Wasted Billions

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

2012

Niger Delta Citizens and Budget Platform

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List of Abbreviations

NDCBP	NIGER DELTA CITIZENS AND BUDGET PLATFORM
SDN	STAKEHOLDER DEMOCRACY NETWORK
CEHRD	CENTRE FOR ENVIRONMENT, HUMAN RIGHTS AND DEVELOPMENT
BANGOF	BAYELSA NON GOVERNMENTAL ORGANIZATION FORUM
C-SPIN	CENTRE FOR SUSTAINABLE PEACE INITIATIVE NIGERIA
EFCC	ECONOMIC AND FINANCIAL CRIMES COMMISSION
ICPC	INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION
NEITI	NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
LGA	LOCAL GOVERNMENT AREA
MPD	MILLION BARRELS A DAY
OPEC	ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES
CBN	CENTRAL BANK OF NIGERIA
NLC	NIGERIAN LABOUR CONGRESS
PDP	PEOPLE'S DEMOCRATIC PARTY
NIMET	NIGERIA METEOROLOGICAL AGENCY
NEMA	NATIONAL EMERGENCY MANAGEMENT AGENCY
UNEP	UNITED NATIONS ENVIRONMENT PROGRAMME
WHO	WORLD HEALTH ORGANIZATION
HYPREP	HYDROCARBON POLLUTION RESTORATION PROJECT
PIB	PETROLEUM INDUSTRY BILL
UPI	UPSTREAM PETROLEUM INSPECTORATE
DPRA	DOWNSTREAM PETROLEUM REGULATORY AGENCY
NDDC	NIGER DELTA DEVELOPMENT COMMISSION
VAT	VALUE ADDED TAX
DESOPADEC	DELTA STATE OIL PRODUCING AREAS DEVELOPMENT COMMISSION
IGR	INTERNALLY GENERATED REVENUE
ICT	INFORMATION COMMUNICATION TECHNOLOGY
ETF	EDUCATION TRUST FUND
WADEP	WOMEN AGRICULTURAL DEVELOPMENT PROGRAM

BEITI	BAYELSA INCOME AND EXPENDITURE TRANSPARENCY INITIATIVE
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION
UN	UNITED NATIONS
UBE	UNIVERSAL BASIC EDUCATION
MDA	MINISTRY DEPARTMENT AND, AGENCY
DMO	DEBT MANAGEMENT OFFICE
FOI	FREEDOM OF INFORMATION ACT
RSPPL	RIVERS STATE PUBLIC PROCUREMENT LAW
SSHRC	SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL OF CANADA

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Analysis of budgets was carried out by Ken Henshaw, Boney Akaeze, Sebastian Kpalap, Uzor Ogbonnaya, and Ekpere Prince.

Budget monitoring was conducted by Emem Okon, Itoro Akpan, Idorenyin Daniel, Ekpere Prince and Uzo Ogbonnaya (Akwa Ibom State), Jim Dorgu, Robinson Kuroghobogha, Wisdom Wilson and Menedin Egbo (Bayelsa State), Bonney Akaeze, Sebastian Kpalap, Kelechi Obasi and Clement Osadebe (Delta State), Pius Dukor, Mathew Kurubo, Austine Ake, and Green Isaac, (Rivers State), Tuoyo Edward Alexander, Sam Ajufoh and Stevyn Obodoekwe (Edo State). Thanks also to Zack Brisson who joined the Rivers Team. Ken Henshaw coordinated the monitoring programme.

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Executive Summary

Nigeria's oil-rich Niger Delta is a well-known paradox of sorts. Despite holding billions of barrels and oil and gas reserves - Africa's second highest and world's eleventh - beneath its sprawling landscape, it is habited by some of the world's most deprived people. For decades, oil proceeds have remained Nigeria's mainstay, accounting for much of government revenues but failing to uplift the region from poverty, unemployment and poor health care.

This study spotlights the performance of five Niger Delta states of Akwa Ibom, Bayelsa, Delta, Edo and Rivers in the management of revenues and expenditures in the year 2012. The study is based on months of field evaluation of performance, budget reviews and interviews with local residents and relevant officials. Besides analyzing the budget parameters across the five states, the study appraised the implementation of randomly selected projects as related to three key sectors of Education, Health and Food Sufficiency (including Agriculture). The goal, amongst other things, is to enhance understanding of how and why the earnings by states in this strategic region contributed to or detracted from the goal of sustainable development.

Background/factors affecting budget making, implementation and governance

2012 was a rehash of the routines that have defined Nigeria's oil wealth for decades: huge crude earnings - averaging $86 billion according to the organization of Petroleum Exporting Countries (OPEC), dismal response to the nation's needs through budgetary poor allocations, and the lining of a few pockets with public funds. In 2012, about 1% of the population cornered up to 80% of Nigeria's wealth, according to Obiageli Ezekwesili, a former federal minister, and a former World Bank Vice President. The habits are well-known for holding the nation hostage, stifling development and entrenching poverty. During the year, strides in development continued to elude typically the Niger Delta from where the oil wealth derives. Instead, a crisis of public treasury depletion, that began 2011, an election year, unfurled full-blown with the government's controversial scrapping of petrol subsidy sparking sweeping street protests and strike.

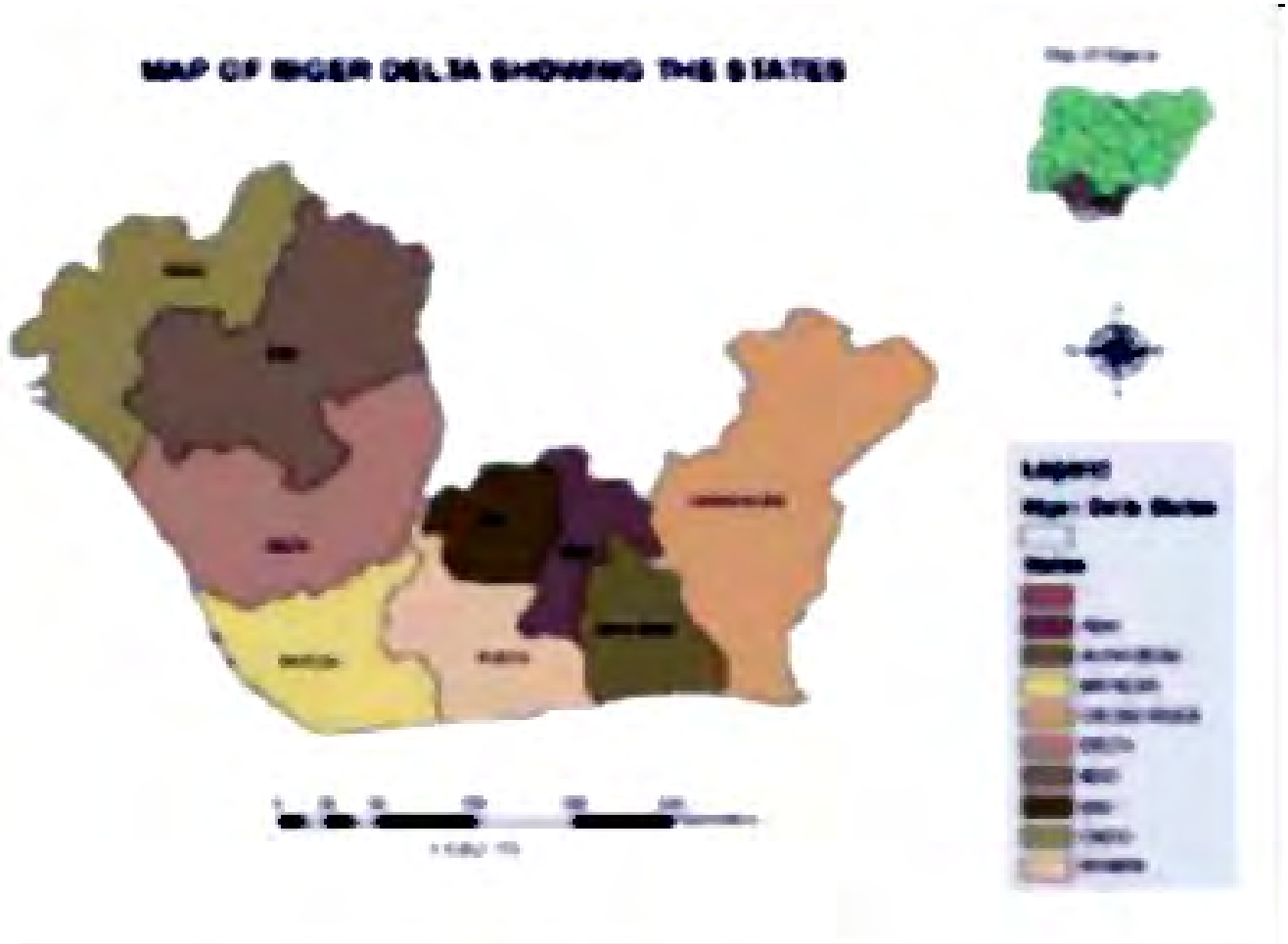
As a policy, the measure was crucial to easing a fatal burden on the fledgling economy, the government said, pledging to channel recouped funds into infrastructure and job creation. For many however, the decision, with attendant petrol price raise from ₦65 to ₦141 per liter, merely targeted to replenish a wrecked treasury, and to cover massive fraud in the oil sector. The government's initial refusal to investigate how a budget cap for subsidy escalated from ₦256 billion to more than ₦2 trillion, and its refusal to act on the House of Representatives report indicting top officials in the fraud, suggested a veritable pointer to the government's double-speak. Popular understanding ridiculed the logic of withdrawing a package beneficial to millions of Nigerians, rather than punishing the few responsible for violating the provision. The government eventually ordered parallel investigations, which, though with varied degree, returned indicting verdicts the government failed to act upon. And, as though to prove how the underlining role of the 2011 elections in the episode, many of those indicted were either members, or top financiers of the ruling People's Democratic Party (PDP).

Amid the troubles, the nation witnessed unprecedented environmental exigencies that somehow exposed even more, the government's ill capacity at handling crises. Huge floods swept 30% of Nigeria's landmass affecting homes, farmlands and businesses in 30 out of the 36 states. Estimated 7.7million persons were affected. President Goodluck Jonathan only announced emergency funds of ₦17.6 billion weeks after, and a presidential relief committee raised an extra ₦11 billion. In the Niger Delta, affected states initiated supplementary budgets, but parts of the reliefs were diverted by dubious officials.

Meanwhile pollution of the Niger Delta continued involving oil multinationals. As usual, federal response was habitually indifferent while livelihoods were either affected or ended. The government managed, nearly a year after, to set up a Hydrocarbon Pollution Restoration Project (HYPREP) to clean up the Delta, in response to the 2011 United Nations indicting study report on the deadly scale of environmental abuse in the region. However, HYPREP was not provided with an operating budget in 2012.

existing derivation for the Niger Delta, have failed to reflect on achievements.

Seeming validation for such fears is abundant with federal intervention agencies in the region, namely, the Ministry of Niger Delta, the Niger Delta Development Commission are references. And there is no better depiction of that failure, than the appalling handling of the most economically key highway in the region - the East West road. Despite drawing funding since 2009, work literally stopped on the road in 2010.



The voluminous Petroleum Industry Bill, which promises overhaul for a sector bedeviled by corruption, and which bears the potential to respond to some of the environmental abuses, received second reading at the Senate and the House of Representatives. But rather than attend to cogent inconsistencies in the bill, ranging from lack of clear provisions of an end to gas flaring, to proposals capable of spurring corruption, federal lawmakers were alarmed more by a proposed regime of development funds for oil producing communities. The legislators argued that the

Generally, governance in the region failed in 2012 to impact the people, save lives and provide infrastructure. As with past years, fiscal sustainability, resource prudence, transparency, citizens' participation, mainly in education, health and food sufficiency remained poor.

Budget transparency and public participation in budgeting and governance processes

In 2012, four of the five states examined propped their 2011 records on budget accessibility. While

Edo and Rivers states made budget details available on their state websites, Akwa Ibom put copies up for sale, Bayelsa responded to specific queries for data. None however, provided data on actual cash flow, periodic performance and audit details. In all, Delta state remained the most secretive, rebuffing request for information and providing none either for sale or on the web. The state's evasiveness fuelled, as usual, cronyism, and patronage where contracts are seen more as the benevolence of the governor. Ironically, Delta state was amongst the first to pass the Fiscal Responsibility and Public Procurement laws. Yet both instruments have been undermined by the government's refusal to establish required departments.

Such paradox featured in Rivers state, another signatory to the Procurement law. Brushing aside the law's chief aim of curbing arbitrary spending, the state assembly inserted a curious stipulation in the law, granting the governor unquestioned liberty to spend 30% of the budget. For 2012, that was worth ₦131 billion! In Bayelsa, while the new governor commendably reworked and got a state legislation the obsolete Bayelsa State Expenditure and Transparency Initiative (BEITI), same governor openly frolicked with a former governor convicted of fraud. No state provided a framework for citizen participation in state fiscal policies. The closest, as with 2011, was the Rivers state Town Hall meetings, abandoned by the government. By 2012, the meeting which began 2009 only held in one Local Government Area of the state's 23.

Revenues from oil and IGR performance

Despite repeatedly pledging to boost Internally Generated Revenues (IGR), huge dependence on federal oil revenues continued in all the states in 2012, with none projecting an IGR regime beyond 14% of total budget funding. While Bayelsa posted its best projection in years (it was zero in 2007), projecting five times the 2011 value; and Akwa Ibom and Delta showed nominal improvements over 2011, Rivers state's 14%, the highest for all states, was the state's worst since 2009. The state sustained its new regime of borrowing and a controversial social levy that turned in ₦2 billion, patently to shore funding. Edo state proposed 13%.

Ironically, the Niger Delta states, which constitute the nation's highest earners, appeared amongst the most indebted states as of ending 2012. In alerts by the Debt Management Office, Bayelsa had already crossed the safe limits by over 1,712 %, while Edo and Akwa Ibom, were edging close to the mark.

The spree escalated as some states often scrambled excuses of not meeting even their meagre IGR targets. For instance, while Delta state projected ₦51.4bn, it got ₦34.8bn as of September ending. That was however an improved performance of 57.9% over 2011's 46.9% performance within the same period.

Capital versus recurrent expenditures (security votes and arbitrary spending)

The five states recorded impressive capital expenditure-based budget, with remarkable margins of allocations for projects as follows: Akwa Ibom 85%, Rivers 72%, Bayelsa 60%, Edo 59% and Delta 58.6%. Indeed for two states, Bayelsa and Edo, the margins were record-breaking sort of, after two years of successive struggle with majority of allocations to recurrent spending.

The percentages were more significant as all the states reasonably raised their total budgets for the year save for Edo state which budgeted less than ₦200 billion. Akwa Ibom's was the highest, at more than half a trillion (₦522billion), while Rivers and Delta approved more than ₦400 billion apiece. However, despite the increases, states like Delta remained replete with malfunctioning and abandoned projects. Curiously, for administrations with buoyant themes about reaching the people with improved policies, the relative success story of capital funding did not expectedly rub off on key sectors of Education, Health and Food Sufficiency. To be sure, vague subheads drew considerable funding more than these sectors in all the states covered. For instance, "Others" received more money than health in 2010 and 2011 in Edo state. It was same for 2012, receiving ₦6.4 billion, nearly almost double of Health's ₦3.9billion. The notorious 'Security vote'

habitually allocated to the governor's office, took chunks of the budget in all states. But it was bizarre in Rivers where the Speaker and Deputy Speaker of the House of Assembly this got ₦108 million and ₦36 million in allocation for 'Security vote' in 2012.

Performance on key sectors of education, health and food security

For the most part, governors of all the five Niger Delta states gave unmistakable commitments to achieving improved records in Education, Health and Food Sufficiency (Agriculture). In separate budget speeches, they acknowledged the central importance of the three sectors and pledged to knit their economies around them. But in funding and implementation of project proposals, the realities were different. Education allocation plunged in Akwa Ibom over 2011 figure, and while the other states gave some more over the past year, raises were nominal and failed to convey the government's commensurate zeal for growth. While allocations to Health and Food Sufficiency respectively were ahead of 2011 allocations, all were measly with none up to 10% of the budget. Edo state gave the least to the food sector - 0.94% of budget in 2012. While the trend held true in Bayelsa, its story was a bit different for as paltry as its allocations for Education and Health seemed, they were landmark highest since the state was created in 1996. In 2012, the state introduced free primary and secondary education scheme.

General trends/findings from budget monitoring in 2012

Across the states, months of field assessment revealed a troubling level of project failure involving total non-implementation of approved projects or partial work. Many projects seemed designed more for siphoning public funds. A project to build Melford Okilo Hospital in Bayelsa has yet to be completed despite receiving ₦11.32bn in four years. The construction of senatorial schools in Nembe, Sagbama and Yenagoa progressed terribly after cumulatively drawing ₦5.4 billion since 2010. One of the sites attained 80% completion, another 10% and another 0%, evaluators found. An old project in Akwa Ibom, Ibom Science Park, initiated by the former administration continued to receive funding even when the project site had been overgrown by shrubs. In 2012, it received ₦2.4 billion. Delta state seemed the worst as similar incomplete projects dot the state.

The challenges underline the dangers that still lurk in a region just emerging from years of conflict over resource control and sharing to a devastating point of severely limiting Nigeria' foreign earnings. The future is unclear. But rapid development of the Delta is a must for a secure and stable region. And those can only be achieved if corruption is reduced, priorities are well set and the following measures are in place:

Recommendations

At the core of the development crisis in the Niger Delta, is the disconnect between governments and the citizens they govern. While governments operate without obligations to the people, citizens perceive governance and governments as irrelevant in day to day social existence. This relationship is buttressed by a process of suffrage that hardly represents the aspiration of citizen, merely manifesting as a periodic exercise to legitimize already selected candidates. Result of this has been corruption, fiat mismanagement and gross ineptitude that has reduced the Niger Delta to a case study in the 'resource curse' and a flashpoint of crisis.

Addressing the challenges of the region needs to begin with a process of giving back suffrage to the people. The electoral system needs to be overhauled in such a way that citizens become the true determinants of who holds political office at all level.

At the level of local governance where the logic of the third tier as the closest unit of development to the people has been defeated, the same electoral reform needs to be applied. In addition, local governments should have the requisite fiscal autonomy to determine their development needs. In essence, the practice of depositing local government allocations in accounts controlled by the state should be discontinues as it has effectively crippled local governance and made them mere appendages of the states. This of course will be done through a constitutional amendment which- it is recommended- should begin in earnest.

While the Public Procurement and Fiscal Responsibility acts were conceived as mechanisms to ensure transparency and the prudent use of public funds, the half hearted or total lack of compliance by states has rendered it useless, thereby denying citizens the value for money which these mechanisms promise. It is recommended that urgent work begins at the National Assembly and the State Houses of Assembly to make the laws binding and effective on all fiscal processes in the states.

On Transparency

* State and Local Governments should, in a timely manner, produce and disseminate fiscal documents which include budgets, midterm performance reports, strategy documents and auditor general's reports. Simplified versions of these documents should be readily available to the public.

* States that have not should pass Fiscal Responsibility Law and Public Procurement Law. Compliance with the principles of these laws should be strictly enforced and caveats that limit their enforceability should be eliminated. In accordance with this, the relevant bodies to supervise their compliance should be established and funded in a manner to ensure their independence.

On Citizens participation

* Urgent steps should be taken to allow for consultation with citizens at the state and local government level in the development priorities of the governments. Specifically, citizens should be allowed a role in the choice of development projects; they should be empowered to carry out monitoring of development projects and be encouraged to hold political office holders accountable. Concretely, it is recommended that legally binding channels and mechanisms for seeking the input of citizens be established at the state and local tiers.

On Budget Presentation and Details

* It is recommended that states and local governments avoid ambiguous language and vagueness in budgets. Where funds are allocated for projects, adequate details should be provided as to the location, specific amount, targets and implementation time frame.

* Duplication of projects between sectors,

targets, states and local governments, years and budget lines should be eliminated to avoid avenues for leakages.

On Budgetary Allocations

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

* Allocations to Education and Health should be steadily improved as these are pivotal sectors to achieving human capital development.

On Revenue Generation

* States and Local Governments should take steps to ensure a diversification of the resource base of their economies. As much as practicable, steps should be taken to extricate the States and Local Governments from the financial dominance of the federal tier. This can be achieved through proper and efficient methods of taxation. This recommendation will go a long way in insulation states and local governments from the volatility and uncertainty which oil revenues present.

* The practice of external and domestic borrowing should be reduced to the barest minimum in order to avoid the tendency of entrenching the governments into debt burdens which will in turn consume significant portion of resources in debt service and repayments. It is recommended that the more fiscally disciplined approach of creating budgets based on realistic benchmarks, and prioritizing projects based on funds availability be adopted.

The Role of Citizens' Groups

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

* Mobilize 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 as opportunities to engage with governments in the states and local government areas of the Niger Delta to promote transparency in the formulation and implementation of budgets.

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

Method and Scope

This Citizens Report on State and Local Government Budgets in the Niger Delta examines the income projections and expenditure trends of five Niger Delta States namely Akwa Ibom, Bayelsa, Delta, Edo and Rivers, with emphasis on the 2012 fiscal year, but progressively comparing data as old as 2007. While local government budgets also fall within the scope of the overall project intervention, reports directly related to LGAs are not contained in this volume. Reason for this is the absence of budgets and fiscal data at that level, and the high level of fiat associated with local government administration in the states. The decision to conduct this budget advocacy intervention in the aforementioned states was informed by their peculiar advantages and challenges. These states are among the highest earners from the federation account by virtue of oil production, but are as well the worst sufferers of the adverse effect of oil extraction which include environmental pollution and propensity to violent outbreaks, phenomenon commonly referred to as 'resources curse'.

This report contains findings of analyses of the budgets of the states with emphasis on their income, prudence in expenditure, policy direction, responsiveness to the needs of citizens, accountability and openness and prioritization of key sectors. In the case of these analyses, the key sectors are Education, Health, Food Sufficiency- which in this report refers to the budget heads of Agriculture, Livestock and Fisheries. A team of researchers and analysts sourced vital documents including budgets and other fiscal data, carried out interviews and studied the fiscal trends of the states over time in order to arrive at an analysis that adequately reflects the fiscal state of affairs in the states. The analyses have been conducted using internationally recognized budget analysis tools and conforms with best practices. However, it is limited by the unavailability of certain vital reports which examine in details the revenue and expenditure performance of the states as well as details of contracts.

The report also contains findings of budget monitors who were on the field for a period of two weeks in the last weeks of 2012 examining projects mentioned in the 2012 budgets of the states. Each budget monitoring team consisted of a community volunteer, a professional valuator, and two others. Monitoring was carried out on randomly selected projects (so selected to ensure objectivity) from the sectors of education, health and food sufficiency. Interviews were routinely conducted with anticipated beneficiaries of budget lines including community members and staff of schools and health centres; and where possible, officials in the responsible ministries were contacted for additional information.

In presenting the analyses and monitoring findings, pictures and charts have been amply utilized to enhance clarity and understanding. Unlike previous editions, budget monitoring and budget analysis findings for each of the states have been integrated as straight forward narratives in the current report.

The report begins with a background section which examines key issues of governance and resource utilization in 2012 which have bearing on the economy of the focal Niger delta states.

Background

Nigeria in 2012: The Lost Billions

From the point of view of the Nigerian politician, it was a great year. Crude oil production averaged 2.1 million barrels per day (mpd), and the country's Bonny Light soared at the international market, averaging $113 per barrel in 2012. The Organization of Petroleum Exporting Countries, (OPEC), estimated Nigeria's petroleum exports for the year at $86 billion;[1] and, the government's official data, suggests an agreement. Between January and September 2012, the Central Bank of Nigeria (CBN) says, $70.5 billion[2] accrued to Nigeria from oil and gas exports. However, not all of the export receipts seeped into government's coffers, with transnational oil corporations drawing a substantial 43% in joint venture shares.[3] With all cutbacks, the nation's oil earnings for 2012, totalled $52.2 billion (₦8.2 trillion), according to the CBN.[4]

For the majority of Nigerian people however, there have only been minimal gains, as very little of oil earnings are actually deployed to national and community development efforts. While the funds are expended through annual government budgets, monies voted for development projects are often stolen by officials operating at federal, state and local governments who collude with unscrupulous business and political interests. Up to 80% of government revenues end in the private bank accounts of the one percent of Nigeria's 160 million people, who are linked to the strings of political power, according to Obiageli Ezekwesili, who had served as a federal minister in Nigeria as well as Vice President (Africa) of the World Bank.[5]

The failure to utilize the resources in developing social infrastructure persisted, assuming crisis proportions in 2012. Critical road networks and railways received usual measly attention. For a nation hugely dependent on oil for its revenues, petroleum sector mismanagement took early prominence after the government announced a new fuel price, sparking protests. The ensuing events led to the exposure of an unprecedented theft of over ₦2 trillion of government petrol subsidies meant to lower fuel price.

By the end of 2012, there was a feeling of despondency as the central government failed to deal with the rot in the petroleum sector. In many ways, the events around the 'fuel subsidy' debacle in 2012 reflected the missed opportunities and compromised fortunes of Nigeria. Quite on an early note, the federal government, on New Year day, began full deregulation of the downstream petroleum sector, a policy defined chiefly by the scrapping of a government subsidy that helped keep pump price of petrol at ₦65 per litre. With much of oil revenue misused, and refineries not working, many Nigerians regard the subsidy - about ₦70 for each litre of imported fuel - as their lone benefit as citizens of an oil producing nation. Removing the aid drove the unit cost to ₦141, stirred sweeping street demonstrations that impacted adversely on the nation's frail economy. After days of strike, the government lowered the cost to ₦97 per litre, stridently rebuffing civil society demands for a complete reversal.

The revelations of the abuses responsible for the fiasco were stunning. While the federal government claimed to have originally paid ₦1.3 trillion (about $8 billion) as subsidy to fuel importers in 2011, the Central Bank of Nigeria tabled a far larger bill of ₦1.7 trillion[6] a cost shouldered by the weak economy. It was an expedient argument the government cited for the surprising withdrawal of the subsidy.

Many citizens, led by the Nigerian Labour

[1] OPEC, "Annual Statistical Bulletin, 2012". http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2012.pdf
[2] Central Bank of Nigeria "2012Q3 Quarterly Statistical Bulletin - Section B: Tables". http://www.cenbank.org/documents/Statbulletin.asp
[3] Abdul-Rahman Abubakar, "Nigeria: Foreign Firms Take 43 Percent of the Country's Oil Revenue", Daily Trust, 20 January 2012. http://dailytrust.com.ng/...content&view=article&id=152807:foreign-firms-take-43-percent-of-nigerias-oil-revenue&catid=1:news&Itemid=2[11/23/2012 9:09:21 PM]
[4] Central Bank of Nigeria's 1st to 4th Quarter Economic Reports, 2012
[5] http://www.ngrguardiannews.com/...7082:400b-nigerias-oil-revenue-stolen-or-misspent-says-ezekwesili&option=com_content&view=article[11/23/2012 8:39:19 PM]
[6] Turaki A. Hassan, "Nigeria: 2011 Fuel Subsidy Fund Over N1.7 Trillion, Says Sanusi", Daily Trust, 25 January 2012. http://allafrica.com/stories/201201250663.html

Congress, (NLC) and the organized civil society, rejected that explanation, pointing instead at corruption as the chief factor responsible for the escalated subsidy cost from billions of naira approved by the National Assembly, to trillions illegally paid by the government. Protesters backed calls for inquiry, and urged authorities to block the leakages that allowed abuses, and retain the subsidy. Many feared what were sure aftermaths of petrol price increase: surge in transport fares, and higher costs of goods and services, which would also see many Nigerians who are faced with unsteady public electricity utility, pay more for private generator fuel.

The pains of the civil disobedience notwithstanding, (more than a dozen people were reported killed by state forces during the demonstration)[7], the unprecedented 'January Uprising' of 2012 prompted a House of Representatives probe, alongside a series of investigations by the federal government, into the management of fuel subsidy.

Through weeks of public hearings and discreet investigations using international maritime monitor, Llyod's list intelligence, federal lawmakers on the House ad hoc committee, proved to a shocked nation that the bulk of government subsidies, in trillions of naira, went to fuel marketers who imported no products but received whopping payments. In other words, the Nigerian public treasury was defrauded of over N1 trillion (about $ 6.8 billion).[8] The fraud occurred mainly in 2011, an election year during which political office holders routinely scrambled for campaign funding. Key officials of the administration were indicted by the report, and recommended for sack and prosecution. Surprisingly, it turned out, the Nigerian Presidency was first to scorn the report, and presidential aides reminded the nation of the non-binding nature of the National Assembly's resolutions. That came after officials had dismissed the report as biased.[9]

To assure its concern with the lawmakers' report was effectively on substance, and not a lack of will to implement the recommendations, the Nigerian government named a parallel probe of the subsidy regime. First, the Federal Ministry of Finance set up a "Technical Committee" to verify payments in 2011. That committee was led by a banker with close ties to the government and many of the alleged rogue oil marketers, Aigboje AigImoukhuede. The Technical Committee concluded there was fraudulent payment of ₦422 billion ($2.6 billion) by the government to oil marketers. Again, the Federal Government constituted a Presidential Committee to verify the report of the Technical Committee. The new committee, led by the same Aigboje AigImoukhuede, reviewed the estimated overpayment to ₦382 billion ($2.4 billion).[10] Many Nigerians believe the final figures were doctored to exonerate culprits with close ties to the Presidency.

In all the findings, the state-owned Nigerian National Petroleum Corporation (NNPC) was found central in subsidy fraud and in other schemes used by officials to rip off public treasury. Indeed, in the wake of public outcry against the looting, a separate probe of the NNPC was instituted by the Minister of Petroleum, Diezani Alison-Madueke. The probe panel, the Petroleum Revenue Special Task Force, was headed by Nuhu Ribadu, a respected former chair of the Economic and Financial Crimes Commission (EFCC).

The Ribadu-committee revealed further infractions and hemorrhages in the management of petroleum resources, involving NNPC conniving with transnational oil corporations and rogue oil traders to fleece Nigeria of tens of billions of dollars yearly.[11]

In particular, the probe revealed that $29 billion

[7] "12 killed as subsidy protests turn bloody", Vanguard, 10 January 2012 http://www.vanguardngr.com/2012/01/12-killed-as-subsidy-protests-turn-bloody/

[8] http://www.bbc.co.uk/news/world-africa-18238973[11/23/2012 5:46:04 PM]

[9] While the report of the House of Representatives was well received by Nigerian people, the chairman of the Ad-hoc Committee of the House of Representatives, Farouk Lawan, was accused by one of the oil marketers, Femi Otedola, of demanding $3 million bribes to exonerate the businessman. Otedola, who has close ties with the ruling party and the government, claimed that he paid over $620,000 during a meeting recorded by the Nigerian State Security Service (SSS). The Nigerian authorities commenced criminal prosecution of Lawan in 2012.

[10] http://premiumtimesng.com/business/93626-fuel-subsidy-scam-presidential-committee-indicts-21-firms-urges-recovery-of-n382-billion.Html[11/23/2012 6:59:46 PM]

[11] http://allafrica.com/stories/201211180351.html[11/23/2012 7:45:39 PM]

was lost in the last decade in price-fixing scams involving the sale of natural gas alone, while up to $6 billion is lost annually to crude oil theft. The government, which mandated the committee, initially tried to dismiss the report, [12] but later set up a new committee to verify its claims. Nothing came out of the verification exercise, and 2012 ended on that note, business as usual.

Despite compelling revelations by government probes of the petroleum industry, the year ended without the federal government, under the administration of President Goodluck Jonathan, demonstrating the political will to effect changes needed to place public finances to the service of citizens.

Compromised Budgets

The ₦1.7 trillion expended by the federal government of Nigeria was ₦1.45 trillion above the ₦250 billion voted as fuel subsidy cost in the 2011 federal budget. The huge extra-budgetary expenditure was over 32% of the entire approved federal spending for 2011. More puzzling was how the cost for 2011 by far, outsized the 2010 figures of about ₦561 billion more than thrice. The outlandish rise came without commensurate increase in local fuel consumption in the country.

Government insiders have suggested an explanation, unofficially though, for the mind boggling fraud: the 2011 General Elections, an allegation the government forcefully denies. The President and other political office holders, insiders say, needed to corner funds to prosecute electioneering campaigns. Without clarity of value and procedures, that would have allowed citizens monitor its use, the subsidy funds came handy. Evident of that contrivance, the multiple investigations conducted proved major financiers of the ruling People's Democratic Party (PDP)[13] to have been the main oil marketers who benefited from the crooked largesse.

The subsidy regime was only one of the numerous avenues for siphoning public funds. Other gargantuan thieving projects competed with it, and for each, the travesty was the sanctions, or the lack of it, accorded culprits. A well celebrated case in 2012 was a federal civil servant who was prosecuted and convicted for stealing over ₦23 billion ($146 million) of funds meant for police retirees' pensions. The official admitted to stealing ₦2 billion ($12.6 million), and was sentenced by a federal high court in February 2013 to two years in prison with an option of a paltry fine of ₦250,000 (less than $2000), which the accused promptly paid and drove home. Anti-corruption agents only filed fresh charges after intense public outcry.[14]

Such brazen frauds have evolved to appear normal, with government sympathizers often arguing that the perpetrators only follow through habits well entrenched in the system. More than before, annual budgets have become mere routine avenues for officials to lay hands on public funds. Yearly, more percentages go to officials than to building of roads, hospitals and schools. [15] Yet, the government has shown increasing lack of political confront corruption.

Environment and Livelihood

2012 Floods

In 2012, huge floods inundated 30% landmass of north and south of affecting homes, farmlands and businesses in 30 out of the 36 states in Nigeria. Estimated 7.7million persons were affected.[16] The floods exposed the unpreparedness of all tiers of government for disaster situations, and called attention to the need to factor climate change into development planning. Governments at all echelons were tardy in responding to the humanitarian crisis occasioned by the floods, which had been predicted by the Nigeria Meteorological Agency (NIMET) months before the first incidents were reported.[17]

[12] http://allafrica.com/stories/201211090490.html[11/23/2012 8:05:09 PM]
[13] http://www.thenationonlineng.net/2011/index.php/news/32864-subsidy-beneficiaries-financed-jonathan%E2%80%99s-election,-says-el-rufai.html
Premium Times" http://premiumtimesng.com/news/117599-director-jailed-2yrs-for-stealing-n33bn-pension-fund-freed-on-n250000-fine.html
[15] Former House of Representatives speaker, Dimeji Bankole, said in 2009 that civil servants steal N 700 billion yearly
http://business.highbeam.com/3548/article-1G1-192023741/civil-servants-steal-n700-billion-annually-bankole
[16] http://ca.reuters.com/article/topNews/idCABRE8A40W920121105
[17] http://www.vanguardngr.com/2012/03/nimet-forecast-clarion-call-to-states-and-fg-2/

However, the failure of state agencies to prepare on time was a factor in the more than 300 deaths recorded, and the displacement of about two million people from their homes. It was weeks after the floods had ravaged large parts of the country that President Jonathan, in October 2012, announced a federal emergency donation of ₦17.6 billion, drawn from the fallow Ecological fund, to assist flood victims. Out of the amount, over ₦13 billion was distributed to the affected states while the remainder was given to federal agencies such as the National Emergency Management Agency (NEMA).

A victim wades through flooded road in Ahoada West LGA, Rivers State

The president also set up a Flood Relief Committee to raise funds from individuals and corporate entities. The committee, headed by billionaire businessman, Aliko Dangote, raised another ₦11 billion.[18] Detailed disbursements of the funds however, remained hazy.

Niger Delta states like Bayelsa and Delta passed supplementary budgets to respond to the floods. In Bayelsa State, where estimated 30,000 were displaced,[19] the state government issued a supplementary budget of ₦16 billion, for which ₦6 billion was dedicated to rebuilding destroyed schools. Delta State said it needed ₦9.6 billion to tend to needs arising from the floods.

According to a report by Social Action, in the Niger Delta states such as Bayelsa and Rivers, "the governments and related agencies responded belatedly to the disaster outbreak. This led to enormous losses by members of affected communities. Food crops and homes were destroyed while lives were lost. When the governments responded, arrangements were shoddy and rife with corruption as funds and relief materials were brazenly mismanaged by loyalists of the ruling party in the states who were charged with flood management. This resulted in the generally poor state of virtually all the flood camps set up in states."[20] The report contains evidence that in Bayelsa State food and other relief materials provided by government were diverted by officials and sold in markets in Yenagoa (Bayelsa) and Mbiama (Rivers).

[18] ThisDay "Dangote Committee Raises ₦11bn for Flood Victims" http://www.thisdaylive.com/articles/dangote-committee-raises-n11bn-for-flood-victims/130136/
[19] Emma Gbemudu, National Mirror Feb 6, 2013, http://nationalmirroronline.net/new/bayelsa-earmarks-n20bn-for-post-flood-challenges/
[20] "We Have Not Seen Anything Like This Before" http://www.saction.org/books/flood_briefing.pdf

Meanwhile, some state governments blamed the floods for failure to fully implement budgets in 2012. Bayelsa state governor told state lawmakers the implementation of the 2012 budget had been blighted by the flood. "Government will also next year begin to provide free teaching aids, free books and desk and then by January, we will begin the distribution of school uniforms to all the schools. All these are ready, but if not for the floods, we would have gone far," the governor said. [21]

With massive loss of crops and food stocks in the affected states, Social Action called for a well laid out Post-Flood Rehabilitation and Reconstruction Plan for all the affected states. Such a plan should provide grants and credit facilities to flood victims to assist them repair, as much as is possible, damaged structures including shelters, farmlands and other commercial ventures that serve as their sources of livelihood.

Oil Spills

While the flooding was a natural disaster, the destruction of the natural environment and livelihoods as a result of oil pollution is manmade. In 2011 the United Nations Environment Programme (UNEP) published a report of assessment of oil pollution in Ogoniland following over 50 years of petroleum exploitation. The UNEP report showed the impact of widespread pollution of land areas and wetlands by transnational and state owned oil companies, which exposed community members, in some cases, to benzene - a known carcinogen - at levels over 900 times above the World Health Organization (WHO) recommended safety level. Farmlands and sources of drinking water were contaminated by hydrocarbons, in some cases, at more than 1,000 times higher than the Nigerian drinking water standard of 3 ìg/l. Mangroves, which provide breeding ground for fish were destroyed, the report noted.

After delays, the government of Nigeria set up a Hydrocarbon Pollution Restoration Project (HYPREP) on July 24, 2012 to Clean-Up the entire Niger Delta. But HYPREP had done no noticeable work in the Ogoni area and elsewhere as of January 2013 ending. Indeed, HYPREP was set up without a budget provision in 2012.

Several oil spills occurred in the Niger Delta in 2012. Many went unreported. The Nigerian Senate in November 2012 expressed concern that oil companies operating in the region spilled more crude oil into the environment than in any other oil producing country in the world.[22] While some spills have more localized impact, others pollute extensive areas, as they impact on inland waterways and wetlands, as well as offshore. For example, several spills in 2012 from ExxonMobil's facility offshore of Akwa Ibom State affected many fishing communities. In one case, the spill "spread at least 20 miles from its source, coating waters used by fishermen in a film of sludge", according to Reuters.[23] In another incident in January 2012, two oil workers were killed when a gas explosion occurred at an offshore rig operated by the transnational oil company, Chevron.[24] The inferno from the explosion raged from January to March, affecting coastal communities nearby. Chevron refused to pay any compensation to the communities, despite calls by the Nigerian Senate for them to do so.[25]

Cleanup of spills are often late and inadequate, leaving affected fishermen and farmers to literally beg for compensation, which often arrive measly, or not at all. While British Petroleum (BP) was compelled by the United States government to pay $4.5 billion in penalties for spilling nearly 5 million barrels of oil into the Gulf of Mexico, the Nigerian government has remained more or less complicit in the abuse of human rights, not doing much to defend its citizens from violations by the oil companies in 2012.

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[21] Governor Dickson's 2013 budget speech
[22] Vanguard, “Nigeria has the highest oil spill in the world”. 4 November 2012.http://www.vanguardngr.com/2012/11/nigeria-has-highest-oil-spill-in-the-world-senate
[23] Tife Owolabi. "Nigeria Exxon spill spreads for miles along coast”. Reuters. 18 November 2012. Http://www.reuters.com/article/2012/11/18/us-nigeria-exxonspill-idUSBRE8AG0CZ20121118
[24] http://www.reuters.com/article/2012/07/11/us-chevron-nigeria-idUSBRE86A0OP20120711[9/27/2012 1:32:40 PM]
[25] http://allafrica.com/stories/201206250117.html[9/27/2012 1:35:58 PM]

Meanwhile, the theft of crude oil increased in 2012, costing government revenue about $6 billion.[26] In addition illegal 'oil bunkering', the activities of illegal artisanal refineries, which produce diesel and other consumer fuels from stolen crude oil, have severely affected the natural environment, contributing to loss of livelihoods. These problems persist in part due to complicity of officials of the Nigerian security services, widespread unemployment and lack of clear government policy to deal with the problems.

The Petroleum Industry Bill

The Petroleum Industry Bill (PIB),[27] currently before the National Assembly, is a broad legislation intended to recreate the legal, fiscal and regulatory framework for the petroleum industry. The bill encapsulates 14 past sector-related laws and is expected to combat fraud in the sector, open areas for more investment and enable the government to draw more proceeds from the oil and gas. A new version of the bill was presented to the national assembly by the federal government in 2012. The first positive aspect of the new PIB was its publication by the government on the internet, which has made citizens access and assessment possible. While the document contains promising provisions, other provisions have drawn condemnations.

The new PIB, for instance, does not provide clear timeline for stoppage of gas flaring, and is not an improvement from the existing Associated Gas Re-injection Act. Instead the PIB, as proposed by the Jonathan government, imply that gas flaring could be made illegal at a date to be determined by the Petroleum Minister. Until such an indeterminate date, oil companies would be expected to pay what could be seen as gas flaring tax and flare as much gas as they want, to the detriment of communities.

Provisions for environmental practice are vague, and do not provide clear penalties for pollution. Instead, the bill may lead to the introduction of a new regime of criminalizing of host communities, who would now be held responsible for any allegations of sabotage of oil facilities by companies and government. Communities would now be expected to secure oil facilities. While there is a provision for the establishment of the Petroleum Host Communities Fund (PHC Fund), to be utilized for economic and social infrastructural development of communities within the petroleum producing area, there are sections of the bill that make the administration, management and disbursement of the fund political, non-transparent and open to abuse and manipulations as it is entirely within the discretion of the Minister for Petroleum.

Furthermore, there are sections that empower the two regulatory agencies: the Upstream Petroleum Inspectorate (UPI) and the Downstream Petroleum Regulatory Agency (DPRA), including the National Petroleum Assets Management Corporation to receive gifts of money, or other property, from third parties. Considering the difficulty in drawing a line between gifts and bribe, and in view of the monumental corruption that has plagued the sector, it is surprising that the government would be proposing that regulatory agencies receive gifts from the same entities they supervise and regulate.[28]

Niger Delta: Failed Development Promises

At transition to civil rule in 1999, the crisis of development in the Niger Delta, which is the petroleum producing region of Nigeria, was broadly considered the key challenge for Nigeria's new civilian leaders. That was because of prolonged protests by communities in the area against oil and gas multinationals, whose decades of reckless exploration activities left the environment degraded, and livelihoods wiped out.

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[26] International Centre For Investigative Reporting "Nigeria loses $6 billion to crude oil theft yearly" http://www.icirnigeria.org/inews.php?id=801

[27] The PIB has been subject to controversy since the first version was introduced to the National Assembly (NASS) in 2008. Since then, several versions of the bill surfaced on the floors of the NASS, as different interests jostled to influence the legislative process. A new version of the PIB was introduced to the NASS by Goodluck Jonathan government in 2012.

[28] The bill was given a second reading at the Senate early March 2013, and is expected to go through subsequent readings at the senate and the House of Representatives. While lawmakers agreed of its importance, the voluminous legislation ripped the senate along ethnic lines over the development fund to the oil communities. Northern senators argued it will be adding too much money for an area already with so much. But the federal lawmakers also found a common point in their argument against the extensive powers of the minister of petroleum, as granted by the bill. See Punch. Oluwole Josiah "PIB debate splits Senate along North, South lines". Punch http://www.punchng.com/business/business-economy/pib-debate-splits-senate-along-north-south-lines/

With popular perception about longstanding marginalization of the oil states and communities of the Niger Delta, and the attendant denial of benefits from oil revenues, the 1990s ushered in new mobilization and agitation. Grassroots organizations and the elites from the area campaigned for resource control and self-determination within the Nigerian state agitation that, at some instances, resulted in the disruption of oil and gas exploitation activities, the government's economic mainstay.

In response, the 1999 Constitution, bequeathed by the departing military dictatorship, stipulated a 13% derivation of all federally collected revenues from petroleum, to be paid to the Niger Delta states. The Derivation Principle was followed by the introduction of the Niger Delta Development Commission (NDDC) by the federal government under the new civilian government of Olusegun Obasanjo, in 2000, "with the mission of facilitating the rapid, even and sustainable development of the Niger Delta into a region that is economically prosperous, socially stable, ecologically regenerative and politically peaceful".[29] With the NDDC unable to effectively deliver due to massive corruption[30] fueled by political cronyism, social crises in the region degenerated to armed 'militancy', sabotage of oil facilities and abduction of workers, costing the economy unprecedented plunge. In 2008, former President Umaru Yar'adua established the Ministry of Niger Delta Affairs with the mission "to formulate and execute plans, programmes and other initiatives as well as coordinate the activities of Agencies, Communities, donors and other stakeholders involved in the development of the Niger Delta region".[31]

No better depiction of the new ministry's failure, especially under the regime of President Goodluck Jonathan and his preferred minister, Godsday Orubebe, who both assumed office in 2010, than the dismal way the East-West Road project has been handled. The most economically important highway in the region, linking Akwa Ibom, Rivers, Bayelsa, Delta Edo State and the South West of Nigeria, deteriorated into a metaphor for the neglect of the Niger Delta, before the Obasanjo administration commenced its rebuilding and dualisation in 2006. By 2009, the administration of the project was handed to the Ministry of Niger Delta affairs. Despite allocations from the federal budgets of 2009, 2010, 2011 and 2012, work on large sections of the road literally stopped since 2010. The failures of President Jonathan, an indigene of the Bayelsa State in the Niger Delta, and the Niger Delta Minister, another native of the area from Delta state, to deliver on the East-West Road have prompted criticism from leaders from the region, including the governor of Rivers State, Rotimi Amaechi.

Niger Delta Affairs' Yearly Budgets for East West Road

East West Road = ₦28 billion (2009)
East West Road = ₦30 billion (2010)
Construction and Provision for Roads = ₦41.5 billion (2011)
Provision of Roads = ₦46.2 billion (2012)

However, the crisis of development and corruption in the management of public finances are hardly exclusive to Nigeria's federal tier. This citizens' report reveals varying levels of irregularities and failed development promises in the Niger Delta states of Akwa Ibom, Rivers, Bayelsa, Delta and Edo.

The Federation Account and the Niger Delta States

In 2012, the federal government collected ₦10.7 trillion[32] (about $68 billion) as revenues, according to the Central Bank of Nigeria, (CBN). Of the federally collected revenues, ₦2.6 trillion (about $16.4 billion) was sourced from non-petroleum sources, such as customs duties, Value Added Tax (VAT), corporate tax etc. From these funds, the CBN put the amount distributed through the Federation Account,[33] which is the central pool

[29] http://www.nddc.gov.ng/about%20us.html
[30] Vanguard, "Jonathan promises to cleanse NDDC of corruption". 5 March 2013. Www.vanguardngr.com/2013/03/jonathan-promises-to-cleanse-nddc-of-corruption/
[31] http://www.mnda.gov.ng/aboutus/
[32] Not including Internally Generated Revenue (IGR) by states and local governments
[33] Funds in the Federation Account are distributed using a Revenue Sharing Formula. In 2012 the Federal Government got 52.68%; the 36 state governments shared 26.72% and the 774 Local Government Councils received 20.6%. A special 13% derivation fund exists for payment of oil revenue to states where petroleum exploitation takes place.

Sections of the East West Road in Port Harcourt, Rivers State (as at February 2013)

from which federally collected revenues are shared between the federal, state and local governments, at ₦6.98 trillion (about $44. 3 billion).[34] Other side perks steadied the shared figure far higher as reported by the Economic Confidential Magazine which provided figures showing how the federal, states and local governments shared over ₦10 trillion in 2012. [35] The extra, were derived from foggy fund, maintained by the government under the appellation of Excess Crude Account.

Annually, the federal government sets benchmark price for crude oil for its annual budgets ($72 per barrel in 2012). The government pays receipts from oil sales, based on the benchmark price, into the Federation Account. The excess, due to varying oil price in the international market, is saved in an Excess Crude Account (later Sovereign Wealth Fund which was established in 2011). However, governors of the 36 states that make up the Nigerian federation often insist, and succeed, in getting the accruals shared through the Federation Account.

With the constitutionally stipulated 13% derivation, the Niger Delta states often come away with the largest allocation monthly. In 2012, Akwa Ibom State received the highest allocation of ₦217 billion, followed by Rivers State which received ₦177 billion.[36] The huge receipts - larger than many African states' economies - fueled profligacy among officials who pursue only relatively minimal pro-people policies and projects.

As with the federal government, which expended over 70% of its 2012 budget on recurrent spending, many state governments devote majority chunks of their annual budgets to service unproductive recurrent expenditures, sometimes paying for salaries of non-existent 'ghost workers'. From same subhead, outlandish overhead costs are derived, often including huge sums to manage the offices of the President, Governors etc. In 2012, one scandalous spending, well celebrated in the media, was the presidency's assigning of ₦1 billion ($6.2million) for feeding. Additionally, governors, receive several hundreds of unhinged millions of naira monthly, tagged 'security vote', available for deployment at the whims of governors.

When budgeting for capital projects, the governors of the Niger Delta states have demonstrated proclivity for grand projects that serve less of public good, but promote the showmanship of governors. For example, the Akwa Ibom State government invested in a multibillion electronic library project, touted by the government as the first in sub-Saharan Africa, when workers in the state are frequently owed monthly salaries, and unemployment remains high, at 27.7%.[37] The library remains non-functional, over one after its completion.

In Rivers State, some of the new primary schools built in several areas of the state have not been occupied by pupils, years after completion. The Rivers State government is building a third sports

[35] Economic Confidential, "Federation Account: How They Share N 10.8 Trillion in 2012" http://economicconfidential.net/new/financial/facts-a-figures/1245-federation-account-how-they-share-n-108-trillion-in-November-2012-

[36] Economic Confidential, "Federation Account: How They Share N 10.8 Trillion in 2012" http://economicconfidential.net/new/financial/facts-a-figures/1245-federation-account-how-they-share-n-108-trillion-in-November-2012-

[37] National Bureau of Statistics figures

stadium in the capital city of Port Harcourt, when the older stadia are neither maintained nor put to proper use. The Bayelsa State Government is building a skyscraper five-star Tower Hotel, in its capital city that lacks pipe-borne water for most inhabitants. Grand projects are often avenues to steal public funds, as is the case in Rivers State where at least two new major flyovers have collapsed only eight years after they were built, as contractors and state officials collude to approve shoddy construction while inflated budget funds are stolen.

The Delta State Oil Producing Areas Development Commission (DESOPADEC) was set up in July 2007 to manage half of the 13% derivation funds accruing to the state. But DESOPADEC has been enmeshed in scandalous corrupt practices, with the result that the bulk of funds meant for development of impoverished communities may be ending up in the private pockets of a few state officials, as our report shows.

Lack of IGR and other productive sectors

Meanwhile the heavy reliance on revenue from oil, via the Federation Account, has diminished the appetite of officials at all tiers of government for diversification of funding source, such as tax revenue. In 2012, the non-oil sector accounted for just $16.4 billion, which is 24% of all federally collected revenue. To put the figures in perspective, Ghana with a population of 25 million raised over $5.7 billion in tax revenues in 2012,[38] which is a ratio of over $228 per person. South Africa with a population of about 50 million generated over $82 billion in tax revenues alone in the 2011/2012 financial year.[39] That is a ratio of about $1640 per person. In comparison, with about 167 million people, Nigeria's official receipt in federally collected tax revenues was less than $100 per person in 2012.

A major part of the problem is that, whereas, the framework for income generation exists, revenue generated by government agencies do not always end up in the coffers of state, but are diverted or stolen by officials. An investigation by the House of Representatives revealed that the government may have been short-changed by about ₦9 trillion (about $57 billion) as over fifty federal agencies failed to appropriately remit their revenues to the federal government between 2009 and 2012.

States and local governments are not doing better with respect to generating tax revenues. In 2012, Internally Generated Revenues (IGR) expectations of Akwa Ibom, Bayelsa, Delta, Edo and Rivers States were 5.3%, 2%, 13%, 14% and 13% respectively of the annual budgets. None of them achieved even those modest targets. Edo State, the seemingly most improved record, was only able to achieve 12.1% of the ₦397.1 billion projected.

The analysis and monitoring of the 2012 budgets of the Niger Delta states show that there was no political will to promote sectors that could improve IGR in the medium to long term. In some cases, some states, like Rivers state, dipped even further in its projections for IGR. The state opted instead to borrow and raise a controversial levy from civil servants.

Key sectors of agriculture, commerce and industry, received meager budget allocations. In particular, the agricultural sector that is central to livelihoods of majority of families was under funded in all five states examined in this report. Despite glowing speeches, all states governments in the region performed terribly. While Bayelsa apportioned ₦3.7 billion, 2%, of the entire budget, Rivers assigned only ₦2.9 billion, 1%, of the entire budget. Akwa Ibom seemed highest relatively with ₦11.9 billion or 3% of the entire budget. Edo state gave the poorest: ₦785 million or 0.94% of the entire capital while Delta state dedicated ₦6.1 billion or 2.43% of the capital budget to food sufficiency.

Rather than working to improve tax collection and remittance, the states increased borrowing as a way of augmenting government finances. For the year, the worst scenario was Rivers state which planned to issue a ₦250 billion bonds, and made it clear ₦100 billion of budget funds, were to be sourced from loans.[40]

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[38] http://www.ghanaweb.com/GhanaHomePage/NewsArchive/artikel.php?ID=265077

[39] http://www.southafrica.info/business/economy/sars-020412.htm#.UTZJvFe87FE

[40] In March 2013, the Debt Management Office, DMO, issued Edo, Bayelsa and Akwa Ibom states alerts over their debt prospects of tipping the states into insolvency. That potential rests in all the states but at varying degrees. But it remains curious how the nation's five richest states, are amongst the worst debtors, with the prospect of tying years and years of future revenues to debt servicing. SeeDebt Management Office debt state debt profiles. Http://www.dmo.gov.ng/domd.php

Akwa Ibom State

Total Budget for 2012
₦522 billion

Total Capital Votes
₦444.2 billion

Total Recurrent Votes
₦78 billion

Total Capital Vote for Education
₦16.7billion.

Total Capital Vote for Health
₦11.3 billion

Total Capital Vote for Food Sufficiency
₦11.9billion

Akwa Ibom state is located in the Niger Delta region of Nigeria. It has 31 local government areas, and a population of 3.9 million according to the 2006 National Population Census. Being an oil producing state, Akwa Ibom state benefits from an allocation formula that sees the return of 13% of revenue derived from oil to the areas of their extraction. Currently, Akwa Ibom state is the highest earning state in the federation. In 2012, it got a total of ₦ 217.7 billion from the federation account.

Akwa Ibom state had a fair run as one of Nigeria's top oil earning states for most of 2012. With a relatively remarkable infrastructural advantage in the capital city, popular acclaim across the country routinely cited the state and its governor, Godswill Akpabio, as exemplars of development and good governance.

Since assuming power in 2007, new roads, bridges, hospitals and schools have been constructed; and bigger projects initiated by the past administration, like the state's new airport and a five star hotel, have reached completion. Amid the praise, critics have dismissed Governor Akpabio's efforts as modest achievements merely reflective of the state's huge oil receipts; an argument the administration easily trounces, alluding to the dismal performances of other Niger Delta top oil earning states. But the governor has faced even stinger criticisms for doing quite little to address his state's human resources, a deficiency that has seen Akwa Ibom state with some of Nigeria's highest rate of unemployment.[41]

While many do not find jobs, and those working are often owed salaries, the governor is notorious for impetuous spending of state funds on the most flippant of purposes and on donations that bear no importance for the state. Mr. Akpabio triggered a firestorm of criticism recently after donating a Toyota Prado SUV to popular Nigerian singer, Tuface Idibia, and wife, Annie as marriage gifts. The governor said the donations were on behalf of the state.[42] As public outrage surged, the governor offered ₦1 million each to party officials for "lunch".

Access to Budget, Fiscal Data and Citizens' Participation

In 2012, the government unlike past years, demonstrated willingness to share fiscal data relating to its spending plan, putting out copies of its annual budget for sale in August 2012, seven months after the Akwa Ibom State House of Assembly passed the appropriation bill. A departure from the high degree of secrecy that typified past processes, it provided the opportunity for communities and interested individuals to examine government's expenditure plans and to monitor the progress of work on capital projects based on budgeted figures. The budget was however, not published on the state's official website.

Also, while the budget document was made available for purchase, there was no clear mechanism for citizens input to government's policies and priorities. To be fair, no state in the country, not even the federal government, expects citizens' participation in budgeting, and none makes for such provision. Town Hall meetings organized by Rivers states government supposedly to seek citizens input in the process, only managed to hold a single session in 2012. However limited, the relative accessibility of the

[41] The state unemployment rate stood at 27.7%(the region's average), in 2010 according to National Bureau of Statistics
[42] The state unemployment rate stood at 27.7%(the region's average), in 2010 according to National Bureau of Statistics

annual budget if utilized, provides the opportunity for communities and civil society to initiate measures to engage with government and to report on poor budget implementation.

Policy Thrust and Philosophy of the 2012 Budget
In his budget speech to the state House of Assembly, Governor Akpabio outlined what seemed a clear determination to reverse the state's mono economy, promising policies that will engender industrial growth using technology and public-private cooperation. That seemed a famed rhetoric which was barely different from those of past years. What remained to be seen was how much was realizable this time.

The new budget christened "Budget of Industrialization", derived from a government policy framework structured on multi-sector development to increase productivity, create jobs, reduce poverty, create wealth, and empower the youth and women.

In all, the Akwa Ibom state government's objectives for 2012, according to the fiscal plan, were:

1. ***To enhance the standard of living of the citizens of the State.***
2. ***To create a private sector, industrialization and technology driven economy.***
3. ***To develop an enterprise and innovative society devoid of perceived limitations for sustainable development.***
4. ***To expand and diversify the resource base of the State's economy through the encouragement of a public-private partnership.***

Revenue and Expenditure Estimates

The total budget outlay for 2012 was ₦397.1 billion, a ₦22.6 billion or 5.4% reduction on the 2011 revised budget which stood at ₦419.7 billion. Of the 2012 total figure, ₦66.2 billion was for recurrent expenditure, while capital projects were billed to cost ₦330.8billion. While that represented a moderately meaningful 1:5 ratio, 2012 capital vote actually dipped relative to 2011 by ₦29.4 billion, and the recurrent expenditure, on the other hand, rose by ₦6.6 billion, or 10%.

A supplementary budget proposal of ₦125 billion to the State Assembly was promptly approved later in September 2012 bringing the final spending sum for the year to ₦522billion. The government premised its request on arising responsibilities including the payment of enhanced salaries and allowances to civil servants, road construction and other social infrastructure. Of the ₦125 billion extra funding, ₦11.8 billion was channeled to recurrent expenditure while ₦113.4 billion was for capital expenditure, bringing the total capital spending for the year to ₦444.2 billion, while total recurrent budget stood at ₦78 billion. The resultant ratio, at about 1:6, no doubt reflected the government's fiscal commitment to infrastructural development in a state that remains in dire need of such investment.

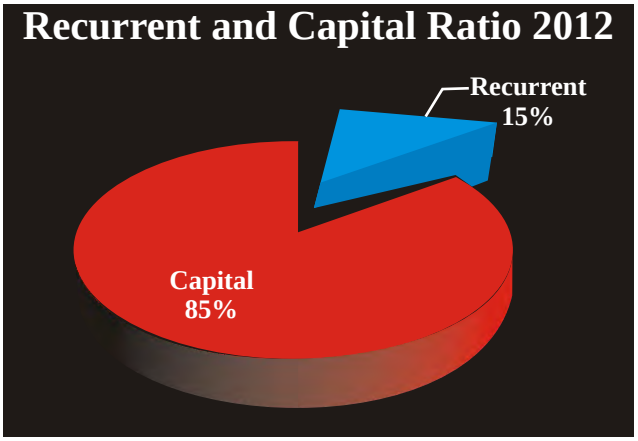


Figure 1 Recurrent and Capital expenditure budget shares in the Akwa Ibom 2012 budget

Financing the budget

As with previous budgets, the 2012 budget estimate relied immensely on funds from the Federation Account, which in turn, depended profoundly on petroleum revenues. It was a continuing tradition that persisted notwithstanding the government's often repeated commitment to improving Internally Generated Revenues (IGR).
Such undertakings in the past years failed to translate to ample IGR growth. In 2009, 2010 and 2011 for instance, IGR accounted for no more than 6% of the budget funds for the state. In 2012, internal sources were expected to provide ₦21.6 billion of the budget funds-relatively higher, but still a far cry from the state's evaluated IGR potentials.

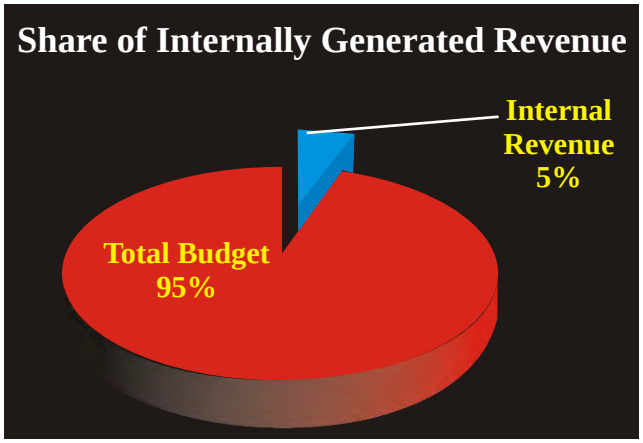


Figure 2 Internally generated revenue in Akwa Ibom 2012 compared to total budget

Sectoral Allocations

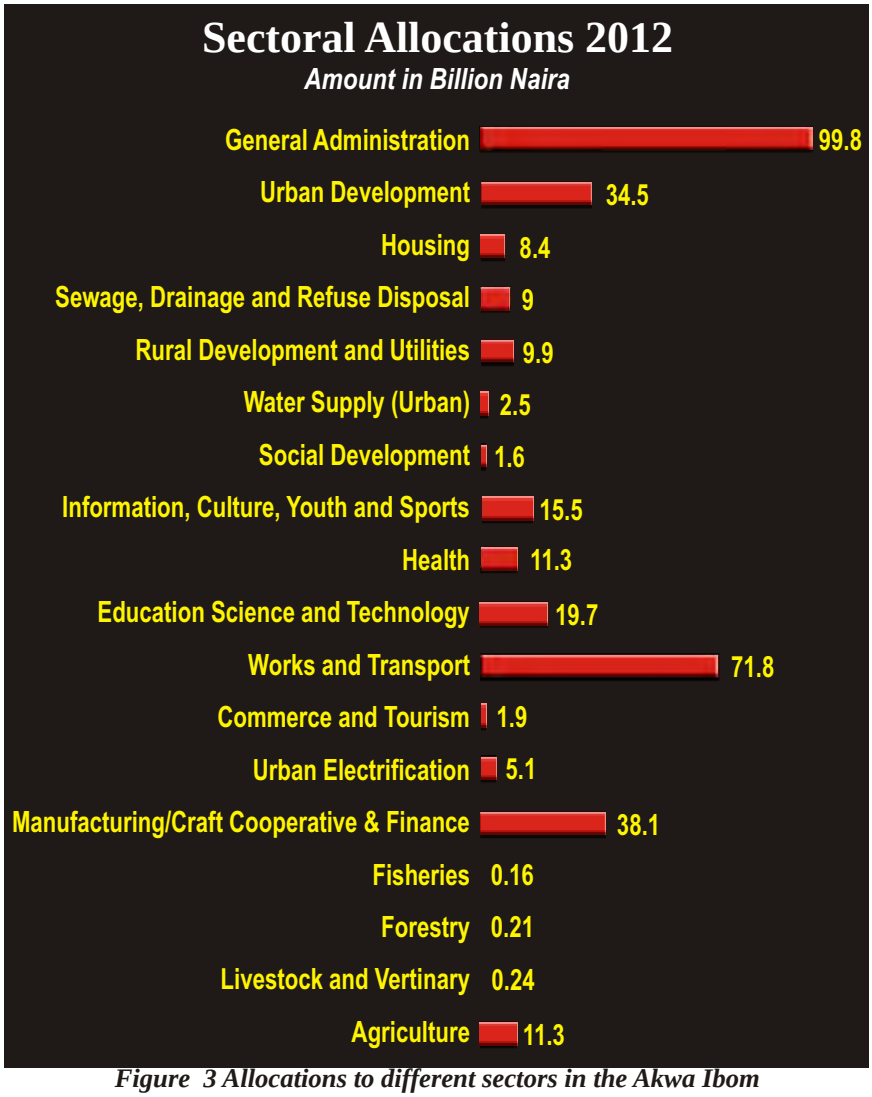


Figure 3 Allocations to different sectors in the Akwa Ibom 2012 Budget

Education

Education received ₦16.7 billion from the 2012 budget, showing a 12.4% cut compared to 2011 allocation, which was ₦19.1 billion. The State runs free and compulsory education up to secondary school level. The government claims, as added incentives, it pays a subvention of ₦100 and ₦300 per pupil to primary and post-primary schools respectively, while it also paid 7.5% of salaries as special allowance to professional teachers in the state. In addition, the government claimed to have spent ₦7 billion annually in renovations and construction of classroom blocks across the state to cope with the increase in school enrollment.[43] While it is true students and pupils in the state benefit from a relatively free and mandatory primary and secondary education, the government's claims about finances, could not be independently verified. Officials declined to provide useful details.

A key project Governor Akpabio has constantly thumped, is the construction of a digital library, Nigeria's first, which the governor said will be followed by the deployment of ICT facilities around the state, including the development of an ICT centre and a Science & Technology Park. Despite the projects' prospects, many have also questioned their usability and accessibility. Critics say the investments would achieve more if channeled into addressing basic IT needs of all schools and institutions, where pupils and teachers, can receive rudimentary aptitude. The government's fiscal commitment to Education, markedly different from the governor's assurances in his budget speech, has also raised concerns in a state with the second

[43] Official education data in the state creates a curious ambiguity regarding the actual cost of government's intervention in Education. The state owns and administers 1,110 Primary Schools, 230 Secondary Schools and 11 tertiary institutions, according to the local Ministry of Education. Government's funding for the free and compulsory education scheme, according to the ministry, amounts to $600,000,000; from where it provides $0.75 per pupil as subvention to each head teacher in every primary school (1,110 schools), as well as $2 per student to every Principal in the 230 public secondary schools in the State. This ministry says that funding arrangement has been in place since 2008.
But drawing from the given data, with consideration for the naira equivalent of $600,000,000 annually, the State would, for 2012 have spent an average of ₦94.8billion on the free education scheme. This sum does not include the government's expenditure for tertiary education. This amount contradicts the ₦16.7billion allocation to the Education sector in the 2012 Budget. Clearly, either the government is mistaken in its calculations or it intends to mislead.

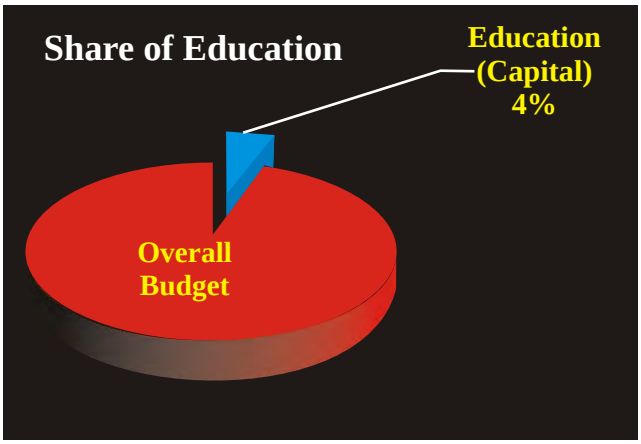


Figure 4 Allocation to Education in the Akwa Ibom 2012 budget

poorest youth literacy rate in the Niger Delta. Akwa Ibom is only second with 91.2%, after Bayelsa, 86.9%.[44]

Beyond the projects' appeal and huge funding, more disturbing is a consistent failure by the government to effect their rapid implementation, a challenge common to all the states evaluated, and other Nigerian states. The Ibom Science Park for instance, initiated by Governor Akpabio's predecessor, had long been abandoned. But the project continues to drain billions of naira annually. In 2012, the park received ₦2.4 billion funding, but its site had been overgrown by shrubs and marsh. Science materials earlier noticed were no longer there when NDCBP team visited.
More population-centered programmes drooped with same ease, each with several millions or billions frittered. A school feeding programme (once a day), at ₦300million did not occur in schools visited. A budget subhead proposing transportation of school children to and from schools never left the paper. Many pupils attended schools with their bicycles as no buses were provided as the budget claims.

Renovation works at College of Arts and Science, Nung Ukim, Ikono, at ₦300million, the provision of facilities at the Special Education Centre (Match with photos), Iyam Etoi, Uyo at ₦60million fared no better.

Monitoring Report

Project
Provision of facilities at the Special Education Centre, Iyam Etoi, Uyo

Approved estimates
₦150million

Observation

The target of the allocation included purchase and provision of instructional materials, perimeter fencing, purchase of beds, purchase of coaster bus, construction of dormitory, etc.

When the NDCBP visited the institution, no perimeter fencing had been constructed in the budget year. No coaster bus had been provided, no new dormitory had been built; nothing in the budget target had been achieved. Members of the team walked freely into the available hostel as there was no security guard. In the hostel, the physically challenged students told the team that they provided their own mattresses for sleeping, generate their own power, fetch their own water and cook their own food. NDCBP found conditions in the school in deplorable state.

Conditions at School for Physically Challenged

Project
Transportation of School Children to and from School

Approved estimates
₦200million

Observation

This provision has consistently appeared in the budgets with varying allocations. NDCBP field monitoring reveals that the state government has not provided any buses for the benefit of school children. The major means of transport for students remains with bicycles.

[44] National Bureau of Statistics 2010 Youth Literacy figures

At the Technical Colleges in Abak, Ewet and Ika, NDCBP discovered that none of the anticipated targets had been achieved. No additional buildings had been constructed in the colleges. The existing buildings in the colleges were in varying degrees of disrepair. At the Technical College Abak, 2 of the 7 buildings in the college had been abandoned due to their deplorable state.

The students and management of the Colleges informed the NDCBP team that none of the facilities mentioned in the budget to be provided had been provided.

On a visit to the Vocational Centre in Abak, the building was in a state of utter disrepair. The building had partly collapsed, and the facility has since ceased being a training centre. No students or administrators were seen in the premise.

At Ika Local Government Area, the team was informed by the Council authorities that the site for the vocational centre had been identified years earlier, but no construction had begun.

Dilapidated Buildings at Government Technical College Abak

Project
Development of Technical/Vocational Education in Akwa Ibom State

Approved estimates
₦300million

Observation

The anticipated target of this provision includes complete renovation of 8 classroom blocks at 6 Technical Colleges, construction of one new building at each of the colleges, provision of tools, equipment, training materials, library books, teaching aids, purchase of vehicles, stationeries, writing desk, **etc.**

Project
Akwa Ibom State Polytechnic Ikot Osura

Approved estimates
₦1billion

Observation

The target of the provision includes construction of classrooms, renovations, building of workshops, construction of hostels, purchase of computers, erosion control, fencing, etc.

When the NDCBP team visited the Polytechnic, several construction activities were ongoing. The team was however informed by a senior lecturer contacted that the ongoing constructions were being funded internally by the institution and the ETF. NDCBP could not verify this information as the Rector of the school was not available for comment.

Project
School Feeding Programme (One Meal Per Day)

Approved estimates
₦300 million

Observation

NDCBP visits to randomly selected schools in Akwa Ibom state reveals that meals are not being provided in school

Project
Solar Energy Technology

Approved estimates
₦150 million

Observation

The project aims at teaching and developing of prototype solar energy panels in technical schools in the state.

The NDCBP team visited 3 of the six Technical Colleges in the state; Ewet, Ika and Abak. In all the colleges, solar panels with a dimension of about 14 feet by 14 feet had been installed. The installed capacity was so small that in the case of the Technical College in Abak, it powered only the office of the Principal.

Further investigations however revealed that the project had been carried out in the 2011 fiscal year and that no additional installation had been done in 2012.

Solar energy panel

Project
Akwa Ibom State College of Education Afaha Nsit

Approved estimates
₦600million

Observation

The provision involved the construction of hostels and classroom blocks. On a visit to the college, the NDCBP team saw on-going construction of 2 buildings and a perimeter fence. NDCBP was informed that one of the buildings under construction was being undertaken by the ETF, while the other one as well as the fence, were being carried out with funds raised by the college. There was no indication of the projects mentioned in the state budget.

Project
Ibom Science Park

Approved estimates
₦2.4 billion

Observation

NDCBP visit reveals that the science park has remained in an abandoned state. Some of the science materials earlier noticed were no longer there, while the park is overgrown with shrubs. There is no indication that any project was cited in 2012.

Abandoned Ibom Science Park

Project
College of Arts and Science, Nung Ukim, Ikono

Approved estimates
₦300million

Observation

The provision involves the construction and renovation of buildings, purchase of equipment, perimeter fencing, purchase of utility vehicles etc. On visit to the college, NDCBP noticed that there was no ongoing construction of any kind in the School. It was also revealed that no vehicle had been provided to the school by the government. The management of the college further revealed that they had made several requests to the state government to intervene in the school, all to no avail.

Health

In 2012, the Akwa Ibom State government planned to expand an existing free medical care scheme for pregnant women, children under the age of 5 years and senior citizens of 70 years and above. Other measures announced by the government include the establishment of a Specialist Hospital of international standard, four new Cottage Hospitals at Ibiono Ibom, Nsit Ibom, Mbo and Obot Akara as well as a commitment to the construction of a world class 30th anniversary Specialist Hospital at Ekim Itam.

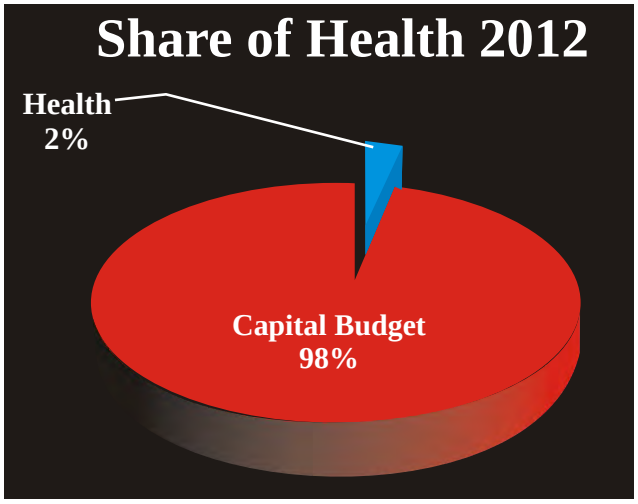


Figure 5 Allocation to Health in the Akwa Ibom 2012 Budget

In the 2012 budget, the health sector received an allocation of ₦11.3 billion, which was a 13% raise compared to 2011. The increase was a fair improvement that seemed to balance a sharp reduction that existed between 2010 and 2011.

To a large extent, the sector has been bedeviled less by poor allocations, than dismal implementation of the projects proposed for it. While in 2010, ₦4billion was allocated to the sector, actual expenditure as at September of the same year was N1billion. Also, in 2011, while ₦8billion was appropriated, as at September of the same year, three months to the end of the fiscal year, only a meager ₦1.6billion had been spent in the sector.

In 2012, projects assessed by NDCBP made clear the failings continued. In one case, the government's assurance of residential quarters for House Officer's, intern optometrists, and pharmacists, laboratory scientists, and NYSC doctors' in health institutions only happened in one out of six loations. The construction received ₦400 million but only the building at Oron was delivered out of General Hospitals in Ikot Ekpene, Eket, Etinan, Ituk Mbang, Uyo and Oron.

Another questionable programme was a proposed rehabilitation of Health Institutions in the state, targeted at equipping four general hospitals for training House officers, rehabilitation of 31 Health Centres, in 31 LGAs, and renovation of five general hospital and staff quarters.

Assessment teams visited Eket, Oron, Etinan, Ituk Mbang, and Ikot Ekpene, four primary health centres, in Usung Inyang- Eket, Odoronkit- Esit Eket, Nto Etukudo- Ika and Ebughu-Mbo. The target goals were not met anywhere visited despite consuming ₦1billion.

Monitoring report

Project
Construction of House Officer's, Interns Optometrists, and Pharmacists, Laboratory Scientists, and Corper Doctors' Residential Building and New Staff Quarters in Health Institutions

Approved estimates
₦400million

Observation

The NDCBP team visited Health Institutions in Ikot Ekpene, Eket, Etinan, Ituk Mbang, Uyo and Oron. While all the health institutions expressed the need for staff quarters, only at the General Hospital Oron had any of the targets been met. NDCBP saw a completed two storey building that contained six units of three bedroom flats.

Dilapidated Primary Health Centre, Ebughu-Mbo

Project
Rehabilitation and Maintenance of Health Institutions in Akwa Ibom State

Approved estimates
₦1billion

Observation

The provision anticipates the target of equipping 4 General Hospital for training of House Officers, rehabilitation of buildings in 31 Primary Health Centres in 31 LGAs, and renovation of 5 General Hospitals/ Staff Quarters in the State.

General Hospital Etinan

Primary Health Centre Mbioto

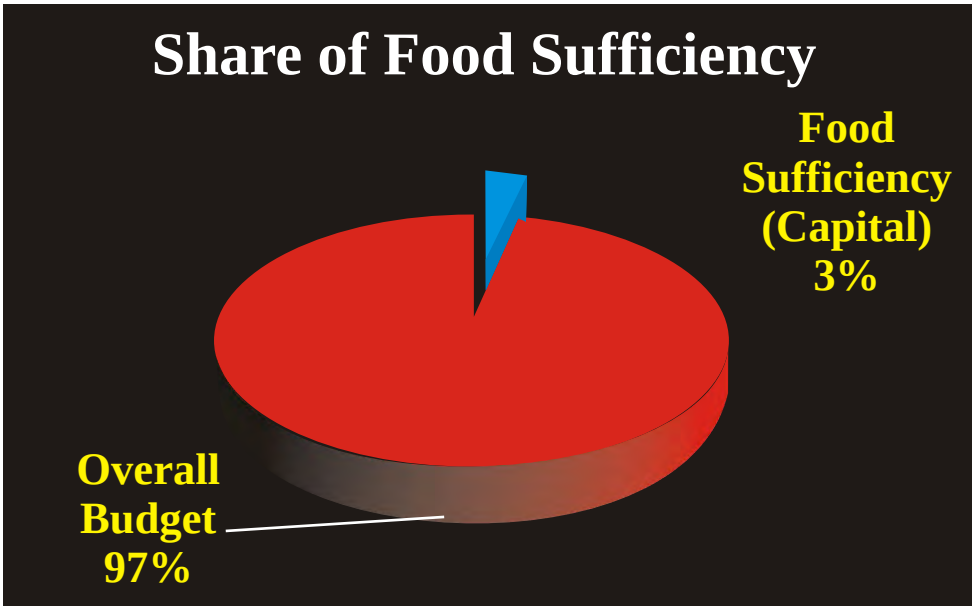


Figure 6 Allocation to food sufficiency related programs in the Akwa Ibom 2012 Budget

The NDCBP Team visited General Hospitals in Eket, Oron, Etinan, Ituk Mbang, and Ikot Ekpene, 4 Primary Health Centres, in Usung Inyang- Eket, Odoronkit- Esit Eket, Nto Etukudo- Ika and Ebughu-Mbo. In all the health institutions visited, there was none where the anticipated target had been met. In some of the health facilities, some buildings had been abandoned due to deplorable states.

AGRICULTURE – Food Sufficiency

This analysis recognizes Food Sufficiency to include the budgetary sub-heads of Agriculture, Livestock & Veterinary Services and Fisheries, which are all relevant to achieving food sufficienc y. The cumulative allocation for the sector in the 2012 Akwa Ibom state budget was ₦11.9billion, which is 3% of the total budget.

Clearly, this allocation does not connote the needed commitment to promoting food sufficiency and for 'Development of alternative income generating sources to reduce the over dependence on revenues from the federation accounts', which is a policy priority of the administration.

Allocations for the sector in 2012 were made against a background of serious discrepancy between what the government claimed it achieved in 2011, and what was reported in the expenditure profile as at September of same year. For 2011, the government reported that more than 1000 participants, drawn from the 31 Local Government Areas of the State, were trained and empowered to establish their own farms; 22

tractors were acquired; fertilizer was supplied to farmers at a subsidized rate; the sum of ₦500, 000 each was provided to 3,000 youth (amounting to ₦15 billion) as soft loans under the State Integrated Farmers' Scheme. The government also reported that the sum of ₦1.5 billion was spent to acquire Integrated Food Storage Facility at Abak and ₦2 billion released to the Women Agricultural Development Program (WADEP) with 3,500 women as targeted beneficiaries.

However, in 2011, the same year those expenditures, totaling ₦18.5 billion, were supposed to have been made, the total budgetary allocation to Agriculture and Natural Resources was N8 billion while actual performance in the sector as at September of that year was ₦1.6billion. The government has not made clear how it funded the remarkably broad spending it claims for the sector.

Worse, a review of the Food Sufficiency programmes of the government of Akwa Ibom State shows a troubling failure between ideals promoted for the sub-sector by the government and actual attention the sector received.

For instance, while ₦20 million was budgeted for the State's Cassava Development Program in 2010,

Project
Women Agro Entrepreneurship Development Programme

Approved estimates
₦2 billion

Observation

NDCBP learnt that the project envisages the promotion of entrepreneurship among female peasant farmers for all the crop, fisheries and livestock production in the state. The target included the training of 2000 women, supply of agro credits and inputs, etc.

The NDCBP team met with some recipients of the credit. Information gathered shows that up to ₦250,000 was given to each of the recipients to invest in various fields of agriculture, interest free. The credits were given only when the farmers were verified by civil servants. NDCBP could not verify the total number of recipients.

Bayelsa State

In February 2012, a new governor, Seriake Dickson, assumed office in Bayelsa state following elections same month. Coming to power through an embittered process in which he prevailed, the new governor's first executive action was to withdraw the state budget earlier sent by his predecessor, Timipre Sylva, to the State House of Assembly.

In his speech to lawmakers, Governor Dickson promised ***"fundamental reform of the governance culture, to emphasize transparency, accountability, due process and value re-orientation by all institutions and functionaries of government, beginning with my humble self."***

He pledged ***"zero tolerance"*** for corruption, and unveiled an ambitious economic plan for the oil rich state. ***"Our vision,"*** he assured, ***"is to make Bayelsa State the third most developed state in Nigeria within the next four years."***

A former federal legislator and a trusted ally of President Goodluck Jonathan, Governor Dickson is the fourth governor of the state since the return of democracy in 1999. Somehow, an uncanny political system has seen the relatively young Bayelsa State with more governors than a host of other states, many, who are led by their second governors in 14 years.

Still, the recurring change of guard, have barely yielded upon the fortunes of Bayelsa, one of Nigeria's least populated, but (amongst the) most economically endowed states. So, while addressing the lawmakers, Governor Dickson was responding to expectations for change in a state known to years of mismanagement and institutionalized corruption.

A previous governor of the state, Diepreye Alamieyeseigha, was impeached in 2005 and later convicted on charges of money laundering. He was succeeded by his deputy, Goodluck Jonathan, who would later emerge vice president and president of Nigeria in 2010.

President Jonathan's successor as governor, Sylva, took office in 2008, and also committed his administration, like his predecessors, to transparency and accountability in the management of public finances. However, institutions such as the Bayelsa Income and Expenditure Transparency Initiative (BEITI), set up by his government to drive that lofty objective, was abandoned before Sylva left office in January 2012 following a Supreme Court ruling terminating his tenure.

BEITI was conceived as transparency machinery that would involve civil society, communities and other end citizen beneficiaries in the management of state revenue and expenditure. Well applauded as a landmark initiative, the instrument was given no proper legislation backing its mandate; and it soon appeared it was more of an ornate political invention, engineered from the start to flounder.

Total Budget for 2012
₦255.6 billion.

Total Capital Votes
₦156.3 billion

Total Recurrent Votes
₦98.7 billion

Total Capital Vote for Education
₦23.1billion

Total Capital Vote for Health
₦8.1 billion

Total Capital Vote for Food Sufficiency
₦3.7 billion

Bayelsa State is located in the heart of Nigeria's Niger Delta and inhabited by a population of 1.7 million people (2006 National Population Census Figures). Almost half of the State's landmass is made up of mangrove forest while the rest are freshwater swamp forest and lowland rain forest to the north of the Atlantic coast. The state was created in 1996 from the old Rivers State. As an oil bearing state, Bayelsa enjoys a fiscal edge over other states. In 2012, it drew ₦115.7 billion from the federation account. With the smallest population in Nigeria, the fewest local governments (8) and one of the highest allocations, Bayelsa should be the most thriving state in the country; but this is not the case. On all indicators, it remains one of the most backward.

The effort though, has been reinvented by the new Governor, Dickson. Still, after one year in office, Dickson has yet to post a convincing demonstration to serious change.

Political cronyism has continued under his watch; and ironically, while he advocates transparency and abhors corruption, he maintains, even publicly, a disquieting relationship with the disgraced former governor, Alamieyeseigha.[45]

Governor Dickson has also been widely rebuked for elevating President Jonathan's wife, Mrs Patience Jonathan, to the position of Permanent secretary (a top administrative rank) in the civil service of the State, even when Mrs. Jonathan had left the service thirteen years earlier , joining her husband on the political turf.

Many believe the appointment was to curry favour from Mrs. Jonathan and as well, the president. The governor has heedlessly dismissed the criticisms, describing the promotion as routine in the civil service.

Access to Budget, Fiscal Data and Citizens' Participation

The government of Bayelsa State started publishing annual budgets on the state's official website in 2008. A rare departure from previous secrecy; however, public praise for the initiative was short-lived as the policy ended two years after. No such publications have been made since 2010, although the government routinely provides responses to NDCBP's requests for the documents. Even so, officials have repeatedly turned down requests for information on contract details, audit reports - both, necessary for assessing the government's performance.

2012 Budget

For 2012, the state approved ₦238.1 billion as its cap budget for the 2012 fiscal year, the largest in the state's history, with a ₦76.9 billion, leap atop the immediate past year. In 2011, ₦161.2 billion was passed while ₦117.4 billion, ₦123.3 billion, ₦124.2 billion and ₦187.5 billion were budgeted for 2007, 2008, 2009 and 2010 respectively, with progressive nominal differential.

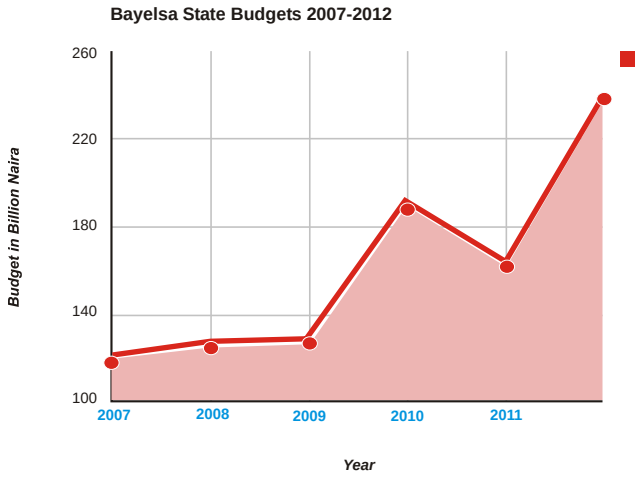


Figure 7 Bayesla state budget 2007-2012

Besides the main budget, the state legislature also passed additional ₦16 billion and ₦1.5billion as supplementary budgets primarily as emergency fiscal response plans for the victims of the flood disaster that ravaged the state. For 2012, hence, the total appropriation for the state stood at ₦255.6 billion. Since NDCBP is not privy to the details of the supplementary disbursements, analysis will be based on the initial approved budget, except when considering the overall budget.

Financing the budget plan

As customary with Nigeria's 36 states, financing the 2012 Bayelsa state budget depended almost exclusively on monthly receipts from the Federation Account. Diverse revenue sourcing, chiefly, Internally Generated Revenue (IGR), remained dismal, accounting for less than 10 per cent of government expenditures. However, low that was, in actual figures, it was considerably one of the state's highest IGR yields ever. Prior to Governor Dickson's emergence in 2012, the state had realized ₦100 million in IGR receipts monthly, translating to an annual total of ₦1.2 billion. In 2012, the new governor aimed at ₦500 million monthly, an ambitious plan that turned in ₦6 billion-about 54.8% raise on previous year.

That represented a manifest achievement away from the past. In the 2007 budget for instance, no revenue was expected from internal sources, giving the impression the government, maybe, turned out content with its hefty oil paycheck, it made and bore no intention to collect taxes, levies

http://premiumtimesng.com/news/124429-breaking-jonathan-confirms-pardon-for-alamieyeseigha-says-i-owe-no-one-apology.html
Former Governor Diepreye Alamieyeseigha was given a state pardon on Tuesday, March 12, 2013 eight years after his conviction. He was pardoned alongside a former bank chief, also convicted of fraud; six former military officers accused of plotting coup in the 1990s. Many Nigerians believed the decision was instigated by President Jonathan solely in favour of Alamieyeseigha, former political benefactor. The decision sparked intense outrage.

or fines. In 2008 and 2009, the state expected IGR to account for 4 per cent and 9 per cent of the budgets respectively. But the projection, again, slumped to just 2 per cent in 2010, before tottering to 3.5 per cent in 2011. Even those modest targets were never realized prior to 2012.

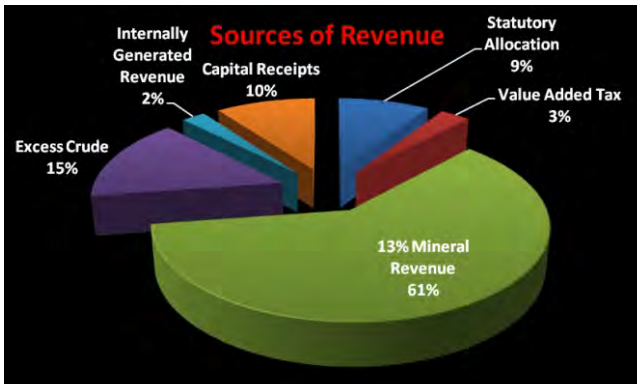


Figure 8 Distribution of Bayelsa state 2012 revenue source

Evolution of Recurrent and Capital Expenditure

For years, Bayelsa State administered a budget ratio that ridiculously placed greater premium on overhead and personnel costs (recurrent), as against developmental spending (capital) that could help build badly needed infrastructure and extricate the state's citizens from poverty.

As of 2010, for instance, as much as 65% of the state's revenue was channelled into running offices that employ only a few, funding the profligacy of public office holders, and paying salaries of workers-often including thousands of "ghost" staffers.

To be sure, neither the outlandish recurrent-based budget - never suitable for a developing economy - nor the "ghost" workers (a scheme involving the stuffing of names of non-existent workers into the pay roll), stands exclusive to Bayelsa state or any other state of the federation for that matter. For the most part, they remain twin national ills through which trillions of federal and states budgets are frittered year after year.

Back in 2009, Bayelsa state officials, for example, claimed that working through a biometric identification exercise, 11,696 ghost workers who received about ₦293.7 million monthly, or ₦3.524 billion yearly, had been exposed.[46]

Expectation therefore, was for the state's personnel cost to plummet at the completion of the biometric exercise, and ease funds for more developmental work. That never happened, instead the recurrent portfolio surged even more.

By 2012, it remained one of the scourges the Governor Dickson, vowed to tackle. Like his predecessor, Dickson clasped onto the failed Bayelsa Expenditure and Income Transparency Initiative, BEITI, to address the problem and other concerns of abuses and fraud. Only this time, state legislation was approved for the policy, and the

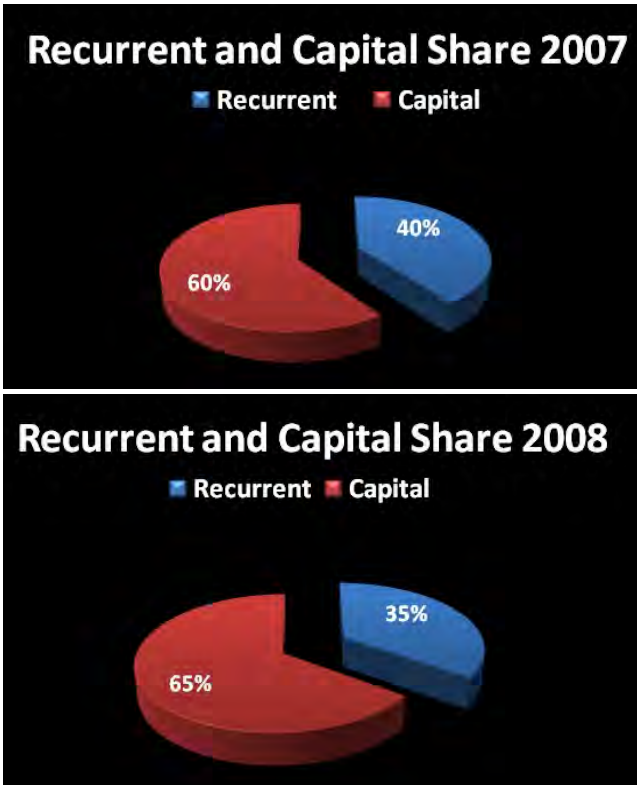


Figure 9 Bayelsa state recurrent and capital expenditure budget share for 2007 and 2008

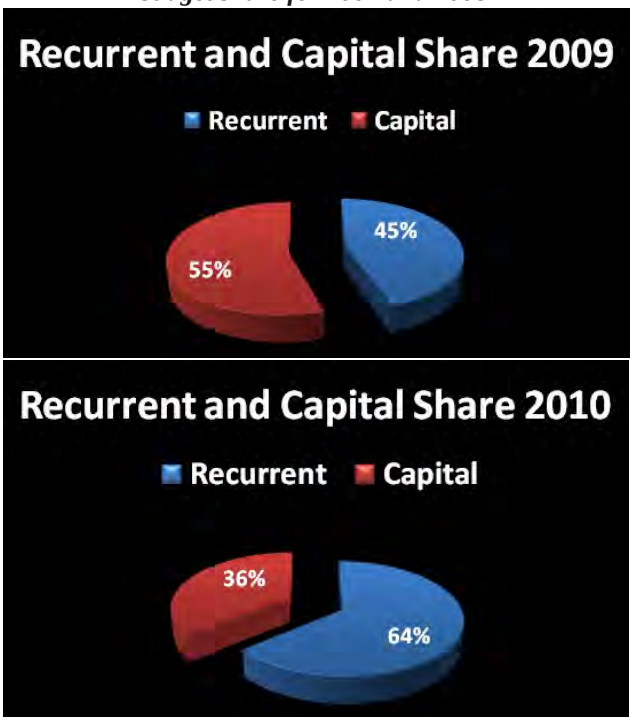


Figure 10 Bayelsa state recurrent and capital expenditure budget share for 2009 and 2010

[46] http://www.vanguardngr.com/2010/03/efcc-investigates-bayelsa-govt-workforce/

Figure 11 Bayelsa state recurrent and capital expenditure budget share for 2011 and 2012

Overall, the state recorded a break in the recurrent-capital sharing in 2012, after two years of skewed ratio as shown in the charts below. In 2011 for instance, ₦90.91 billion or 56.4 per cent, of the total budget sum of ₦161.2 billion, was dedicated to recurrent expenditure, while ₦70.36 billion or 43.3 per cent was earmarked for capital projects.

That 2012 budget managed to reverse that trend was, with a reduction of the recurrent profile to 40 per cent of the total budget. The governor followed that through with a promise to "improve on this in our subsequent budget proposals particularly when our current efforts at reducing recurrent expenditures begin to yield the desired fruits". Should that come true, more monies tied to overhead and personnel costs, would have been freed for infrastructural projects.

Sectoral allocations

The 2012 sectoral allocations, barely varied from the past years, hint however at a promising drive at boosting key areas of development as shown above.

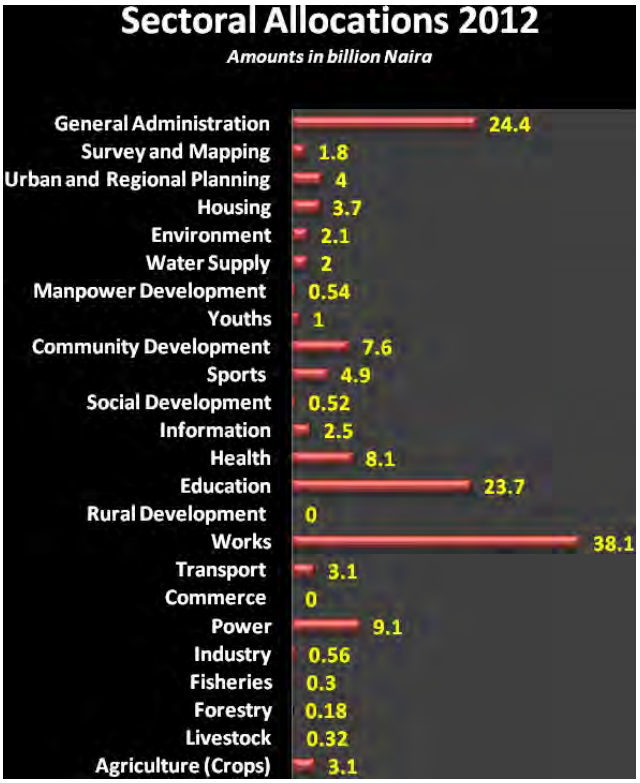


Figure 12 Bayelsa state 2012 budget sectoral allocation

Education

Capital projects in the Education sector received ₦23.1billion in 2012-by far, the highest allocation the sector ever drew since the creation of the state in 1996. In 2011 budget, ₦6.4billion was allocated for the same subhead in the education sector, in a string of reductions that cutback ₦5 billion from the same subhead between 2009 and 2011. Somehow, it reflected the governor's pledge to redeem the sector.

"The Education sub - sector in the state is another area that requires urgent and fundamental restructuring due to its critical contribution to our overall development. To this end, as you are quite aware, the State Government has since declared free and compulsory primary and secondary Education... Also massive infrastructural development in all our primary and secondary schools will commence soon. To compliment these efforts, the issue of training and retraining of teachers to increase their productivity will be accorded top priority attention. To actualize this objective an institute for training of teachers has been approved for immediate take - off. Additionally, Government will make adequate provision for students financing this year. All ongoing projects in the Education sub - sector will be completed this year" -Bayelsa State Governor, Seriake Dickson

Despite the impressive allocation, signalling somewhat, a commitment to the improvement of a sick sector, it remained a far cry from the 26 per cent benchmark recommended for education by the United Nations Educational, Scientific and Cultural Organization (UNESCO)[47] to drive sustainable development and eradicate poverty.

A troubling dimension to the sector's development, however, by far, transcends how much is allocated to what sector of government, or whether it conforms to UN yardsticks.

The real setback is with how the funds, no matter how little or enormous, translate to the projects they were meant to drive. Months of on-the-ground reviews by NDCBP, laid bare systemic failings that ensured funds appropriated never served intended purposes; and where they did, in very insignificant measures.

One subhead in the state budget that drew consistent and sizeable funding for three years, highlights that twist: a planned construction of three "Senatorial International Model Secondary Schools".

Monitoring Report

Project
Construction of three Senatorial International Model Secondary Schools in Nembe LGA, Sagbama LGA and Yenagoa LGA

Approved estimates
2012 - ₦2billion
2011 - ₦1.4billion
2010 - ₦2billion

Budget details show the schools were to be sited in the state's three senatorial regions of Nembe, Sagbama and Yenagoa Local Government Areas, with each hosting one school apiece. First conceived in 2010, the project drew ₦2 billion then; ₦1.4 billion in 2011, and ₦2 billion in 2012.

After two years, and ₦1.8 billion each, only about 10% of the project had been completed in Nembe. When NDCBP visited the site, only pillar columns, and the building's foundation had been set. Community members informed the NDCBP team that work on the site was halted in 2011 and none took place in 2012.

The Sagbama site of the Model School was completely submerged by the flood that covered most parts of Bayelsa State in the last quarter of the year. NDCBP was again informed by locals that only site clearing had been done between July and August 2012. No construction had begun before the floods arrived.

At Ovum, Yenagoa, Model Secondary School, the project had reached about 80% completion. It turned out again; much of the work was done in 2011, according to officials of the State Ministry of Education, who spoke to NDCBP. No funds were released for the project in 2012. At the time of NDCBP visit - mid December 2012 - the School was being used as a relief camp for flood victims.

Such shocking failures replicated severally in the budget. A planned "Upgrading" of unnamed five Senior Secondary Schools to boarding capability, faced similar delay. In 2010, ₦135 million was approved, while ₦2.05 billion was voted in 2012.

Since the benefitting schools were not stated in the budget, NDCBP team visited such schools at Sagbama, Kaiama, Nembe and Ogbia Town after ministry officials said schools in various local government headquarters will be considered. None of the schools visited benefitted from the budgetary provision.

Project
Fencing of Primary and Secondary Schools

Approved estimates
2010 - ₦150million
2011 - ₦200million
2012 - ₦200million

Fence walls of Epie National Sec Sch., Kpansia

Since no schools were specified for the provision in the 2012 budget, the NDCBP team visited the following randomly selected primary and secondary schools across the state;

a Community Primary School I & II, Nembe
b Community Primary School, Sagbama
c UPE Primary School, Ogbia Town
d Community Primary School, Kpansia-Epie
e Epie National Secondary School, Kpansia

It was discovered that none of the schools benefitted from the budgetary provision. Majority of them remained unfenced, while those with fences had them constructed well before the fiscal year. The team also noticed an emerging pattern where schools in the urban area like Yenagoa, are fenced while those in the rural areas are unattended to.

Project
Home Economics Center at St. Jude Girls Secondary School, Amarata

Approved estimates
2012 - ₦11. 7million

Observation

The team identified a structure built in 2001 by the Education Trust Fund said to have been a Home Economics centre. The project had long been abandoned and for a while served as a hideout for criminal gangs. The partly dilapidated structure

Home Economics Center at St. Jude Girls Secondary School, Amarata

has since been taken over by the Police and serves as a Police residential quarters.

When the NDCBP team visited the school, the project had not been implemented.

While corruption may be at the root of the failures, political disruption is also not a possibility. Policy continuity has long been a challenge with Nigeria's often stormy transition that leaves incumbents embittered about the predecessors, and unwilling to continue with past projects, not minding the cost on the people.

Project
Upgrading of Five (5) Senior Secondary Schools to Boarding Schools

Approved estimates
₦2.05 billion - 2012
₦135 million - 2010

Observation

The 2012 Bayelsa state budget did not specify which school had been earmarked for upgrading. However, NDCBP consultations at the State Ministry of Education revealed that schools in various local government headquarters will be considered. The NDCBP team visited such school at Sagbama, Kaiama, Nembe and Ogbia Town. None of the schools visited had benefitted from the budgetary provision.

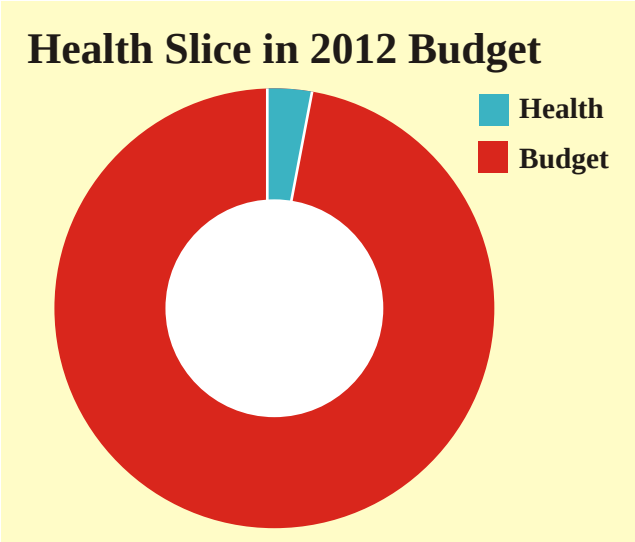
Government Secondary School Ogbia

Health

For 2012, Health received same ground-breaking attention as Education, with ₦8.1 billion allocated for capital projects in the sector, representing 3 per cent of the overall budget. As with Education, the amount was the sector's largest in years. In 2011, only ₦3.9 billion was allocated to the sector. How that figure could lift a significantly vitiated sector, to help provide a sound foundation for the economy, as the governor proposed, remains the question however. A paltry 3% of the overall budget hardly shows any real commitment to the sector.

In his budget speech, the governor seemed to have understood the urgency needed:
"The Health sub - sector will equally receive priority attention this year. To this end, every local government headquarters must have a functional general hospital starting from this year. Government intends to complete all the ongoing construction and renovation of health centers across the state this year. Also, the completion of the Chief Melford Okilo Memorial Hospital, Yenagoa to boost health care delivery in the state will be a major priority of government this year." -Bayelsa State Governor, Seriake Dickson

Again, as with Education, Health projects faced disruptions, and, apparently outright abandonment even with huge budgetary allocations. Despite receiving ₦11.32 billion[48] in budget allocations four years, the construction of Chief Melford Okilo Memorial Hospital which the governor referred to for instance, remains incomplete. When the NDCBP team visited the project site, structural work had been completed, but the facility abandoned with overgrown shrubs surrounding it. The assessment team learnt that the



equipment needed for the take-off of the hospital had also not been acquired. Officials at the State Ministry of Health however said, the 2012 budgetary allocation for the facility had yet to be released.

Another plan to construct and renovate General Hospitals at the cost of ₦1.8billion, failed to materialize. At the General Hospital, Sagbama, no renovation had been done, while the General Hospital at Ogbia, had been abandoned and had since ceased to be a hospital. NDCBP found out the wards had been rented out as private living quarters.

[48]The hospital received ₦ 3.5billion in 2009; ₦ 415million in 2010; ₦ 6billion in 2011; and ₦ 1.4billion in 2012

Monitoring Report

Project
Completion of On-going Health Facilities

Approved estimates
2012 - ₦350 million
2011 - ₦986 million

Observation

The budget failed to mention specific locations for this provision. There was no indication that the state had completed any health facilities in the fiscal year.

General Hospital, Sagbama

General Hospital, Sagbama

Project
Medical Equipment for Health Centers

Approved estimates
₦300million

Observation

NDCBP visited the following selection of Health facilities in the State:

Kaiama Comprehensive Health Center: Staff present informed the team that the last supply of medical equipment in the health centre was in 2010. No medical equipment had been provided in 2012.

Kaiama Comprehensive Health Center

Sagbama Comprehensive Health Centre: No Equipment had been supplied to the health centre in 2012.

Sagbama Comprehensive Health Centre

Nembe Comprehensive Health Centers: No equipment had been supplied in 2012.

Comprehensive Health Center, Nembe

Comprehensive Health Center, Nembe

Ogbia Town Comprehensive Health Center: No equipment upgrade had been carried out in the fiscal year. The last upgrade was done 13 years earlier. As at the time of the NDCBP team visit, the health centre had no beds.

Ogbia Town Comprehensive Health Center

Abandoned General Hospital, Ogbia Town

Agriculture and Food Sufficiency

For the purpose of this analysis and monitoring reports, budgetary headings of Agriculture, Fisheries and Livestock have been grouped as those relevant to the theme of Food Sufficiency. In the 2012 budget, these sub-heads were cumulatively allocated ₦3.7 billion. The figure outsized past allocations. Still, given the interest of

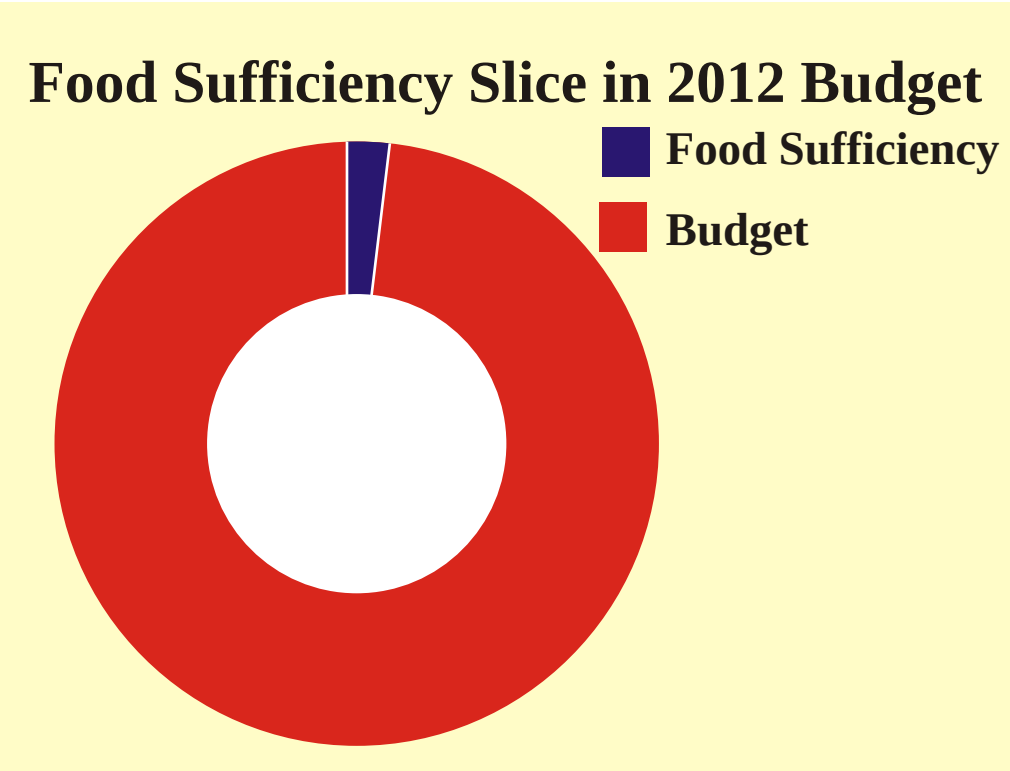


Figure 14 Food sufficiency slice in Bayelsa state 2012 budget

the majority of the state's mostly rural population in food production, an improved allotment for the sector would have helped at incentivising the broader agricultural sector.

Similarly, allocations to other vital sectors with the potentials of contributing greatly to the revenue profile of the state were completely ignored. For instance, Commerce received nil allocation during the year.

Unfortunately, while the neglect persists, the government of Bayelsa state continued with the controversial practice of allocating funds as "Security Vote". In 2012 alone, ₦3billion was allocated to "Security and Government House Operations", a sum higher than allocations to Social Development, Rural Development, Water Supply and Industry, combined!

Yet again, the Agricultural sector endured its fair share of failed and abandoned projects in Bayelsa state. The construction of a Veterinary Clinic and Provision of Equipment at Edepie, has yet to start after gulping ₦100million in 2012, ₦60million in 2010, and ₦100million in 2009.

The construction and development of Storage Facilities of Aquaculture Center at the same location drew ₦300million, but NDCBP

Bayelsa State Rice Training and Seed Multiplication Center, Igbogene

investigation at the site of the project showed that no construction had been carried out.

The Fencing and Landscaping of School-To-Land Authority Premises at Edepie, at the cost of ₦45million, were never carried out as NDCBP visit to the site revealed.

Also, the site of the Bayelsa State Rice Training and Seed Multiplication Center, Igbogene at ₦150million, has been abandoned and overgrown by weeds and bushes. Abandoned equipment (tractors) adorned parts of the premises. No work was done in the fiscal year.

Monitoring Report

Project
Fencing and Landscaping of School-To-Land Authority Premises at Edepie

Approved estimates
₦45million

Observation

NDCBP monitoring team at Igbogene discovered an abandoned site largely overgrown by weeds and bushes. Abandoned equipment (tractors) adorned part of the premises. No work had been done in the fiscal year.

School-To-Land Authority Premises, Edepie

Project
Construction, development of Storage Facilities of Aquaculture Center at Edepie

Approved estimates
₦300million

Observation

NDCBP investigation at the site of the project showed that no construction had been carried out.

Project
Construction of Veterinary Clinic and Provision of Equipment at Edepie

Approved estimates
2012 - ₦100million
2010 - ₦60million
2009 - ₦100million

Observation

NDCBP investigation at the site of the project showed that no construction or provision of equipment has been carried out so far.

Bayelsa and Rising Debt Burden

The external debt stock of Bayelsa state was ₦20billion as at the end of 2012, according to Nigeria's debt management office. However, it is believed that the state is much more indebted than the external debt stock portrays. According to the governor, on assumption of office, he met a state treasury that was completely empty, and a stock pile of debts.[49]

As of 2010, as much as ₦56 billion of the Bayelsa State budget was dedicated to debt payment.

Recent reports indicate that oil-rich Bayelsa State has a debt liability of ₦167.173 billion and is only second to Lagos State in Nigeria's debt burden.

The debt figure roughly equals the state annual budget in the 2011. The reality of the current debt situation is such the state will continuously dedicate funds that should have helped improve livelihood and build infrastructure, to debt servicing.

[49] Text of The Maiden Press Conference By His Excellency, Honourable Henry Seriake Dickson, Governor of Bayelsa State on The Bayelsa Tranparency Initiative, at The Banquet Hall, Government House, Yenagoa on Thursday 15th March, 2012 on The 14th Of February States' Public Debt Stock Hits ₦1.8 trillion, http://thecitizenng.com/governance/states-public-debt-stock-hits-n1-8-trillion-lagos-bayelsa-criver-top-list-of-borrowers/

Delta State

Total Budget for 2012
₦437.2 billion

Total Capital Votes
₦256.3 billion

Total Recurrent Votes
₦180.8 billion

Total Capital Vote for Education
₦30.1 billion

Total Capital Vote for Health
₦14.1 billion

Total Capital Vote for Food Sufficiency
₦6.1 billion

Delta State was created when the former Bendel state was split in 1991. It had a population of 4.1million people according to the 2006 national population census, spread across 25 local government areas. Delta state is endowed with an abundance of oil and gas and deriving much of its revenue from that source. In 2012, Delta State received a total of ₦156billion as transfers from the federation account. Notwithstanding, the State has been bedeviled with internal conflict assuming both ethnic dimensions and national significance. In the last decade, Delta State recorded perhaps the highest occurrence of 'militant' activities, where its many creeks and water ways became 'camps' for recruitment and training throwing the state into periods of insecurity.

Access to Budget, Fiscal Data and Citizens' Participation

Delta state has been the least forthcoming with its fiscal documents with reference to states the Niger Delta Citizens and Budget Platform (NDCBP) focuses on. The Delta state government seems to thrive on opacity and operates a closely guarded fiscal regime. While the other states have made strides in the path of publicizing budgets especially since the NDCBP commenced the examination of fiscal policies in 2008, Delta State has remained determined to run a closed fiscal regime.

The Delta State budget office snubbed the NDCBP request for copies of the 2012 approved appropriation as was the case in previous years. However, the NDCBP, via unofficial channels, obtained the details of the 2012 Capital Expenditure of Delta State.

Attempts to get the details of official documents of the recurrent expenditure proved futile. Consequently, some figures gathered from newspaper reports and speeches made by Governor Emmanuel Uduaghan, which was placed online, have been used in the analysis.

Delta State was among the first states to domesticate the Fiscal Responsibility and Public Procurement Acts; yet this has failed to translate to transparency in the state's fiscal transactions. The Public Procurement Acts requires that a Bureau be set up, Fiscal Responsibility Commission and a bureau charged with the responsibility of examining tenders, while the Fiscal Responsibility Act requires that a Fiscal Responsibility Commission be established. The Delta State government has failed to institute both the commission and the bureau, effectively rendering the laws useless.

Policy Thrust

The policy thrust of the Delta state government, since the inception of the present administration of the state in 2007 through to the third year of the second term of office, has remained the same. It is hinged on a three point agenda namely:

- ***Peace***
- ***Security***
- ***Human Capital and Infrastructural Development***

Specifically, the 2012 budget aimed at achieving the following broad targets:

- ***Completing, all ongoing projects in the state***
- ***Improving basic services particularly, Education and Health***
- ***Improving the quality of infrastructure particularly, roads, water and power***
- ***Enhance Agricultural production***
- ***Creating an enabling environment that would ensure a smooth transition from one civilian Administration to another.***

While the Delta State has clearly stated targets and visions as regards budget performance, there cannot be said to be commensurate achievements. For instance, Delta State has no clear mechanism for communities and residents to propose ideas or to provide feedback on development projects. As in previous years, there is a subsisting climate of patronage in which government projects are viewed as personal gifts from a benevolent chief executive. Also, infrastructures in Delta State remain in states of malfunction and steady retrogression into decay.

In the fiscal year 2012, Governor Emmanuel Uduaghan had proposed a budget of ₦383.39 billion to the House of Assembly. The legislators jacked the budget upward with an additional sum of ₦ 54 billion bringing the 2012 appropriation fund to ₦437.2 billion. The Finance and Appropriation Committee of the House of Assembly attributed the increase to "under-allocation of funds to burning budget heads that ought to be properly addressed by the respective ministries, departments and agencies, MDAs". The legislators had done the same thing in 2011 when they added ₦115.5 billion (representing 47% increase) to the ₦240.5 billion originally proposed by the governor, bringing the sum to N356 billion. It is, however, not clear if there were corresponding adjustments in the projected revenues.

Delta State has no existing budget documents in the public sphere detailing the state's sources of revenue or the recurrent expenditure. However, other reports on the state's official website and calculations done with the figures for the capital expenditure, puts the recurrent expenditure at ₦ 180.8 billion or 41. 38 % of the total budget.

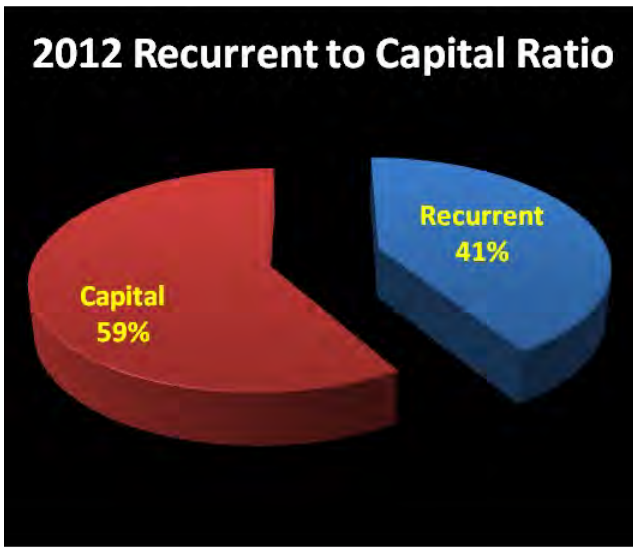


Figure 15 Recurrent and Capital expenditure budget shares in the Delta state 2012 budget

Since 2008, the capital expenditure profile of Delta State has stealthily grown, rising from ₦79.270 billion in 2008 to ₦256.3 billion in 2012. This amounts to a capital expenditure increase of ₦177.1 billion in five fiscal years. The capital votes of ₦256.3 billion in 2012 represented 58.62% of the total budget for the year. However, this did not automatically translate to growth in the state.

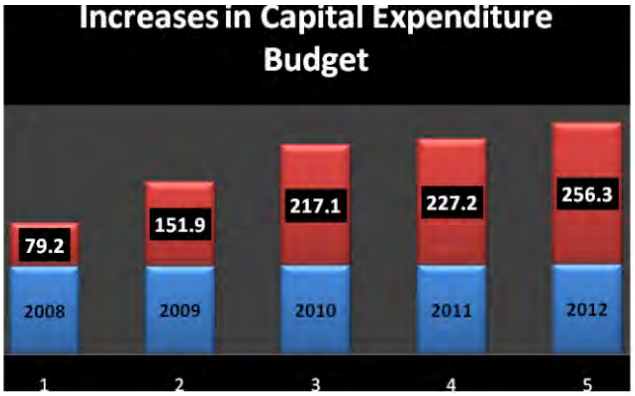


Figure16 Change in capital expenditure budget in the Delta state 2008-2012

2011 Budget Performance and internally generated revenue

The economy of Delta State is not diversified. It largely depends on revenue received from the federations account. Since the federations account is largely dependent on oil and its sales performance at the international market, revenues fluctuate constantly. Revenue gotten from oil rent or its ilk is usually the main source of recurring short falls in other states that depend on the federation including Delta.

In his presentation of the 2012 budget to the State Assembly, Governor Emmanuel Uduaghan gave a rundown of the performance of the 2011 budget. According to the governor, the internally generated revenue for 2011 fell short of the state's projection for the year. As at September 2011, the actual revenue received from all the state's projected sources amounted to ₦169.8billion.

This was against the ₦271.4 billion revenue expectation for the same period. This represents a 62.59 % proportionate budget performance and a total budget performance of 46.9 %. It is not certain if the state achieved its projected fiscal target in the remaining three months of the year. If this happened, the Delta state government has no document in the public domain to prove it.

Despite the high dependence on federal handouts and its consequent instability on Delta's revenue, the Delta state government is yet to identify mechanisms to insulate itself from the effect of this volatility. In 2012, only 13% of its budget was expected to be sourced internally, while the bulk is expected from the federation account.

Similarly, budgeted capital and recurrent expenditures for 2011 were ₦170.4 billion and ₦101 billion respectively, while actual expenditures for the same period were N58 billion and N87.9billion respectively. The state was only able to make 34% of its capital expenditure commitment as at September 2011.

2012 Budget Performance

On December 22, 2011, the Delta State House of Assembly approved ₦437.2 billion 2012 budget, adding ₦54 billion to Governor Uduaghan proposed ₦383.39 billion.

The Delta state government admitted that the state's oil revenue dwindled drastically in the preceding months. Based on this, it identified the need to adopt stiff financial measures which include the reduction of the budget deficit, reduction of domestic borrowing, improvement of the state's revenue collection, reduction of recurrent expenditure and increased commitment to fiscal responsibility.

The 2012 budget, however, did not reflect the state's government decision to reduce recurrent expenditure. Instead the recurrent expenditure rose to 44.30 % of the budget, from 37.21 % pegged for 2011.

Capital Expenditure saw a major decline as it was pegged at 55.70 % as opposed to the 2011 budget which had a total of 62.79 % of the budget.

Even with all the criticisms that trailed the 2011 budget, especially in terms of non-availability of completion timeline for projects embarked and progress report of the projects, no attempt to rectify these discrepancies was made in the 2012 budget.

This lapse, led to criticisms of the Governor Emmanuel Uduaghan led administration including allegations that projects are used as a front to steal public resources.

The governor, nonetheless, in a braggadocios manner, was full of praise for the 2012 allocations. In his budget speech, he said "the dominance of capital estimates over recurrent in the 2012 budget proposal and in accordance with the practice in previous 5 years, demonstrates this administration's commitment towards massive infrastructural development throughout the state". A year after, not much has changed in Delta State as there are more tales of uncompleted projects, unclear timelines for projects embarked on and skyrocketing cases of poverty and unemployment, the governor himself could not deny.

"The economy, just like other developing economies, is characterized by overbearing public sector dominance, unemployment, poverty, inadequate infrastructure, particularly in Education, Health, Power and Energy sub sectors, poor institutional structures and systems for efficient public service delivery," said Governor Uduaghan in an attempt to excuse the short comings of his administration.

It is also cringe worthy that the government has not identified investment in other income yielding areas of the economy as possible buffers to the state's dwindling fiscal fortunes. This dwindling fiscal fortune affected the performance of the 2012 Delta state budget in the area of revenue generation. Going by the governors 2013 budget speech, overall 2012 revenue budget performance stands at 57.9%. However, the government maintains that the figures represent an increase of 11.85% when compared to the revenue collected within the same period in 2011. This scenario gives the impression that the revenues are not really dwindling, but that it cannot keep pace with the sharp (and sometimes unrealistic) increases in Delta State's revenue expectations.

As is often the case, the poor performance of the 2012 budget affected capital expenditure most as it had a performance of 33.2 %. While recurrent expenditure, within the same period, had a performance of 91.8 % as at September in the fiscal year.

Internally Generated Revenue

In the 2011 Delta State budget, Internally Generated Revenue (IGR) was expected to contribute ₦34.6 billion to the state. As at September 2011, a total of ₦24.5 billion had already been generated, indicating an appreciable

revenue performance of 94 %. However, given the vast opportunities in Delta State, a projection of ₦34.6billion as IGR was modest, to say the least. It is, perhaps, for this reason that the projection was reviewed upwards in 2012 to ₦51.4billion, an increase of ₦16.8billion.

Though it is believed that Delta state can generate reasonably more resources from internal sources, the 2012 projection was a little more reflective of the state's potentials. However, going by the 2013 budget speech of the Delta State Governor, the Internally Generated Revenue expectations of the state will not be achieved by the end of the fiscal year. As at September 2012, the state had realized, ₦34.8billion. Despite this shortfall, the government considers it an improvement when compared to the 2011 figures. According to the budget speech, this is an increase of ₦10.04billion over the ₦24.5billion generated as IGR within the same period in 2011.

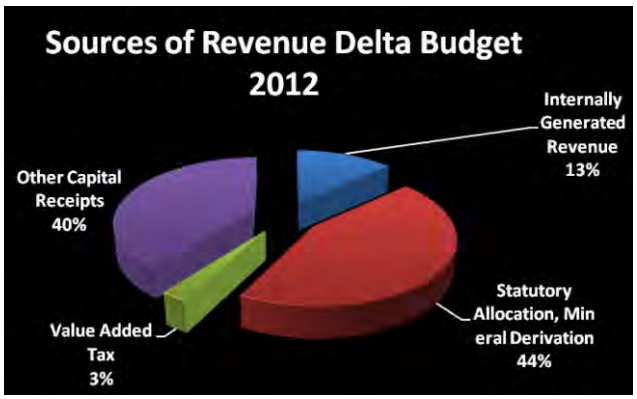


Figure 17 Distribution of Delta State 2012 revenue source

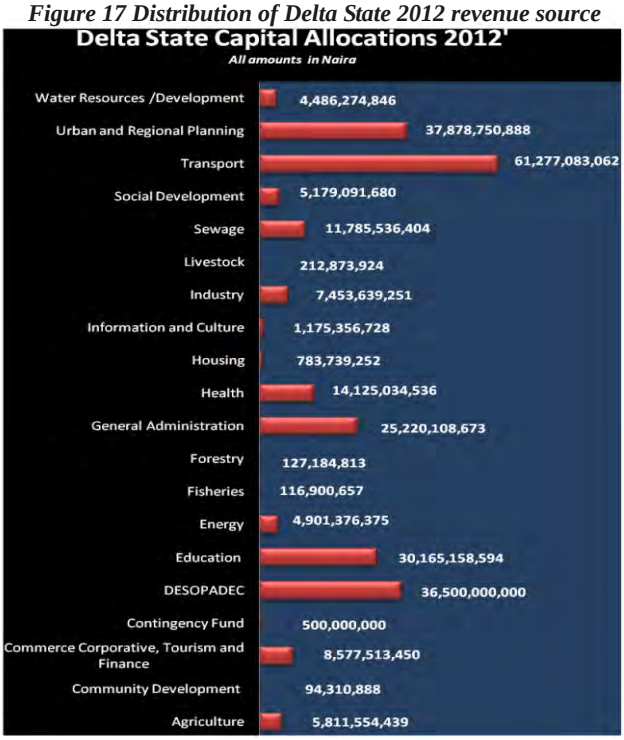


Figure 18 Delta State 2012 budget sectoral allocations

Education

In 2012, the Delta State government had a four point focus for the education sector. The focal points include:

- ***Train teachers***
- ***Equip and furnish schools***
- ***Improve curriculum***
- ***Implementation of Universal Basic Education***

Focal point two seemed an agenda the Delta State government was not keen on pushing forward. The government had designated projects to be handled but the common cry of the benefactors of the projects was the lack of the project thereof. Staff of the Ezechima Mixed Secondary School, Obior, informed the NDCBP team that while a 1 block of six classrooms was constructed, it was done with substandard materials and is already threatening to collapse. As such the building had become desolate; meanwhile, the project was assigned ₦ 25 million.

Also, the upgrading and renovation of the school's science block was done in a shabby manner, staff of the school said the facility is still not in use; yet this projected was assigned ₦ 10 million.

It was the same story when the NDCBP team visited the Perimeter Fencing and Gate House, Girls Secondary School Onisha- Ugbo. The said fencing and construction of gate house which was budgeted for ₦ 1millionhad not been constructed.

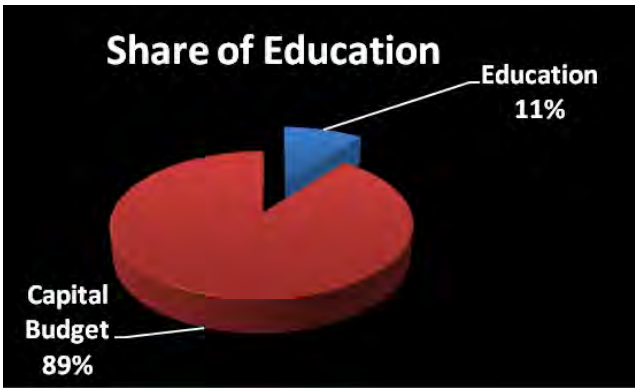


Figure 19 Delta state Education budget 2012

The 2012 budget allocated ₦30.1 billion for execution of capital projects in the education sector. This amount represented 11.76 % of the total capital budget.

When compared with the 2011 allocation, there was a ₦5.4 billion or 21.9 % nominal increase.

Between 2008 and 2012, a total of ₦82.3billion has been allocated to the education sector for execution of capital projects.

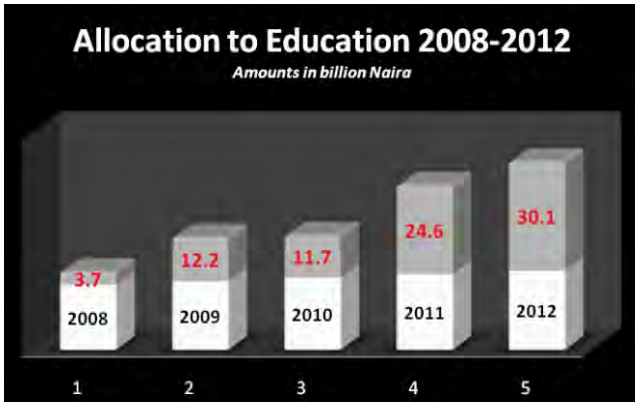


Figure 20 Allocation to Education in the Delta State from 2008-2012

These increases seem to imply that there is a drive towards Human Capital Development through Education. But the details of the specific expenditure lines do not reflect any form of commitment.

An evident show of lack of commitment can be seen in the project, Renovation of Ika Grammar School Boji Boji, Owa. It was allocated the sum of ₦5 million in the 2011 and re-assigned ₦ 3.7 million in the 2012 budget.

But as at the first quarter of 2013, the facilities in the school remained in shambles. The main building which houses the principal's office, the staff room, and some classrooms still had broken doors and windows, cracked walls and falling ceilings. NDCBP findings revealed that the only hall under construction is a project funded by the old Boys Association of the school. One of the Teachers who spoke to the NDCBP team informed that part of the school has been handed over to missionaries and is no longer under the control of the State.

Out of the 462 developmental projects earmarked for execution in the 2012 education budget, only 70 are new, 83 are not allocated funds while the remaining 309 or 66.8 % had already been allocated funds in previous years' budgets. The 2011 budget performance outlay presented by the state government provides further clue. While ₦39.8billion was earmarked for the social sector (where education and health are located), as at September 2011 only N3.9billion or 13.3 % of the budget had been spent!

Delta State has witnessed numerous project scandals with concerned citizens sending petitions to anti-graft agencies. On the Leadership Newspaper of January 19, 2013, the ICPC clamped down on some officials of the Delta State Government and contractors over ghosts projects. While the Leadership newspaper did not disclose the name of the officials and the sectors that were neglected, an example can be drawn from the Construction of Examination Hall at St Augustine's College Ibusa.

This project is certainly a reflection of the misnomer that occurs in the state. In 2011, the sum of N8million was allocated to this same project. The NDCBP team visited St. Augustine's College Ibusa and discovered that the project had been completed at least two years earlier. The begging question is why was the project still allocated the sum of ₦ 25 million in the 2012 budget?

NDCBP Influence

The NDCBP monitoring team has made some successes in at least creating a critical mass. In 2011, the monitoring team had visited the traditional ruler of Otulu community with information on the Construction of six classrooms and an administrative Block at Otulu Secondary School which had not been implemented. The project had been assigned ₦70 million in 2011. In 2012, when the NDCBP team visited, it discovered that the project had been completed on schedule.

The traditional ruler of the community said that shortly after NDCBP visit in 2011, the community confronted the project contractor armed with the information about the project which NDCBP provided. The project, however, was re-assigned ₦3.2 million in the year 2012.

Monitoring report

Project
Renovation of Principal's Quarters and Perimeter Fencing of Aviara Secondary Commercial School Aviara.

Approved estimates
₦33million

Observation

In 2011, the sum of ₦42million was also allocated to this same project. When the Budget monitoring team visited the school in Aviara, they found out that the fencing of the school had been executed up to 80% while the principal's quarters have been

renovated. An independent valuator places total work done and materials on site at ₦21.7million.

Principal's Quarters Aviara Secondary Commercial School

Project
Renovation of Ika Grammar School Boji Boji, Owa

Approved estimates
₦3.7million

Observation

The sum of ₦5million was allocated to this same project in the 2011 budget. Facilities in the school are still in very poor state. The main building which houses the principal's office, the staff room, and some classrooms still had broken doors and windows, cracked walls and falling ceilings. NDCBP investigations further revealed that the hall under construction is a project of the old Boys Association of the school. One of the Teachers who spoke to the NDCBP team informed us that the school has been handed over to the Mission, and was no longer under the control of the State.

Ika Grammar School

Project
Construction of Examination Hall at St Augustine's College Ibusa

Approved estimates
₦25million

Observation

In 2011, the sum of ₦8million was allocated to this same project. The NDCBP team visited St. Augustine's college Ibusa and discovered that the project has been completed at least two years earlier. It is however not clear why the project was still allocated funds in the 2012 budget.

Examination Hall at St Augustine College Ibusa

Project
Construction of Block of 6 (six) Classrooms & Administrative Block at Otulu Secondary School.

Approved estimates
₦3.2million

Observation

In the 2011 budget, the sum of ₦70million was approved for this project. On visit to the site of the project, the NDCBP team discovered that the project has been completed on schedule. The team went on to interview the paramount ruler of the community who said that shortly after NDCBP visit in 2011, the community confronted the project contractor armed with the information about the project which NDCBP provided.

Otulu Secondary School

Project
Construction of 1 Block of 6 Classroom at Ezechima Mixed Secondary Obior

Approved estimates
₦25million

Observation

Staff of the school informed the NDCBP team that while the said building had been constructed, it was done with substandard materials and was already threatening to collapse; as such they were not using the building.

Project
Upgrading and Renovation of Science Block, Ezechima Mixed Secondary Obior

Approved estimates
₦10million

Observation

The NDCBP team was informed that the said renovation had been done, but in a shabby manner. According to them, the school was still not utilizing the facility.

Project
Perimeter Fencing and Gate House, Girls Secondary School Onisha- Ugbo

Approved estimates
₦1million

Observation

On visit to the School, NDCBP confirmed that the said fencing and construction of gate house had not been effected.

HEALTH

The Delta State government's 2012 health budget was planned to focus on the following key areas:

- ***Upgrading of some central hospitals to specialist hospital***
- ***Complete and equip primary health centre***
- ***Reduce the incidence of HIV and AIDS***
- ***Reduce death caused by malaria fever and tuberculosis***
- ***Increase immunization cover***

The 2012 budget allocated ₦14.1 billion or 5.5 % of the total capital vote to the health sector for execution of capital projects. Compared to the 2011 allocation, there was an increase of ₦4.5 billion or 52 %. Between 2008 and 2012, ₦43.3 billion had been allocated to the health sector. However, given the yawning healthcare gaps in the state, it is doubtful that the allocation will have reasonable impact.

Figure 21 Allocation to Health in the Delta State 2012 budget

It becomes gloomier when it is observable that out of the 254 projects earmarked for execution in the 2012 budget, only 13 or 5.1 % are new; the remaining 241 projects have been provided for in previous budgets.

Even worse for the health sector is the fact the some of the older projects have been disserted and are literally gathering mould. For instance, Cottage Hospital Aviara, which was allocated ₦ 30 million in the 2011 budget is still a far way from being completed. As noted, there has been no specific timeline for the completion of the project. The NDCBP monitoring team saw evidence of an access road under construction which appeared to have started in 2011. But the facility looked deserted and owing to floods that ravaged Delta State, the NDCBP team could not gain entry into the premises.

In another stance, the construction of a comprehensive Health Centre in Issele-Azagba Aniocha North LGA, a project which was also budgeted for in 2011, at the cost of ₦14.5million has been left to wallow abjectly.

The NDCBP team observed that the project had been abandoned as there was no sign of any recent work at the site. The health centre building is barely even noticeable as it has been encircled by bushes. Yet the sum of ₦61.6million was approved for this project in the 2011 budget.

One project that seemed the light at the end of the tunnel is the Construction of Asaba Central Hospital. When the NDCBP team visited the site of the hospital, it was discovered that work on the project which started in the previous years has reached an advanced stage and is nearing completion. There was, however, no worker at the facility at the time of the visit. The project was assigned ₦1 billion in 2012.

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Monitoring Report

Project
Cottage Hospital Aviara

Approved estimates
₦29.1million

Observation

This project enjoyed an allocation of ₦30million in the 2011 budget. The NDCBP monitoring team saw evidence of an access road under construction. The construction of the access road to the cottage hospital appears to have been started in the past year. The team could not have access into the premises of the hospital owing to the effects of the recent flooding of the area. The facility was a deserted place.

Project
Construction of Asaba Central Hospital

Approved estimates
₦1 billion

Observation

When the team visited the site of the hospital, it was discovered that work on the project which started in the previous years has reached an advanced stage and nearing completion. There was however no worker at the facility at the time of the visit.

Construction of Asaba Central Hospital

Project
Construction of Comprehensive Health Centre in Issele-Azagba Aniocha North LGA (including fencing and landscaping)

Approved estimates
₦14.5million

Observation

The sum of ₦61.6million was approved for this project in the 2011 budget. At the site of the health facility, the NDCBP team found out that the project has seemingly been abandoned as there was no sign of any recent work at the site. The health centre building is surrounded with bushes even as there is no evidence of fencing of the premises.

Construction of Comprehensive Health Centre in Issele-Azagba

Food Sufficiency

Majority of people within the working age bracket in the Niger- Delta are farmers, either engaging in fishing or crop production. Hence, the effort of governments to promote productivity in the agricultural sectors will go a long way in demonstrating commitment to poverty eradication. Like all the states in the Niger Delta, Delta claims to be committed to ensuring food sufficiency, creating employment through agriculture and stepping away from oil dependency by investing more in the agriculture sector.

For the purpose of this analysis, the agricultural sector (often distributed under the headings - Agriculture, Fisheries and Livestock) is treated under a single heading, Food Sufficiency.

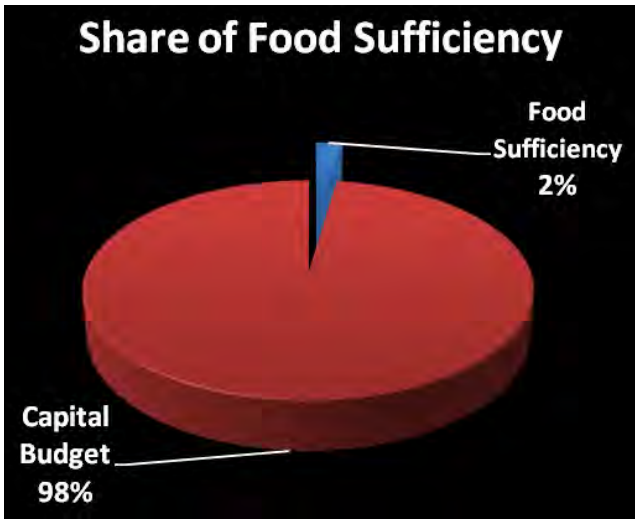


Figure 22 Allocation to Food Sufficiency projects in the Delta State 2012 budget

The Delta state government has paid little attention to the sectors relevant to food sufficiency. Capital allocation for these headings was ₦839.5 million in 2011. The 2012 budget, however, indicated a renewed interest as ₦6.1 billion was allocated for capital expenditure representing 2.43 % of the capital budget. When this is compared against 2011 figures, there was ₦5.3 billion increase in allocation to measures to promote food sufficiency. Unfortunately, out of the capital votes to food sufficiency in 2012, ₦4.7 billion was allocated directly to the Governor's Office for schemes including an Integrated Agricultural Development Programme-Songhai-Delta, Cassava Development Initiative Programme, and procurement of modern tractor equipment for farmers in the state. Only ₦1.5 billion of the total votes were to be utilized through the Ministry of Agriculture. This demonstrates a lack of transparency and poor commitment to promoting the development of relevant public institutions apart from the office and person of Governor Emmanuel Uduaghan.

One of the aims of the 2012 budget is to ensure that agricultural production is enhanced. But a sector where transactions are dealt with in a non-transparent manner ensures that agricultural production is kept at minimal.

Monitoring Report

Project
Reactivation of Aviara Fish Farm

Approved estimates
₦10million

Observation

The sum of ₦90.9million was approved for this same project in the 2011 budget. A visit to the site of the Aviara fish farm revealed that no work of reactivation has been carried out at the facility. The massive fish farm is abandoned in the midst of thick shrubs. The broken and dilapidated fish tanks have no fish in them. All one could see in the bushes were reptiles and rodents. All the facilities of the site have broken down.

Reactivation of Aviara Fish Farm

Agbor Fish Hatching

Project
Agbor Fish Hatching

Approved estimates
₦2.5million

Observation

The sum of ₦2.6million was also approved for this project in the 2011 budget. On site visit by NDCBP revealed that the above allocation has not been expended on the project. An official who spoke to the members of the team observed that they are unaware of Government plans for the facility which is in a dilapidated state.

Edo State

Total Budget for 2012
₦159.4 billion

Total Capital Votes
₦94 billion

Total Recurrent Votes
₦65.4 billion

Total Capital Vote for Education
₦7.7 billion

Total Capital Vote for Health
₦3.9billion

Total Capital Vote for Food Sufficiency
₦785.4 million

Edo state lies on the border between the South-South of Nigeria and the South Western states. It has a total landmass of approximately 17,802 sq km and a population of 3,497,502 (according to the *2006 National Population and Housing Census)*. Edo state came into existence in 1991, when the former Bendel state was split in two, the other half being Delta state. It has 18 Local Government Areas, and its administrative headquarters is Benin-City. Edo is considered a marginal oil producing state as it does not enjoy the same fiscal edge as other states. In 2012, Edo state got just ₦68.1billion from the federation account.

Access to Budget, Fiscal Data and Citizens' Participation

The emergence of Adams Oshiomhole, a respected former labour union leader, as the governor of Edo State, in 2008, infused hope into a state that for years, endured deprived governance, official secrecy and mismanagement of funds. Under Governor Oshiomhole, reputed for confronting past regimes over improved workers' welfare, the state has seen greater pump on openness in the management of public finances. Annual budgets are available on the state's official website in good time for public scrutiny and monitoring.

However, as with other states, documents relevant to the appraisal of actual fiscal performance, income flows and deliveries are not available to the public. Again, like other states monitored by NDCBP, Edo state lacks a clear framework for procuring citizens' input on government's expenditure and policy preferences.

2012 Policy Thrust

In his 2012 budget speech to the House of Assembly, Governor Oshiomhole outlined Education and Health as promising avenues for stimulating the state economy and improving the livelihood of the state's 3.93 million people.[51]

"The 2012 Budget has been prepared within the framework of our overall strategy of stimulating productive activities, enhancing sustainable livelihoods, improving human welfare and boosting economic growth through investments in physical infrastructures and the social sectors, especially Education, Health and Water. Therefore, it is a Budget of Continuity aligned strategically to our priority areas...The budget is also aimed at improving the delivery capacity of public institutions and personnel, as an overall strategy to enhance the quality of governance. This is consistent with our belief that government must work optimally to deliver development to the greatest number of our people, at the most reasonable cost and in the shortest possible time." ...Adams Oshiomhole

Relative to other Niger Delta states, Edo state has fared better in these sectors though. As of 2010, the state had the highest youth literacy rate at 98.40% while 88.70% of its women had access to ante-natal care-also the highest in for the region.[52]

The governor's commitment despite the advantage seemed commendable. But as investigations showed, those commitments never always translated to proposed deliverables.

2012 Budget

For 2012, ₦150.9 billion was approved by the Edo state House of Assembly as the spending plan for the state. A supplementary appropriation of ₦8.5 billion followed later, with cumulative budget for the year at ₦159.4 billion. Compared to 2011,

[51] United Nations Population Fund 2010 population figures
[52] National Bureau of Statistics figures for 2010

which totalled ₦131.8billion, the 2012 figure represented a nominal increase of ₦27.6billion. Under the 2012 plan, capital expenditure received the lion share- ₦94 billion or 59%, an upbeat variation from several other states; while recurrent expenditure got ₦ 65.4 billion or 41% of the 2012 budget. The state could not however, provide further details of the supplementary appropriation. Relative to the 2011 outlay (₦77 billion for capital and ₦54.8 billion for recurrent in 2011), the 2012 capital and recurrent expenditure plans, got nominal increases of ₦17 billion and ₦10.2 billion respectively. Same evaluation between 2012 and 2010 (₦63.1 billion for capital expenditure, ₦38.7 billion for recurrent expenditure), shows a cumulative increase of ₦30.9 billion increase in capital expenditure and a cumulative increase of ₦26.7 billion in recurrent expenditure for two years.

While the increases in capital expenditure reflect greater commitment to infrastructural development in the state, corresponding rise in recurrent profile of the state within the same period, is alarming. An increase in recurrent expenditure of up to ₦26.7 billion is, by all standards large given the size and income of Edo State.

More so, applying the assigned funds to visible projects remained illusively different from the paper promises, as NDCBP investigations revealed.

In 2012, a string of intervention projects, proposed by the Edo State Government to enliven the key areas of education, health and agriculture, turned in varied results. While a ₦2 billion Junior Secondary School UBE scheme seemed well primed and running at three centres-Idia, Imaguero and Ihogbe colleges; and the building of a new complex at Central Hospital, Benin, at ₦3.8 billion (allocation for 2011 and 2012) also appeared in fair progress; dozens of projects approved in the budget for the year fared typically- either abandoned or never executed, as weeks of NDCBP assessment show.

A hopeful Education management information system in the 18 Local Government Areas of the State, estimated at ₦5 million for instance; the establishment of three Basic Schools- two in Oredo Local Government Area; and a project to improve infrastructure at the Institute of Continuing Education, Benin, at ₦10 million, were never realized.

Figure 23 Recurrent and capital share of the Edo state 2010 budget

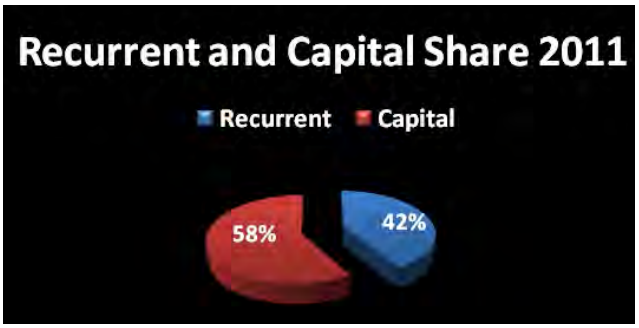


Figure 24 Recurrent and capital share of the Edo state 2011 budget

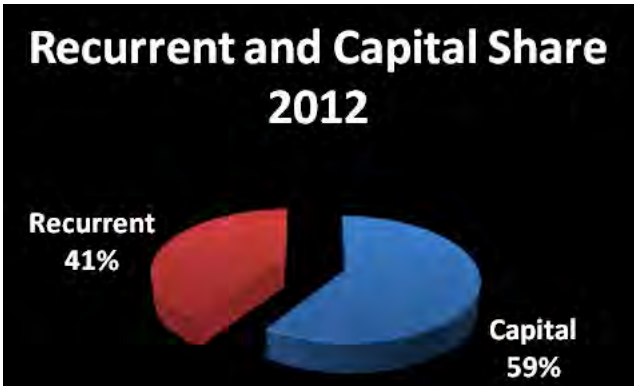


Figure 25 Recurrent and capital share of the Edo state 2012 budget

As the charts show, recurrent expenditures, as a share of the budget's total since 2010, have remained on the rise, a fact Governor Oshiomhole acknowledged before state lawmakers as he presented the budget:

'The high Recurrent Expenditure component is due largely to the implementation of the new wage structure and the need to provide for the emoluments of professional staff to be recruited in key MDAs'

While the implementation of a new federal minimum wage of ₦18, 000 per month, is a compelling explanation for higher recurrent costs, it nonetheless demands that Edo state, a marginal oil producing state with relatively lesser derivation from the federal purse, faces even more imperative for exploring new measures to boost Internally

Generated Revenue which could potentially help offset the growing personnel cost.
Sources of Revenue for 2012

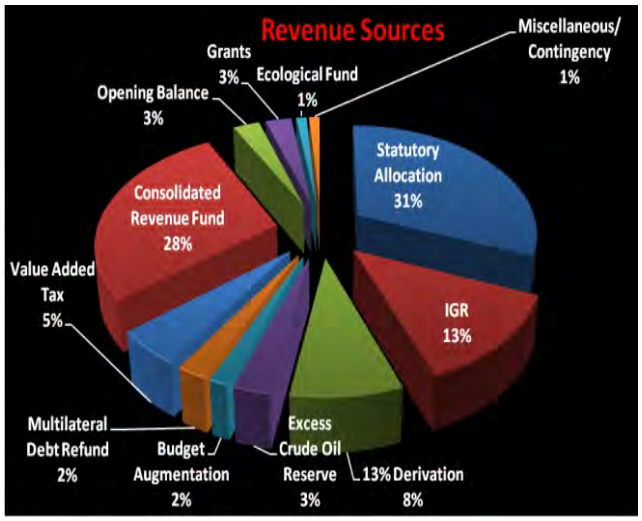


Figure 26 Projected sources of revenue 2012 budget of Edo State

The multiple earnings are broadly funds from the Federation Account, Internally Generated Revenue, Domestic and Foreign loans. Receipts from the Federation Account, with its vulnerability to international oil market fluctuations, were the major source of funding for the 2012 budget of Edo State.

More than any index the chart above demonstrates the failure by the Oshiomhole administration to look less upon monthly federal handouts, despite its consistent promise to do so. While Edo state government warmly sees itself, and many Nigerians agree, as one of the few leading states in terms of IGR performance, the reality shows differently, with the state proposing to draw only 13% of its budget funding in 2012 from IGR. The budget also makes an adjustment of ₦28.44billion deficit, which the government expects to be funded by the World Bank budget support facility and additional credit lines. This implies that a part of the budget will be funded from loans, bringing to the fore the troubling question of the state's indebtedness.

As at 2012 ending, Edo state external debt profile stood at ₦42.7 billion, much of the burden incurred from domestic borrowing. Although details of the debt are not fully available, the government has drawn scathing rebuke for a debt backlog which many citizens see as a mortgaging of the state's future. In March 2013, the federal Debt Management Office, DMO, warned that six states including Edo, stood the risk of insolvency if nothing was done about the state's troubling debt profile.[53]

Budget Performance

The government claims appreciable performance of the capital budget in 2012. The details of just how well the budget performed in terms of project execution are not available. However, NDCBP field monitoring reports for the fiscal year indicates that capital budget performance in the education; health and agricultural sectors were dismal. Government expected revenue didn't fare any better.

While the state government expected to receive ₦92.5 billion as recurrent revenue from the federation account, it only mustered ₦51.6 billion by September ending, 2012. Also, while expected ₦23.9 billion from internal sources, it got only ₦12.1 billion within same period. The shortfall was more noticeable in capital receipts where ₦65.8 billion was projected and ₦13.8 billion drawn by end of the third quarter in the fiscal year. The scenario raised the possibility of the state defaulting on its fiscal commitments in 2012.

That deficit promptly showcased on the state's tenuous budget performance during the year, with several projects left unimplemented as NDCBP findings show. For instance, NDCBP team observed that a project to procure rescue ambulances for Benin-Agbor Road, one of the state's major highways, was never implemented. The purchases were to cost ₦31.1 million. Investigators travelled the route repeatedly and found no ambulance.

Despite a ₦15 million portfolio to help combat HIV/AIDS in the state, NDCBP investigations at the Central Hospital Benin showed that several patients could not be tested for lack of test kits. It was unclear however, whether the defaulted projects, and many others, were as a result of non-availability of funding from the state government, or corruption that saw officials corner allocated funds.

[53] Debt Management Office warning http://www.dmo.gov.ng/
Premium Times report http://www.dmo.gov.ng/

Capital Expenditure

Figure 27 2012 Edo State capital expenditure distribution by sector

Education

Education received capital allocation of ₦7.7 billion in 2012. When compared to the ₦5.5 billion for 2011, the sector recorded a nominal ₦2.2 billion increase.

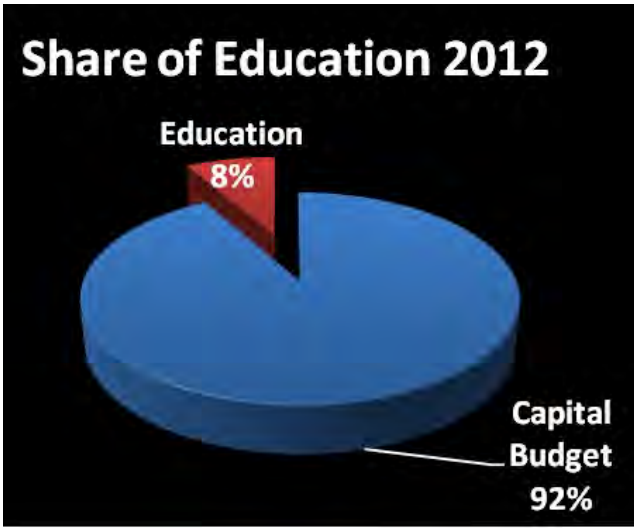


Figure 28 Allocation to Education in the Edo state 2012 budget

In 2010, the sector got 11.58% share of the capital budget. The amount declined to 7.14% in 2011, and rose slightly to 8.91% in 2012, a trend that appears to suggest a lesser commitment to the sector than Governor Oshiomhole, pledged. Worse still, an examination of fund disbursements for particular budget line in the 2011 budget (cited in the 2012 budget), shows that between January and September of that fiscal year, none of the mentioned budget items had received any capital allocation.

Such shaky performance continued in 2012 as earlier highlighted. While a ₦50 million project to purchase new school desks appears to have partially started, although the NDCBP team could not value the purchase, others seemed totally neglected. For a planned renovation of the Ministry of Education headquarters, to comprise reroofing with long span sheets, replacement of doors, ceilings and landscaping, the project was not delivered despite receiving ₦30 million in 2011 and ₦5 million in 2012. Another ₦2 million to furnish the ministry did not take place when the NDCBP team visited.

Monitoring Report

Project
Purchase and Installation of Computers, Printers and Accessories, Furnishing and Office Equipment, Ministry of Education

Approved estimates
₦1.5million

Observation

When the NDCBP team visited the State Ministry of Education, the budgetary provision had not been implemented.

Project
When the NDCBP visited the State Ministry of Education, the budgetary provision had not been implemented.

Approved estimates
₦2million

Observation

The NDCBP team visited the offices of the Commissioner, Permanent Secretary, Director of Planning and Statistics, etc. No new furniture had been provided.

Project
Renovation of Ministry of Education Headquarters including Re roofing, with Long Span Roofing Sheets, Replacement of Doors, ceilings and Landscaping.

Approved estimates
₦5 million - 2012
₦30 million - 2011

Observation
The NDCBP visited the facility and none of the targets had been actualized.

Dilapidated Ministry of Education Building

Project
Examination and Standards. Provision of Security Vehicles Computers and Equipment

Approved estimates
₦2 million

Observation
The targets were not actualized at the time of the NDCBP team's visit.

Project
School Sports Development
(Local, State and National Competitions)

Approved estimates
₦50 million

Observation
NDCBP visited Primary and Secondary Schools in the state and interviewed School Heads. No sports competition had been organized by the state in the Fiscal year.

Project
Procurement of Desks for Schools

Approved estimates
₦50 million

Observation
In some of the School the NDCBP team visited, some recently procured desks were spotted. The extent of the provision could however not be verified as the budget did not specify location.

Project
Establishment of Three Model Basic Schools.
2 in Oredo Local Government Area

Approved estimates
₦1.8 million

Observation
NDCBP could not verify the specific location of the Schools. Officials of the State Ministry of Education were not aware of the provision.

Project
Junior Secondary School UBE Scheme

Approved estimates
₦2 billion

Observation
The NDCBP team was directed by the Permanent Secretary of the Ministry of Education to three (3) of the locations of the project at Idia College, Imaguero College and Ihogbe College . At the Idia College, the school buildings had all been renovated and the roads resurfaced. At Imaguero and Ihogbe Colleges, work was in progress.

Re roofed Building and Resurfaced road Idia College

Ihogbe College

Project
Ethiope Publishing Corporation, Course Books, Vehicles, Equipment

Approved estimates
₦5 million

Observation
No vehicles had been purchased; there were no new equipment or course books. The work of publishing had since ceased being practicable in the facility.

Ethiope Publishing

Project
Establishment of Education Management Information System in the 18 Local Government Areas of the State and Provision of Alternative Source of Power

Approved estimates
₦5million

Observation
The NDCBP Team visited Oredo and Egor LGA's and the State Ministry of Education. The facility could not be located. On reaching an official of the Ministry, NDCBP was informed that the project was being handled by the ICT Department of the Government House.

Project
Institute of Continuing Education, Benin City (Infrastructural Development)

Approved estimates
₦10million

Observation
When the NDCBP Team visited the facility, no new infrastructure was seen.

Health
In 2012, Health received ₦3.9billion in the original 2012 budget, representing 4.55% of the total capital budget. The amount was ₦1.2billion higher than the sector's allocation in 2011(which was ₦2.7billion or 3.94% of the total capital budget for that year); and ₦2.2billion higher than what it got in 2010(which was ₦1.7billion or 2.73% of the capital budget). While there have been marginal increases, it is hard to imagine how far ₦3.9billion can go in turning around the health fortunes of citizens of the state. In per capita terms, the allocation represents an expenditure of just ₦1, 123 on the health of each of its citizens.

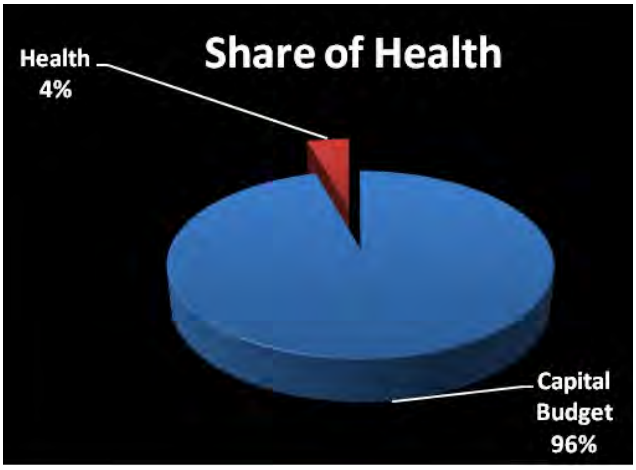


Figure 29 Allocation to Health in the Edo state 2012 budget

Like in the education sector, the budget performance data for the health sector in 2011 shows that no funds were released for capital projects between January and September 2011.

The neglect of the health sector became even more apparent when allocation to the sector is examined alongside a budget head curiously tagged "Others". This budget subhead received more allocation in 2010, 2011 and 2012 than the health sector. In 2010, "Others" got ₦4.1billion compared to ₦1.7billion allocated to health. In 2011, it received ₦5.7 billion in allocation as compared to health's ₦2.7 billion, and in 2012, the vague item drew ₦6.4billion compared to ₦3.9billion allocated to the health sector. Even the obnoxious "Security Vote" received an improved ₦4.5billion allocation from ₦4billion it was allocated in 2011!

Even with its meagre allocation, the Health sector recorded such imprecise subheads too. A certain "Health promotion and Education" received ₦6 million, and during inquiries at the health ministry, officials were unclear about the vote. Multiple projects visited had barely begun or abandoned as earlier highlighted. The provision of 120 Hospital

Equipment for the new Accident and Emergency Wards and other Hospitals, at ₦873 million could not be located by the NDCBP team, just as the Furnishing of the state's Sickle Cell Centre at the cost of ₦4.5 million between 2011 and 2012, never took place. The state's free antenatal care, given ₦20 million for the year, was however effective. A project to construct and furnish a School of Midwifery had also begun at ₦100 million.

Monitoring Report

Project
Health promotion and Education

Approved estimates
₦6million

Observation
NDCBP considered this provision bogus and vague. Inquiry at the State Ministry of Health indicates that even the Officials of the Ministry are not clear about the provision.

Project
Procurement of Rescue Ambulance, Benin Agbor Road

Approved estimates
₦31.1million

Observation
The NDCBP team travelled through the designated route severally and did not notice any ambulances dedicated to the route.

Project
Hospital Management Board three Ambulances

Approved estimates
₦18 million- 2012
₦18 million-2011

Observation
NDCBP budget monitors visited the Hospital Management Board, central Hospital and Ministry of Health. No Ambulances were seen.

Project
HIV AIDS Control

Approved estimates
₦15million

Observation
NDCBP investigations at the Central Hospital Benin revealed that patient could not be tested because test kits were unavailable.

Project
Construction of New Hospital Complex at Central Hospital, Benin City

Approved estimates
₦2 billion 2012
₦1.8 billion 2011

Observation
When NDCBP visited the construction site of the Hospital complex, appreciable work had been done. However, a part of the facility still under construction had collapsed some months past and was yet to be rectified.

Construction of New Hospital Complex at Central Hospital, Benin City

Project
Construction and furnishing of School of Midwifery

Approved estimates
₦100million

Observation
The NDCBP found the project under construction. The team was informed that work on the site had been progressing steadily.

Hostel Construction, School of Midwifery

Project
Provision of Internet facility at the Hospital Management Board

Approved estimates
₦2million

Observation
The NDCBP did not find any new internet facility installed. The team was informed that the existing facility was installed in 2010.

Project
Hospital Management Board Headquarters renovation and re-roofing

Approved estimates
₦30 million- 2012
₦20 million- 2011

Observation
When the NDCBP Monitoring team visited the facility, no renovation had been done and the structures still had their old roofs.

Project
Motor Vehicle Procurement. 1 Delivery Truck, 1 Hiace Van for Monitoring and Supervision of Essential Drugs to Hospitals

Approved estimates
₦15million

Observation
The relevant Ministry could not provide information relating to where the vehicles were located.

Project
Furnishing of Sickle Cell Centre

Approved estimates
₦2 million- 2012
₦2.5 million- 2011

Observation
On a visit to the centre, NDCBP did not find any new furnishing procured during the budget year.

Project
Repair of Hospital Equipment, Vehicle and Plants (Electrical Generators), Ministry of Health

Approved estimates
₦20million

Observation
Officials spoken to could not confirm if the budget provision had been executed. However, NDCBP saw abandoned vehicles in need of repairs at the premises.

Project
Coaster Bus School of Midwifery

Approved estimates
₦12million

Observation
When the NDCBP team visited the School, no Bus had been provided.

Project
Coaster Bus State School of Nursing

Approved estimates
₦12million

Observation
When the NDCBP team visited the School, no Bus had been provided.

Project
Furnishing of the State School of Midwifery

Approved estimates
₦5million

Observation
When the team visited the School, it was conducted round the newly installed facilities which consisted of Television Sets, Air Conditioners, Chairs etc. Valuator attached to the team confirmed that the purchases are commensurate with the budgetary provision.

Project
Furnishing of the State School of Nursing

Approved estimates
₦5million

Observation
When the team visited the School, it was conducted round the newly installed facilities which consisted of Television Sets, Air Conditioners, Chair, etc. According to a valuator who carried out an assessment of the furniture and equipment, the purchases are commensurate with the provision.

Project
Furnishing and Equipment of Ministry of Health

Approved estimates
₦40million

Observation
NDCBP investigations reveal that the Ministry did not benefit from the provision of any new furniture or furnishing in the fiscal year.

Project
Free Ante Natal care for Pregnant Women

Approved estimates
₦20million

Observation

NDCBP investigations confirm that the programme is on-going. However, most of the beneficiaries spoken to complained about the coordination saying it takes too long to access care.

Project
Provision of Hospital Equipment (120) for the New Accident and Emergency Ward and other Hospitals.

Approved estimates
₦873million

Observation

NDCBP investigations could not locate the equipment. Hospital staff interviewed were not aware of the procurement of the equipment or the budgetary provision.

Food Sufficiency

"Food sufficiency" here implies budget divisions directly related to the production of food. These include Agriculture, Fisheries and Livestock. ₦785.4 million was allocated cumulatively to the "food sufficiency" sector in 2012. The amount represents 0.94% of the original total capital budget of 2012, suggesting a decline in allocation to the sector, compared with the allocation of ₦1.2 billion in 2011. The figures do not indicate that the Edo state government has any interest in food sufficiency. Not only are the allocations inadequate, they are also dwindling. It is more worrying knowing that the prime occupation of the Edo people is agriculture.

More so, several projects designed to help drive the sector and the state's economy in 2012 budget, also faced challenging execution. A Youth Empowerment, Young Farmers Club, Comrade Farmers, Provision of Inputs scheme, at ₦100 million, was never implemented, officials told the NDCBP team. The repair of old pens and poultry houses, assigned ₦2.4 million, was not implemented as well as the renovation of dilapidated farm offices, warehouses, community hall and farm infrastructure at ₦50 million.

The government's small holder development Scheme involving Cashew, Sesame(at ₦3 million each), rubber, cocoa, oil palm, at N5 million, never started.

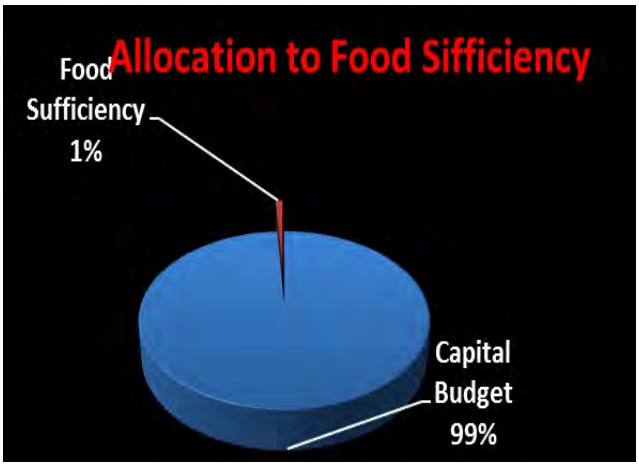


Figure 30 Allocation to food sufficiency programmes in the Edo state 2012 budget

Monitoring Report

Project
Purchase of Office Equipment

Approved estimates
₦11million

Observation

The NDCBP team embarked on a visitation to several offices including that of the Commissioner of Health. No new furniture procured within the budget year was seen.

Project
Purchase of farm Machinery and Maintenance

Approved estimates
₦216million

Observation

A director in the State Ministry of Agriculture informed the NDCBP team that no machinery was purchased in the budget year.

Project
Renovation of Veterinary Clinics, Purchase of Purchase of drugs and Working Tools

Approved estimates
₦20million

Observation

NDCBP confirmed that the project has not been implemented.

Project
Edo State College of Agriculture, Agane Bode Campus: Provision of Infrastructure

Approved estimates
₦100million

Observation
NDCBP confirmed that the project has not been implemented. No new infrastructure had been provided at the time of the Team's visit.

Project
Technical Assistance, Empowerment of Fisher Folks, procurement of Essential Fishing Equipment.

Approved estimates
₦5million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Youth Empowerment, Young Farmers Club, Comrade Farmers, Provision of Inputs

Approved estimates
₦100million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Renovation of Dilapidated Farm Offices, Warehouses, Community Hall and farm Infrastructure

Approved estimates
₦50million

Observation
NDCBP confirmed that the project has not been implemented.

Project
NDCBP confirmed that the project has not been implemented.

Approved estimates
₦2.4million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Small Holder Cashew development Scheme

Approved estimates
₦3million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Small Holder Sesame Development Scheme

Approved estimates
₦3million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Small Holder Rubber Development Scheme

Approved estimates
₦5million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Oil Palm Seedling Supply at Ogba, Abudu Elior

Approved estimates
₦5million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Small Holder Oil Palm Supply Scheme

Approved estimates
₦5million

Observation
NDCBP confirmed that the project has not been implemented.

Project
Seed Multiplication Farm at Irrua, Usen and Sabongida Ora

Approved estimates
₦4million

Observation
NDCBP confirmed that the project has not been implemented.

Rivers State

Total Budget for 2012
₦438 billion

Total Capital Votes
₦314 billion

Total Recurrent Votes
₦123.9billion

Total Capital Vote for Education
₦76.5 billion

Total Capital Vote for Health
₦28.9 billion

Total Capital Vote for Agriculture
₦2.9billion

Rivers State is ranked as the second largest economy in Nigeria, preceded only by Lagos State. It is the Hydro Carbon 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. In 2012, it received a total of ₦177.4billion as its share from the federation account. The state has 23 local government areas and a population of 5,199,716 (2006 National Population Census).

Rivers State is easily one of Nigeria's richest states, with huge monthly oil earnings and an increasingly plump potential for economic growth. The hub of Nigeria's oil and gas industry, the state lines only behind Lagos, the nation's commercial capital, as the most promising scenery for diversified and internally generated revenue base, with thousands of vibrant outfits, many of them, ancillary to the oil and gas industry. While her economy, like Nigeria's, is driven by oil and gas, Rivers state retains a robust fishing and farming industry, with a coastal population reputed for sea foods, and an upland that produces tubers, grains and vegetables. Ahead of the emergence of petroleum as the chief revenue earner, the local economy derived sustenance from the two agricultural beats, through which it achieved self-sufficiency in food production and distribution. Community self-help development projects too, thrived.

The oil era came decades ago with huge economic turnovers, hopes for expanding existing opportunities as well as creating new ones. The journey soon rambled through years of military dictatorships and pseudo democracies, each failing to plausibly translate the state's wealth to the peoples' prosperity. While oil wealth flourished around their neighbourhoods, locals struggled with poverty, insecurity, and ruthless environmental deprivation, occasioned by regular oil spills that ruined farmlands and livelihoods. Much of the State's oil receipts, swinging for years between the first and second amongst nine oil producing states, have mostly lined the pockets of the politicians.

Officials have also failed to hold oil multinationals to account for the spate of oil pollution in the state. Alongside other Niger Delta states, Rivers state ecosystem is constantly contaminated by years of oil activities. In November 2012, a Senate report warned that Nigeria was the only oil producing nation with the highest incidence of oil spill and yet, no penalty regimes attached to such abuses.[54]

A 2011 United Nations Environmental Assessment of the Ogoni area of Rivers state,[55] provided what is seen yet, as the most credible and independent corroboration of a long standing abuse that has destroyed livelihoods, and plunged many into destitution and violence. The report indicted oil multinational, Shell, of massive contamination of the Ogoni land, a large community in Rivers state comprising of four local government areas. The UNEP study recommended a $1 billion clean-up investment. That has yet to happen. Meantime, gangs in the region continue to justify violent attacks on oil pipelines and installations, on years of pent-up frustration. For these ones, the black gold has remained a curse.

Access to Budget, Fiscal Data and Citizens' Participation

Rivers State government has harped on operating

[54] Nigerian Senate (2012): Nigeria has the highest oil spill in the world. Retrieved March 6, 2013 from;
[55] United Nations Environmental Assessment of Ogoniland report http://bit.ly/10f3LCb

an open-government, and has initiated procurement procedures alongside a raft of efforts aimed at demonstrating its commitment to transparency. The government published its 2012 budget on the State's official website and officials showed a consistent willingness to share budget documents. However, quite little of the new policy zeal transcends the state frontiers to its local government councils. For example, the Council of Khana LGA turned down a request for its 2012 budget despite the NDCBP invoking the 2011 federal Freedom of Information (FOI) Act.

The state itself appears contradictory in its transparency drive, seemingly vacating with the left hand what it offers with the right. A promising attempt at Town Hall Meetings, as a means of promoting democratic values of consultation and popular participation in governance, speedily ebbed with irregular organizing. The meetings which began in 2009, presided by the governor, Rotimi Amaechi, only managed to hold in one local government area out of the 23 by 2012.

More alarming, the state government curiously inserted in its version of the Public Procurement Act, passed by the State House of Assembly in 2008, a questionable clause allowing the governor discretionary powers to spend 30% of the annual budget, including for procurements, without recourse to due process.

Section 21(4) of the Rivers State Public Procurement Law (RSPPL) states that,

"Notwithstanding, the provisions of this law, with respect to the award of contract, the governor shall have power to award for the execution of projects and other jobs which total value shall not exceed 30% of the total annual budget approved for the execution of projects and other jobs in the state: provided always that the bureau shall exercise supervisory powers in the execution of such projects".

The provision effectively bestows on the governor the authority to usurp the role of the Bureau for Public Procurement, with the prospect of denying the state of value for money in at least 30% of contracts. For 2012, that liberty was worth ₦131 billion!

Policy Thrust

In his official speech to the Rivers State House of Assembly during the presentation of the 2012 budget, tagged ***"Budget of Resource Utilization"***, Governor Amaechi promised to shift the ***"focus of budget implementation from resource commitment to monitoring of actual deliverables".*** This assertion was an acknowledgment by the governor that budgetary provisions in the previous year, as reported by the NDCBP, were not matched by commensurate deliveries.

The governor reassured that ***"government spending must ensure service delivery to improve the lives of the citizenry".*** The 2012 budget, he said, had specific targets to ***"deepen and consolidate the gains of the previous years as with (his) tradition of openness and accountability,"*** and to ***"address development issues in critical sectors".*** It was the administration's determination to ***"ensure a timely completion (of projects) within the tenure of this administration,"*** he added.

Given the state's affluent standing, and its inconsistent human index record,[56] more comforting of the governor's remarks was his promise that ***"employment generation and empowerment is the focus of this budget."*** That, he said, was to be ***"achieved through various agricultural programmes".***

But as usual with state and federal office holders, such laudable objectives, pledged in compelling speeches, do not always receive a proportionate political will and commitment to actual implementation. For example, the objective of generating employment and empowering of the people through various agricultural programmes was severely undermined with the paltry allocation of ₦2.9billion to the agricultural sector. Again, the governor's promise to focus on actual resource utilization did not always materialize during the 2012 budget year, as discovered during the monitoring exercise by NDCBP.

Besides receiving meagre allocations from the budget, several projects under key target areas, the assessment showed, remained unimplemented or abandoned, many after receiving funding for more than one year. Under Education, multiple school projects faced those failings, while in Agriculture,

[56] National Bureau of Statistics 2010 report says only 69.7% pregnant women accessed antenatal care in Rivers, compared to Edo state's 88.7%: Unemployment 27.8% (www.nigerianstat.gov.ng)

projects to construct Warehouses and a Veterinary Hospital, were never executed as proposed.

A planned renovation of fertilizer warehouses in Rumuodumaya, Ahoada, Bori and Degema never kicked off despite a ₦30 million budget. At all the four project sites, NDCBP observed that no renovation work had commenced.

Also, despite years of funding, including ₦250 million in 2011, and ₦160 million in 2012, the construction Chief A. K Hart Hospital was yet to start on any of the project's units during NDCBP's last visit.

Revenue Profile

For 2012, the state's revenue projections kept up with the known tradition of profound dependence on statutory allocations from the Federation Account and government borrowing under various guises. This has become an established trend with all attendant dangers.

First, the over-reliance exposes the state to the volatility of federal funding, a likelihood given the fickleness of international petroleum prices. And of course, there is the real danger of the state administration leaving behind unconscionable debt burdens for future regimes and generations. Important too, is the receding attention such dependence has left other sources of funding; mainly agriculture and tax, with.

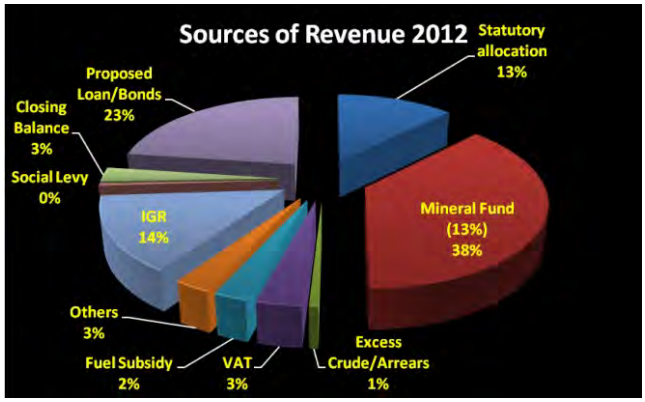


Figure 31 Projected sources of revenue for 2012 budget of Rivers State

Despite Rivers state's growing population, and increased commercial and industrial activities, the government itself, it seemed, came away lukewarm about improving its proceeds from internal means in 2012. Projections for Internally Generated Revenue (IGR) have consistently plummeted over the years (₦99 billion in 2009;

Figure 32 Internally generated revenue in Rivers state from 2009 to 2012 (amounts in billion Naira)

₦93 billion in 2010; ₦77.1 billion in 2011; ₦63 billion in 2012).To shore up funding, however, and perhaps to cloak its apparent IGR policy flaw, the state introduced a controversial social levy named "Rivers State Social Services Contributory Levy Law 2010" to raise additional N2billion as part of funding avenues for the 2012 budget. The levy has come under a barrage of criticisms from citizens who consider it double taxation. The government argues it is necessary for the continuous funding of education and health. Categories for the levy range between ₦250 to ₦50, 000 monthly.

In addition, the Rivers State government found it expedient in 2012, as with past years, to resort to internal and external borrowing which the government claims is needed to bolster supposedly inadequate revenue. In 2012, a huge chunk of the budget - ₦100 billion- is expected to be funded through loans and the issuance of bonds. This amounts to 23 per cent of the budget. According to the Rivers state Ministry of Finance, the government as of November 2012, had ***"set in motion plans to issue a Two Hundred and Fifty Billion Naira (₦250,000,000,000) Bond at the Capital market to fund major developmental projects".***[57] By December 2012, the state's external debt profile stood at ₦36.6billion,[58] while internal debt, which is more demanding to monitor, is believed to be higher.

Recurrent and Capital Profile

The Rivers State government proposed a total of ₦438 billion for its capital and recurrent expenditure in the 2012 budget. This represents an increase of ₦22.8billion (5.5 per cent) over the 2011 budget which stood at ₦415.1 billion.

Of that figure, ₦314 billion representing 71.6 per cent of budget, was to be spent on capital expenditure, while ₦123.9billion, representing 28.3 per cent of the budget, was for recurrent

[57] Rivers State 250 Billion Naira Bond; http://www.riversstateminfin.gov.ng/2012/11/29/rivers-state-250-billion-naira-bond/
[58] http://www.dmo.gov.ng/subn.php

expenditure. The allocations showed improvements upon the 2011 budget which proposed 65 per cent for capital expenditure and 35 per cent for recurrent expenditure respectively. Of immediate note, however, is a significant reduction in allocation to Government House (office of the governor) from ₦10.8 billion in 2011 to ₦5.1 billion in 2012. The reduction stemmed from cuts in the office's administrative cost.

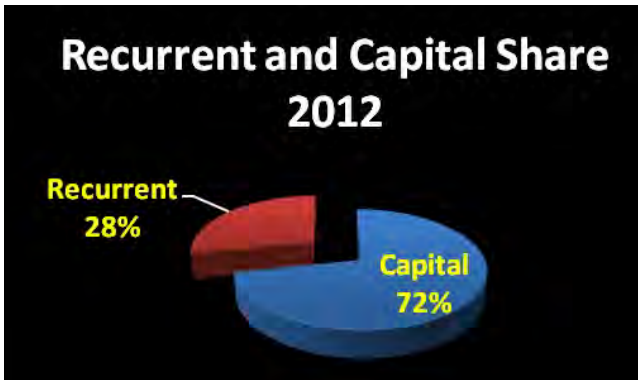


Figure 33 Recurrent and Capital expenditure budget shares in the Rivers state 2012 budget

While the proportion of capital to recurrent shares of the 2012 budget is commendable, it is, however, worrying that there is a possible debt burden which may emasculate the revenue prospects of the state in the future. Also, while the government's commitment to a monthly savings of ₦1 billion is commendable, the effort will undoubtedly be challenged by a regime of heavy debt servicing and repayment. In the state budget for 2011 for instance, ₦6.5 billion was dedicated for debt servicing and repayment. In the month of July 2012 alone, the sum of ₦6 billion was deducted from the Rivers State allocation from the Federation account for debt payments. Experts may argue in favour of loans and bonds, but even an unskilled appraisal of the state's economic course, highlights something irrational and puerile: saving just N12 billion annually while borrowing N100 billion in the same period!

Education

The Rivers State government proposed to spend ₦76.5 billion, representing 17.4 per cent of the entire 2012 budget on Education. This is a 16.2 per cent improvement on the 2011 figure of ₦67.3 billion. In 2008, ₦23.8billion or 6.3 per cent of the budget was allocated to the sector; in 2009, the allocation was ₦48.1billion; while in 2010, the sector received ₦70billion or 16 per cent of the total budget.

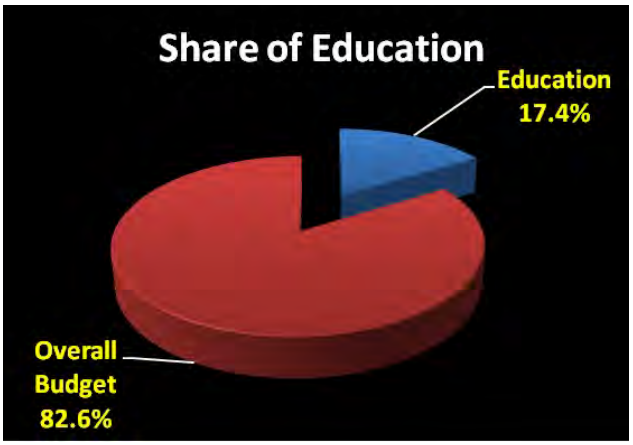


Figure 34 Allocation to Education in the Rivers State 2012 budget

The government of Rivers State is credited with initiating reformative work on primary and secondary education. In 2008, the state embarked on the construction of many modern primary and secondary schools equipped with modern equipment and learning facilities. However, higher institutions did not receive same attention. NDCBP budget monitoring reports for 2009, 2010 and 2011 highlight how most of the projects mentioned in the state's budget for tertiary institutions were never implemented. The selective execution has the potential to hurt even more, a sector already below par, by ironically preserving a vibrant and effective lower education system, and neglecting the tertiary schools with facilities incapable of catering for students delivered from the improved middle schools.

More so, the state owned University of Science and Technology has remained perpetually in crisis following a controversial appointment of Vice Chancellor for the University. Lecturers have been sacked, students denied lectures, and the academic calendar distorted.

On the other hand, the upgrading of the lower schools has been embroiled in a controversy since the construction of the schools have meant in some cases, the demolition of existing schools. Many have argued the irrationality of demolishing a school of 1000 pupils to erect one for 300 pupils in its place. Equally worrisome is the fact that some of the construction projects remain uncompleted or non-functional four years after.

It is not clear whether the government's failure to make adequate fund releases,[59] or corruption involving officials who corner delivered funds, is to blame for impaired implementation of approved projects. What is certain is the glut of unfinished and uninitiated projects dotting the state across all sectors. The scale of the failure appears heightened, incidentally, with projects associated with the already fund-starved higher institutions.

At the Centre for Continuing Education, Rivers State University of Science and Technology, a proposed construction of two storey classroom block at N65million had not commenced during NDCBP inspection. The story was same with the building of a storey administrative Office for the institution at ₦57million.

At the Rivers State University of Science and Technology, a planned construction of a Mechanical Laboratory Science Department at ₦75million was also non-existent during inspection. However, a ₦64 million proposed building of a two storey classroom block for staff secondary school of the university was completed at the time of visit of the NDCBP team. The team could not however access the building, making it impossible to value the spending.

The Rivers State Polytechnic, Bori, also recorded a mix of delivered and "imaginary" projects. While a ₦20million ICT project was completed with two halls adequately equipped with the requisite computers and internet facilities and was fully functional, the street of Engineering Campus, at ₦12million, was not implemented. Although some street lights had been installed, sources said the installation was done in previous budget years. As a result, many had ceased functioning effectively.

Separately within the school, although part of the maintenance of hostels and offices, at ₦25million, was carried out, an evaluator put the scope of work at only ₦5.750million.

Monitoring Report

Project
Building of 12 Classroom Blocks and Offices, Rivers State College of Arts and Science

Approved estimates
₦72million

Observation

The visiting NDCBP Team was shown a building under construction with level of work placed at 50% completion said to be the project. However, further inquiry revealed that the project is being undertaken by the Education Trust Fund ETF. There was no indication of any other such projected funded by the Rivers State Government.

Construction at Rivers State college of Arts and Science

Project
Renovation of Laboratory/ Equipment/ Furnishing. Rivers State College of Arts and Science

Approved estimates
₦20million

Observation

As at the time of visit, there was no on-going renovation work, neither had equipment been supplied. Existing renovation works on some of the facilities were carried out in previous budget years.

Project
Inspection/ Accreditation, Rivers State College of Arts and Science

Approved estimates
₦37million

[59] While presenting the 2012 budget, Governor Amaechi admitted that as at September 2011, just N11.2billion of the N67.9billion had been expended.

Observation
Information granted by the management of the College indicates that while four courses were submitted for consideration, two had been accredited as at the time of visit. The actual content of the expenditure was however not clear.

Project
Replacement of Asbestos with Aluminum Sheets in six Classrooms/Office/Staff Quarters. Rivers State College of Arts and Science

Approved estimates
₦15million-2012, ₦20million-2011

Observation
As at the time the NDCBP Team visited, no such replacement had been carried out.

Project
Maintenance of Hostels and Offices. Rivers State Polytechnic, Bori.

Approved estimates
₦25million

Observation
When the NDCBP visited the institution, only one hostel had benefitted from the provision in the form of painting and replacement of roof. All other hostels in the institution are in dire need of maintenance.

Hostel at Rivers State polytechnic, Bori

Project
Street Lighting of School of Engineering Campus. Rivers State Polytechnic, Bori.

Approved estimates
₦12million

Observation
NDCBP saw some street lights installed in the campus. However it was reliably gathered that it was done in previous budget years. The street lights were in bad shape and had since ceased functioning effectively.

Project
ICT Internet Services, Rivers State Polytechnic, Bori.

Approved estimates
₦20million

Observation
The NDCBP team was shown two halls each housing ICT training centre and an internet centre. The two halls were adequately stocked with the requisite computers and other facilities and were fully functional. An assessment by a valuer attached to the team indicates that the allocated sum is commensurate with the equipment available.

Project
Renovation of Central Library, Bernard Carr Street, Port Harcourt

Approved estimates
₦5million-2012 ₦5million- 2011

Observation
This project has been allocated various sums in the budget for at least four years. As at the time of NDCBP visit, no renovation work had been implemented.

Central Library, Bernard Carr Street

Project
Renovation of Jubilee Library at Afam Street, DLine Port Harcourt/ Construction of Library Extension

Approved estimates
₦2.5million-2012 ₦2.5million - 2011

Observation
As at the time of NDCBP's visit, no renovation work had been carried out on the library, neither had it been extended. The NDCBP team also found that the library is non-functional as a result of inadequate books.

Jubilee Library, Afam Street

Project
Building of 2 Storey Classroom Block for Staff School, Rivers State University of Science and Technology

Approved estimates
₦64million

Observation
At the time of visit, NDCBP found the project completed. However, entrance into the building wasn't granted making it impossible to conduct a valuation.

Class room block for staff school, Rivers State University of Science and Technology

Project
Building of Mechanical Laboratory Science Department, Rivers State University of Science and Technology

Approved estimates
₦75million

Observation
As at the time the NDCBP visited the University, the projects was non existent

Project
Building of 1 Storey Administrative Office for the Centre for Continuing Education (CCE)

Approved estimates
₦57million

Observation
As at the time of the NDCBP team's visit, no work had commenced.

Project
Construction of 2 Storey Classroom Block at the Centre for Continuing Education, Rivers State University of Science and Technology

Approved estimates
₦65million

Observation
As at the time the NDCBP Team visited, no work on the project had begun.

Project
Construction of 3.5km Road at Ignatius Ajuru University, Rumuolumeni Campus

Approved estimates
₦110million-2012 ₦34million-2011

Observation
As at the time the NDCBP Team visited, no work on the project had began. The site was covered in thick shrub.

Project
Renovation of Existing Hostels in the 3 Campuses, Ignatius Ajuru University

Approved estimates
₦100million

Observation
At the St John Campus of the University, NDCBP noted that one of the hostels had been completely renovated, while the others remained in deplorable state. At the Rumuelemini Campus, some of the hostels had equally undergone renovation work while other remained in bad shape. The rationale for the selection was not made known. An evaluation of work done reports that the roofs were replaced, the building was repainted and flood lights provided. It puts total work at not more than ₦4.2million

Ignatius Ajuru University Hostel

Project
Restructuring and Furnishing of the University Auditorium, Ignatius Ajuru University

Approved estimates
₦50million

Observation

At the time of NDCBP's visit - mid December 2012 - the project had been completed.

Project
Construction and upgrading of University Water Supply Tanks and Channelling (old and new sites)

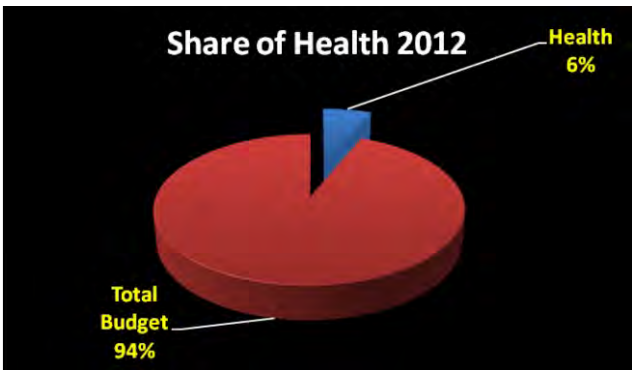
Approved estimates
₦50million-2012 ₦12million-2011

Observation

As at the time of NDCBP's visit, the project had not been carried out.

Health

The Health sector has received top attention under the administration, and the Rivers State government readily highlights that acclaim, which has seen numerous primary health centers and some specialized hospitals constructed across the State within the past five years.



Allocation to Education in the Rivers State 2012 budget

In 2012, the government proposed to spend ₦28.9 billion on health, representing 6.6 % of the entire budget. The amount was an improvement on the ₦16.8 billion earmarked in 2011, which translated to 4 per cent.

While the improved allocation is commendable, like other sectors, concerns remain over the actual percentage of the proposed amount spent on approved projects. By the end of 2011, monitoring reports by the NDCBP showed that projects and programmes in the health sector did not receive attention commensurate with budgeted sums. Of the amount budgeted for health in 2011, for instance, only ₦5.5 billion was utilized as at September of that year. Residents have also questioned the introduction of a special tax called "social levy" which the government said was expected to partially fund the health sector. Deductions have been made on the salaries of civil servants to this effect.

The variation between what obtained in terms of actual visibility of assigned projects and what they should be remained the same in 2012 as the previous year. Two projects observed by the NDCBP underline that concern. The furnishing of a two storey, 72-room hostel built in 2008 for the College of Health Science and Technology. The project received ₦90.7million in 2012, having earlier received ₦63million in 2011.

No such funds reached the school for the furnishing, the school's management said, although the school had sourced for separate funding to furnish part of the facility. Also, an approved library for the school never commenced. Allocations to project are as follows: ₦60million-2012 and ₦15million-2011.

Monitoring Report

Project
Construction Chief A. K Hart Hospital

Approved estimates
₦160million-2012 ₦250million-2011

Observation

This project has been allocated varying sums in previous budgets. As at the time of the Team's visit, no work had commenced.

Site for Chief A. K. Hart Hospital

Project
Furnishing of 2 Storey 72 Room Hostel Built in 2008, College of Health Science and Technology

Approved estimates
₦90.7million-2012 ₦63million-2011

Observation

The management of the school informed the NDCBP that funds had not been provided for the said furnishing. However, the school had raised money internally to furnish part of the facility for use.

Project
Building of Library, College of Health Science and Technology

Approved estimates
₦60million-2012 ₦15million-2011

Observation

As at the time of NDCBP's visit, no work had commenced.

Project
Building of 2 Storey Classroom Block for International Secondary School (ISS), Rivers State University of Science and Technology

Approved estimates
₦64million

Observation

At the time of visit, NDCBP found the project completed.

Storey Classroom Block for International Secondary School (ISS), Rivers State University of Science and Technology

Agriculture

The policy thrust of the 2012 budget of Rivers State identified Agriculture as the critical sector of the economy that would be engineered to generate employment and empower the people. In reality, that pledge never materialized with the force and the conviction conveyed in Governor Amaechi's declaration.

In the budget proper, only a paltry ₦2.9billion, representing 1.46 per cent of the budget was allocated to Agriculture. For a sector with huge potentials for job creation, food production and economic diversification, the allocation exemplified a failure to effectively seize on another opportunity to develop a key department long-abandoned. It also reflected the government's often lack of purposefulness in matching its animated rhetoric with action, even when it concerns subjects as sensitive as food production and jobs.

With its poor funding, the sector did not break away from the dismal budget performance that blighted other sectors. A plan to build a Veterinary Hospital at ₦50million has yet to commence more than a year after the passage of the budget.

At the designated site, NDCBP team observed three classroom blocks used as a Veterinary Research Institute.

No equipment had been provided at Agricultural Engineering Workshop at Rumudumanya as budgeted for at ₦20million. Another planned fencing of the Agriculture Ministry at

Rumudumanya, planned for ₦80million, has not been executed. The team however noticed an old fence work done in the past. No additional fencing had been done in the budget year. In all, officials could not provide details about whereabouts of the approved funds.

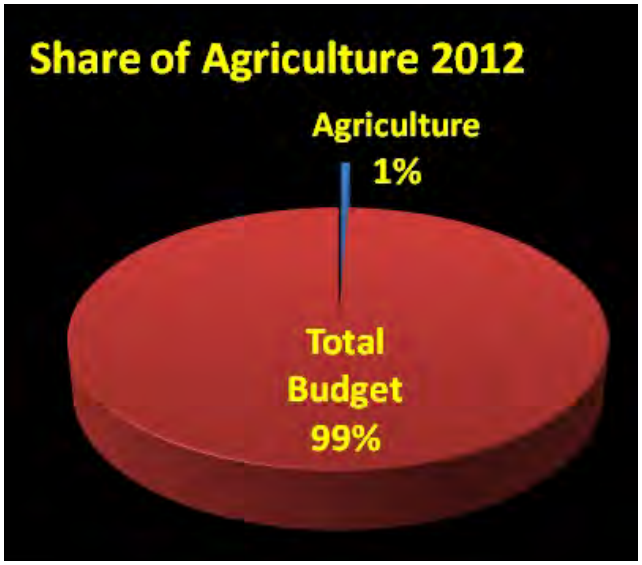


Figure 35 Allocation to Agriculture in the Rivers State 2012 budget

Amid the sector's poor funding and project implementation, the Rotimi Amaechi administration has courted controversy with a contentious land grab policy in the Ogoniland (Tai and Khana LGAs) area and other parts of the state. The policy was part of a commercial banana plantation project in which the government, in partnership with a Mexican company, seized lands from local small holder farmers. The forced eviction of thousands of local famers violates their right to livelihoods and food security, an allegation that has already been shoved against the government over its shoddy management of relief to victims of unprecedented flooding in parts of the state in 2012.

Monitoring report

Project
Provision of Veterinary Hospital

Approved estimates
₦50million

Observation

As at the time of NDCBP's visit, no work had commenced on the project. However, the team saw a three classroom block used as a Veterinary Research Institute

Veterinary hospital

Project
Fencing of Ministry of Agriculture Rumudumanya

Approved estimates
₦80million

Observation

The NDCBP noticed an old fence work done in the past. No additional fencing had been done in the budget year.

Ministry of Agriculture Rumudumanya

Project
Renovation of Fertilizer Warehouses, in Rumudumanya, Ahaoda, Bori and Degema

Approved estimates
₦30million

Observation

NDCBP visited all the mentioned locations. No renovation work had commenced at any of the facilities.

Fertilizer Warehouses, in Rumudumanya

Project
Equipping of Engineering Workshop at Rumudumanya

Approved estimates
₦20million

Observation

As at the time of visit, no new equipment had been provided at the workshop.

Other Allocations

The 2012 budget continued with a tradition of allocating huge funds to vague and questionable headings including the contentious "Security Vote" which was again given ₦7.5 billion, a free cash folder available to the president and governors for their discretionary use. Years ago in South West Nigeria, an influential power broker, with links to former President Olusegun Obasanjo, publicly acknowledged he staged the removal of the governor of his state, whom he helped bring to power, because the governor was too "greedy" and refused to part with the security vote.

In 2012, the Rivers state government shockingly extended the largesse to the Speaker of the State House of Assembly and the Deputy Speaker. Both received "Security Votes" of N108 million and ₦36 million respectively! Other hazy subheads for 2012 include a "Contingency Fund" of ₦1.7billion; "Specified/Unspecified Project", N9billion; "Unspecified Projects Government House", ₦1.5billion etc. The State legislature also got ₦4.7billion for "Capital Expenditure".

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http://saharareporters.com/news-page/delta-state-movement-indicts-governor-uduaghan-siphoning-n15-trillion-public-funds-declare

http://www.deltastate.com.ng/deltastatenew/images/download/2012_budge.pdf

About NDCBP

The Niger Delta Citizens and Budget Platform is a collaboration of civil society organizations, including NGOs and community groups that promote mass mobilization to combat corruption in public offices in states and local government councils of the Niger Delta, and to support community participation in budget monitoring and development. The Platform is active in addressing the underlying issues 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 inputs into budget development and monitor budget expenditures.

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