

CAMPAIGN VOTES

Citizens' Report on State and Local
Government Budgets in the Niger Delta, 2014



Niger Delta Citizens and Budget Platform

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CITIZENS' REPORT ON STATE AND LOCAL GOVERNMENT BUDGETS IN THE NIGER DELTA, *2014*

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Niger Delta Citizens and Budget Platform

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LIST OF ABBREVIATIONS

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

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The background section, which examines some of the major social and political developments in Nigeria and the Niger Delta during 2014, was written by Gibson Ikanone.

The analyses of state budgets were done by Ken Henshaw, Boney Akaeze, Sebastian Kpalap, Uzor Ogbonnaya, and Ekpere Prince.

Monitoring of budgeted expenditures in the five states was conducted by Emem Okon, Sebastian Kpalap, Regina Fabian, and Uzo Ogbonnaya (Akwa Ibom State), Robinson Kuroghobogha, Wisdom Wilson and Amachree Dennison (Bayelsa State), Bonney Akaeze, Ekpere Prince, Kelechi Obasi and Clement Osadebe (Delta State), Pius Dukor, Anino Atsekurubu, Austine Ake, and Green Isaac, (Rivers State), Tuoyo Edward Alexander, Sam Ajufoh and Stevyn Obodoekwe (Edo State). Ken Henshaw coordinated the monitoring programme.

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SUMMARY

Access and Public Participation

There is a manifest disconnect between citizens and governments in states of the Niger Delta. This disconnect has manifested in an alienation of citizens from participation in fiscal governance processes. Indeed, from the start of the budget process to the end, citizens are not permitted any role, neither are avenues provided for their participation in deciding their development preferences.

Even though budget and fiscal data ought to be public documents in order to ensure fiscal responsibility and accountability, some states still remain secretive about these documents. In Bayelsa State, government officials denied our researchers the budget document and other fiscal data like Auditor General's reports and midterm assessment reports. The State Ministry of Budget and Economic Planning failed to respond to a Freedom of Information request for these budget related documents. This meant that researchers have to rely on informal avenues for the Bayelsa report. Past gains made towards openness have been rolled back with this development. In 2008 - 2009, Bayelsa state became one of the first states to make their budgets publicly available on the state official website. But all that changed within two years in favour of secrecy.

There is also an air of secrecy with fiscal data in Edo State. This makes it difficult to determine the actual amount of the state's rising domestic debt stock.

Lack of openness is also a problem in Delta State where a patronage system which favours key government officials is the parameter for determining government contracts. This is done at the expense of the larger society whose interests are sometimes not reflected in the award of contracts.

The five states under review budget billions of naira each year. This huge amount is at the risk of mismanagement if fiscal issues which ordinarily should be public knowledge are kept secret.

States and Internally Generated Revenue

In the five states studied, budget funding for 2014 relied heavily on oil related funds from the Federation Account. In contrast, Internally Generated Revenue (IGR) was expected to contribute a very low percentage to their budget funds. Akwa Ibom State with a N416.9 billion budget expected 89 percent of the fund to come from the Federation Account. This is the highest project from the Federation Account among the five states under focus. The state's IGR was expected to account for 7 percent of the budget. Edo State had the highest IGR projection of 16 percent to fund its N160.0 billion budget. Bayelsa State with a budget of N332.826 billion had the lowest IGR expectation of 4 percent. Remarkably, Bayelsa State's four percent projection was a significant improvement over some past years when the state recorded no income from internal sources. The inability of the five states studied to generate substantial revenue internally shows their failure to diversify their economy and tap their huge human and material resources to boost their internal earnings. Relying on the oil related Federation Account to fund state budget expenditure has its limitations. With falling oil prices, states are not likely to meet their revenue targets and budget funding may continue to shrink substantially with projections that oil prices will remain low for a long time.

Rising Public Debts

The debt burden continued to grow in the states under focus in spite of the financial allocations they receive from the Federation Account as oil producing states. External debt of \$58.8 million and a domestic debt profile of N81.7 billion placed Akwa Ibom State amongst the most indebted states in 2014.

With dwindling revenue from the Federation Account following the fall in oil prices, some states like Edo are relying on borrowing to fund a substantial part of their budget. Of the state's budget of N160.0 billion, N43.6 billion

which is 27 percent of the total budget is expected to be raised through borrowing. With Internally generated revenue expected to account for 16 percent of the budget, it means the state expects to borrow more funds than it intended to generate internally.

In Rivers State, the external debt profile of \$32.3 million in 2008 is expected to rise to \$322 million if the state government proceeds to obtain a \$280 million loan it plans to get. Even in the absence of the new loan, the state is already saddled with huge debt servicing. Between 2010 and 2011, there was a 2500% increase in debt repayment.

The rising debt profile of the states under focus would potentially put them under a financial strain where considerable funds will be tied down in debt re-payment at the expense of developmental programs.

Equally worrying is that in states where budgets and fiscal data are kept secret, states may end up taking loans which may not be spent prudently but has to be paid with public funds. There might be no need for the states to rely on loans to run their budgets if leakages are blocked and internally generated revenue are raised.

Prioritization of Key Sectors and Budget Performance.

Education, health and food sufficiency which are key components of the Millennium Development Goals are vital sectors through which government budgets can positively touch the lives of the people - especially the most vulnerable.

In their 2014 budget presentations, the governors of the five states under focus rightly acknowledged the importance of these sectors. But in contrast, the budgetary allocations to the sectors are quite low and in many instances show a decline from the 2013 budgets. An instance is Edo State where N14.9 billion was budgeted for education in 2014. This is N200 million less than the 2013 education allocation.

Whereas the United Nations Educational, Scientific and Cultural Organization (UNESCO)

recommends that 26 percent of public budgets should be allocated to education, none of the five states under focus met this target. The 9 percent which Edo State allocated to education is the highest percentage to the sector among the five states. Akwa Ibom with 4 percent has the lowest. The low commitment to education makes it difficult to attain universal primary education in a region where many children of schooling age are out of school.

In spite of the health burden of Malaria, child mortality, pregnancy and childbirth related deaths in the five states under focus, only a limited percentage of their budgets are allocated for health. Akwa Ibom and Edo State allocated N15.9 billion and N8 billion respectively to the health sector. The allocations represent 5 percent of the budgets of the two states. These are the highest percentage for the health sector among the five focus states. Bayelsa State has the lowest with 2.25 percent.

The danger of the low budgetary allocation to health in the various states is that the citizens are put at the mercy of traditional medicine practitioners whose practices are in some cases harmful and most times unable to meet the health challenges of the region.

Land and water pollution is one of the major impacts of the oil industry in the Niger Delta. In a region where the people traditionally fish and farm, the oil industry has compromised livelihood and food security. It is notable that the five focus states did not make any substantial budgetary commitment in spite of the peculiar challenges the oil industry poses to the food sufficiency sector which consists of agriculture, fisheries and livestock. Akwa Ibom State's N9.1 billion allocation to the sector is 3 percent of the state's budget. This is the highest percentage among the five focus states. Bayelsa State allocation of N6.987 billion to the sector is 2 percent of the budget. The food sufficiency sector accounts for just about one percent of the health budgets of the three other states namely - Edo, Delta and Rivers.

RECOMMENDATIONS

Addressing the development challenges in the Niger Delta will require that citizens reclaim the policy initiative and begin to drive development in their states and local government areas. A key avenue to achieving this will be to promote citizens participation in politics, to the extent that their vote is the sole determinant of who wields political power. Unfortunately, current electoral practices do not adequately ensure that the process of suffrage really represents the wishes of the majority. To change this trend, there is need to mobilise citizens to be more engaged with political developments and in public policy - before and after elections.

While local governments were conceived as the closest tier of development to the people, their role has been eroded to the extent that they are ineffective in responding to local concerns. The current system which makes local governments mere appendages of the states allows those states usurp the functions (and finances) of these councils. Key reforms in the relationship between states and local governments need to be carried out. 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 discontinued as it has effectively crippled local government effectiveness and efficiency.

While the Public Procurement and Fiscal Responsibility acts were conceived as mechanisms to ensure transparency and the prudent use of public funds, the halfhearted 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 are yet to pass the Fiscal Responsibility Law and Public Procurement Law should do so. Compliance with the principles of these laws should be strictly enforced and caveats that limit their enforceability should be eliminated. In accordance with this, the relevant bodies to supervise their compliance should be established and funded in a manner that ensures their independence.

On Citizens participation

- ✍ Urgent steps should be taken to allow for consultation with citizens at the state and local government levels 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 timeframe.

- ✍ 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 insulating 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 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.

METHODOLOGY AND SCOPE

This report is a product of yearlong budget advocacy activities by members of the Niger Delta Citizens and Budget Platform. It begins with a background section which addresses a range of issues which impacted Nigeria's economy in 2014, with greater emphasis on happenings in the Niger Delta. In writing the background section, careful study has been made of major events and trends that shaped Nigeria in 2014.

The section on State government budgets in the Niger Delta is a study of the fiscal processes bordering on the income and expenditure trends of Akwa Ibom, Bayelsa, Delta, Edo and Rivers states. The report is based on data relevant to the 2013 fiscal year, but provides evidence and data from as far back as 2007 to show trends and allow comparisons. The five states chosen for this research were considered based on 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 affected by the adverse effect of oil exploitation which include environmental pollution and propensity to violent outbreaks, a 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. They also carried out interviews and studied the fiscal trends of the states over time in order to arrive at analyses that adequately reflect the fiscal state of affairs in the states. Analyses have been conducted using internationally recognized budget analysis tools and conform to 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 2014 examining projects allocated funds in the budgets of the states. Each budget monitoring team consisted of a community volunteer and three others; as well as a member of the NDCBP secretariat. Monitoring was carried out on randomly selected projects 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. Where possible, officials of the ministries responsible for these projects were contacted for additional information.

In presenting the analyses and monitoring findings, pictures and charts have been amply utilized to enhance clarity and understanding.

BACKGROUNDS

2014 Economic Outlook: Dazzling Dawn, Hazy Dusk

The economic outlook for the year 2014 was remarkably brilliant for the Government of Nigeria given that its crude oil export dependent economy received a major boost the previous year as a result of crude price increases. The product sold for \$105.48 per barrel as at December 2013, while the federal budget benchmark for the same year was \$79 per barrel. However, the price of crude oil was to tumble rapidly, prompting the Budget Office of the Federation, to warn that the implementation of the 2014 budget will face challenges. The year 2014 began on a perilous note for the Nigerian government. By the end of the first quarter, the price of crude had dropped so significantly, that by December, it was less than half of what it was a year earlier. The 2014 budget of N4.6 trillion ended on a note of deficit.

Nigeria's Petrodollar Economy: Effects of Oil Price Slump on Implementation of 2014 Budget

Since 1958 when Nigeria commenced the exploration and production of crude oil in commercial quantities, it has had the good fortune of experiencing many 'windfalls' and its attendant financial accruals, however, it has not had the skill or will to properly manage the revenues. Rather than build a strong, diversified and prosperous economy, the bulk of crude oil revenues have been lost to mismanagement or outright theft. The following response credited to President Goodluck Jonathan in reaction to declined oil fortunes underscores the disposition of the Nigerian government to oil revenues;

“President Goodluck Jonathan has asked Nigerians to endure the effects of the current drop in global oil prices, saying the nation will survive it. Mr. Jonathan, while speaking at the Christ

Apostolic Church in Abuja on Sunday, said the oil price drop is nothing compared to 2008 to 2009 when oil was sold for \$40 per barrel. 'Of course, if there is a drop in oil price, it will affect us in one way or the other. We tell our people to bear with us. It has happened before in 2008, 2009 that was almost about \$40, we survived as a nation. 'This time, by all predictions, it will not even go as low as that, we will surely survive it. The economic team is working very hard to stabilise it and we believe that although there may be temporary inconveniences, it will definitely not bring the economy down.’”¹

To a reasonable extent, President Jonathan may be correct as regards the nation surviving previous oil price slump but may have overestimated the ability of the country to survive it again and again without taking adequate steps to diversify the Nigerian economy and also drastically reduce recurrent expenditure and corruption. As at December 2014, apart from Lagos-State,² virtually all the other states across the six geopolitical zones of Nigeria had openly voiced fears of their inability to meet their financial responsibilities including the payment of salaries. Bayelsa-State (a major oil producing state) categorically declared its inability to pay salaries, and that workers may have to endure cuts of up to 50%; otherwise the state will embark on massive retrenchment of its workers.³

Apart from the inability of states to pay salaries, recent data released by the Debt Management Office (DMO) of Nigeria shows that states may not be able to service their debt stocks of N1.445 trillion. Zamfara-State has decided to augment its revenues by selling off N24 billion worth of its shares at the Niger Delta Power Holding Company (NDPHC) to enable it finance development projects. On its part, Benue State had to sell N7 billion worth of shares in Dangote Cement in Gboko.⁴

¹ Usman, T. (2014). Jonathan to Nigerians: Endure hardship that comes with fallen oil price. Premium Times, 28th December 2014.

² Abdallah, N. M. (2014). Oil price fall: states struggling to pay salaries. Daily Trust, 15th December 2014.

³ Ateboh, P. (2013). Akwa Ibom, 5 other states get DMO warning on dangerous domestic debt profile. Premium Times, March 19, 2013.

⁴ Abdallah, N. M. (2014). Oil price fall: states struggling to pay salaries. Daily Trust, 15th December 2014.

The NDDC: A Failed Intervention Agency

When the Willink's Commission of 1958 stated that Nigeria's Niger Delta was in dire and urgent need of development, not many would have thought that the region would remain even more undeveloped 56 years later, however, that is the case today. The Niger Delta Development Commission (NDDC) was established in 1999 to address this state of affairs, as well as the environmental damage of the region occasioned by oil spillage, gas flaring, and other forms of environmental degradation in the Niger-Delta region. However after 15 years of being in operation and receiving a yearly average of N250 billion in allocations, the NDDC has fared even worse than its predecessors, the Oil Mineral Producing Area Commission (OMPADEC). A legacy of abandoned capital projects and corruptions scandals is what the NDDC is better known for.



Dredging and Sand Filling of Okoro-Nyong, Akwa Ibom State: Another abandoned NDDC Project

Recently, the governors of Bayelsa and Edo States, Hon. Seriake Dickson and Comrade Adams Oshiomhole, berated the NDDC for the politicization of its activities and the resultant laxity on individuals who defraud the commission. The governors' scathing viewpoint of the NDDC is corroborated by Mr. Jerry Ukoko, an opinion leader from Ellu Town, Isoko North Local Government Area of Delta State. Mr. Ukoko said that out of seven projects awarded in Ellu Town in the past 14

years, only one was satisfactorily completed, while the remaining six have been abandoned. These are Ekremeta-Emo Eni Grammar school road, Emo- Eni/Aradhe road, Otekpo street and Kingdom Hall/Otoekpo road. Political considerations and corruption are the main reasons all past boards of the Commission have been sacked by the Federal Government. These same factors are responsible for the non-completion and/or outright abandoning of most of the projects of the NDDC many years after they were awarded.

The preceding criticisms of the NDDC is corroborated by the Chief Isaac Jemide led Presidential Monitoring Committee on the NDDC, which averred that 46% of projects awarded between the year 2005 and 2011 were abandoned by the NDDC despite the huge variations, inflation of contract costs and payments made for contracts awarded for private projects for example a private club in Port-Harcourt.⁶

Incensed by the Jemide Committee report, President Jonathan instructed the current board which has Bassey Ewa-Henshaw as its chairman and Bassey Dan-Abia, as the managing director not to embark on new projects during their tenure until projects "abandoned in various level of completion" were dully completed and functional. There is however no evidence that any culprits have been prosecuted for breaching the Public Service Act. The NDDC has continued to receive its annual budgets, which are routinely passed by the National Assembly.

Ministry of Niger-Delta Affairs and the Promise of Development

The Ministry of Niger-Delta Affairs was set up as a child of necessity by late President Umaru Yar'Adua with the mandate to coordinate efforts at ensuring infrastructural development, environmental protection, youth empowerment, and peaceful atmosphere in the once-restive region. In a bid to match his words with action, then President Umaru Yar'Adua appointed an experienced technocrat, Obong Ufot Ekaette as the pioneer

⁵ Ukoko, J. (2014). NDDC and rot of abandoned projects. Newswatch, 12th July 2014 <http://www.mynewswatchtimesng.com/nddc-rot-abandoned-projects/>

⁶ Premium Times. (2013). Over 46% NDDC Projects abandoned, says panel. Premium Times, 5th March 2013.

Minister of the Ministry in December 2008 with a mandate to respond to the needs of the region. These needs include road construction projects, construction of jetties, dredging of canals and seaports, various land reclamation and shoreline protection projects, building of skill acquisition centres across the oil producing states, housing, water, and rural electrification projects. Chief amongst these projects was the 338-kilometre East-West road traversing the Niger-Delta region, which the Ministry inherited from the Ministry of Works. The contract was awarded in 2006 by former President Olusegun Obasanjo's regime at a cost of over N340 billion but the regime provided only N1.2 billion.⁷

While it is often believed that the Ministry is underfunded given the task it is expected to achieve, mismanagement has been the real reason the Ministry of Niger Delta Affairs has failed to complete any tangible project since it was established. Like the NDDC, the Ministry is plagued with an array of abandoned projects. Since the establishment of the Ministry of Niger-Delta Affairs, its hallmark has been unbridled wastage of its statutory allocation. Failure of the Ministry to deliver on its mandate abound. For instance, while over 34,004 youths were shortlisted for training in ten identified sectors ranging from oil and gas to maritime, only 701 youths were sent to India, Benin Republic, and Israel to be trained in just 3 out of 10 sectors, namely-agriculture (90 youths), oil and gas (341 youths) and maritime (270 youths).

DESOPADEC: Another Failed Promise

Following agitations for the oil producing areas of Delta-State to be given serious developmental consideration, the Delta State Oil Producing Areas Development Commission (DESOPADEC) was established on 4th July 2007 with a mandate to rehabilitate, rejuvenate, and resuscitate the peoples and communities of the oil producing areas of the State in accordance with the 3-Point Agenda of Governor Emmanuel Uduaghan. These are: Peace and Security, Human Capital Development, and Infrastructural Development.

However, the rationale behind the establishment of DESOPADEC has been violated by successive administrations of the State. From 2010 to 2012, the Delta state government is said to have failed to remit a large share of the 13% Derivation Fund meant for the oil producing areas. The amount is put at N120.3 billion which is about 23% of the N452.8 billion received by the state government as its share of the 13% derivation between 2010 and 2012⁸. In the 3 year period, DESOPADEC received only N104 billion as opposed to the statutory N226.4 billion of the 50% of the state's share of the 13% Derivation fund.

DESOPADEC was also facing a N1 billion lawsuit instituted by the Itsekiri Oil and Gas Host Communities at a Warri High Court for expending monies meant for the development of Itsekiri oil and gas producing communities on the rehabilitation of both the Warri Club and the "A" Division Police Barracks, Warri. The Itsekiri community says the expenditures are not in the scope of the fund.⁹ Similarly, the Commission was enmeshed in another legal suit instituted by aggrieved students on grounds of false claims of sponsorship of students of Delta-State origin for studies overseas to the detriment of significant number of their Nigerian based counterparts who were basically denied bursary for studies within the country. Thus, the plaintiffs are praying the court to compel DESOPADEC to provide information regarding the expenditure, namely: N5.443 billion for students of Itsekiri nationality, N5.540 billion for Ijaw nationality, N2.326 billion for Urhobo nationality, N2.292 billion for Isoko nationality, N1.221 billion for Ndokwa nationality, and N1.385 billion for local bursary and overseas scholarship for the year 2013. In the alternative, they want an order compelling the money for overseas scholarship to be converted to local bursary.¹⁰

Rather than develop the areas as its mandate stipulates, DESOPADEC has become a constant feature in corruption and mismanagement scandals.¹¹ In reality, the commission has failed woefully in bringing respite to the people of the oil producing areas of Delta state.

⁷ Ogunmade, O. (2014). We Can't Deliver East-West Road in 2014, Says Niger Delta Ministry. Thisday, 1st March 2014.

⁸ A Ogheneochuko, S. (2013). How N'Delta Governors Mismange 13% Derivation Fund ... Allegedly Embezzle N8.1tr within 13yrs. Urhobo Today, 22nd December 2013.

⁹ Amurun, O. (2013). One billion suit: DESOPADEC in trouble over unsigned budget. Urhobo Times, 3rd August 2013.

¹⁰ The Nigerian Times. (2014). Students' bursary: Delta youths drag DESOPADEC to court. The Nigerian Times, December 22, 2014

¹¹ Globalvillnews. (2013). N25b Fraud Discovered in DESOPADEC; Officials Squander N40million Meant For Physically Challenged 3rd February 2013.

2015 End Date: Achievements of the Presidential Amnesty Programme

Since the commencement of the Presidential Amnesty Programme, established in response to the belligerence in the Niger Delta, about 30,000 'ex militants' have been sent on various trainings of strategic economic interest to the nation and the oil-rich Niger Delta region. They have been trained in such areas as crane operation, ICT, agriculture, pipeline and underwater welding, Piloting, ocean-diving, boat-building, undergraduate and post-graduate studies. Trainings have been received in Nigeria and overseas including Poland, Ukraine, India, USA, Philippines, Sri Lanka, Israel, Ghana, UK, Russia, South-Africa. Records show that about 14,000 students have graduated from vocational or educational training.¹² Despite this result, there are serious shortfalls associated with the manner the Programme has been carried out by those in charge. This prompted the prevailing impression that the Programme is flawed and will not lead to long-term peace. For example, failure to address the root causes of the belligerence which centres on the neglect and under development of the Niger-Delta, exclusion of many former combatants from benefitting from the Programme in favour of those who were never 'militants', short-changing of participants in the Programme by dubious government officials saddled with the responsibility of running the scheme, inflating the participant register with non-existent persons for the purpose of collecting their benefits. Other issues include lack of jobs for graduates of the trainings, coercion of some 'ex militants' into the Amnesty Programme through extensive military attacks on local communities as it happened in Oporoza in Gbaramatu Kingdom in May 2009. The incident left thousands Homeless, etc.¹³

Indeed, ex-belligerents who have successfully completed their trainings but are yet to find jobs are believed to have taken up arms again and are engaged in serious crimes. These include the killing of 14 policemen in Lorbia community in Southern Ijaw Local Government Area of Bayelsa-State, attacks on

oil and gas facilities, sea-piracy and armed-robbery across the Niger-Delta. With one year to the end of the amnesty programme, and the situation in the Niger Delta which led to the uprising remaining unaddressed, there are fears that the region could once again slide into violence.

The UNEP Report: Still Waiting for Environmental Justice

In 2006, the Federal Government of Nigeria commissioned the United Nations Environment Programme, UNEP, to carry out an environmental assessment of Ogoniland. Three years later UNEP commenced an environmental assessment that lasted 14 months in Ogoniland. The report was unveiled on 4th August 2011. UNEP in its findings reported that some areas that appear unaffected at the surface are in reality severely contaminated underground noting that individual contaminated land areas in Ogoni can be cleaned up within five years while heavily affected mangroves and swamplands could take up to 30 years to clean at an estimated initial cost of \$1 billion. It also revealed serious health threat to communities and observed that some families drink from wells contaminated with benzene at levels over 900 times above World Health Organisation guidelines.



Oil Pollution from a well head in Ogoniland, Clean-up still awaited as recommended by UNEP

¹² Onukwugha, A. et al. (2014). Amnesty Programme: The Impact So Far. Leadership Newspapers, 24th October 2014.

¹³ Ewepu, G. (2014). Niger Delta ex-militants threaten to halt oil production. Vanguard Newspapers, 3rd June 2014.

Accordingly, UNEP proposed \$1 billion funding for the commencement of cleanup activities in what could become the largest environmental cleanup in the history of Nigeria. The amount was to be contributed by international oil companies with prevailing interests in Ogoniland and the Nigerian government. The government established a multi-stakeholders committee to commence the implementation of the report with a declaration that the time to take decisive actions to restore Ogoniland had come. However, four years since the report was made public, no meaningful action has been taken. Rather, on 20th July 2012, approximately the eve of the one year anniversary of the UNEP report, the government hurriedly established a body known as Hydrocarbons Pollution Restoration Project (HYPREP) as a specialist Unit under the Federal Ministry of Petroleum Resources. It was put under the direct supervision of the Minister of Petroleum Resources, Mrs. Diezani Allison-Madueke.

At a stakeholder's forum held in Abuja in 2014, the Petroleum minister declared that the serious shortfalls bestriding the implementation of the UNEP Ogoni report stems from stakeholders not being properly consulted or incorporated into the implementation processes of the report. She said this had made the government deliberately cautious by carefully reviewing the HYPREP structure to determine the best way to rejuvenate the programme to really restore Ogoniland as envisioned in the report. Remarkably, the Nigerian government took its decision in spite of the clear and repeated calls of stakeholders such as the representatives of Ogoniland and civil society that HYPREP lacked the expertise and/or the requisite financial resources to carry out the massive and highly technical cleanup required in the UNEP report. By the end of 2014, HYPREP had only succeeded in erecting signposts indicating oil spill contamination areas across Ogoniland and asking people not to consume water from contaminated sites. No alternative sources of drinking water were provided and the death toll arising from the effects of the hazards of spillage continued to ravage and spiral all over Ogoniland.

The PIB: An Endless Wait for a Law

Although, the Petroleum Industry Bill (PIB) was first introduced in the National Assembly in 2009, the idea essentially started in 2007 following the recommendations of a Presidential Committee set up to carry out oil and gas sector reforms in the country with the objective of using it as the basis of Nigeria's aspiration to become one of the most industrialized nations in the world by the year 2020. However, since the PIB's introduction into the National Assembly in 2009, it has been entrapped in political intrigues and vested interests of its numerous stakeholders including oil and gas host communities. Oil companies claim that the Joint Venture terms of the PIB is unfavorable to them and fear that it would compel them to stop gas flaring as opposed to paying paltry fines that allows them to flare gas. The non-oil and gas producing geopolitical zones of Nigeria are of the erroneous opinion that the passage of the PIB would translate to reduction in oil and gas allocation from the federation purse to them. Similarly, the far-reaching reformations of the PIB, which includes modifications of the extant fiscal terms e.g. 10% allocation to Petroleum Host Communities Fund, overhauling the Nigerian National Petroleum Corporation (NNPC) and the enormous powers vested on the Minister of Petroleum, etc, have apparently also contributed to its slow passage by the National Assembly. Instructively, the lawmakers who are opposed to the PIB on grounds of the 10% Host Community Fund, fail to see the proposed fund as a small but significant step towards ensuring sustainable community participation in the nation's extractive industry.

The PIB has been abandoned endlessly in the National Assembly with no regard to its lofty provisions and its potentials for sanitizing the oil and gas sector in Nigeria for greater benefits for the people. As at the end of 2014, it remained so.

An Emerging Catastrophe: Artisanal Refineries and Oil Pollution

In 2014, routine pollution from gas flaring and oil spills continued in the Niger Delta without

any serious attempt by the government to check the spate. The most impactful form of pollution was that being inflicted by operators of illegal artisanal refineries, a process often called 'oil bunkering'. Environmental degradation is the most visible and direct impact of illegal oil refining and theft. Evidence gathered from the creeks across Delta, Bayelsa and Rivers states show the terrible impacts of artisanal refining to the local environment.

from host communities are conniving with others to steal crude oil, which is refined in the bushes and sold for fuel.

The destruction of the environment and personal health hazards notwithstanding, organized 'theft' of crude oil and the illegal refining is mostly seen by community people as a worthwhile economic activity that support families, small businesses and social aspirations of many Niger Delta communities.

Many in the Delta consider illegal oil refining as an entrepreneurial, free market response to local economic dysfunction, socioeconomic pressures, the Niger Delta's chronic fuel shortages and government's failure to deliver basic public services.

To end the practice, it rests on the Government of Nigeria to show leadership by providing incentives such as affordable and available refined petroleum products especially in the riverine areas of the

Niger-Delta. The illegal refineries have thrived largely due to the demand for their products. The government should also embark on economic empowerment such creation of jobs to curb high rate of unemployment. As at the end of 2014, the only response from the federal government was attacks by security agents on artisanal refinery sites.



Artisanal refinery in the reeks of the Niger Delta

Vegetation is visibly affected by the resulting pollution; crude saturates the mangroves and oil disturbs the surface water.

That the Niger-Delta environment (land, air, water) has suffered criminal pollution bordering on ecocide proportions is an understatement. However, the current environmental devastation in the region resulting from artisanal refining is a new dimension and perhaps even in a league of its own because the perpetrators are not the usual suspects, oil companies. A few youths

AKWA IBOM STATE

✂ Capital:	Uyo
✂ Land Area:	6,900 sq km
✂ Population, Persons:	3,902,051 (2006 Census)
✂ Population Density, People per sq km:	565.51
✂ Literacy Rate, Adult:	89.5 (2010)
✂ GDP (PPP), Billion \$:	11.2 (2007)
✂ GDP Per Capita , \$:	2,779 (2007)
✂ Unemployment Rate, Percent:	27.7 (2010)
✂ Total budget 2014:	N499 billion
✂ Total Recurring Budget :	N165.5 billion
✂ Total Capital Budget 2014:	N333.5 billion
✂ Total Budget to Education:	N13.8 billion
✂ Total Budget to Health:	N15.9 billion
✂ Total Budget to Food Sufficiency:	N9.1 billion

Akwa Ibom State is generally regarded as the richest state in Nigeria on account of its share of revenues from the Federation Account. Through the derivation formula, its share of the 13% oil money makes it the highest earner of the oil producing states. However, this was not always the case. Akwa Ibom State's emergence as the highest earner from the federal

government account was made possible by two factors. When the disputed Peninsula called Bakassi was handed over to Cameroon, the oil wells located in the littoral perimeters of Cross River state, became ancillary to Akwa Ibom State and thus became a source of revenue for the state. While Cross River ceased being considered an oil producing state, Akwa Ibom on the other hand increased its revenue significantly. In all, 42 active oil wells were awarded to Akwa Ibom. The second factor was the allocation of other oil wells which had been in dispute between Rivers state and Akwa Abom to the latter. These two factors increased Akwa Ibom's revenue putting more resources at its disposal than it had ever had since its creation from Cross Rivers State in 1987. In 2014 the state received N217.7 billion from the Federation Account. In contrast, many non-oil producing states received less than N50 billion from the Federation Account for the same period.

Some fiscal analysts and political observers believe the sharp increase in the fortunes of Akwa Ibom transformed the state into a manifestation of the resources curse. The state governor, Godswill Akpabio was accused of being rather overzealous and reckless in spending public resources. His propensity for making instinctive donations on behalf of the state had also come under severe criticisms. The governor was known to be deeply involved in the national politics of the ruling Peoples' Democratic Party (PDP) and some political analysts believe that the resources of the state may have been

deployed in the service of the many raging political battles within and outside the ruling party.

Despite concerns about how the state's resources was being spent and to what purpose it is deployed, the state governor is largely perceived as having performed creditably in infrastructural development. For a state hitherto perceived as lagging far behind others in the most basic of infrastructure, the governor is believed to have heavily invested in infrastructural upgrade in the state, especially with the construction of highways and bridges. He is also believed to have instilled pride and carved a national identity for the state's citizens. The Governor is often ranked amongst the best performing in the country. However, this perception of his 'performance' is hardly judged alongside its commensurability with the earnings and indebtedness of the state.

Rising Public Debts

With the huge financial accruals to Akwa Ibom State, it will be expected that the state will have no need to resort to either external or domestic borrowing. But this was not the case. Rather than seek to balance its books from its envious monthly accruals, the state is ranked amongst the highest sub-national debtors in Nigeria. In 2013 and 2014, the state's borrowing pattern became a source of worry to the Debt Management Office. It had cause to warn the state government that further borrowings may lead it into insolvency. An example of the government's worrying borrowing pattern occurred in 2013, with an N80 billion loan from the Standard Chartered Bank of London which was taken to repay a previous N50 billion loan from a Nigerian bank.

As at the end of 2014, Akwa Ibom State had an external debt profile of \$58.8 million

and a domestic debt profile of N81.7 billion, ranking it amongst the most indebted states in 2014. It is widely believed that most of these debts will remain unpaid when the administration exits office in 2015. This may translate into a fiscal burden on the new government.

2014 Policy Direction

In his budget presentation speech to the Akwa Ibom State House of Assembly, the governor asserts that the 2014 budget will aim at building on the previous achievements recorded by his administration in the last six and half years. According to him,

"..we intend to use these budget proposals to give strength to the weak, education to all Nigerian children resident in the state, hope to the downtrodden, job to the jobless, food to the hungry, shelter to the homeless, equal opportunities to our women and better life to our people".

The governor christens the 2014 budget as that of actualizing the dreams and aspirations his government had when he assumed office in 2007.

Implementing the 2013 Budget

In 2013, a total sum of N470.080 billion was approved for the fiscal year. Later in the same fiscal year, the House of Assembly approved a supplementary appropriation of N129.100 billion, bringing the entire 2013 budget of the state to N599.180 billion. Of this amount, 13% was to be spent for recurrent purposes covering personnel and overhead costs, 70% was for capital projects while 17% was for consolidated revenue fund charges.

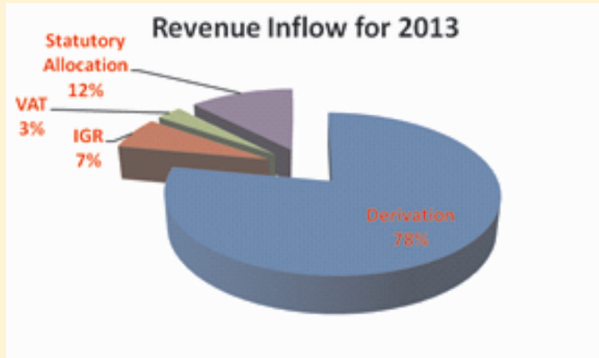


Fig 1. Revenue Inflow for 2013

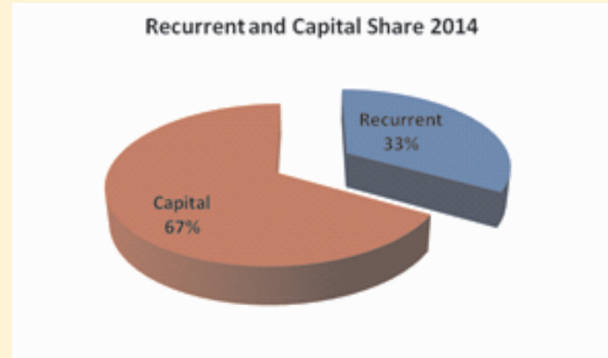


Fig 2. Recurring and Capital Share for 2013

This revenue shortfall led to a reappraisal of the expenditure plan of the budget. On recurrent services, N98.2 billion was spent (personnel N26.9 billion, overhead N14 billion) while consolidated revenue fund charges got N57.3 billion in the period. A total of N179.9 billion was spent on capital projects as against a planned expenditure of N421.2 billion for the period. This shows a capital expenditure shortfall of N241.3 billion an indication that the state budget for 2013 may performed very dismally.

The 2014 “Budget of Actualization”

In December 2013, the Akwa Ibom State governor presented a budget proposal of N469.3 billion to the House of Assembly for 2014 fiscal year, comprising of N165.5 billion for recurrent expenditure and N303.8 for capital expenditure. At the end of their deliberations, the legislators raised the budget to N499 billion following an increase of N29 billion. The entire addition went to capital expenditure. The 2014 budget has an increased recurrent cost of N46.7 billion over that of 2013. There is no clear explanation for this sharp rise. In contrast, capital expenditure is N88.3 billion lower than the 2013 spending plan. This indicates a reduced capacity or interest in capital investments, in favor of recurrent spending.

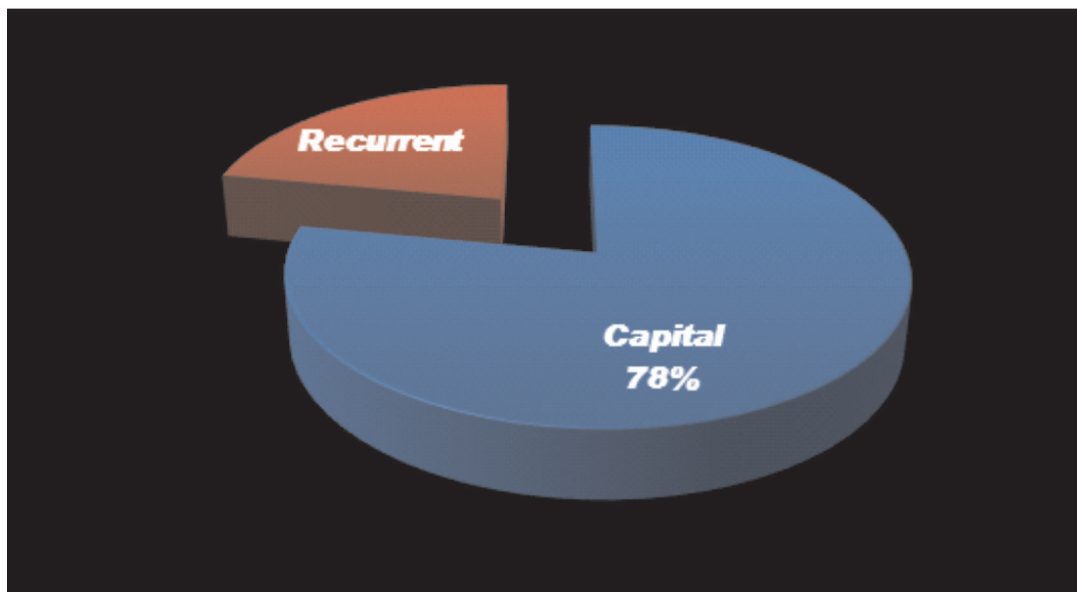


Fig 3. Recurring and Capital Ratio for 2013

Funding the 2014 Budget

As with previous Akwa Ibom State budgets, the 2013 appropriation is largely dependent on funds it intends to get from the federation account. This is principally oil related revenues. The table and chart below demonstrate this dependence.

Internally Generated Revenue	₦29.6 billion
Statutory Allocation	₦42 billion
Derivation Fund	₦307.7 billion
Retained Revenue from Parastatals	₦3.5 billion
Value Added Tax	₦14 billion
SURE P	₦20 billion
Total	₦416.9 billion

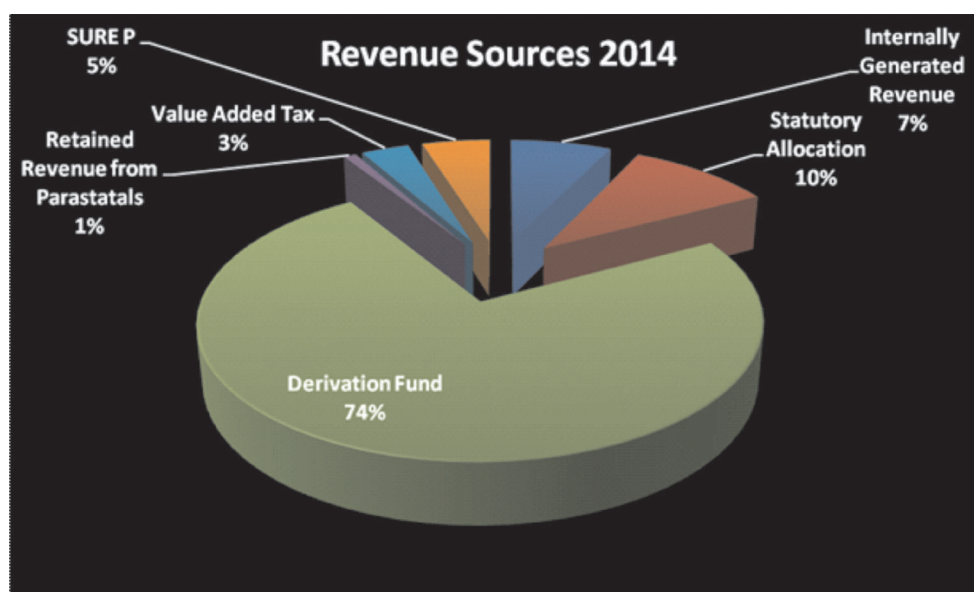


Fig 4. 2014 Budget Revenue Sources

The Akwa Ibom State 2014 budget relies principally on receipts from the Federation Account. This is so even though recent years estimates from this source of revenue to the state have never been met. Oil related revenue account for at least 89% of the revenue expectation, of the government. Given that in 2014, the oil revenue fortunes of Nigeria went into steep decline, it is certain the expectation of the government was never met, and that the state budget must have run into dire deficits. Internally Generated Revenue, IGR, went into decline in 2014. IGR is a more certain revenue source which can buffer the finances of the state against expected sharp fluctuations from the federation account on account of the falling price of oil in the international oil market.

While IGR expectation was N30.3 billion in 2013, it came down to N29.6 billion in 2014. No reason is provided for this downward review. This trend is worrying, especially when placed against the known human and material potentials of the state.

The Sector of Education

The Akwa Ibom State Ministry of Education captures its policy in the sector thus;

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

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

In the 2014 budget of Akwa Ibom State the Education sector (bundled with Science and Technology) is allocated N13.8 billion. This is N6.6 billion less than the N20.4 billion allocated in 2013. The 2014 allocation to the

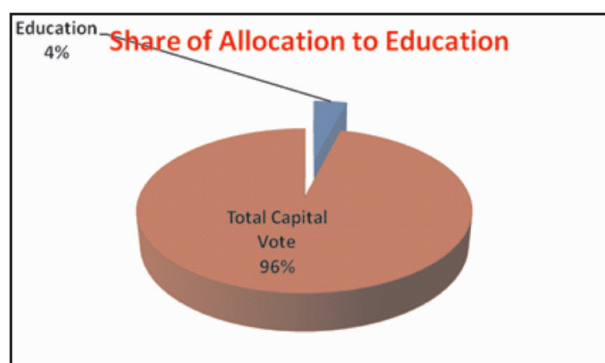


Fig 5. 2014 Budget Allocation to the Education Sector

sector represents just 4% of the total capital vote, indicating a diminished interest in the education sector. For the lofty ideals which the government intends to promote in the sector of education, a reduction in allocation can only ensure the opposite of those goals.

Compared to other sectors, the government's interest in education seems to be at best average. It is even more disturbing when actual spending of allocated funds is taken into consideration. Monitoring of projects mentioned in previous budgets for the sector reveals that a significant percentage is serially repeated yearly without implementation.

The Sector of Health

In the 2014 budget, the Health sector is allocated N15.9 billion. In 2013, the sector was allocated N17.9 billion. By comparison, there has been a N2 billion reduction in allocation to the health sector. Again, this indicates a reduced capacity of the state to carry out infrastructural development.

The 2014 allocation which represents a meager 5% of the total capital expenditure allocations of the state is clearly not adequate to confront the known health challenges in Akwa Ibom State.

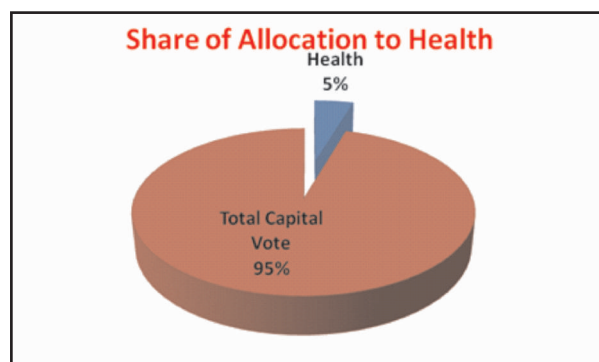


Fig 6. 2014 Share of Allocation to the Health Sector

The Sectors of Food Sufficiency

The Akwa Ibom State government captures its policy towards agriculture and food sufficiency thus;

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

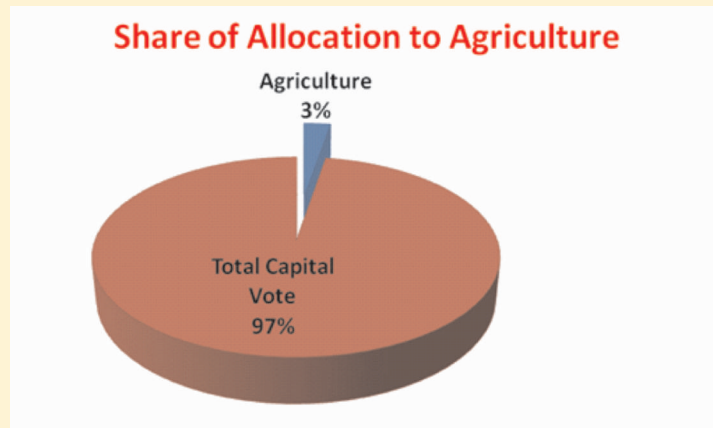


Fig 6. 2014 Share of Allocation to Agriculture Sector

To actualize this policy passion, the state budgets N9.1 billion. In 2013, N9.4 billion was allocated to the sector. This shows a N300 million decline in allocation to the sector, calling to question the government’s commitment to it. This is in contrast to the mission statement of the Ministry of Agriculture that seeks to lessen the state’s dependence on oil revenues. For a state endowed with favourable all-year round climate; abundance of rich fertile soil and skilled manpower base, the government fails (at its own peril) to harness its full potential to buffer internally generated revenue, employment generation and economic empowerment of her citizens.

BUDGET MONITORING REPORT

Completion of 1 No. 2 Storey 15-One Bedroom Flat House Officers’ Residential Quarters at General Hospital, Eket.	
Sector	Health
Amount	₦100,000,000
Field monitoring revealed that such a project was not undertaken during the fiscal year. Chats with some workers in the hospital revealed that such a project would be a welcomed development as it will help ease the housing problems faced by the house officers’ in the hospital	

Equipping of Newly Built House Officers' Quarters at General Hospital Eket and St. Luke's Hospital Anua

Sector	Health
Amount	₦100,000,000 for a total of 4 hospitals
Field monitoring revealed that at the General Hospital Eket, there was no house officers' quarters to be equipped, while at St. Luke's Hospital Anua, it was revealed that there was a doctors quarters that had been built but is yet to be put to use.	

Upgrading of 10 No. Health Centre's in the 3 Senatorial Districts to Cottage Hospitals (Mbioto 1; Oma, Oku Iboku; Mbak Etoi)

Sector	Health
Amount	₦50,000,000

MBIOTO 1: A very good example of “once upon a time there was a hospital”. The hospital has been earmarked for an upgrade to a cottage hospital for, at least, 3 years since the NDCBP team took interest in it, but the hospital premises is still being used for farming by locals.

OMA, OKU IBOKU: Field monitoring revealed that a borehole had been dug, with the tank stand fully erected and water tanks in place. This was done within the fiscal year. But the irony of it is that the borehole had not been put into use as the necessary piping's into the health center had not been put in place. A chat with the matron of the hospital revealed that the hospital is in dire need of demarcations for special cases, as every case the hospital receives is treated in either one of the two rooms which are being used in the hospital, even though the hospital has more space and rooms to accommodate more. She hinted that there usually are some cases that need the patient(s) to be kept away from other patients with minor cases, but with provisions not having been made for this, it is impossible to isolate these cases.

MTAK ETOI: At the health center, no form of maintenance or upgrade had been carried out despite need for rehabilitation of the pediatric ward, maternity ward, and staff quarters.

The matron narrated an ordeal which one of staff had to go through in order to deliver a woman of a baby. In this case the midwife had to use the light of a phone – in the dead of night – to carry out the delivery and sew up the cut the woman had sustained in the course of being delivered of her baby. This is because there was no light in the health center and no generator to provide power.



Children's ward at the health center, Mbak Etoi



A villager farming at the premises of the health center at Mbioto 1

Special Education Center, Itiam Etoi, Uyo – Purchase and Provision of Instructional Materials for the Mentally and Physically Challenged Persons, Perimeter Fencing, Construction of 1 No. Science Block, Construction of 2 No. Dormitory Blocks for Male and Female Students, Purchase of 50 No. Double-Bunk Beds, Purchase of 100 No. Mattresses, Staff Quarters: Principal and other Staff, Purchase of 1 No. 31 Seater Coaster Bus.	
Sector	Education
Amount	₦100,000,000
Field monitoring revealed that none of the stated projects was carried out during the fiscal year.	



Old perimeter fence at the special education center, Itiam etoi, uyo

Provision of Buses to Schools	
Sector	Education
Amount	₦100,000,000
The ambiguity of the above header cannot be mistaken; but whether the buses to be provided by the state government as stated in the budget was for individual schools or for easing the transport stress of primary school children and secondary school students generally, field monitoring in these regards revealed that such a project did not come into fruition.	

Provision of 45,000 No. Dual Desks for 150 Selected Primary/Secondary Schools	
Sector	Education
Amount	₦300,000,000
Another one of those ambiguous projects, as there was no mention of any specific primary/secondary school supposedly a beneficiary of this. The team visited a cross-section of schools to make enquiries as to how true this was and can reveal that none of the schools visited had benefitted from the provision of 45,000 dual desks from the state government during the period in review.	

Training of 400 Secondary School Teachers in Maths, Physics, Chemistry, Biology, Agric, etc, Overseas Training for Staff of Ministry of Education, its Parastatals and Schools, Training of 1,500 Primary School Teachers in Relevant Skills of Lesson Delivery

Sector Education

Amount ₦100,000,000

Field monitoring and interviews with teachers revealed that there was no such training or capacity building for teachers carried out.

Completion and Opening of Atabrikang Model School

Sector Education

Amount ₦100,000,000

Field monitoring revealed that nothing was done on the site of the model school, as overgrown shrubs and grasses have taken over the supposed school premises. An interview with an indigene revealed that no work had been carried out on the site for well over 6 years.



Atabrikang Model School

Construction of 2 No. 20-Pig Houses at Ikot Imoh and Ekpene Ukpa

Sector Food Sufficiency

Amount ₦5,000,000

Pig Farm, Ikot Imoh: Field monitoring revealed that no such construction took place at the pig farm at Ikot Imoh. The manager of the farm was surprised to learn that such a provision had been made in the state's budget for the farm. When quizzed on how long he had been on the job, how much pig the farm produces on a quarterly basis and his thoughts on what could be done to improve the lot of the farm, the manager revealed that he had been on the job for close to 3 years. According to the manager, the farm sells between 1 and 3 pigs yearly.

Provision of Protector and Fencing of Eket Veterinary Clinic	
Sector	Food Sufficiency
Amount	₦20,000,000
<p>The veterinary clinic in Eket had no perimeter fence as at the time monitoring was carried out. Members of staff at the clinic lamented the neglect the clinic suffers in the hands of the state government, and did not hide their displeasure at the current administration.</p>	



A frontal view of the veterinary clinic, Eket

Renovation and Rehabilitation of Fisheries Extension Offices at Ibaka and Ikot Abasi	
Sector	Food Sufficiency
Amount	₦10,000,000
<p>Field monitoring revealed that none of the proposed activities was carried out at either of the fisheries extension offices. At Ibaka, the person who the team met on sit made it known that the office we were at is where anything and everything meant to do with fishery in Ibaka happens as far as the state government is concerned, but that what we saw was as far as activities at fisheries extension office goes.</p> <p>At Ikot Abasi, there was nobody at the office the team could ask about the activities that goes on in there as all of the rooms in the block were locked, except for one which had been converted to a store by one of the indigenes of the community. A youth of in community confirmed to the team that the office has been under lock and key for some time now.</p>	



Fisheries extension office, Ikot Abasi



Fisheries extension office, Ibaka

Establishment of Marine Workshop at Ikot Abasi and Ibaka

Sector | Food Sufficiency

Amount | ₦5,000,000

Field monitoring authoritatively revealed the none existence of these workshops.

Renovation of the Buildings and Upgrading of Facilities at Ikot Abasi Fish Hatchery Building for Training Center and Training Farmers at Ikot Abasi Fish Farming Training Center

Sector | Food Sufficiency

Amount | ₦5,000,000

Field monitoring revealed that none of the above happened during the fiscal year.

BAYELSA STATE

✎ Capital:	Yenagoa
✎ Land Area (2012):	9,059.0 sq km
✎ Population, Persons:	1,704,515 (2006)
✎ Population Density, People per sq km:	188.16
✎ Literacy Rate, Adult:	74.9 (2010)
✎ GDP (PPP), Billion \$:	4.3 (2007)
✎ GDP Per Capita , \$:	2,484 (2007)
✎ Unemployment Rate, Percent:	27.4 (2010)
✎ Total budget 2014:	N332.826 billion
✎ Total Recurring Budget:	N183.989 billion
✎ Total Capital Budget 2014:	148.836 billion
✎ Total Budget to Education:	N26.879 billion
✎ Total Budget to Health:	N7.479 billion
✎ Total Budget to Food Sufficiency:	N6.987 billion

The Bayelsa state governor, Seriake Dickson ended his 2014 budget speech to the state House of Assembly with the bold promise that “Year 2014 will indeed be a year of inauguration of uncountable number of projects for our administration”. He assured members of the State Assembly and indeed the people of Bayelsa State that the 2014 budget will emphasize the government's 'restoration agenda', which hinges on a complete diversification of the state economy away

from its current oil revenue base. According to the governor, these efforts will ensure youth employment and peoples' empowerment, with particular focus on agriculture, tourism as well as trade and investment. To achieve these objectives, the governor promised to entrench transparency and accountability in the management of resources. He said in 2014, agencies utilizing public funds are expected to ensure full disclosure of such spending. This promise reinforces a major policy approach of the Dickson administration. When the administration came into office in 2012, one of its first actions was to pass a state transparency law which mandates the government to publicly disclose its income and expenditure. This has been done consistently on a monthly basis since then. This is in line with the governor's inaugural policy statement:

“We shall undertake 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. For emphasis, there shall be zero tolerance for corruption under my administration”.

The governor's interest in transparency, accountability and value re-orientation of institutions in the state seems to properly take into consideration the key problems facing the state which has suffered long periods of institutionalized corruption. For many years, the state operated a recurrent to capital expenditure ratio that was slanted in favour of recurrent spending to the detriment of much needed capital votes.

As much as 65% of the state's revenue went into recurrent expenditure. The reason for this over blotted recurrent profile was traced

to a prevalence of 'ghost workers' (a corruption scheme where the pay roll is stuffed with names of nonexistent workers) in the civil service.

With a biometric exercise to digitally capture the essential details of the workforce concluded in 2009, it was assumed that the improper ratio will be addressed. It was surprising however that recurrent expenditure increased instead in 2010! Suffice to add that while it was reported that many 'ghost workers' were eliminated by the exercise, no one was charged for the loss of resources which the fraud scheme engendered. In responding to the challenge of an over bloated recurrent profile, the governor says

“We will not stop these processes until we have made significant progress in ensuring that all ghost workers, persons who are experts in inflating salary figures are cleared from our state wage bill. Such people will be prosecuted in the provisions of the bill that this Assembly has dutifully passed which we have since signed into law”.

Despite these efforts at fiscal prudence and openness, the Bayelsa state government has come under severe attacks for certain policy actions. The state recently proposed a law outlawing what it calls “rumour mongering”. It went ahead to sponsor several adverts and campaign, as well as set up a committee to tackle rumours. Many analysts have described the move as draconian and capable of causing infringement on the right of citizens.

Rather than reduce recurrent spending on the workforce, the Bayelsa state government has been criticised for what many called its propensity for offering questionable promotions and employments. In 2012, the state elevated the wife of the President, Dame Patience Jonathan to a Permanent Secretary in the state civil service even though she was not actively working for the state government due to her office as first lady. Similarly in 2013, the governor appointed winner of the Most Beautiful Girl in Nigeria contest a Special Assistant in the state!

While mere disclosure of what is earned and what is spent doesn't on its own ensure accountability, prudence or better service delivery, it nonetheless sets the framework. However, this level of disclosure does not extend to the availability of budgets and other fiscal data. In 2008 - 2009, Bayelsa state became one of the first to make its annual budgets publicly available on the state official website. But things changed within two years in favour of secrecy. In doing this analysis, researchers have had to depend on informal avenues to acquire the budget document. The same applies to other forms of fiscal data including auditor general reports and midterm assessment reports. A request for budgets sent to the State Ministry of Budget and Economic Planning, framed as a Freedom of Information request, received no response.

In terms of Internally Generated Revenue, IGR, the governor reports that the state has made appreciable progress. According to him, Bayelsa state has moved from a meagre N50 million monthly IGR which obtained up till February 2012, to N600 million monthly within two years. As commendable as this achievement is, it however raises serious questions as to the state's policy of diversifying the economic base. A look at the sources the state has outlined for earning more revenues shows that there is almost no expectation from production of any sort. Rather the overt dependence is on taxation alone. The governor says to realize the state's hopes for increased internally generated revenue; it will 'embark on aggressive tax drive'. It focuses on better collection of corporate taxes and sanitation levies, property and land taxes, and the introduction of a new tourism levy to be paid by all hotels and guest houses in the state. While proper taxation is a globally acceptable practice, the huge potential of Bayelsa suggests that the state could significantly increase its revenues with investments in production. Currently, this is not the case.

Performance of the 2013 Budget

The 2013 Budget was pegged at N285.930 billion, an increase of N30.5 billion over that

of 2012. In all, 53.4% or N152.695 billion was allocated to capital expenditures, while 46.6% - N133.235 billion was to cover recurrent spending. This trend of high recurrent spending has persisted in Bayelsa state since 2007. In terms of actual spending too, the preference was clearly in favour of recurrent expenditure.

In terms of revenues, as at September, 2013 Bayelsa state had realized N177.313 billion as accruals which represents 62% of the budget. Revenue expectation for the same period was N214.47 billion or 75% of the total budget. This shows a revenue shortfall of N37.157 billion. In the same period, there was an expenditure of N158.445 billion or 89% utilization of accrued revenue, and 55.4% of total budget.

With average monthly income of N19.70 billion the 2013 Bayelsa State budget performance stood at 62% as at the end of the fiscal year.

2014 Budget

The 2014 Bayelsa budget records the largest budget size in the history of the state. The N332.826 billion budget was an increase of N47 billion from the previous year. Between 2007 and 2014, there has been a nominal budget increase of N216.42 billion.

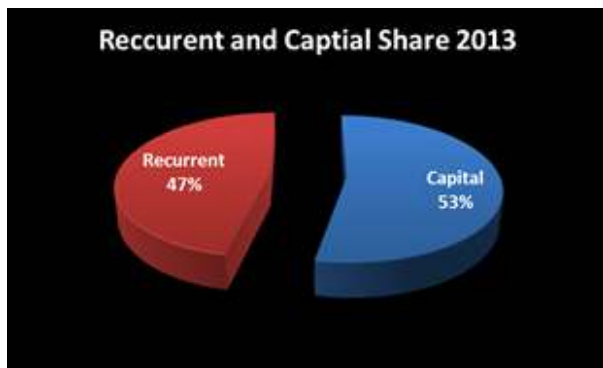


Fig 8. Recurrent and Capital Share 2013

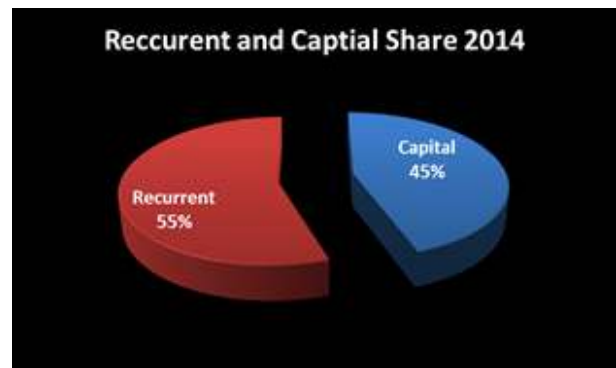


Fig 9. Recurrent and Capital Share 2014

In 2012 there seem to be deliberate effort to adjust the balance between recurrent and capital expenditure. The budget allocated 38.7% of total expenditure to recurrent purposes and 61.3% for capital projects. But in 2013 the recurrent profile rose to 46.6% of total budget while capital expenditures fell to 53.4%.

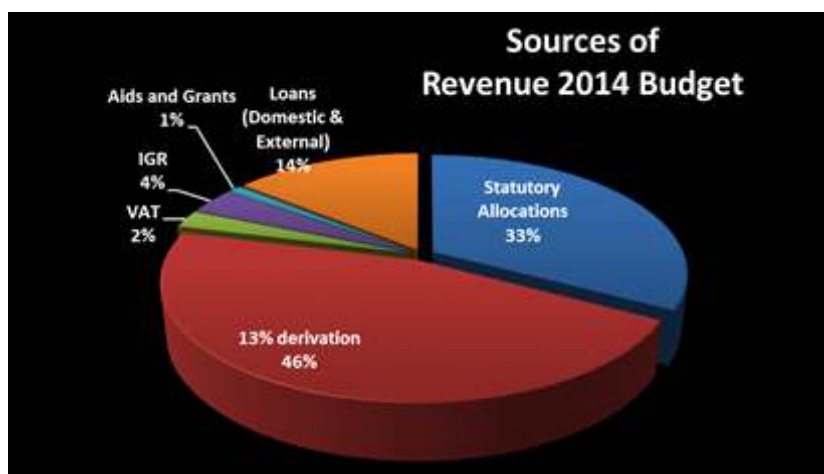


Fig 10 Sources of Revenue for 2014 Budget

Bayelsa state seems to have come full circle with regards to the preference for recurrent expenditure in 2014. The 2014 budget has a recurrent expenditure profile of N183.989 billion or 55.3% of total budget, while capital votes got N148.836 billion or 44.7%. While allocation to recurrent expenditures increased by N50.754 billion, that of capital expenditures decreased by N3.859 billion.

Gov. Dickson defends this increased recurrent spending pattern, attributing it to a revaluation of capital and recurrent budget heads. According to him, items under a new sector called human capital development including all state sponsored scholarships, skills acquisition and training, were now to be treated as a recurrent expenditure. This sector accounts for N13.320 billion of the 2014 budget's recurrent expenditure.

Even if this new classification had not taken place, recurrent spending would still have been higher than capital expenditures by N21.832 billion.

The allocation of more funds to recurrent expenditures does not support the governor's promise of diversifying the economy through revolutionary investments in other sectors to buffer the revenue of the state. Instead it ties down resources that could otherwise have been invested in activities that would potentially aid economic diversification.

With the controversial ceding of oil wells located in Soku and Kula communities in Rivers

state to Bayelsa State, the aggregated accruals from the oil wells has further increased the financial fortunes of the state; however this is yet to reflect on the development of the people. The governor's promise to pursue a course of economic and infrastructural growth that will make Bayelsa the third most developed state in the country; and to leave behind a legacy of dependable and sustainable infrastructure preparatory to the influx of massive investments from development partners, may never be realized with current spending patterns.

One reason for the high recurrent profile of Bayelsa state is the wasteful manner of recurrent allocations. A recurring example of this is the number of aides under the acronyms 'SA' and 'SSA' which the 2014 budget provides for. One hundred and fifty five such aides are mentioned in the budget with varying allocations. This is perhaps the largest in the country and certainly the largest in the Niger Delta.

To fund the 2014 Bayelsa state budget, the government leans heavily on money it expects to accrue to it from the federation accounts monthly. These transfers account for N270.3 billion or 81.2% of the total budgetary estimate. Other sources include internally generated revenue of N7.7 billion representing 4% of the budget and worrying expectation from domestic and external loans accounting for 14% of the budget at N47 billion.

Internally Generated Revenue

In 2014, IGR is expected to account for a meagre 4% of the state budget. But this marked a significant improvement from an era when the state recorded zero income from internal sources, to one where it is able to muster N12.1 billion. This scenario however reflects poorly on the state's policy priority of boosting alternative sources of revenue.

In the past, the Bayelsa State government neglected the prospects of

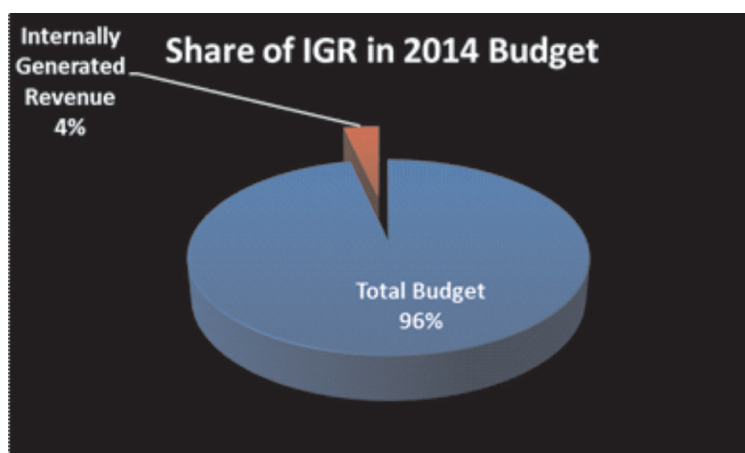


Fig 11. Share of IGR in 2014 Budget

generating revenue internally but rather relied mainly on allocations from the federation accounts. In 2007, the state did not generate any IGR while between 2008 and 2011 the IGR fluctuated between 3% and 5% of the state's revenue. In 2012, it witnessed a tremendous increase in its IGR which amounted to N4.7 billion. This is the highest the state ever achieved. In the 2013 budget performance, the government claimed the IGR has grown tremendously adding that for the first time the state recorded a whopping N7.108 billion. This achievement is the rationale for the 2014 IGR estimate being placed at N12.186 billion.

While this achievement is commendable given the fiscal history of the state with regards to IGR, it is important for the government to develop policies that will support a diversification of the state's economy, especially given the continuous drop in the price of crude oil in the international market.

The Sector of Education

“To provide sound, educational policy for effective and efficient management of our schools, the provision of standard educational facilities to ensure equal access by all citizens and to reduce the level of illiteracy to its barest minimum.” Bayelsa State Ministry of Education

Bayelsa is still considered an educationally less developed state. Even though Bayelsa has the lowest population in the country and at the same time gets very high revenue from the federation account, successive governments in the state have not prioritized the education sector. Until recently, education did not feature with any prominence in the expenditure preferences of the state. However, this trend was to change in 2012 with a notable increase in allocation to the sector which continued in 2013.

The 2014 budget allocated N26.879 billion, to the education sector. This is N0.321 billion lower than the previous year's allocation. It seems the state's commitment to education as

contained in its mission statement is beginning to wane.

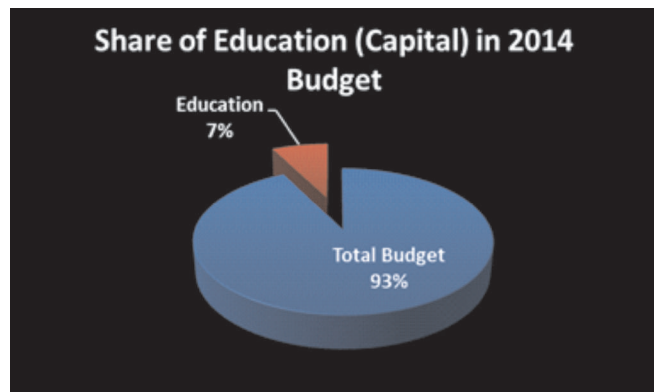


Fig 12. Share of Education (Capital Expenditure) in 2014

Equally worrying is that the 2014 education budget is 18.5% of the total capital budget and a paltry 7% of total budget. Like in previous years, the state has failed to meet the recommendation that developing nations should allocate at least 26% of budgeted funds to the education sector.

The Sector of Health

“With a mission of taking qualitative health care to the doorsteps of every citizen and inhabitant of Bayelsa State and making the State the hub of excellent medical services thereby also promoting health tourism.” Bayelsa State Ministry of Health

In 2014, Bayelsa state budgeted N7.479 billion for capital projects in the health sector. This is the highest budgetary allocation to the sector since the state was created in 1996. Between 2013 and 2014, there has been a nominal increase of N0.579 billion allocation to the health sector. This allocation however represents only about 5.25% of capital expenditures and a dismal 2.25% of total budget size

This level of funds commitment is unrealistic for a state that plans to bring healthcare to the door step of every citizen. Also, given the state's health care problems where harmful

traditional medical practices still hold sway, this level of allocation can only further entrench the health challenges of its citizens.

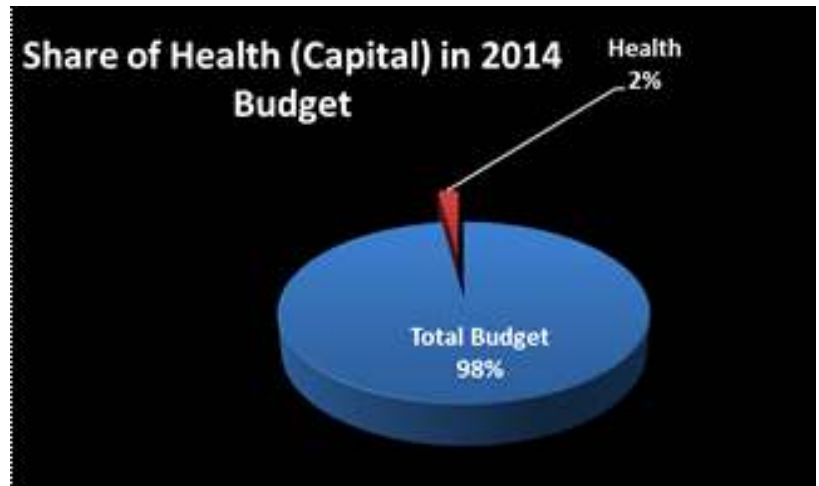


Fig 13. Share of Health (Capital Expenditure) in 2014

The Sector of Food Sufficiency

“This subsector being the corner stone of our Economic diversification programme is very key to the realization of our goal of poverty alleviation and employment generation for our teeming youths and women in the state.” Governor Dickson

The Food Sufficiency sector comprises those sectors with the direct target of increasing food production in the state. In the case of Bayelsa State, it refers to the sectors of agriculture, fisheries and livestock. The food sufficiency sectors received N6.987 billion. This was a nominal rise of N2.7 billion over the 2013 allocation. As with the health sector, this is the highest allocation to Food sufficiency. However, it represents a modest 2% of total budget size and 4.7% of capital expenditures.

It is noteworthy that the state recognizes the potentials of the food sufficiency sectors as a vehicle to diversifying its economy, however it does very little to tap those potentials. The allocation for food sufficiency does not demonstrate sufficient commitment to keeping faith with the policy of the administration.

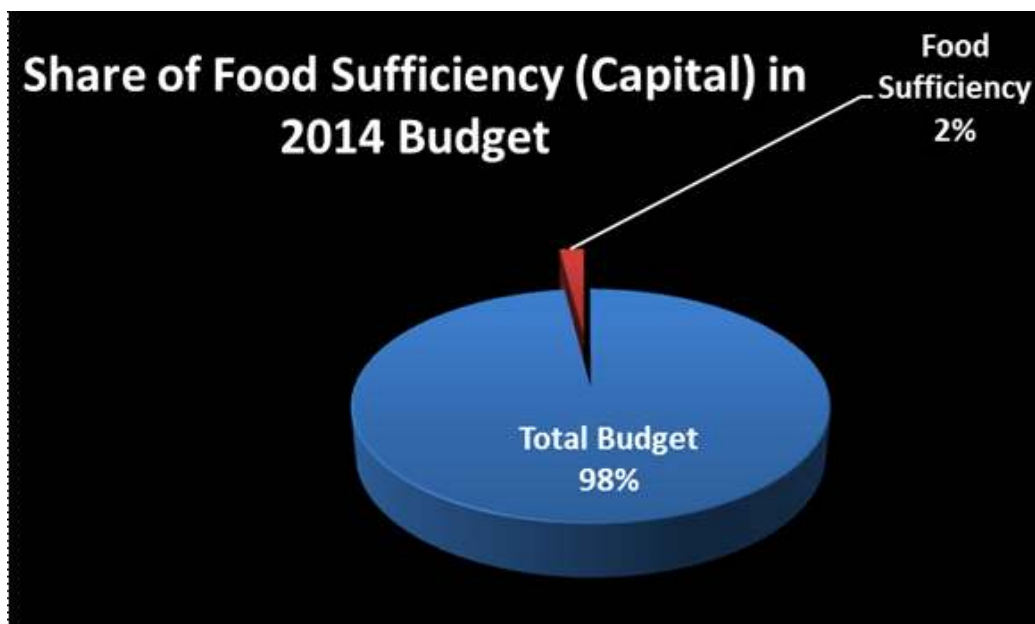


Fig 14. Share of Food Sufficiency (Capital Expenditure) in 2014

BUDGET MONITORING REPORT

Construction/ Provision of Libraries	
Sector	Education
Amount	₦307,120,572
<p>The 2014 Bayelsa State budget did not mention specific allocation per project, broad allocations were rather made.</p> <p>The following schools were randomly selected and visited;</p> <ol style="list-style-type: none"> 1. CPS 1 Nembe 2. Central Epie Secondary School, Opolo 3. Community Comprehensive Secondary School, Opume 4. BJSS Igeibiri 5. Community Comprehensive Secondary School, Biogbolo 6. CSS Angalabiri 7. Tarakiri Community Secondary School 8. CPS Anyama 9. St. Judes Girls' Secondary School, Amarata 10. GGSS Ogbia 11. BDGS Yenagoa 12. Model Primary School Nembe 13. Nembe National Grammar School <p>In all the schools the team visited, none had benefitted from the Construction/Provision of Libraries as provided for in the 2014 Budget of the state.</p>	

Purchase of Office Furniture and Fittings	
Sector	Education
Amount	The sum of ₦3,231,000, 000 was earmarked in the 2014 budget
<p>On visit to the schools mentioned above, some teachers reported that they had to buy the chairs and tables which they use as much needed furniture had not been provided in the schools.</p>	

Constructions /Provision of Sporting Facilities	
Sector	Education
Amount	₦200,000,000
<p>Since the 2014 Budget of Bayelsa State did not mention any specific schools where this sporting facilities will be located, the following schools were randomly selected and visited.</p> <ol style="list-style-type: none"> 1. CPS 1 Nembe 2. Model Primary School, Nembe 3. NNGS Nembe 4. St Jude's Girls School, Amarata 5. CPS Okaka <p>On NDCBP's visit to the schools mentioned, none of them acknowledged receipt of sporting facilities or witnessed the construction of sporting fields, saying they had always had their fields. NDCBP's monitoring team could not find any constructed sporting arena in the schools visited.</p>	



Premises of St. Jude's Girls' Secondary School Amarata. Available space is large enough to contain sports facilities but none was seen at the time of visit.



Model Primary School Nembe. No Sporting Facilities, No Library Equipment, No Renovation or Rehabilitation in 2014.



Nembe National Grammar School. No sporting equipment received in 2014.



CPS Okaka, No Repairs or Rehabilitation, No Library Equipment



CPS1 Nembe No Repairs or Rehabilitation, No Library Equipment

Construction/ Provision of Libraries	
Sector	Education (Isaac Jasper Boro College of Education)
Amount	₦420,500,000
Project Monitoring team observed that construction work was ongoing in the School, but could not confirm if it was the library that was being constructed.	



Ongoing Construction at Isaac Jasper Boro College of Education

Rehabilitation/Repair of Public Schools

Sector	Education
Amount	₦9,400,000,000

The following schools were selected and visited:

1. Central Epie Secondary school
2. Comm. Comp. secondary school Opume
3. Comm. Comp. Secondary school Biogbolo
4. St. Judes' Girls' secondary school Amarata
5. Tarakiri Comm. Secondary school
6. CPS Anyama
7. Model primary school Nembe
8. BJSS Igeibiri
9. CSS Angalabiri
10. CPS 1 Nembe
11. GGSS Ogbia
12. NNGS Nembe
13. CPS Toru- Orua



GGSS Ogbia town. Rehabilitation/Repairs works were carried out in 2014



BJSS Igeibiri Southern Ijaw LGA. No Rehabilitation or Repairs



CSS Angalabiri. No Rehabilitation or Repairs



CCSS Biogbolo. No Rehabilitation or Repairs



CSS Okaka. No Rehabilitation or Repairs



CPS Anyama and Tarakiri Community Secondary School. No Rehabilitation or Repairs



Rehabilitated Nembe National Grammar School



CCSS Opume had already been renovated by ETF IN 2011.



Some renovated Classrooms blocks at CPS Toru Orua

Purchase of Computers	
Sector	Education
Amount	The sum of ₦30,000,000 was allocated for the purchase of computers for use in public schools in the 2014 budget
In all of the schools visited, NDCBP team was not able to see any computers purchased in the 2014 budget year.	

Construction/Provision of Infrastructure.	
Sector	Education
Amount	The sum of ₦6,212,500,000 was allocated to this project in the 2014 budget.
The 2014 budget did not specify the locations of the construction or Provision of infrastructure, however, during the visits to the various selected schools, the following was discovered.	
<ol style="list-style-type: none"> 1. Construction of Senatorial Model Secondary School, Yenagoa was largely completed. 2. Nembe Model Secondary School was also on – going 3. Model Secondary School Sagbama, was structurally completed 	



Construction of Senatorial Model Secondary School Yenagoa.



Ongoing Construction of Model Secondary School Nembe

Construction / Provision of Hospitals / Health Centres	
Sector	Health
Amount	The sum of N2,363,743,600 was allocated for this projects
<p>The construction / Provision of Hospitals and Health Centre are at varying levels in Bayelsa State.</p> <p>Since the budget was not explicit on allocations to specific projects, the NDCBP monitoring team selected and visited the following locations:</p> <ol style="list-style-type: none"> 1. Chief Melford Okilo Memorial Hospital 2. General Referral Hospital Sagbama 3. General Referral Hospital Ogbia 	



Chief Melford Okilo Memorial Hospital. Construction work resumed after over 4 years of pause.



General Referral Hospital Ogbia. Ongoing construction work at very slow pace



The Referral General Hospital Sagbama. Abandoned and overgrown with weeds

Construction/ Provision of Hospitals	
Sector	Health (General Referral Hospital Ogbia)
Amount	Not Available
The NDCBP monitoring team noted that construction works started in the 2014 budget year but as at the time of this visit, the construction process has been halted.	

Construction / Provision of Hospital.	
Sector	Health (chief Melford Okilo Memorial Hospital)
Amount	Not specified
This mega hospital was started in 2008 and has not been completed after 8 years, and keeps receiving budgetary allocations. At the location of the hospital, the team discovered that new structures have emerged and work in slow progression.	

Rehabilitation/Repairs of --- Hospital / Health Centres	
Sector	Health
Amount	₦376,945,032
The following Health centres were visit by the NDCBP monitoring team <ol style="list-style-type: none"> 1. Comprehensive Health Centre Nembe 2. Health Centre Ogbia 3. Health Centre Toru Orua <p>At the location of the Comprehensive Health Centre Nembe, the NDCBP team saw the facility in a state of total disrepair and abandoned. The Health Centre Ogbia was under construction as at the time the NDCBP team visited. However, community people spoken to informed the team that the construction was being undertaken by the Ogbia Local Government Area Council. At the Toru – Orua Health Centre, it was discovered that the health facility has been completed and in use and fully furnished.</p>	



Comprehensive Health Centre, Nembe



Ogbia Health Centre



Toru-Orua Health Centre

DELTA STATE

✎ Capital:	Asaba
✎ Land Area (2012):	17,108 sq km
✎ Population, Persons:	4,112,445 (2006)
✎ Population Density, People per sq km:	240.38
✎ Literacy Rate, Adult:	88.3 (2010)
✎ GDP (PPP), Billion \$:	16.8 (2007)
✎ GDP Per Capita , \$:	3,990 (2007)
✎ Unemployment Rate, Percent:	27.9 (2010)
✎ Total budget 2014:	N450.7 billion
✎ Total Recurring Budget :	N161.7 billion
✎ Total Capital Budget 2014:	N289 billion
✎ Total Budget to Education:	N31.9 billion
✎ Total Budget to Health:	N20.089 billion
✎ Total Budget to Food Sufficiency:	N4.7 billion

Delta states ranks third behind Akwa Ibom and Rivers state in terms of revenue. The state's high revenue is principally derived from its share of the 13% Derivation Principle from the Federation Account. The principle stipulates that 13% of the proceeds of crude extracted from a state is returned to the state to facilitate its development. Besides income from its oil revenue, Delta state also receives development interventions from two Federal MDAs; the Niger

Delta Development Commission (NDDC) and the Federal Ministry of Niger Delta Affairs.

In the last decade, Delta state has made a show of subscribing to the tenets of transparency, accountability and the prudent use of public resources as contained in various fiscal accountability regulation. In reality however, the government does nothing to entrench due process or actually realize transparency and accountability. Although the state was one of the first in the federation to domesticate the Fiscal Responsibility and the Public Procurement Acts, the basic principles and logic of the Acts have not been established. The state has still not come round to establishing the state Fiscal Responsibility Commission and Public Procurement Bureau as required to make the laws functional. Similarly, the state has one of the weakest systems for monitoring and evaluation of government projects in the Niger Delta region. In many cases, public projects are poorly done with low quality materials. It is common for projects to go into full disrepair just months after they were commissioned. In several instances, public works projects cannot be used because they were badly constructed. Essentially, the Delta State government has failed to ensure value for money in its capital expenditure.

One reason for this is the non-functionality of the Fiscal Responsibility law and the Public Procurement Law. Consequently, the process of acquiring government contracts for the procurement of public works is a patronage system devoid of merit and credibility. Often, members of the government including those in the legislative arm are active beneficiaries

and participants in the sharing of contracts. This opaque system has led to a situation where projects mentioned in the budget often reflect the interests of persons in government rather than the overall good of the state.

Vision and Policy Thrust

The Emmanuel Uduaghan administration in Delta state, says it adopts the three pronged policy of Peace, Security and Human Capital / Infrastructural Development.

The 2014 state budget is christened 'Budget of Consolidation, Sustainable Economic Growth and Development'. Its core policy thrust is "To Sustain the drive on Delta Beyond Oil".

While presenting the 2014 budget to the state House of Assembly the governor in his speech highlighted the following as objectives of the budget;

- ✘ To sustain the drive on Delta Beyond Oil
- ✘ To complete on-going projects given the size of carry over projects
- ✘ Emphasis on result oriented projects wherein allocations to budget heads are tied to performing projects and programmes that can sustain development.

2013 Budget Performance

In his budget presentation, the Governor gave a summary of the performance of the 2013 budget. From a total approved budget of N472 billion, N156.4 billion was to be spent on recurrent purposes while N315.6 billion was to be spent as capital expenditure. As at September of the fiscal year, only N205.3 billion had accrued as income to the state. This represents an overall performance of 57.9% over expected proportionate receipts of N354 billion.

While the state expected a total of N61.4 billion as Internally Generated Revenue, for the fiscal year, it had only been able to raise N38.7 billion as at September. The internally generated revenue projected for September was N46 billion. This shows a shortfall of N7.3 billion. For a state with the policy thrust of creating "Delta state beyond oil" this is a disappointing trend. It indicates that the state

was still principally dependent on transfers from the federation account which is of course dwindling due to the falling prices of crude oil. The state's expenditure is quite worrying. As at September 2013, out of a proportionate recurrent expenditure estimate of N117.3 billion, N118.8 billion had been spent, showing an expenditure above budget ratio of 101.3%. For capital expenditure N236.7 billion was expected to have been spent in the period January to September 2013. Rather, just N78.3 billion had been spent, showing a low capital expenditure performance of 33.1%. The governor realizes this skewed reality and has this to say;

"The above performance, however, is not a true reflection on our physical performance. Our performance appears to be poor when actual receipts and expenditure are placed side by side with the approved budget. This is because, we were over ambitious in our revenue expectations"

The failure of the 2013 budget did not serve to inform the state on the danger of being "over ambitious". The state government presented a N391.5 billion budget to the House of Assembly for consideration. The House of Assembly raised the budget to N450.7 billion!

The 2013 Budget - "Budget of Consolidation, Sustainable Economic Growth and Development"

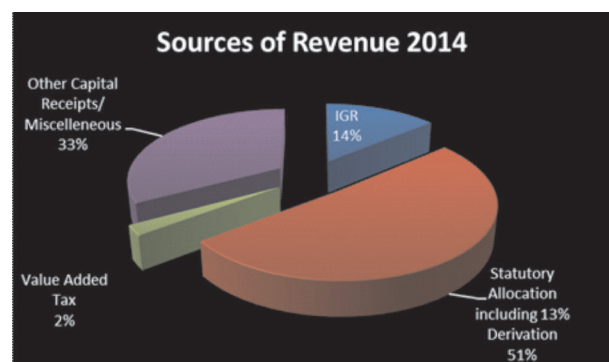


Fig. 15: Source of Revenue for 2014 Budget

The distribution of revenue sources above confirms that Delta state is still principally dependent on federal transfers. This is despite the government's averred commitment to create a Delta state 'beyond oil', by boosting internally generated revenue. In reality, Delta state cannot be said to be viable when it depends heavily on a source of revenue it neither controls nor can predict. Relying on oil revenue has a major drawback because the international oil market is highly volatile and susceptible to sharp fluctuations. The danger is that a sharp drop in oil price may result in very low revenue from the federation account to the extent that the state may be unable to meet even its basic obligation of paying workers' wages.

Of the N450.7 billion budget the Delta state House of Assembly passed, N161.7 billion representing 35.8% is for recurrent spending. This consists of personnel cost of N64.2 billion and overhead expenses of N59.1 billion. Capital expenditure on the other hand is to take N289 billion. This is a decline from the capital expenditure framework for 2013. This seems to be in realization of the futility of constantly increasing capital expenditure estimate without corresponding efforts to generate the funds needed to actualize them.

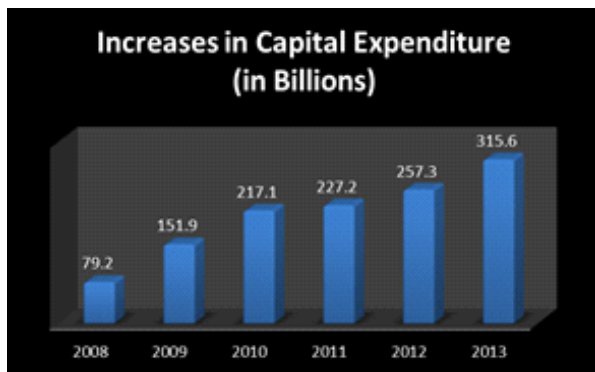


Fig. 16: Increase in Capital Expenditure 2014



Fig. 17: Recurrent and Capital Share

In terms of recurrent and capital share, the balance on the surface seems agreeable. However, if one is to go by the example presented in 2013, where recurrent expenditure was 101% as against 33.1% for capital votes, the reality is that recurrent expenditure is actually higher than capital!

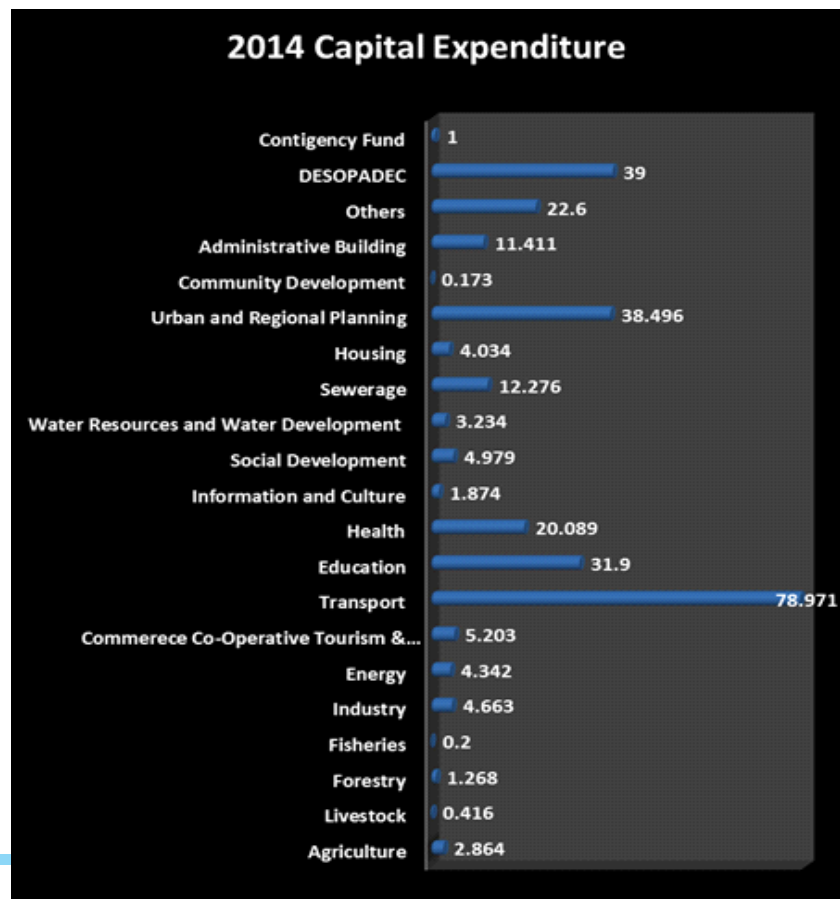


Fig. 18: 2014 Capital Expenditure Chart

The Sector of Education

“Government will continue to give priority to education in the State. We are investing heavily in infrastructure upgrade and modernization of our public schools for our children. Teaching and non-teaching staff facilities are also being upgraded. So far, about eighteen thousand classrooms have been built, renovated or upgraded. In the coming year, we will do more”. Governor Emmanuel Uduaghan

The N31.9 billion approved for capital expenditure in the education sector in 2014, is N7.6 billion less than what was allocated to the sector in 2013.

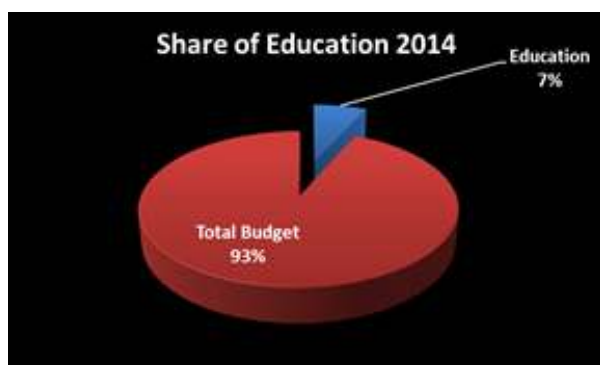


Fig. 19: Share of Education in 2014 Budget

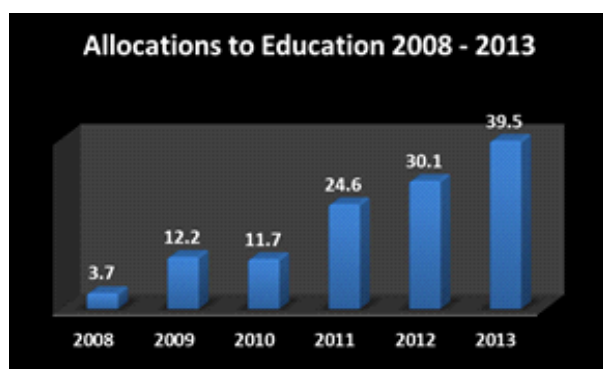


Fig. 20: Allocation to Education 2008 - 2013

Since 2008, there had been increase in allocations to the education sector as part of the administration's effort to develop human capital. However, the allocation represents a mere 7% of the overall budget. This is a far cry from the 26% of budgeted funds developing countries are recommended to use for the **education sector**.

A major source of concern is the level of expenditure in the education sector. In the middle of the budget year, the state government adjusted its allocation to the sector from N39.5 billion to N41.043 billion. However at the end of the year, only N14.4 billion was actually expended in the sector, showing an education budget performance of 35%.

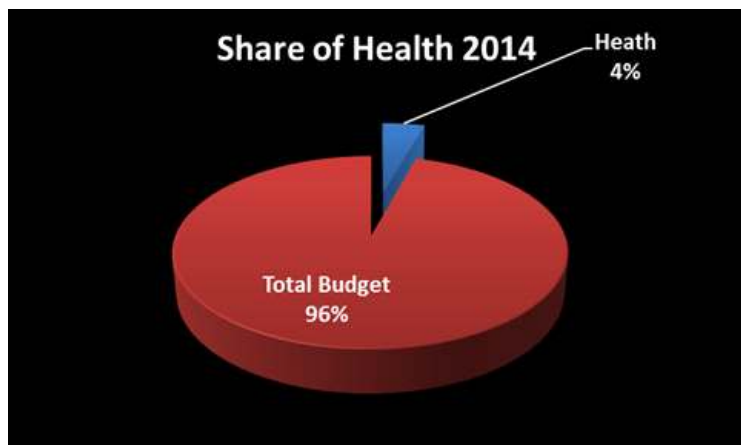
The challenges confronting the education sector in Delta state are enormous. Apart from continuous increase in primary and secondary schools enrolment in the state, Delta also has an array of institutions to cater for. According to records from the state Ministry of Education, there are 1,174 public primary schools with an enrolment of 361, 225 pupils, while the number of public post primary institutions is put at 453. The staff strength is 16,802. There is a state university, two Colleges of Education, a College of Physical Education, a School of Marine Technology and three Polytechnics. In addition it has made provision for the establishment of three new Polytechnics. Delta state also runs a special scholarship scheme for Law and First Class University graduates. Plausible as the task and strides of the Delta state government is in Education, it is difficult to comprehend how the State can deliver effectively on its Education expressed priorities with the context of 8% budgetary reality.

The Sector of Health

“Our vision in Healthcare delivery, Mr. Speaker is to reduce morbidity and mortality rates due to communicable diseases to the barest minimum; reverse the increasing prevalence of non-communicable diseases; meet global targets on the elimination and eradication of diseases and significantly increase the life expectancy and quality of life of our people” Governor Emmanuel Uduaghan

In the 2014 budget, N20.089 billion was allocated for capital expenditure in the health sector, this is an increase of N6.9 billion over the allocation to the sector in 2013. This increase is perhaps necessary, giving Governor Uduaghan stated objectives for the health

sector. However, the increased revenue allocations failed to translate to service delivery. As in the education sector, only N3.9 billion of the N13.189 billion which the sector was allocated in 2013, was actually expended in the entire budget year.

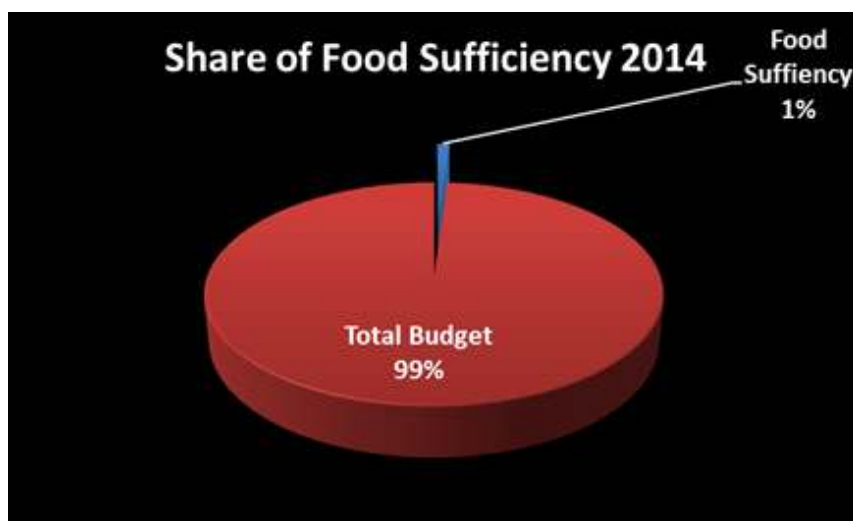


The allocation to the health sector in 2014 was only 4% of the overall budget. Even then only a token of the amount was spent. But even if the entire budgeted amount was spent, it is difficult to see how far this low allocation would go in achieving the policy goals of the administration in the sector.

Fig. 21: Share of Health in 2014 Budget

The Sector of Food Sufficiency- Agriculture, Livestock, Forestry, Fisheries

“We shall continue to focus on agriculture as a strategy towards sustaining our drive on a Delta beyond oil”
Governor Emmanuel Uduaghan



For the purpose of this analysis, food sufficiency refers to those sectors directly responsible for food production. These are agriculture, fisheries, forestry and livestock. In 2013, these sectors were allocated N4.7 billion. The same amount is again allocated in 2014.

Fig. 22: Share of Food Sufficiency in 2014 Budget

The allocation represents 1% share of the total budget. For a state that claims it wants to utilize the sector of food sufficiency to diversify the economic base of the state, this is certainly a far cry. Indeed, this low allocation can have the reverse effects of discouraging people from investing in the sector.

MONITORING REPORT

Renovation of a block of classroom at Illah Mixed Secondary School	
Sector	Education
Amount	The sum of ₦1,161,372 was allocated for this project in the 2014 budget of Delta state. In 2013 the sum of ₦20,000,000 was allocated for this same project.
When NDCBP visited the school, there was no sign of any recent renovation of classroom block. There are three blocks of classrooms in the entire school which appear to have been constructed several years earlier.	



Illah Mixed Secondary School

Renovation of classroom block at UtagbaOgbe Girls secondary School, Kwale.	
Sector	Education
Amount	The sum of ₦6,913,060 was allocated for this project in the 2014 budget. In 2013, the sum of ₦6,000,000 was allocated for this project.
On visit to the School, there was no evidence of any renovation work in the school being executed by the Delta state Ministry of Education. However, the NDCBP team found two six –classroom blocks that were recently constructed for the school by AGIP oil company. The Team also saw a three classroom block that was constructed in the school in 2014 by DESOPADEC.	



Utagba Ogbe Girls Secondary School, Kwale

Construction of examination Hall at Akwukwu-Igbo Grammar School, Akwukwu-Igbo	
Sector	Education
Amount	The sum of ₦25,009,279 was allocated for this project in the 2014 budget. In 2013, the sum of ₦20,000,000 was allocated for this same project.
<p>This project has been monitored consistently by NDCBP since 2012. The project was poorly executed alongside two other such examination halls at Illah Grammar school and St. Augustine's College Ibusa. There were serious defects in the structure of the roof with the possibility that they may collapse soon.</p> <p>On NDCBP's visit to the project site, the team found out that there is an on-going reconstruction work on the project. This was being done to correct the defect in the structure of the roof of the examination hall. The reconstruction work according to a source close to the school started in September 2014.</p> <p>NDCBP has consistently drawn attention to the poor quality work that was carried out on this project. NDCBP's advocacy around the security risk of this project and the other similar examination halls may have prompted the review of the project.</p>	



Examination Hall at Akwukwu-Igbo Grammar School, Akwukwu-Igbo

Fencing of Utagba-Ogbe Girls Secondary School, Ndokwa West	
Sector	Education
Amount	The sum of ₦198,775,000 was allocated to this project in the 2014 fiscal year. In 2013, the sum of ₦2,484,093 was allocated for this project.
Project monitoring reveals that there is an old fence that was constructed in 2009. The fence went half way round the school. There is no evidence of any fencing project executed in 2013 or 2014.	
Auditorium at Ozoro Polytechnic, Ozoro	
Sector	Education
Amount	The sum of ₦220,000,000 was allocated for this project in the 2014 budget of the Delta state government. In 2013, the sum of ₦100,000,000 was allocated for this project.
There is a massive auditorium that is still under construction at the campus of the Ozoro Polytechnic. Work on this project has reached an advanced level. However, there is no sign of any recent construction work at the time of the visit, leaving the impression that there was no application of the 2014 allocation.	



Auditorium under construction at Ozoro Polytechnic, Ozoro

Establishment of College of Agriculture at Owhelogbo, Isoko North.	
Sector	Food Sufficiency
Amount	The sum of ₦500,000,000 was allocated for this project in the 2014 budget of the Delta state government.
The NDCBP team was unable to locate the site for the proposed college. Information the team got from residents of Owhelogbo suggested that news of the project has filtered into town but no one knew the location of the College. The Same goes for the State Ministry of Agriculture	
Construction of examination Hall/2 Blocks of six classrooms each at Illah Grammar school, Illah.	
Sector	Education
Amount	The sum of ₦25,030,495 was allocated to this project in 2014.
The NDCBP team found out that there has been a reconstruction work on the examination hall just like the one at Akwukwu-Igbo grammar school. The team could not however locate any newly constructed classroom blocks in the school	



Reconstructed Examination Hall

Primary Health Centre Umeghe-Abraka	
Sector	Health
Amount	The sum of ₦20,000,000 was allocated to this project in the 2014 budget of the Delta state government.
The construction of the health center has been completed. According to sources close to the facility, construction of the health center had been completed three years previous. The facility has however not been equipped or put to any use. The structure is overgrown with shrubs. Residents of the community still travel to the health center at Abraka town for their healthcare needs.	



Primary Health Centre, Umeghe-Abraka

Upgrading of General Hospital Oleh to Specialist Hospital.

Sector	Health
Amount	The sum of ₦17,503,641 was allocated to this project in the 2014 budget of the Delta state government. In 2013, the sum of ₦76,599,978 was equally allocated to this project.
When the NDCBP team visited the hospital, there was no evidence of an upgrade to a specialist hospital. When contacted, some officials of the hospital could not provide any proof of any activity of government aimed at the proposed upgrade.	

Renovation of Doctors and staff quarters at the General hospital, Obiaruku.

Sector	Health
Amount	The sum of ₦20,000,000 was allocated to this project in the 2014 budget of the Delta state government. In 2013, the sum of ₦40,000,000 was also allocated to this project.
The doctors' and staff quarter is still in a very deplorable and dilapidated state. The roofs and walls of the quarters are broken and unfit for human habitation. Staff has been carrying out minor renovation on the buildings with their own money to be able to continue to live in them.	

Fencing of DELSU Anwai campus

Sector	Education
Amount	The sum of ₦50,000,000 was allocated to this project in the 2014 budget of the Delta state government.
There is no evidence of any fencing work that is going on at the school. Some staff that spoke to the NDCBP team denied any knowledge of any fencing work and asked the team to see things for themselves.	



Doctors and staff quarters at the General hospital, Obiaruku

Supply of medical equipment (especially Kidney dialysis machines) to all General hospitals in the state.	
Sector	Health
Amount	In the 2014 budget of the Delta state government, the sum of ₦30,000,000 was allocated for this project. In the 2013 fiscal year, the sum of ₦100,000,000 was equally allocated to this project.
The General hospitals that the NDCBP team visited at Utagba-Ogbe and Oleh have not received any supply of kidney dialysis machines.	
Renovation of Utagba-Ogbe General Hospital, Ndokwa West.	
Sector	Health
Amount	In 2014, the sum of ₦80,000,000 was allocated to this project in the budget of the Delta state government.
The NDCBP team could not find any evidence of any renovation work at the hospital. Officials at the facility disclosed that apart from the supply of a new van for the hospital, there has not been any form of renovation work for the past three years. There is also no evidence of the supply of other equipment.	
Fencing and renovation and equipment at Mixed Secondary School Umunede.	
Sector	Education
Amount	₦30,481,084
The found out that there is no renovation work going on at the school. Work on the fencing has started with excavation. No block has been laid, but a set of blocks are at the site	
Upgrading of Azagba Healthcare Center, Ogwashi-Ukwu.	
Sector	Health
Amount	The sum of ₦20,000,000 was allocated for this project in the 2014 budget of the Delta state government.
When the NDCBP team visited the Health center, it was told that there has not been any work done on the health center in the past two years.	



Azagba Healthcare Center

EDO STATE

“With a high literacy rate compared to national average. Edo State has a large depository of human capital that can be tapped for economic and technological transformation of the state. Our emphasis is on accessibility to quality and affordable education, health services and skills acquisition as the key to developing our people and unlocking their true potential”

✎ Capital:	Benin City
✎ Land Area (2012):	19,187 sq km
✎ Population, Persons:	3,233,366 (2006)
✎ Population Density, People per sq km:	168.52
✎ Literacy Rate, Adult:	71.8 (2010)
✎ GDP (PPP), Billion \$:	11.9 (2007)
✎ GDP Per Capita , \$:	3,623 (2007)
✎ Unemployment Rate, Percent:	27.9 (2010)
✎ Total budget 2014:	N160 billion
✎ Total Recurring Budget :	N75.5 billion
✎ Total Capital Budget 2014:	N84.4 billion
✎ Total Budget to Education:	N31.9 billion
✎ Total Budget to Health:	N20.089 billion
✎ Total Budget to Food Sufficiency:	N4.7 billion

Edo state has a vision of becoming 'a leading economic centre of Nigeria where the people live in dignity, powered by a government that is responsive to the people'. The administration further captures its policy thrust as 'creating jobs and enhancing human capital development through production and investments in physical and social infrastructure'

Edo State and Public Debts

Despite the significant hopes the Adams Oshiomhole administration raised, it has also been severely criticized for the huge debt it incurred in the course of procuring public works. In 2013, the state had a deficit of N23.4billion which it resolved to offset by borrowing. In 2014, the state's projected income amounts to N116.4billion, yet the state's budget for the year stands at N160.0billion. The deficit of N43.6billion is expected to be provided for through more borrowing.

Like most other Nigerian states, the bulk of Edo's revenues come from federation allocation transfers. Over the years, federation transfers have on average, accounted for around 90% of Edo State's revenues. The remaining 10 percent is internally generated revenues (IGR).

Despite the low internally generated revenue, the governor expressed high hopes of changing the state for the better. According to him;

The rising debt profile of Edo State and other states with high debts, is not only a source of concern to the citizens of the affected state, but also to the Debt Management Office. As at 2013, Edo state was one of five states that the Federal Debt Management Office asked to curtail borrowing as they were going insolvent. As at 2014, the State's external debt stands at \$123 million and still rising. Its domestic debt stock is much higher though more difficult to determine due to the paucity of data.

Increasing Public Debt Share of Edo State Budget

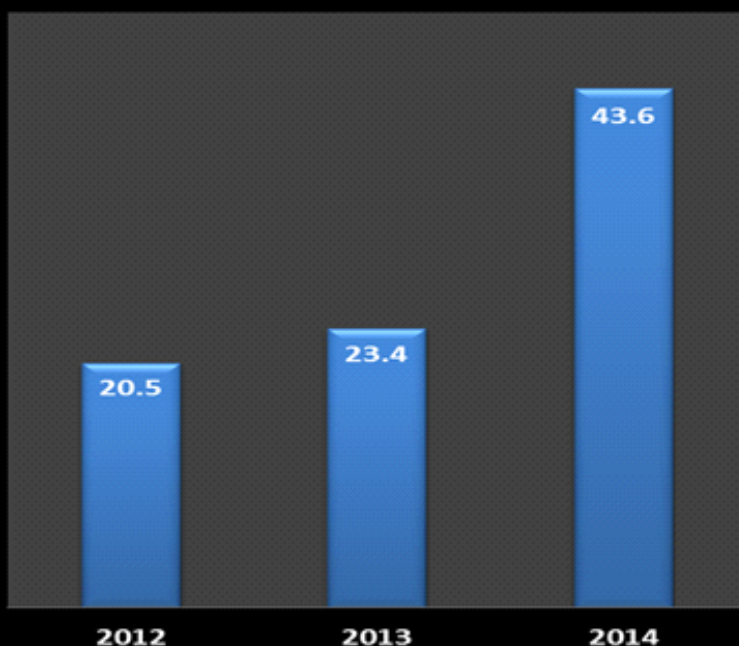


Fig 23 Increase in Public Debt Share 2012 - 2014

2014 Policy Thrust

While presenting the 2014 budget to the State House of Assembly, Governor Oshiomole said that the budget was designed as a launch pad to propel the state to higher levels of developmental possibilities. He expressed hopes to leverage on the investments made so far in governance, infrastructure and education to create an enabling environment for investments, unlock the human potentials and promote economic growth.

Performance of the 2013 Budget

In the same presentation, the governor highlighted the performance of the 2013 budget. According to him, the state had a projection of N130.697 billion as total revenue. The projection shows that N90.670 billion was expected to come from the federation account, N28.979 billion as internally generated revenue, N2.50 billion as opening balances while aids and grants were to account for N8.548 billion. As at September

2013 it had collected N84.076 billion of the expected revenue. This consists of N57.160 billion from the federation account, N14.486 billion from internally generated revenue, N0.425 billion from aids and grants, and N12 billion from capital receipts. This shows that as at September 2013 the state had received 64.3% of the total revenue projected for the year. It was a remarkable improvement over what was received at the same period in the previous year. The 2012 budget recorded a revenue performance of 48.3% in September of that year. Even though there was a reduction in Personal Income Tax leading to a big drop in the state's Internally

Generated Revenue to the tune of N500 million monthly in 2013, the state's revenue profile for the year shows increments in allocations from the federal account and internally generated revenue when compared to the previous year.

The increased revenue did not however reflect in the volume of capital projects carried out in the state during the fiscal year as performance on recurrent expenditure was better than what was recorded in capital expenditure. Of the N87.8 billion approved for capital projects in the state in 2013, N24.6 billion was recorded as actual expenditure as at September, which is 28% of what was intended for the fiscal year. This is a sharp disparity with the performance recorded for recurrent expenditure, which had N46.8 billion or 70.7% as actual expenditure from the N66.2 billion approved. The health sector recorded a dismal 12.2% performance, while the education sector had an alarming 0% performance as at the said period, because no money had been expended from the capital allocations. This trend contradicts the statement of the governor about his administration's plans for the education sector:

“From the onset, we have given a pride of place to Education because we are convinced that education is the foundation for any meaningful, long term and sustainable progress of any society. This has continued to inform our objective and actions in the educational sector, mainly the building of new schools and rehabilitation of existing ones.

The governor's words were a contrast to the realities on the ground:

Accordingly, the massive renovation of schools which was embarked upon by this administration as part of the “Total School Transformation Agenda” has remained firmly on course. In this regard, more schools have been renovated while additional classrooms have been constructed. In the same vein, chairs and desks, as well as instructional materials were distributed to schools. It is also noteworthy that three Model Secondary Schools to be furnished with state of the art equipment are being constructed in each of the three senatorial districts of the State”.

2014 Budget and Expenditure Estimates

The Edo State budget for 2014 is N160.0 billion. This is an increase of N5.9 billion or 3.8% over the N154.1 billion budget of 2013. A breakdown of the 2014 budget shows an allocation of N75.5 billion or 47.2% of the total budget, for recurrent expenditure, while the balance of N84.4 billion or 52.8% was set aside for capital expenditure.

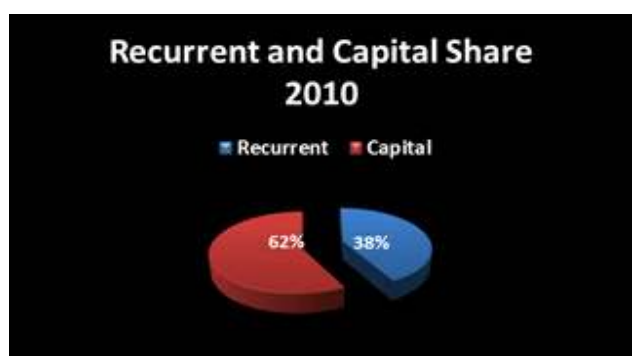


Fig. 24: Recurring and Capital Share 2010



Fig. 25: 2014 Recurrent & Capital Ratio

Compared to the previous year, this budget share shows an increase of N9.3 billion or 14% in allocation to recurrent expenditure and a decrease of N3.4 billion or 3.9% in allocation to capital expenditure. In general, the budget share of capital expenditure dropped from 57% to 53% and that of recurrent expenditure went up from 43% to 47% in 2013 and 2014 respectively. Remarkably, there were decreases in allocations to the recurrent and capital profiles of the state's 2013 budget when compared to those of 2012. While recurrent expenditure was reduced by N2.1 billion, capital expenditure dropped by N7.9 billion.

This analysis highlights the argument that the Edo state government places significant emphasis on recurrent expenditure, even though the infrastructural gaps in the state keeps widening. The government says it “hopes to leverage on the investments made so far in governance, infrastructure and education to create an enabling environment for investments, unlock the human potentials and promote economic growth.” But this conflict of interest in allocations and poor actual performance in key sectors including education in the 2013 fiscal year raises questions as to what the real intentions of the government are.



Fig. 26: Recurring and Capital Share 2011

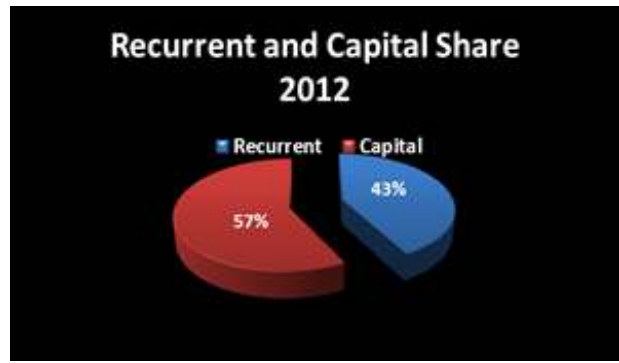


Fig. 27: Recurring and Capital Share 2012

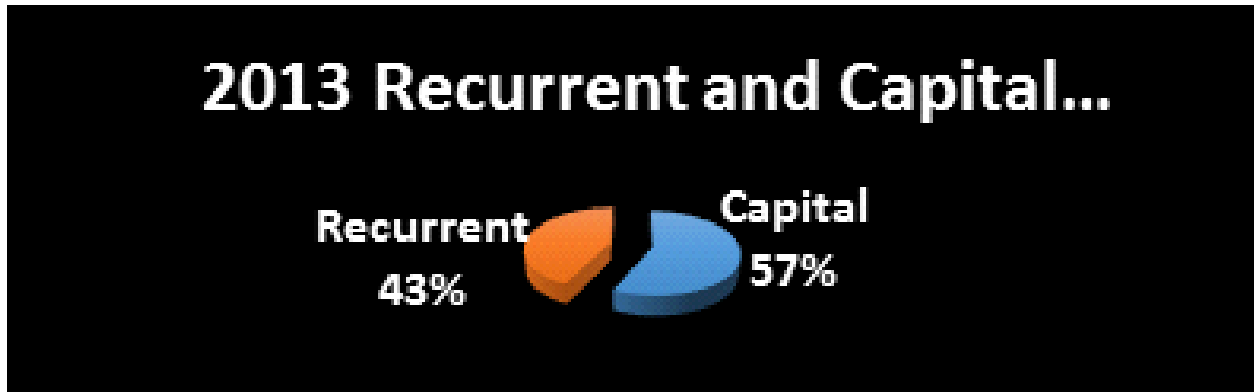


Fig. 28: Recurring and Capital Share 2013

Sources of State Revenue

The growth of the state's debt profile is worrying. In 2014, 27.3% of the budget will be funded by borrowing, this is against 15% in 2013. It is also noteworthy that the state recorded a 'borrowing performance' rate of 71.5% as at September 2013, when revenue realized through internal and external borrowing within this period is calculated as a ratio of estimated revenue.

A significant feature of funding budgets in Edo

State under the Oshiomhole administration, is the seemingly high contribution of Internally Generated Revenue. It ranks as one of the highest in the Niger Delta. In 2013, the IGR contributed 17.2% -though it was expected to be 22.2% to the accruals of the state and as at September, N14.4 billion of the N21.7 billion expected at that stage had been realized. This represents an actual performance of 66.4%. These statistics are quite encouraging when compared to those of other states in the region.

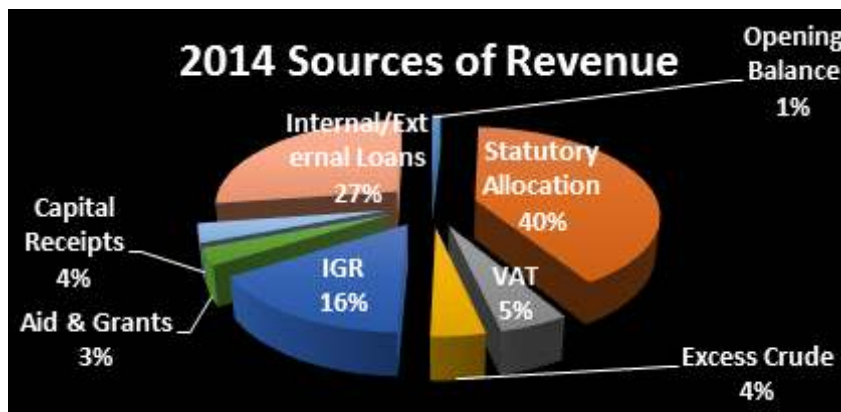


Fig. 29: 2014 Sources of Revenue

The chart above shows the expected sources of revenue to fund the 2014 budget with IGR expected to contribute 16%. This is N25.09 billion of the total budget sum of N160.06 billion. This is quite commendable. Given that the 2013 projection was never met, the lower 2014 projection looks more realistic.

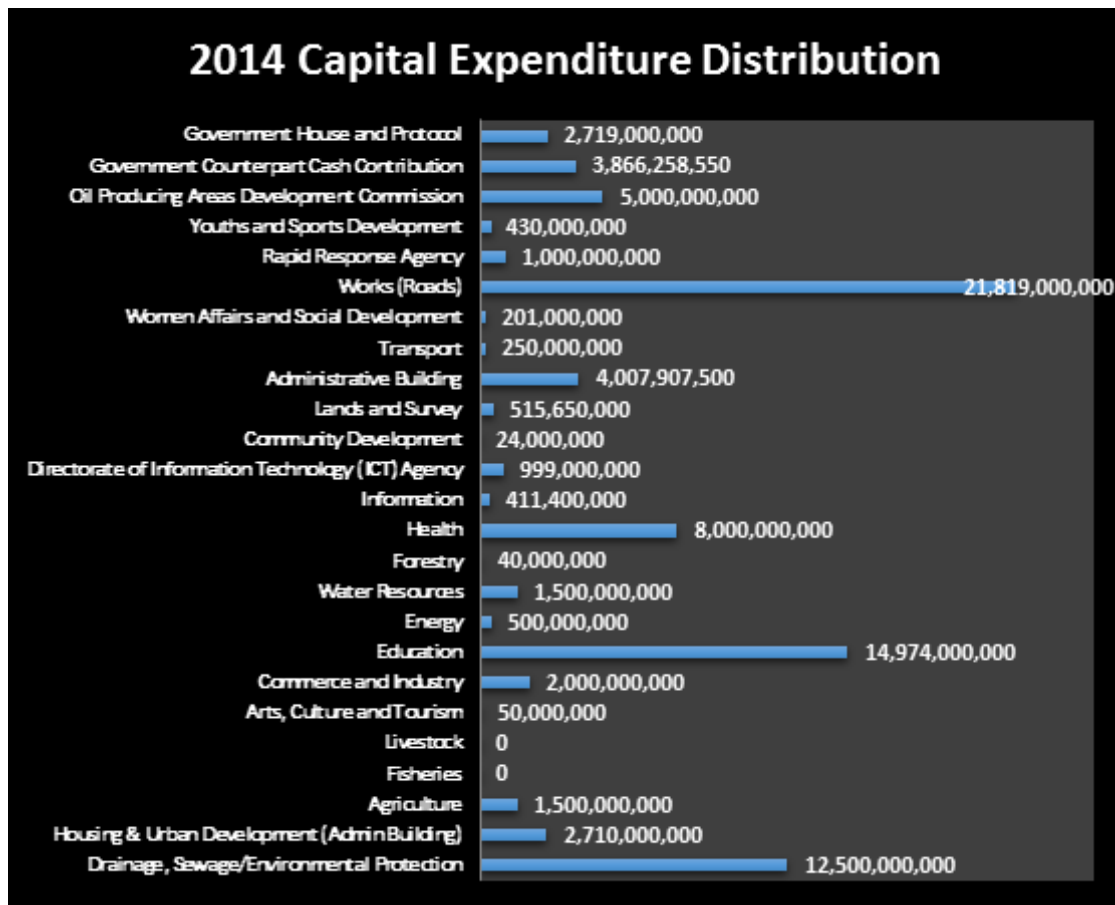


Fig. 30: 2014 Capital Expenditure Distribution

The Sector of Education

In 2013, the education sector got N15.1 billion of the capital appropriation. This amount combines the appropriation to higher and basic education. As highlighted earlier, none of this amounts had been spent on any of the budget heads as at September of the fiscal year.

In the 2014 budget, the sector is allocated N14.9 billion or 9.3% of the total budget. This is N200 million less than what was allocated to the sector in 2013. A breakdown of this shows that, unlike in 2013 where basic education got nothing, appropriation to basic education in 2014 was N5.0 billion. The balance of N9.9 billion of the education allocation went to higher education. The drop in allocation to higher education could mean that the state government has seen reasons to improve the lot of primary and secondary schools in the state. But the level of performance in the sector at the end of 2014 remains to be seen.

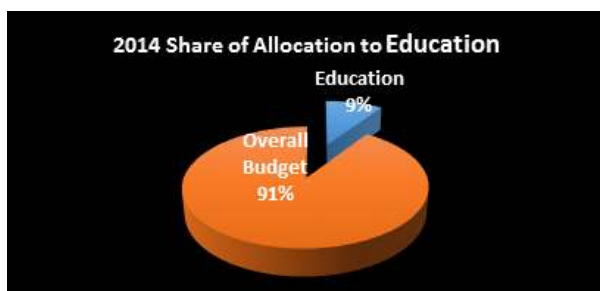


Fig. 31: Share Allocation to Education

The Sector of Health

“In the area of health care, our goal has remained the strengthening of secondary health care through the

construction/renovation of existing structures and provision of hospital equipment and preventive services. In 2013, we have made good progress in the implementation of capital projects and programmes in the sector.” ...Adams Oshiomhole

In 2013, the health sector was allocated N2.6 billion which is 2% of the budget. It however had an actual expenditure of N0.33 billion representing a performance level of 12.4%. It is therefore difficult to believe the governor's statement with regards to the “good progress that has been made in the implementation of capital projects and programmes in the sector”.

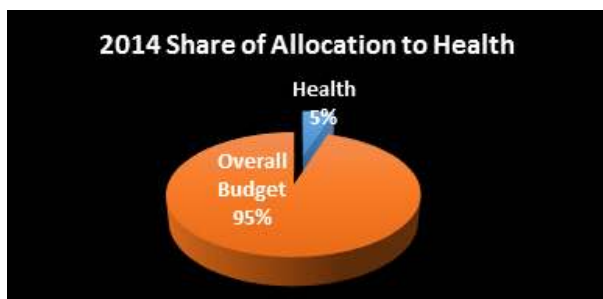


Fig. 32: Share Allocation to Health

The Edo State government allocated N8 billion to the health sector in the 2014 budget. This is a notable increase of N5.4 billion or 207.7% over the 2013 figure though this amount represents just 5% of the overall budget of the state. The higher 2014 figure can be said to be a step in the right direction aimed at addressing the increasing health challenges in the state.

In the past, the health budget has fared badly in Edo State. In 2012 there was a poor performance rate of 23.5%. This dropped to a dismal 12.4% in 2013 even though there was a decline in allocation. The N8 billion allocation in 2014 is somewhat impressive but the performance level remains to be seen.

The Sector of Food Sufficiency

“VISION- To make Edo State the food basket of the nation for enhanced social and economic

wellbeing of its people.

MISSION STATEMENT- An enhanced access to agricultural production resources for all in order to achieve food security, reduce poverty and ensure a thriving Agro- business in the State”

...Edo State Ministry of Agriculture

The header “food sufficiency” comprises of allocations to agriculture, fisheries and livestock. These sectors got a combined appropriation of N1.5 billion in the 2014 budget against N382.5 million in 2013. Below is a chart of the breakdown of this combined allocation

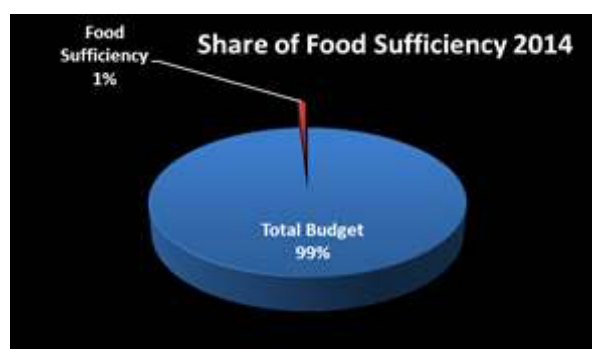


Fig. 33: Share Allocation to Food Sufficiency 2014

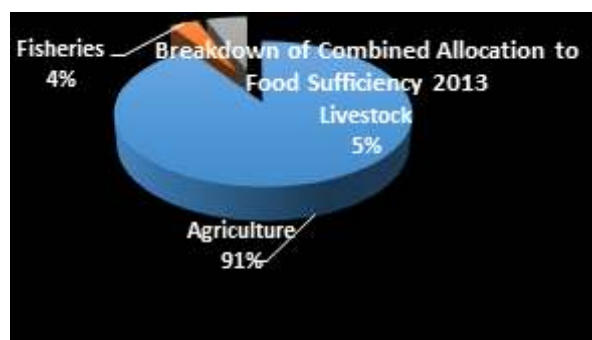


Fig. 34: Breakdown of Combined Allocation to Food Sufficiency 2013

The chart below shows that though there was an increase of N1.1 billion in allocation to food sufficiency in the 2014 budget above that in the 2013 budget, the livestock and fisheries sectors had no allocation. This is in contrast to 2013 when both sectors had 9% of the total allocation for food sufficiency.

The performance of this sector in 2013, was very worrisome. Of the budgeted N382.5 million only N6.8 million was actually spent in the sector. This represents a performance rate of 1.8%, and certainly does not show Edo state as being serious about actualizing the dream of becoming the food basket of the nation for enhanced social and economic wellbeing of its people.

MONITORING REPORT

Completion and Furnishing of Lecture Hall at State School of Nursing	
Sector	Health
Amount	₦20 million
NDCBP investigations revealed that no expenditure was made in this regard during the fiscal year. A lecture hall construction which began in 2011 had been abandoned.	

Furnishing and Equipping of State School of Nursing	
Sector	Health
Amount	₦2 million
NDCBP investigations revealed that no expenditure was made in this regard during the fiscal year.	

Growth Enhancement Support Programme at Ministry of Agriculture and Natural Resources	
Sector	Food Sufficiency
Amount	₦10 million
NDCBP visited the Commissioner of Agriculture to verify the status of the project. The team was informed that the programme had commenced in Auchi as part of Fadama. NDCBP was not however able to independently verify this information	

Renovation of Dilapidated Farm Office, Ware Houses, Community Hall at Agricultural Development Programme	
Sector	Food Sufficiency
Amount	₦50 million
NDCBP investigations revealed that no renovation was done at the locations in the fiscal year	

Purchase and Refurbishment of ADP Infrastructure at Agricultural Development Programme	
Sector	Food Sufficiency
Amount	₦50 million
NDCBP investigations revealed that no expenditure was made in this regard during the fiscal year.	



Abandoned Lecture Hall, State School of Nursing



Institute of Continuing Education

Provision of Vehicles, Equipment and Utilities, Ethiope Publishing Corporation

Sector	Education
Amount	₦20 million

None of the budget targets had been implemented in the fiscal year. Corporation building is in a state of disrepair, while the facility does not have a single printing equipment



Ethiopia Publishing Corporation

Furnishing and Equipping of State School of Nursing	
Sector	Health
Amount	₦2million
At the project location, NDCBP learnt that one block of hostel had been constructed and completed. However the facility had not been furnished and was not in use.	



Newly constructed building, State School of Nursing

Renovation of Dilapidated Board Complex at Ministry of Higher Education	
Sector	Education
Amount	₦30 million
The proposed renovation work was not carried out in the fiscal year	



Dilapidated Board Complex at Ministry of Higher Education

Building of School (Construction and Rehabilitation) Iyoba (School of the Gifted)	
Sector	Education
Amount	₦15 billion for all Schools Projects
NDCBP monitoring team confirmed the construction of 3 different block of Classrooms. However, the older blocks in the school are in dire need of reconstruction or renovation.	



New construction at Iyoba School of the Gifted

Building of School (Construction and Rehabilitation) Oba Akenzua Secondary School	
Sector	Education
Amount	₦15 billion for all Schools Projects
When the NDCBP team visited, there were recently constructed buildings, however, the doors and boards in the schools had been recently vandalized.	



New construction at Oba Akenzua Secondary School

Furnishing and Equipping of the State Nursing, Benin	
Sector	Health
Amount	₦2 million
When NDCBP visited the facility, it was learnt that one block of Hostel had been completed. However, no furnishing or equipping had been done in the fiscal year	

Furnishing and Equipping of the State Midwifery, Benin	
Sector	Health
Amount	₦5 million
When the NDCBP team visited, a new hostel had been constructed in line with the provisions of the budget. However the hostel was yet to be used as it had not yet been furnished. Laboratories in the Schools had been furnished with beds, computers and learning equipment.	

Provision of Internet Facility for Hospitals Management Board, Central Hospitals and Stella Obasanjo Women and Children	
Sector	Health
Amount	₦2 million
As at the time of NDCBP visit, the budgetary provision had not been implemented.	

Sickle Cell and Control Activities and Equipment at Sickle Cell Centre, Benin City	
Sector	Health
Amount	₦2 million
As at the time of NDCBP visit, the budgetary provision had not been implemented. No drugs or equipment had been supplied at the facility	



Newly Constructed classroom Block, Ihogbe School



Sickle Cell Centre, Benin City

Renovation, Equipping and Furnishing of State School of Health Technology	
Sector	Health
Amount	₦20 million
As at the time of NDCBP visit, the budgetary provision had not been implemented. The School had not benefitted from any form of renovation, equipping or furnishing.	

Building of Schools (Construction and Rehabilitation), Ihogbe School	
Sector	Education
Amount	₦15 billion for all schools
Field monitoring revealed that one classroom block was constructed in the school during the fiscal year. 2 blocks of classrooms were undergoing various levels of renovation.	

Infrastructural Improvement Institute of Continuing Education	
Sector	Education
Amount	₦50 million
When NDCBP visited the Institute, no works indicative of ‘Infrastructural Improvement’ was noticed.	

Infrastructure for Accreditation Purposes- Iguoriakhi	
Sector	Food Sufficiency
Amount	₦50 million
When NDCBP visited, renovations had been done in the Physics and Chemistry Laboratories. There was also a new library building under construction. However, the 204 budget did not specify what activities will be carried out under the budget head.	



College of Agriculture, Iguoriakhi

RIVERS STATE

✎ Capital:	Port Harcourt
✎ Land Area (2012):	10,575 sq km
✎ Population, Persons:	5,198,716 (2006)
✎ Population Density, People per sq km:	491.60
✎ Literacy Rate, Adult:	91.1 (2010)
✎ GDP (PPP), Billion \$:	21.1 (2007)
✎ GDP Per Capita , \$:	3,965 (2007)
✎ Unemployment Rate, Percent:	27.8 (2010)
✎ Total budget 2014:	N458.524 billion
✎ Total Recurring Budget :	N348.478 billion
✎ Total Capital Budget 2014:	N110.046 billion
✎ Total Budget to Education:	N30 billion
✎ Total Budget to Health:	N4 billion
✎ Total Budget to Food Sufficiency:	N4 billion

Rivers State experienced a lot of fiscal and political crisis in 2014. This inadvertently distracted the state from its policies and development agenda with some of the infrastructural gains made in previous years suffering roll backs.

The year, 2014 also marked the start of efforts by the government to 'entrench' its legacy. The government halted the construction of new

infrastructures while shifting attention to completing what had been started. Accordingly, Governor Rotimi Amaechi proposed a budget that seeks only to complete ongoing projects. He said no new capital project will be embarked upon in the 2014 fiscal year.

Coming at a time when revenue flow to the state from the federation account is fast dwindling, this reality underscores the near total dependence of Rivers state on resources that accrue to the state on the basis of oil production. While the administration has arguably improved the collection of taxes to boost Internally Generated Revenue, IGR, it has not done much to improve none oil revenues. The bulk of the state's income still comes from the federation account which exclusively depends on the sale of crude oil and its attendant volatilities. For Rivers State, the drop in oil prices which became significant in 2014, meant that economic, social and cultural rights which require progressive realization, had to be halted. To foreclose

“In the light of this, the 2014 budget will not accommodate new projects. This is in the light of current realities and out of a resolve to guarantee efficient service delivery. The economic realities arising from already dwindling revenues since mid-2013 suggest a need for prudence and good sense this year. Government will continue to demonstrate good sense of management by making more money available to finance the ongoing projects for completion next year.”
Governor Rotimi Amaechi

the construction of any new public works project in key sectors of the economy against the backdrop of a growing population and emerging exigencies is tantamount to taking backward steps. This in turn has negative implications for the economy of the state as an accumulation of socio-economic needs carried over to subsequent fiscal years would constitute a heavy burden on the resources of the state. If this is not mitigated with strategic fiscal policy it may stretch the economy to a breaking point.

2013 Budget Performance

The 2013 budget of N490.3 billion was predicated on the federation account providing N245 billion, a 2012 closing balance of N28.3 billion, loans and bonds totaling N120 billion and internally generated revenue of N80 billion. As at September 2013, accruals to the state were impressive. N206.9 billion had been received from the federation account. This indicates an appreciable 84% revenue performance. Internally generated revenue also recorded 76% performance. However, no record is provided on how the state fared with regards to its N120 billion loans and bonds.

On the expenditure side, N177.9 billion was proposed as recurrent expenditure, while N312.3 billion was expected to cover capital spending. As at September in the 2013 fiscal year, 55.2% of the recurrent expenditure had been spent while N216.6 billion had been spent for capital projects in the same period. This is a capital budget performance of 69.3%. Overall, the 2013 budget had recorded a 64.2% performance by the end of September.

2014 Budget and Revenue Streams

In 2014 the state government proposed an aggregate budget of N458.524 billion. This is N4.797 billion or 0.98% less than the 2013 budget. The revenue budget still bears heavy dependence on allocations from the Federation Account. Expected revenue from the Federation Account stands at N241.243 billion, which constitute 49.68% share of the state's revenue projections. Income expected

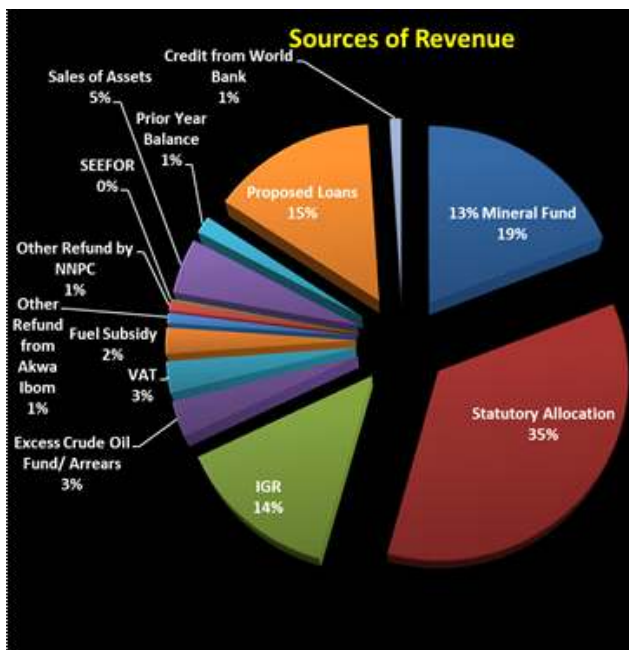


Fig. 35: Sources of Revenue in 2014

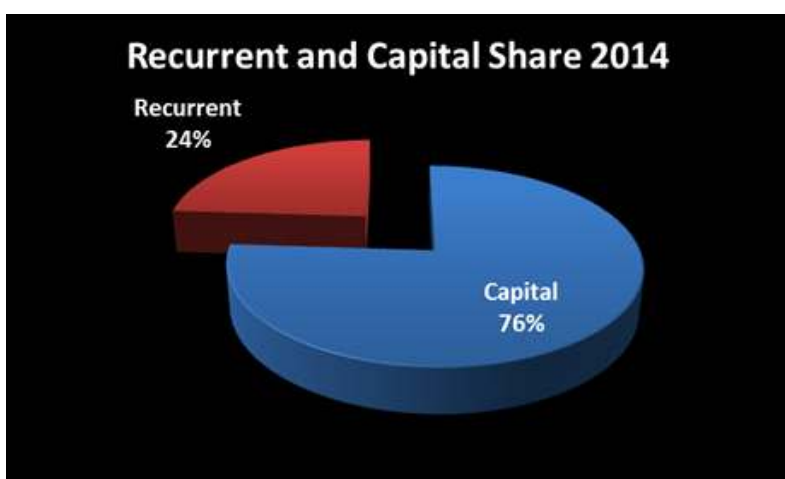


Fig. 36: Recurrent and Capital Share 2014 Budget

from Internally Generated Revenue, is put at N92.920 billion representing a 19.04% share of the revenue estimates. Loans and other credit facilities amount to N107.644 billion which is 22.18% of the revenue estimates. From the foregoing, the state expects to get a substantial share of its revenue from external sources. The value of revenue from external sources stands at N348.887 billion which translates to a whopping 71.86%. This is obviously an unhealthy fiscal standing for a state sailing in turbulent waters. The only

significant measure the government has put in place to forestall any major budgetary dislocations arising from a fall in oil price is to peg its budget estimates on a benchmark oil price of \$67.5 per barrel against the federal government's benchmark price of \$77.5, thus creating a safety net of \$10. The extent to which this measure can provide a fiscal safeguard to the state remains speculative.

A commendable aspect of the 2014 budget is the state government's increased share of allocations to capital expenditure and a reduction in the size of its recurrent share. In 2014 the state proposes to further increase the percentage share of its capital expenditure in relation to its recurrent expenditure. The state intends to spend 76% of the total budget on capital expenditure leaving 24% of the budget to be spent on recurrent expenditure. This represents a 6% increase in the percentage share of the budget to capital expenditure when compared with the 70:30 ratios for capital and recurrent expenditure respectively in 2013.

A major source of concern for some policy analysts in Rivers state is the state's rising debt profile and the fact that loan in whatever guise, bear a ready revenue appeal for the state.

In the fiscal year, the state House of Assembly granted approval for a \$280 million concessionary loan from the World Bank and the Africa Development Bank. This is meant to fund the provision of water and sanitation in the state. As lofty as the intention may be, the reality is that the state's debt profile is fast rising. Since 2008, Rivers state has experienced a steady rise in what it owes external creditors. In 2008, it owed \$32.3 million which increased to \$33.7 in 2009. By 2010, it rose to \$35.5 million and decreased to \$33.8 in 2011. It went up to \$36.6 million in 2012 and \$42.6 million at the end of 2013. The current external debt figure places Rivers state 20th on the external debtor list.

If the Rivers state government proceeds to borrow \$280 million, the external debt profile will increase to \$322 million, making it the second most externally indebted state in Nigeria, behind Lagos State. This is without the addition of a significantly large domestic

debt which stood at N81.4 billion and represents 5.2% of the total domestic debt of 36 states as at the end of 2012.

A major concern in this regard is the cost of servicing these debts. The budget of Rivers state indicates that the burden of debt service payment has already become significant on the finances of the state. Between 2010 and 2011, there was an increase of 2500% in debt servicing re payment. The amount the Rivers state government sets aside for repaying debts increased from N250 million to N6.250 billion. This trend results in reduced capacity for the government to pursue infrastructural development.

It is notable that the government decides to initiate a new water project even after the governor proclaimed in his 2014 budget speech that the state will not embark on any new project, but will rather concentrate on completing ongoing projects. This creates the impression that the rationale for this loan came as an afterthought, perhaps after the budget had been passed and approved. The more prudent approach to development will be for the government to grow its internally generated revenue base through more effective taxation and investments, block avenues for leakages and cut down on wasteful expenditures.

The Sector of Education

In 2014, N30 billion is allocated for capital expenditure in the education sector. However, there are other budget heads and corresponding allocations which are not covered by the N30 billion allocation, but which are related to the educational sector. These are:

Ignatius Ajuru University of Education	₦300 million
College of Arts and Science	₦60 million
University of Science and Technology	₦300 million
Rivers State Library Board	₦20 million
Rivers State Polytechnic Bori	₦80 million
River State Readers Project	₦30 million
Secondary Schools Board	₦700 million
Scholarship Board	₦500 million
Universal Basic Education	₦150 million

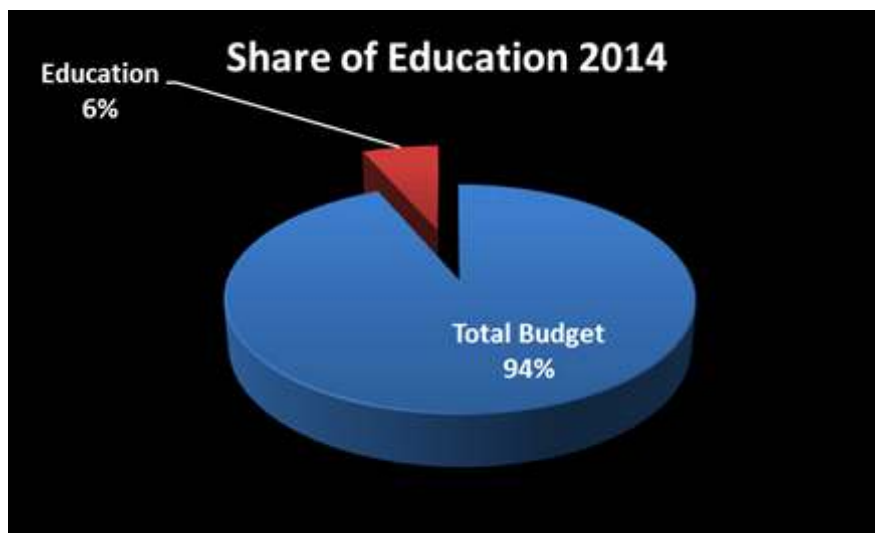


Fig. 37: Share of Education for 2014 Budget

In total, allocations to the education sector for 2014 stood at N31.840 billion. When this adjusted figure is compared to the education budget for 2013, it shows N15.8 billion reduction in allocation. This continues a tradition of reduction in allocation to the educational sector which indicates that the government might be losing interest in the reforms it began in the sector. The challenges in the education sector are enormous. Researches reveal that in 2013 and 2014 majority of primary and secondary school projects started by the state government, have either been neglected or are operating below their capacity.

Of similar concern is the problem of displacement which the model schools

programme has engendered. In many cases, existing structures had to be demolished to enable the construction of new classroom blocks. With construction ongoing, pupils of the demolished schools are sent to neighboring schools where they share tightly packed classes. In other cases they are simply sent to town halls or church buildings without facilities to hold classes. This problem of 'transition schools' has thrown up major challenges which the current policy on education fails to address.

One major challenge with the education budget is its previous budget performance. While discussing the performance of the 2012 budget, the governor said just N18.2 billion of the N64 billion allocated to the sector was

released. This shows a budget performance of 28%. With this low performance, it is doubtful if the government is still committed to its reforms in the sector.

The Sector of Health

As in the education sector, allocation to health goes beyond the N4 billion which the 2014 budget allocated. Other allocations with direct health targets are;

Free Medical Care Programme	₦1.5 billion
Primary Healthcare Management Board	₦500 million
RIVSACA	₦60 million
College of Health Science	₦15 million
Hospital Management Board	₦50 Million

In all, the sector gets N6.1 billion of the allocation which represents just 1% of the 2014 budget. This is N3.9 billion less than what the sector got in the previous year. This perhaps suggest a lack of government commitment to the overwhelming health concerns in the state. Recent World Bank social indicators say Rivers State accounts for the lowest life expectancy of 45 years in the Niger Delta. The World Bank also says the number of health institutions in the state are not commensurate with the growing population.

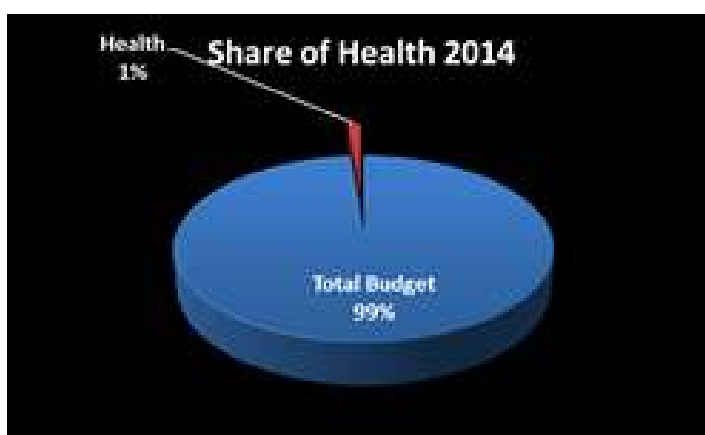


Fig. 38: Share of Health Budget

A key challenge in the health sector is the low budget performance. In 2012 only N1.93b was spent on the sector out of the budgeted allocation of N21.2 billion.

The Sector of Food Sufficiency

The food sufficiency sectors receive N4 billion. This is less than 1% of the total budget and also a slight reduction of what went to the same sector in 2013. The sectors responsible for food sufficiency, cumulatively receive less than 1% of the 2013 appropriation. The government rightly identifies the importance of these sectors. Given that the traditional occupation of the people of Rivers state is agriculture and majority of the people still engage in it, it is doubtful if the fiscal policy of the government with regards to this sector is robust enough to ensure economic growth.

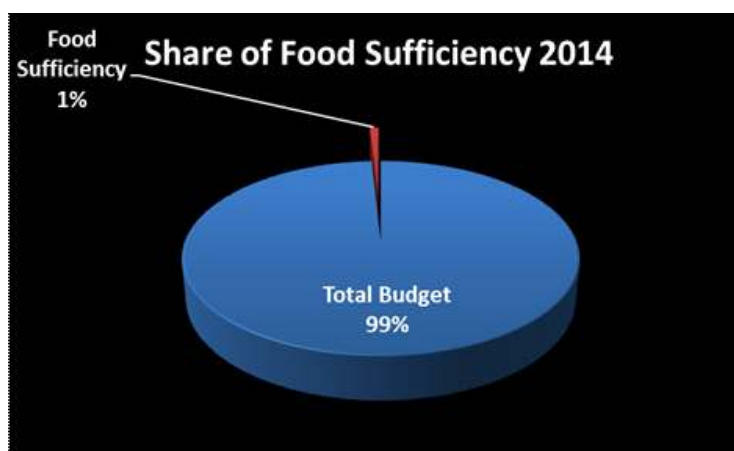


Fig. 39: Share of Food Sufficiency for 2014 Budget

BUDGET MONITORING REPORT

Post Graduate Training Programme (Medical Personnel)

Sector	Health
Amount	N100 million

When NDCBP visited BMSH, the authorities declined to provide any information, and rather asked the team to interface with the Rivers State Hospital Management Board. After several visits to the Board, the Medical Director could not be met, and no other staff agreed to provide any information with regards to the budget head.

Construction of A.K. Hart Hospital

Sector	Health
Amount	N1.150 billion

Visit by NDCBP to the project location indicates that no work had been done in 2014.

Braithwaite Memorial Specialist Hospital: Maintenance of Medical equipment and upgrading facilities

Sector	Health
Amount	N500 million

When NDCBP visited the medical facility, two blocks had been renovated, however, the Team could not ascertain if the renovation was in line with the budget provision, given the fact that 'renovation' was not mentioned in the budget head. The team could not also ascertain if equipment had been maintained or facilities upgraded. The Team was again referred to the Rivers State Hospital Management Board, where no additional information was provided.

Completion of work on Okehi Zonal Hospital

Sector	Health
Amount	N500 million

On its way to ascertain the status of this project, the NDCBP team was attacked by youths of the community. Attempts to get details from the Rivers State Hospital Management Board were not fruitful.

Construction of office complex for Primary Health Care Management Board and Hospital Management Board

Sector	Health
Amount	N680 million

At both institutions, there were no ongoing constructions of office complexes.

Renovation/ Furnishing of Ministry of Agriculture Store

Sector Food Sufficiency

Amount **N2 million**

No renovation or furnishing was done at the Ministry of Agriculture Store

Equipping of Engineering workshop at Rumudamaya

Sector Food Sufficiency

Amount **N10 million**

When NDCBP visited the facility, no new machines or equipment had been provided. Workers which the team spoke to were unaware of the budgetary provision, while lamenting the neglect of the facility.

Completion of fish farm projects (Buguma, Andoni, Opobo, and Ubima

Sector Food Sufficiency

Amount **N1.024 billion**

NDCBP gathered that the fish farm project is managed by Onida Inc., an Israeli firm. The farms located at Buguma and Ubima are fully functional and already producing, while the ones at Andoni and Opobo are still under construction.

Provision of Meat Inspection Facilities, Equipment and Transportation

Sector Food Sufficiency

Amount **N15 million**

Responsible staff declined to provide any information on the budget head. They instead directed the team to the Ministry of Agriculture. Nothing at the facility was indicative of the budget target.

Procurement of Revolving Veterinary Drugs, Vaccines and Equipment for the Veterinary Clinic in the state

Sector Food Sufficiency

Amount **N5 million**

After several attempts at physical meetings, NDCBP was only able to communicate on phone with the officer in charge of the veterinary clinic. While mostly refusing to provide any concrete information and asking the team to seek clarification from the state Ministry of Agriculture, he however indicated that some drugs had been provided howbeit insufficient.

Construction of modern Farm Estate at Atali

Sector Food Sufficiency

Amount N10 million

At the proposed project site, there were few peasant farmers planting and harvesting vegetables. There was no ongoing construction of a farm estate

Computerization and networking of the new administrative block, Ignatius Ajuru University of Education

Sector Education

Amount N50 million

As at the time of the team's visit, the administrative block was still under construction, accordingly the budget head had not been implemented.

Completion and Furnishing of the Senate and Administrative Building, Ignatius Ajuru University of Education

Sector Education

Amount N60 million

As at the time of the Team's visit, the Administrative building was still under construction, while the construction of the senate building had not commenced. The Senate of the University holds its sessions at the University Guest House.

Relocation and Construction of Football Pitch at Main Campus, Ignatius Ajuru University of Education

Sector Education

Amount N25 million

NDCBP site visit reveals that the project is yet to commence



Only Football Pitch at Ignatius Ajuru University of Education

Upgrading of the university internet and information technology system and subscriptions, Ignatius Ajuru University of Education

Sector	Education
Amount	N50 million

While ICT facilities are available, they are not in use. Students of the University still use the services of commercial cyber cafes

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

Sector	Education
Amount	N60 million

The management of the College informed the monitoring Team that the accreditation had not yet been done because they were yet to invite the inspectors.

Rivers State Library Board: Renovation of Staff Quarters 9a & b at IB Johnson street, Port Harcourt

Sector	Education
Amount	N2.650 million

As at the time of NDCBP visit, no renovation had taken place.



Library Staff Quarters

Rivers State Library Board: Sinking of Borehole at staff quarters and construction of fence at IB Johnson street

Sector Education

Amount N500,000

Project not implemented

Rivers State Library Board: Purchase of 1-Toyota Corolla car

Sector Education

Amount N5 million

Through staff of the College, NDCBP learnt that no vehicle had been purchased

Rivers State Library Board: Purchase of 1No. Photocopying Machines

Sector Education

Amount N250,000

NDCBP learnt that none of the copiers was supplied

Rivers State Library Board: Purchase of 4-nos laptops and 4-nos desktop computer unit with complete accessories for account, ATS, Readers services and Admin

Sector Education

Amount N1.6 million

NDCBP investigations reveal that the purchases were not done

Rivers State University of Science and Technology: Building of 2-Storey Administrative office for (CCE)

Sector Education

Amount N48.1million

NDCBP could not locate any such project in the University. Staff of the University interviewed were also not aware of any such building

Rivers State University of Science and Technology: Construction of 2-storey classrooms block for quantity department

Sector Education

Amount N50million

NDCBP could not locate any such project in the University. Staff of the University interviewed were also not aware of any such building

Rivers State University of Science and Technology: Construction of 1-storey building for Medical Laboratory Department

Sector Education

Amount N44.3million

NDCBP learnt that while the project had been implemented, it was done by TEFUND and not the state government



Medical Laboratory Department, RSUST

Rivers State University of Science and Technology: Construction of Laboratory and supply of Equipment for Marine Engineering Department

Sector

Education

Amount

N40 million

On visit to the project location, NDCBP found work ongoing at the foundation level



Construction of Laboratory, Marine Engineering Department, RSUST

ABOUT NDCBP

The Niger Delta Citizens and Budget Platform is a collaboration of civil society organization 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 expenditure.