had no knowledge or information regarding construction or renovation as reflected in the budget.
Construction of Bayelsa College of Arts and Science Secondary School	
Sector	Education
Beneficiary	Agudama community
Approved Cost	₦ 68.516 million
Monitoring Report	On a visit, NDCBP was given a tour of two abandoned buildings said to be structures meant for the said secondary school. Construction of the buildings started several years ago but was abandoned in 2007 as a result of failure to pay the contractors. Staff at the Ministry of Education informed NDCBP that no funds had been released since then for the completion of the buildings
Establishment of Bayelsa State Polytechnic	
Sector	Education
Approved Cost	₦ 70.854 million
Monitoring Report	Staff of the State Ministry of Education informed NDCBP that fund is yet to be released for the project, neither has a location been announced for the Polytechnic.

Construction of Model Secondary School	
Sector	Education
Beneficiary	Enewari
Approved Cost	₦ 250 million
Monitoring Report	Staff of the State Ministry of Education informed NDCBP that funds are yet to be released for the project.

Procurement of Core Subject Area	
Sector	Education
Beneficiary	Unknown
Approved Cost	₦ 400 million
Monitoring Report	NDCBP investigations revealed that this allocation was meant for the purchase of text books for certain core subjects for various levels of education in the state. However, at the time of inquiry, no expenditure in this regard had been made.

Upgrading of Bishop Dimieari Grammer School	
Sector	Education
Beneficiary	Ovom community
Approved Cost	₦ 500 million
Monitoring Report	<p>NDCBP investigation revealed that at the point of award of the contract, the project cost was reviewed upwards by 600 percent and is now ₦3billion. As at November 2009, the contracting firm in charge of the project (Telaveras Group) had been given 23 % of the reviewed sum.</p> <p>The project covers five areas which are; Administration Block, Library, Classroom Block, Hostel and ICT building. Of these, only construction of the Administrative block, classroom block and the ICT building are currently being undertaken. Work at the site is still at foundation level and is ongoing, though the pace is slow. NDCBP valued work done at ₦ 10 million or less than 5% of approved cost.</p>



Upgrading of Bishop Dimieari Grammer School

DELTA STATE

Total budget for 2009	No information
Total Capital Votes	₦ 151,953,331,057
Total Recurrent Votes	No information
Total Vote, House of Assembly	No information
Total Recurrent/Capital votes for Government House	No information
Security Vote	No information

In 2008, Delta State received ₦147, 711,061,306.54 (one hundred and forty seven billion, seven hundred and eleven million, sixty one thousand, three hundred and six naira, fifty four kobo) from the Federation Account. This figure does not include internally generated revenue. But the substantial resources that have accrued to Delta State in the past years have not been effectively deployed for the benefit of its residents. With the continuation of environmental degradation as occasioned by oil and gas exploitation, the state has been one of the major arenas of conflict in the Niger Delta.

Budget Secrecy

As in most states, since return to civil rule in 1999, governments of Delta State have continued to treat the budget and other fiscal information with the highest level of secrecy. It is often described as an official government document not necessarily for public consumption. This trend negates accepted conceptions of a government budget, which should be a periodic statement of expected income, and expenditure, all in the interest of the commonwealth.

After months of employing formal and informal avenues to acquire the approved Delta State budget for 2009, including formal requests to the state government, NDCBP was only able to secure a copy of the 2009 Details of Approved Capital Expenditure Estimates. Further inquiry by NDCBP revealed that it is common practice for the state legislature to approve the Capital Estimates separately. The recurrent estimates are submitted much later in the fiscal year for approval. Unfortunately, until mid August 2009, the full budget of Delta state, complete with all expected receipts and approved expenditure, had not been made public. In line with this reality, the scope of the present analysis is limited to the capital estimates for 2009.

The denial of access to information has forced NDCBP to rely on informal and more tedious channels of knowledge gathering. This has in turn created room to question the reliability of some of the documents. For example, to come to an understanding of the policy direction of the Delta State government, NDCBP had to rely on press clippings to reconstruct its policy priorities as no department of the state could provide any detailed information in this regard.

Policy Thrust

The policy direction of the present administration in Delta State is summarized in the 'three point agenda' namely

1. *Peace and Security*

2. *Human Capital Development*
3. *Infrastructure Development*

The focal areas of this analysis, Education and Health, fall into the agenda of 'Human Capital Development'.

Policy Thrust

Education:

Education in Delta State under SEEDS will be provided within the general guidelines of the National Policy on Education and the framework of Education For All (EFA) by the year 2015. The main policy thrusts are as follows: -

- *expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children;*
- *ensuring that all children, with special emphasis on girl child in difficult circumstances and from ethnic minorities have access to and complete free and compulsory primary education of good quality;*
- *ensuring that the needs of all young people and adults are met through equitable access to appropriate learning and life-skills programme;*
- *achieving a 20% reduction in the level of adult illiteracy by 2007, especially for women and equitable access to basic and continuing education for all adults;*
- *eliminating gender disabilities in primary and secondary schools and achieving gender equality in education with a focus on ensuring girls' full access to and achievement in basic education of good quality;*
- *Improving all aspects of the quality of education and ensuring excellence for all so those recognized and measurable learning outcomes are achieved, especially in literacy and essential life-skills.*

Health:

- *Broadening specialized service*
- *Control and Management of HIV/AIDS*
- *Improving laboratory facilities for diagnosis*
- *Improving radiological diagnosis*
- *Providing sustainable quality drugs for healthcare services*
- *Developing health personnel*
- *Improving immunization coverage by strengthening routine immunization*
- *Reducing disease burden due to malaria*
- *Promoting gender equity and elimination of negative practices involving women*
- *Protecting reproductive health of the citizens*
- *Promoting effective disease surveillance*
- *Promoting adequate information*
- *Strengthening State TB/Leprosy control programme*
- *Improving access to quality, affordable and effective Health Services.*

2009 Budget

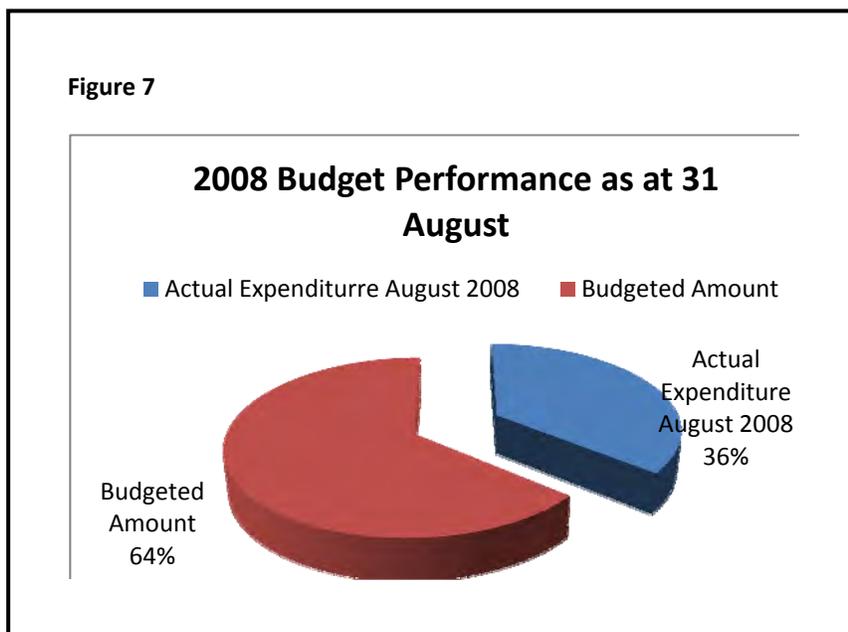
The total capital estimate for 2009 is given as ₦151,953,331,057, which is a ₦5,612,817,311 nominal rise from the 2008 capital estimate which was ₦146,340,513,746. When inflation is taken into consideration, at an annual Central Bank of Nigeria projected level of 14%, the real value of the total capital estimate stands at ₦133,292,395,664, a reduction in real terms of ₦18,660,935,393 or a negative growth rate of 8.92%. This retrogression represents a trend that calls for urgent check, as continuing with this trend could undermine the capacity of government to meet its development target. The total capital estimate amounts to a per capita ratio of ₦49,614 to each of the 3,062,676 population of Delta state. Viewed against the capital development needs of the state, this is inadequate.

The discrepancy between the approved 2008 budget and actual expenditure is also worthy of note. The budget performance for the 2008 fiscal year is given as 56%, as only ₦82,194,680,895 of the total capital expenditure

estimate of ₦146,340,513,746 was spent. This fiscal fact raises several questions on the focus and determination of the government to achieve its set objectives. The most readily available reason for this trend is the near total dependence of the state government on federal transfers, which is dependent on proceeds from the oil sector. The reduced transfers from the Federation account may be one of the reasons to explain the budget performance of 56% in 2008.

The amount allocated to education in 2009 represents just 8% of the budget. When this fact is compared against the government's policy of human capital development, and international conventions, it reflects a lack of commitment to its policy and a lack of prioritization of the education sector. In the 2009 budget, the Education sector was allocated ₦12,229,283,244. The 2008 allocation was ₦6,669,051,472. Unfortunately, the utilisation of the 2008 allocation raises doubt as to the impact of the nearly 100% increase. In 2008, only ₦3,587,909,307 was expended.

Vital education data reveals a disarticulation between primary education and secondary education in the state. Public primary school enrolment is given at 429,723 pupils, while public secondary school enrolment is 220,081. The nearly 200,000 difference in the two figures raises questions as to what happens to almost half of the pupils who graduate from public primary schools. This may indicate that there is a high level of dropouts in the State. Also, while there are 1,165 public primary schools, there are only 370 public secondary schools in the state, quite inadequate to cater for the outputs of the public primary schools. The education sector in the state is also private sector driven as the private secondary schools outnumber the public ones. This is a problem given the known low regulation of these schools.



In the health sector, there is a ₦8,028,860,271 (or 5%) allocation, which represents a ₦2,222,159,664 nominal rise from the 2008 figure. This increase may not translate into actual expenditure as only ₦3,432,736,248 of the 2008 budget figure of ₦146,340,513,746 was spent. Also, this allocation does not show a prioritization of the sector. In comparison, the item 'Others' under 'general administration', which supposedly represents miscellaneous expenses, is given a higher allocation. It is difficult to see how the level of consideration for the health sector can translate into achieving the government's goal of human capital development or even addressing international goals like the millennium development goals.

As in education, the health sector in Delta State is private sector driven. There are more private clinics and hospitals than the public health sector. Also, there are a total of 948 health facilities in Delta state and only 243 doctors in the state, representing a doctor to population ratio of 12,603 persons to one doctor! It is debatable how adequate this distribution meets the health need of the citizens.

MONITORING REPORT

Pursuant to NDCBP's mission of promoting transparency and accountability in governance in Nigeria with special focus on natural resource revenue and the Niger-Delta region, an NDCBP monitoring team visited some state government projects budgeted for in the State's 2009 Budget (Approved Capital Expenditure 2009). The following are the findings.

Construction of Examination and Science Laboratory Block	
Sector	Education
Beneficiary	St. Thomas College, Ibusa
Approved Cost	₦ 13 million
Monitoring Report	On a visit to the school, NDCBP was shown two building sites. One was an already collapsed block said to be the Science Laboratory building started in 2005 or 2006 and subsequently abandoned. The other is a 40.5x 15.0 hall with what seems like partitions for offices and toilet facilities, still at its foundation (DPC) stage of construction and said to be the proposed Examination Hall. From NDCBP's independent valuation, work done so far amounted to about ₦1,626,550.00. NDCBP was informed that the Examination Hall project is being undertaken directly by a member of the State House of Assembly and presented to the school and community as a "goodwill gesture" by the legislator.

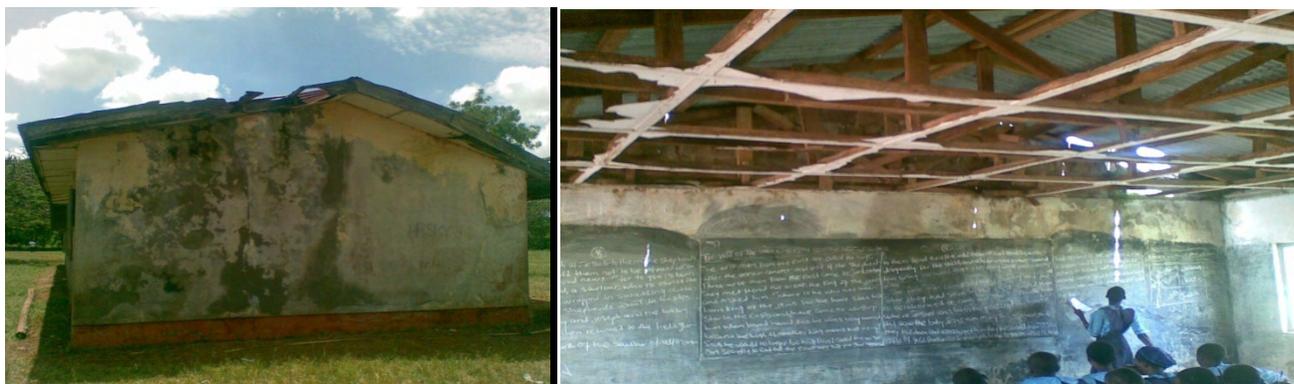


Abandoned and collapsed Structure



Examination Hall

Renovation and Fencing of Nshiagu College	
Beneficiary	Nshiagu College, Ogwash-Uku
Approved Cost	₦ 25 Million
Monitoring Report	<p>At Nshiagu College, NDCBP was shown three buildings said to have been penciled down for renovation among the many in deplorable states. Of the three buildings so selected, some work has been done on two; one is a block of six classrooms while the other is a block housing the Principal and Vice Principal's offices as well as two Staff Rooms. The chairman of the school's Parent Teachers Association told NDCBP that the two renovated blocks are now worse than they were before the renovation. NDCBP noticed that very low quality roofing sheets were used on the building, with some already collapsing, and the renovated floors already cracking, thereby presenting accident risks for the teachers and students.</p> <p>NDCBP was further shown a fence of 2.6m height and 113.2m length at both sides of the school's entrance gate, leaving the back, left and right sides open. NDCBP's independent valuation rates total work done on both projects to be not more than ₦ 12,670,350.00.</p>



Conditions at Nshiagu College

Upgrading of Medical Equipment/Construction of Staff Quarters at General Hospital, Ogwashi-Uku	
Beneficiary	General Hospital, Ugwashi-Uku
Approved Cost	₦ 40 million
Monitoring Report	<p>NDCBP was shown a block of four units of single rooms and kitchen still at roofing stage being constructed by the state government. Staff of the hospital also informed NDCBP that there was information regarding supply of some medical equipment to the hospital. However, as at November 2009, none had been delivered. NDCBP's independent valuation of work done so far on the four self-contained living apartments is ₦ 6,570,810.00.</p>



Renovation of Ika Grammar School	
Sector	Education
Beneficiary	Ika Grammer School, Boji Boji, Owa.
Approved Cost	₦ 45 Million
Monitoring Report	<p>On visits to Ika Grammar School NDCBP monitors noted signs of renovation work on two blocks of classrooms and offices.</p> <p>Though the school administration and community members were thankful to the State Government, NDCBP noted that the renovation of only two blocks among many dilapidated buildings does not adequately address the problem of the school. Neither does it justify the ₦ 45 million allocation. NDCBP's team of valuers assessed renovation work carried out at the time of the visit at ₦27,798,375.00.</p>



Dilapidated building at Ika Grammar School

Construction of a Block of Six Classrooms	
Sector	Education
Beneficiary	Ukpali Primary School, Obior
Approved Cost	₦ 15 million
Monitoring Report	At the primary school, there was no indication of construction going on. The school's administration, Parents Teachers Association and community members informed that they were not aware of any such provision in the budget.

Rehabilitation and Supply of Medical Equipment at Oporoza Primary Health Centre	
Beneficiary	Oporoza community
Approved Cost	₦ 30 Million
Monitoring Report	NDCBP was shown an uncompleted building said to be the proposed Primary Health Centre. It was gathered that the project was started in 2006 and subsequently abandoned. Community members were not aware of any other hospital project being undertaken by the state government in the area, or the supply of any medical equipment.

RIVERS STATE

Total Budget for 2009	₦ 432,286,000,000
Total Capital Votes	₦ 344,219,940,669 (79.6%)
Total Recurrent Votes	₦ 88,060,059,331 (20.3%)
Total Recurrent/Capital Votes for House of Assembly	₦ 4,480,610,301 (1.03%)
Total Recurrent/Capital Votes for Government House	₦ 22,141,776,630 (5.12%)
Security Vote	₦ 8,000,000,000 (1.85%)
Total Votes for Health (Recurrent/Capital Components)	₦ 27,330,625,188 (6.32%)
Total Votes for Education (Recurrent/Capital Components)	₦ 82,233,218,782 (19.02%)

Rivers State is the hydrocarbon capital of Nigeria, providing the main hub of activities in the oil sector. Benefitting from the 13% principle of derivation which requires the allocation of a 13% share of oil revenue to the state of their extraction, Rivers State emerges among the highest earners of revenue in Nigeria. However, the state still fares very poorly in all development indicators. Prone to internal conflict and 'militancy', Rivers State is a flashpoint of crisis and restiveness, quite often leading to armed exchanges between the government's security forces and individuals and groups who feel left out of government largesse. Over the years, oil wealth has not translated into tangible betterment in the fortunes of the citizens. Rather, existing infrastructure in the state have steadily deteriorated to levels of utter disrepair. This trend has been fuelled by a culture of fiat and corruption leading to the creation of vast private estates by former and serving government functionaries, at the expense of the commonwealth. It is perhaps as a result of the attendant backwardness that the current administration in the state has adopted a far reaching approach embodied in the Rivers State Sustainable Development Programme, itself conceived as a partnership between the public and private sectors including international financial institutions.

Budget Secrecy

The Rivers State government recently posted a summary of its 2009 Budget on its website. While the few pages made public gives insight into the overall spending priorities of the government according to sectors, as well as the size and contribution of various revenue sources, it fails to provide any detail into actual projects that the various sectoral allocations will be spent on.

The relevant offices in the Rivers State government still consider the budget details as secret document only for the eyes of a few within the corridors of power.

2009 Budget

This analysis is focused on the education and health sectors of Rivers State. The purpose is to examine the state government's relative prioritisation of these sectors to see how they measure to national and international recommendations as well as the State government's own policy statements.

Policy Thrust

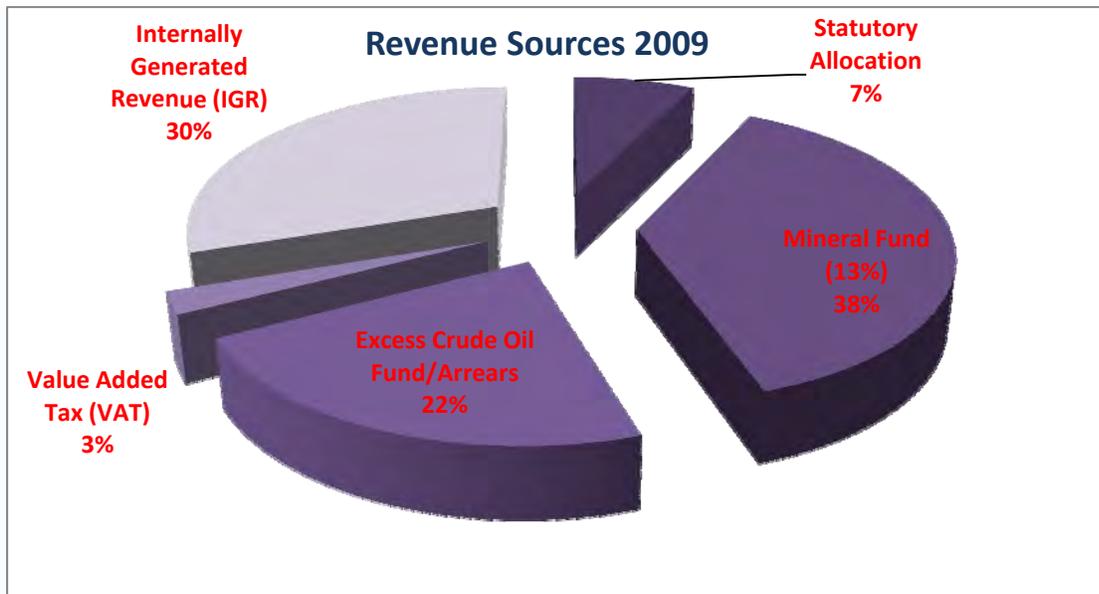
The policy direction of the Rivers State Government can be summarized as a quest to enhance economic production. This quest raises challenges as to the quality, size and motivation of the work force.

Income

The Rivers State revenue projection for 2009 was as follows:

- ₦ 24,250,000,000 as statutory allocation from the Federation Account.
- ₦ 123,430,000,000 as its share of the 13% derivation also from the Federation Account.
- ₦ 73,600,000,000 from Excess Crude from the Federation Account.
- ₦ 8,000,000,000 from value added tax.
- ₦ 99,000,000,000 as internally generated revenue, and
- ₦ 104,000,000,000 of the revenue was expected to come from unspent funds from 2008.

Figure 8



The dependence on oil determined federal transfers as the principal stream for servicing the state’s budget was more pronounced in the preceding years. In 2007, out of the state’s ₦179,384,098,500 revenue projection, 79% depended on federal transfers. In 2008, out of a revenue projection of ₦377,081,134,096, 81% was dependent on federal transfers. Seen in this regard, the 2009 budget represented a rare break with a tendency that has caused a great degree of volatility as well as engenders wastage through numerous untapped channels of revenue mobilization. For instance, while in 2007 and 2008 only ₦22,464,098,500 of the revenue projection was expected to be from internally generated revenue, the 2009 budget provides for ₦99,000,000,000 or 30%. Though such radical projection also comes with the challenge of the government’s ability to actually generate such revenue, it nonetheless indicates an understanding of the need to reduce the state’s dependence on oil related revenue.

The state's total expected revenue also reflects considerable increase when compared to the figures in previous years. In 2006, the figure was ₦168, 030,823,497. In 2007, it was ₦179, 384,098,500, and rose to ₦377,081,134,096 in 2008. The 2009 figure is ₦432,280,000,000. Between 2006 and 2009, there is a ₦264, 249,176,503 nominal increase in the budget, which is quite considerable. This nominal increase ordinarily should translate to an increased capacity of the state to carry out development programmes.

Expenditure

In 2009 the Rivers State government intended to spend a total of ₦88,060,059,331 or 20.3% of the total budget on recurrent expenditure, while ₦344,219,940,669 or 79.6% was to be expended on capital projects.

The 2009 budget of Rivers State presents very poor distinction of sectors and the attendant allocations. Budget lines that obviously belong to certain sectors are treated as independent. For example, Roads and Drainage is treated as distinct from Sewage and Drainage. Such ambiguity makes it difficult to make proper sectoral distinction.

In some cases a look at the spending priorities of the administration raises questions as to what the subjects actually refer to. For instance, the Rivers State government intends to spend ₦8 billion as 'security vote' under the 'government house'. In 2008, ₦12 billion was dedicated for the same purpose. The convention surrounding monies allocated as 'security vote' has it that the use of such funds are at the discretion of the state chief executive and he or she is not obliged to account for its use or even make it public. The veiled designation of 'security vote' has been a source of many interpretations. But whatever the contention is, the fact remains that the presence of a subject in the budget whose exact use is permitted to remain secret and the funds allowed to go unaccounted for is a misnomer and an avenue for the drain of scarce resources and corrupt practices.

Other expenditure preferences that raise questions include 'General Administration (Proper)' which is allocated ₦18,753,828,700. In 2008, the same subject was allocated ₦35,223,307,747. According to the budget, the funds are to be shared among the various government ministries and agencies as well as an array of special advisers. The budget is silent on the exact nature of 'general administration' these funds will be used for since most of their capital expenditure was already catered for under other subjects in the budget, and they were also provided for in the recurrent expenditure list.

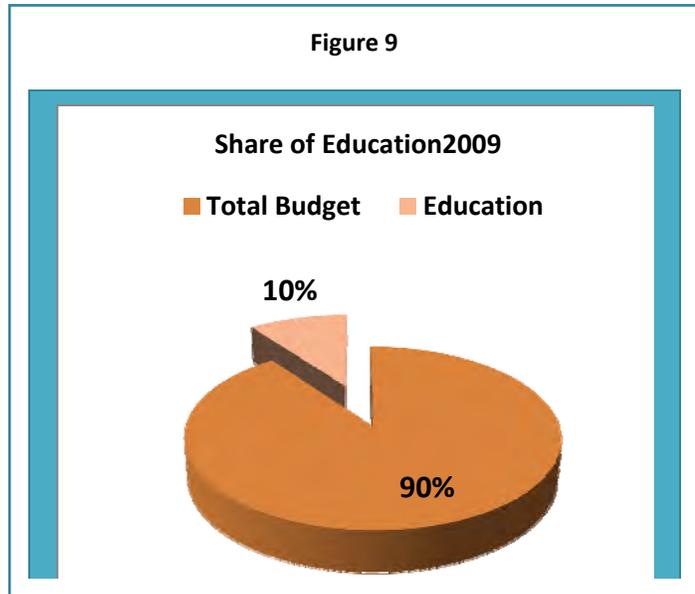
The budget equally provides ₦1,050,000,000 for Rivers State House of Assembly Capital Expenditure. In 2008, ₦3,153,319,904 was allocated for the same purpose. No indication of the actual expenditure plan for the funds is provided in the budget. This fact raises questions as to the manner of capital expenditure that Rivers State legislators are expected to make. The principles of separation of powers in governance preclude legislators from embarking on capital expenditures. That is the prerogative of the executive arm.

In the same manner of allocation ₦2,000,000,000 is given to the subject 'Special Project Bureau (Specified/Unspecified Projects)', and ₦2,300,000,000 is marked for 'Unspecified Projects (Government House)'.

Education

In 2009, ₦48, 179,775,664 was allocated to the education sector. In 2008, the allocation was ₦23, 799,597,874. This represents a ₦24, 380,177,790 increase. When it is calculated against a 14% annual inflation rate, the figure stands at ₦42, 262,961,107, which is a substantial rise. This renewed drive towards education in the state is a commendable phenomenon. This fact perhaps accounts for the aggressive renovation and construction of public primary and secondary schools which is noticeable in the state.

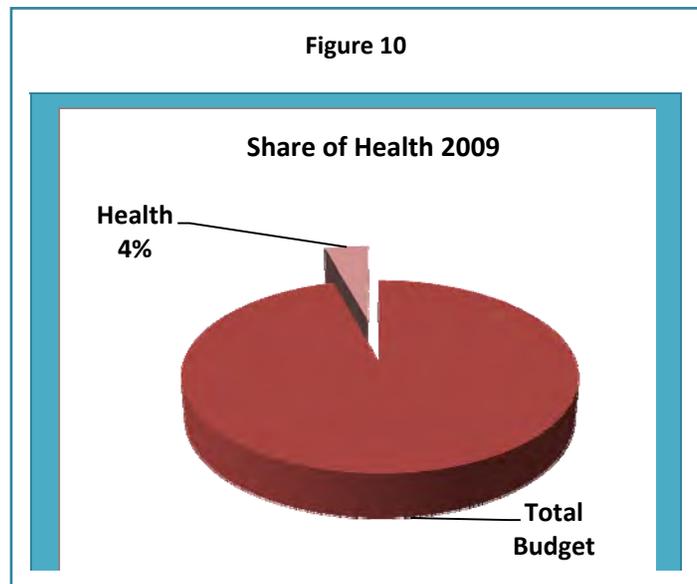
However, when calculated against the overall state budget, it becomes clear that the sector only gets 10% of the total budget. While the increase of almost 100 percent if maintained and replicated in other fiscal years and properly utilised could transform education in the state, it is difficult to see how the 2009 allocation of 10% of the overall budget can lead to the achievement of the administration’s policy objectives in the area of education in the long term.



Health

The 2009 budget allocated ₦19, 055,000,000 to the health sector. The 2008 allocation was ₦14,489,250,000. The 2009 allocation represents a ₦4,565,750,000 nominal rise. When inflation is factored in at 14%, the figure stands at ₦16, 714,912,281.

Just as in the education sector, the figures indicate a fresh lease of commitment to the health sector. As in the education sector, this rise in allocation is likely linked to the plan to renovate and construct 105 health centres across the state. The value of the allocation, however, becomes less heartening when it is calculated against the overall budget sum. As represented in *figure 10*, the allocation represents just 4% share of the entire budget. It becomes even more so when it is recalled that subjects such as ‘security vote’ and ‘general administration’ receive ₦26,753,828,700 or 6% of the total budget. Clearly, the above scenario does not indicate a commitment



to the government's vision of providing 'basic social amenities' for its citizens. While the increase in allocation is indicative of new policy interests on the part of the government, it is important to maintain the trend of increased allocation to the sector.

MONITORING REPORT

The following are findings of an NDCBP budget monitoring team covering select projects in the education and health sectors of the Rivers State government and Port Harcourt City Local Government of Rivers State.

State Government Projects

School of Health Science and Technology, Port Harcourt

Renovation of Laboratory	
Sector	Health
Approved Cost	₦ 10 million
Monitoring Report	On visits to the school laboratory, NDCBP noted that no renovation work was being undertaken. Interaction with students and staff of the institution further revealed that equipment and space were in short supply. The laboratory was originally built to serve 25 students, but now serves over 200 students who jostle for space and compete for the use of the ten available microscopes.
Provision of Books for the Library	
Sector	Health
Approved Cost	₦ 25 million
Monitoring Report	NDCBP confirmed that some books had been supplied to the library by the State Government. However, officials at the school did not believe that the books supplied were worth the budget allocation.

Rivers State College of Arts and Science (Riv-CAS), Port Harcourt

Construction of Three Classrooms Block	
Sector	Education
Approved Cost	₦ 10 million
Monitoring Report	At the school, NDCBP could not locate any ongoing construction or recently constructed building. The fact that no such project has been executed was confirmed by members of staff and students of the institution.
Construction of Provost Lodge and Residence	
Approved Cost	₦ 30 million
Monitoring Report	NDCBP did not find any such construction ongoing or completed. Members of staff and students also confirmed the non existence of the project.
Accreditation of Programmes	
Approved Cost	₦ 40 million

Monitoring Report	Management of the institution informed NDCBP that though the institution was awaiting the accreditation of some its programmes, no fund has been made available for the purpose of upgrading facilities to meet requirements.
--------------------------	---



Main Entrance into Riv-CAS

Rivers State University of Science and Technology

Construction of Two Units of Fifty Room Hostel	
Sector	Education
Approved Cost	₦ 150 million
Monitoring Report	NDCBP found two hostels in the University at various levels of construction. Further inquiry, however revealed that the hostels are financed by the Niger Delta Development Commission and Finbank PLC.



Hostel Project by the NDCC



Hostel Project by Finbank

Supply of Equipment to Niger Hospital, Port Harcourt	
Sector	Health
Approved Cost	₦ 275 million
Monitoring Report	As at the end of November 2009, no hospital equipment had been supplied. NDCBP's team gathered that the said supply is being delayed because the State Due Process Office must ascertain the quantity and value of the equipment to be supplied.

Construction of Specialist Mega Hospital, Omagwa	
Sector	Health
Approved Cost	₦ 2.5 billion
Monitoring Report	At the project site, NDCBP found a few workers piling the soil in readiness for the actual construction. Work is also ongoing on temporary structures for offices and staff accommodation. NDCBP noted that the hospital construction is still at preparatory level and the pace of work is very slow.



Construction work at Mega Specialist Hospital

Port Harcourt City Local Government

Sector: Education
Beneficiary: Nkpogu Primary School
Approved Cost: ₦ 45 million
Target: Construction of Six Classrooms Blocks

On a visit to the project site, NDCBP found the project completed though not yet in use. Staff of the primary school informed NDCBP that the contractor was still being owed by the Council and that accounted for the inability of the school to take ownership of the building. However, independent valuation by NDCBP assessed the project to be worth ₦ 12, 514,320.00.



Completed six classroom block built by Port Harcourt City Council

Sector: Education
Beneficiary: Unknown
Approved Cost: ₦ 60 million
Target: Renovation of Primary School

NDCBP gathered from officials at the Local Government secretariat that renovation work had been done by the local government council at Nkpogu Primary School. However, on interaction with staff of the school and community members, NDCBP gathered that the said renovation of a block of classrooms was actually done by community members in collaboration with corporate bodies located in the community. Officials at the council secretariat could not direct NDCBP to any other school where renovation work had been undertaken by the Council.

Sector: Health
Beneficiary: Aggrey Road
Approved Cost: ₦ 40 million
Target: Fencing and Maintenance of Port Harcourt Cemetery.

At the cemetery NDCBP found no fencing or renovation work being undertaken. Staff at the cemetery said they are not aware of any such proposal. They advised that greater priority should be given to provision of ambulance and protective gear for workers.



Port Harcourt Cemetery, still wearing the old look

Sector: Health
Beneficiary: Unknown
Approved Cost: ₦ 30 million
Target: Provision of Drugs to Health Centres

NDCBP could not establish if any health centre under the jurisdiction of the local government had been provided drugs. Key officials of the Council declined offering any information as to health facilities that had benefitted from the budget provision for drugs supply to health facilities.

Sector: Education
Beneficiary: Port Harcourt City Council
Approved Cost: ₦ 20 million
Target: Construction of Office for Local Government Education Authority

On inquiry, NDCBP was shown two detached buildings that serve as the local education authority offices. On further investigation however, NDCBP discovered that the buildings were constructed about three years ago under previous administrations. Staff at the council questioned the rationale of including the building of an office for the local education authority since space for such office is also provided for in the new local government secretariat already under construction.

ENDNOTES

ⁱ See <http://www.voanews.com/english/2009-03-29-voa7.cfm>

ⁱⁱ See <http://www.revenuewatch.org/news/110308.php>

ⁱⁱⁱ By 2007, Nigeria had made substantial savings from the excess crude account. However, by October 2008, Central Bank Governor announced that much of the savings in the excess crude account has been disbursed to the three tiers of government. In 2005, The Federal Government had drawn from the account to make payment of \$12.4 billion to the Paris Club of creditors in a debt buy back deal. Other withdrawals were made to fund projects that would improve energy generation and distribution in Nigeria. However, funds were wasted with over \$16bn of 'investment' in the energy sector during the Obasanjo's presidency failing to yield increases in power generation. Most of the contracts awarded have not been accounted for and a probe in the House of Representatives revealed major irregularities and fraud. In one instance, over \$2 billion in contracts was awarded by the ex president without proper tender (See "Nigerian deals 'wasted billions'", <http://news.bbc.co.uk/1/hi/world/africa/7296466.stm>)

^{iv} In 2008 the Niger Delta states and local government councils received increased allocations of oil-derived revenues from the Federation Account (from the oil boom and the payments from the Excess Crude Account). This resulted in higher expenditures. For example the government of Rivers State expended ₦367 billion (over \$3 billion). This expenditure does not include the budgets of the local government councils. See Niger Delta Citizens and Budget Platform (2009), "Carry Go: Citizens Report on State and Local Government Budgets in the Niger Delta 2008". Available at http://saction.org/home/saction_image/carry_go.pdf

^v Nigeria's Bonny light crude is highly sought after by buyers because of its low refining cost, unlike the Middle East Mubarak crude. <http://www.nigeriavillagesquare.com/articles/nigeria-in-global-news/delta-farce-nigerias-oil-mess.html>

^{vi} From every indication the 2010 deadline to end gas flaring will go the way of past deadlines set by government. <http://www.npr.org/templates/story/story.php?storyId=12175714>

^{vii} <http://allafrica.com/stories/200903120055.html>

^{viii} <http://www.bayelsa.gov.ng/documents/Draft%20Brief%20on%20BEITI%204%20Mar%2009.pdf>

^{ix} <http://bayelsa.gov.ng/documents/Draft%20Brief%20on%20BEITI%204%20Mar%2009.pdf>

^x

<http://www.stakeholderdemocracy.org/uploads/SDN%20Publications/news%20and%20analysis/sdnMayNews.pdf>

^{xi} The budgeting process in the Niger Delta can at best be described as bizarre. How the government arrives at the projects and priorities outlined for the year is shrouded in secrecy. Given the history of electoral frauds that have characterized the region since 1999, it is hardly surprising that this fraud has been carried into the budgetary and appropriation process. The executive is free to spend money as it deems fit without any check. The legislature on its part is settled through huge monetary allocations known as the constituency project. <http://www.hrw.org/reports/2007/nigeria0107/nigeria0107web.pdf>

^{xii} http://www.rssda-ng.com/about_rssda.php?action=why_rssda

^{xiii} The security vote remains the most abused budget line item in the Niger Delta from the governors to council chairmen. With the increased security presence in the region during the violent attacks by militants, this line item has been on the increase, most times higher than the entire budget provision for social spending.

<http://www.hrw.org/reports/2007/nigeria0107/nigeria0107web.pdf>

^{xiv} For most government officials the security vote is the easiest allocation to embezzle, as they do not have to account to anybody on how the fund was used. Some government officials have been known to forment communal crisis to justify the spending of the security votes.

<http://www.hrw.org/reports/2007/nigeria0107/nigeria0107web.pdf>

^{xv} Most of the key militant leaders especially in the Eastern Niger Delta started as strong arm men and thugs for the PDP controlled central government. Most of these groups later metamorphosed into criminal enterprises engaged in oil bunkering. It is still not clear at what point these criminal gangs became militant organizations. Acting under different umbrellas namely the Joint Revolutionary Council and MEND, the militants waged a vicious campaign anchored on kidnapping and hostage taking of oil workers, targeting and killing government security personnel, blowing up of oil pipelines and flow stations, that saw oil workers, especially the expatriates leaving the region in their hundreds. <http://www.nigeriavillagesquare.com/articles/nigeria-in-global-news/delta-farce-nigerias-oil-mess.html>

^{xvi} The Willink Commission was set up by the colonial government in 1957 and headed by Henry Willink, Master of Trinity College, University of Cambridge. Its mandate was to look into the minority fears of political domination and blocked access to development funds, and to explore ways to address them.

^{xvii} <http://www.humansecuritygateway.com/showRecord.php?RecordId=29142>

^{xviii} The report of the Niger Delta Technical Committee is just many among such reports commissioned by the Nigerian Government and quickly abandoned. This informs the high level of skepticism that greets such reports.

<http://www.crisisgroup.org/home/index.cfm?id=6080&l=1>

^{xix} <http://www.aspousa.org/index.php/2009/09/briefs-09212009/>

^{xx} The attack on Gbaramatu kingdom was consistent with previous patterns set during previous military raids on Odi (1999) and Odioma communities (2005) in Bayelsa State and Zaki Biam in Benue State (2001). In these cases, there were heavy civilian deaths prompting references to "massacre" and "genocide".

^{xxi} The actual number of militants has remained subject of controversy.

^{xxii} Top government officials and leaders of the PDP are actively wooing some of the militant leaders to sign up for membership. Most of the militants also boast of prior relationships with the PDP, a fact which the Chairman of the PDP, Prince Vincent Ogbulafor, has alluded to on several occasions. Ateke Tom, a prominent militant leader was informed by Ogbulafor on board an Arik Air flight from Abuja to Port Harcourt that his membership card will be renewed and presented to him soon. <http://www.nigeriavillagesquare.com/articles/nigeria-in-global-news/delta-farce-nigerias-oil-mess.html>

^{xxiii} The Niger Delta Regional Development Master Plan was launched in 2007 as "a comprehensive analysis of the life development imperatives, challenges and opportunities in the Niger Delta which puts into perspective the economic growth; human and community needs, institutional development, physical infrastructure and natural environment of the region." See <http://allafrica.com/stories/200704050095.html>

^{xxiv} See "Communities and the Petroleum Industry Bill (PIB): report of communities and civil society consultation forum on the Petroleum Industry Bill 2009", organised by Social Development Integrated Centre (Social Action), Stakeholder Democracy Network in collaboration with the Bayelsa State NGO Forum (BANGOF), Yenagoa, Bayelsa State, 25-26 November, 2009.

ABOUT NDCBP

The Niger Delta Citizens and Budget Platform is a collaboration of civil society organisations, including NGOs and community groups that promotes mass mobilisation to combat corruption in public offices in the states and local government councils of the Niger Delta, and to support community participation in budget development and monitoring. The platform is active in addressing the underlying causes of poverty and violence as well as contributing to promoting democratic culture in the region by ensuring that community members and civil society actors are empowered to make input into budget development and monitor budget expenditures.

Contact:

The Coordinator
Niger Delta Citizens and Budget Platform (NDCBP)
c/o Social Development Integrated Centre (Social Action)
33, Oromineke Layout, D-Line, Port Harcourt, Nigeria
Tel: +234 84 765413
Email: info@citizensbudget.org

Website: www.citizensbudget.org

citizensbudget.org

Niger Delta Citizens and Budget Platform (NDCBP) is a collaboration of civil society organisations and community groups that promotes mass mobilisation to combat corruption in public offices in the states and local government councils of the Niger Delta, and to support community participation in budget development and monitoring. The platform is active in addressing the underlying causes of poverty and violence as well as contributing to promoting democratic culture in the region by ensuring that community members and civil society actors are empowered to make input into budget development and monitor budget expenditures.

ISBN: 978-978-902-962-0