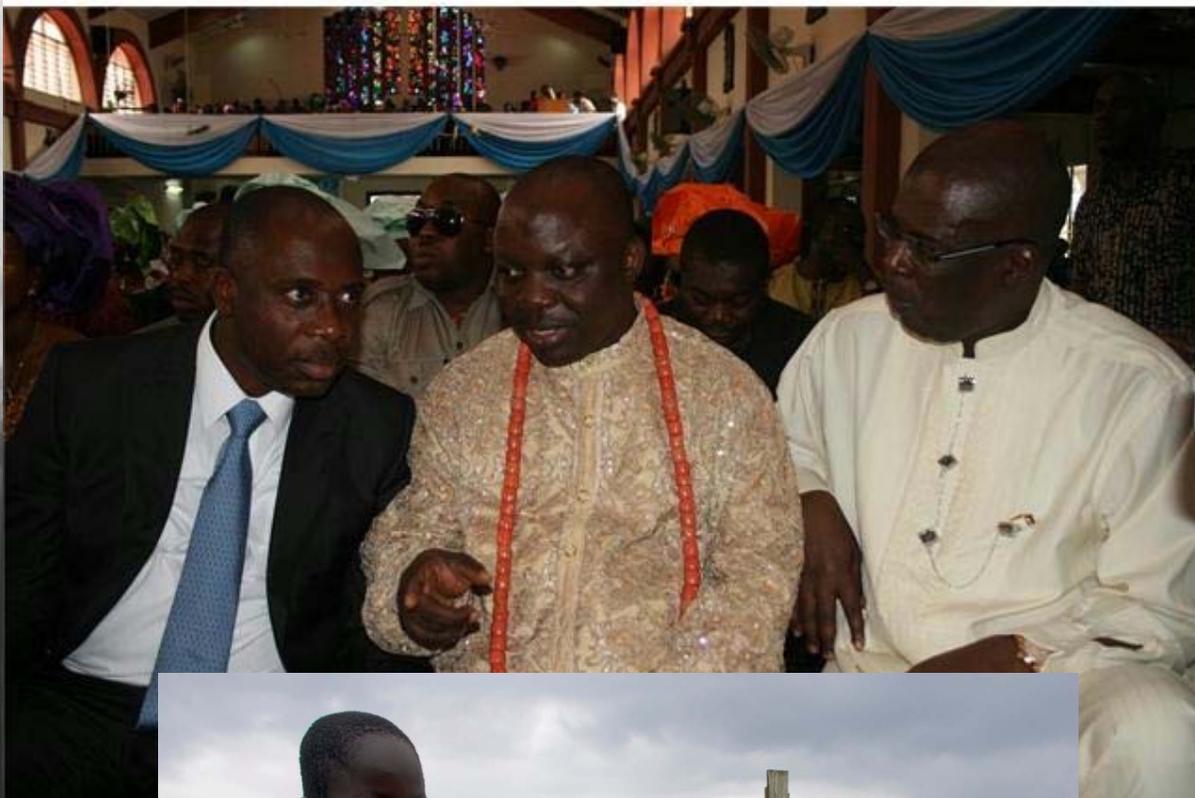


“Carry Go”

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

2008



NIGER DELTA CITIZENS AND BUDGET PLATFORM

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NIGER DELTA CITIZENS AND BUDGET PLATFORM

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LIST OF ACRONYMS

NEITI	Nigerian Extractive Industries Transparency Initiative
BEITI	Bayelsa Expenditure and Income Transparency Initiative
EFCC	Economic and Financial Crimes Commission
ICPC	Independent Corrupt Practices and Other Related Offences Commission
NDCBP	Niger Delta Citizens and Budget Platform
NDDC	Niger Delta Development Commission
OMPADEC	Oil Mineral Producing Area Development Commission
NNPC	Nigeria National Petroleum Corporation
RMAFC	Revenue, Mobilisation, Allocation and Fiscal Commission
UN	United Nations
MEND	Movement for the Emancipation of the Niger Delta
UBE	Universal Basic Education
NURTW	National Union of Road Transport Workers
FSP	Family Support Programme

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SUMMARY

States and local government councils in the Niger Delta have received increased revenues from federal allocations and internally generated revenue sources since independence in 1960, but the finances have not contributed to improvements on the quality of life in the region, especially at the grassroots. This is because the bulk of the receipts are either embezzled or applied to unproductive projects.

Avenues of fraud abound at the different tiers of government in Nigeria, including deliberate decision not to spend budgeted funds, which are kept back for possible looting by officials. The effect of misapplication or embezzlement of funds meant for projects in the states and local government areas have been deeply adverse. The people are denied opportunities for quality health care, education, and economic empowerment. And communities continue to wallow in poverty, with infrastructure dilapidated or non-existent. Within Nigeria, the Niger Delta leads in self-perception of poverty and poor performance on significant social indicators. For example, the region has the highest rate of inequalities and youth unemployment. It also performs very dimly in health and education indicators. These dire socio-economic conditions generate grievance and resentment that have thrown up violent conflicts in the Niger Delta.

Government’s tendency to turn its back on projected initiatives in health, infrastructure, and education has undermined development expectations in the Niger Delta. Huge armies of unemployed and idle people have been raised in the region and made to live side-by-side the classy economic enclave created by oil wealth. The result, of course, has been anger, with recent violent conflicts in the region driven by perceptions of alienation and exclusion.

Oil and gas exploitation in the region has been a major cause of impoverishment. Communities suffer loss of livelihoods from environmental degradation, as industry operators adopt reckless methods in the different stages of the production cycle. The federal government of Nigeria has failed to protect communities by enforcing regulations. Rather, it has tended to collude with oil companies in perpetrating serious human rights abuses including the massacres of whole communities.

Factors that inform the limited power of Niger Delta communities include Nigeria’s pseudo-federal structure that limits citizens’ involvement and control of local governance. Federal control of the petroleum sectors has also denied the region considerable access to oil resources. However, corruption among state and local government officials has intensified the problem and aggravated poverty, disease and limited literacy figures in the area.

In designing budgets, state and local government have not always addressed local needs. Huge allocations for the running of the governors’ offices and state houses of assembly are presented side by side limited allocations to the most important service areas like health and education. In 2008 Akwa Ibom and Bayelsa States allocated over 23% and 8% respectively of their entire

state budgets on running their government houses. In addition, huge allocations are made for “security vote”, which are expended at the sole discretion of the governors.

In general budget proposals and appropriations are not made available for public discussion. However, in 2008, there were encouraging steps by the Bayelsa State government to promote increased accessibility to the budget document. In many cases, there was lack of necessary budget details. For instance, the Akwa Ibom State budget contained sizeable allocations to the Ministry of Works and provided a considerable list of activities but no funds against individual items.

On the whole, annual budgets of Rivers, Akwa Ibom, Delta, and Bayelsa state governments – four states covered by this study –and their local governments have been less than helpful in addressing the problems of communities. Efforts to implement genuine life-changing programmes have often been lost in the labyrinth of fine rhetoric. On occasions when budget documents have tried to address areas of need to the people, implementations of the budgets have failed to measure up to the finesse of their presentation.

The crisis of budget performance is accentuated by lack of community input and monitoring of both the budget formulation process and budget implementation. The result is that rather than its natural role of serving as a means of public control over governance, budget have actually served as one of the major avenues through which political/public officers siphon public funds, as commissioner and heads of departments deliberately concoct figures and items to enrich themselves and government’s budget officers show little concern about the monitoring of the budget they have formulated. State and local government personnel use budget as a medium of manipulation for pecuniary gain and many items in the budget presentations are found to be merely rhetorical.

Positive reception of annual budgets in the four states studied has also been hampered by certain uniformity in the tone and framework of the fiscal manuscripts. The budget documents for most years in each state looked very similar, raising the assumption in many quarters that budget officers just transferred the previous year’s budget to the new year, sometimes merely increasing allocations.

The 2008 budgets of Rivers, Akwa Ibom, Bayelsa, and Delta states were formulated at a time of rising crude oil prices and the states’ receipts from the Federation Account actually rose to unprecedented levels. But inability of the governments to properly apply the revenues to economic development tended to hurt the capacity of the states to deliver budgeted programmes towards the end of the year, when dwindling oil prices set in and tried to force introduction of some austerity measures by the federal government.

The result of the misapplication of funds has been increasing economic volatility among the masses in the four states studied.

Recommendation:

General

Urgent work is needed by governments and, in particular, citizens’ organisations to make state and local government budgets relevant to the needs of communities in the Niger Delta area. However, addressing the problem of mismanagement of public resources would involve major restructuring of the governance systems; including major electoral reforms that aim at restoring suffrage to the citizens.

There is need for fundamental restructuring of the local government system in ways that reconciles systems of community governance with the Local Government Areas (LGA) councils. Elected community leaderships such as Community Development Committees (CDCs) should have full representation in local government councils. Chairmanship of LGAs should rotate among different communities.

The restructuring of local governance and major electoral reforms would assist communities and citizens to assert their rights and ensure that revenues from oil and gas exploitation are utilized for the benefit of communities.

Citizens’ action is needed to monitor budget development and implementation to expose flaws while drawing attention to areas that demand changes.

To the state and local governments

- Develop enforceable legislation that promote free information flows, fiscal responsibility and public accountability.
- State and local governments should publish annual state budgets proposals prior to presentation to the state houses of assembly and local government legislative assembly respectively. The governments should also make quarterly budget execution reports available to the citizens. Such reports should detail monthly state government income from federal allocations and other sources, and state government expenditures, including allocations to local governments.
- State and local governments should avoid ambiguous languages and statistics in the presentation of budgets. As much as possible, details should be provided for cost and location of specific projects.
- State and local governments should work towards demystifying budgets by making their formulation a public issue and creating windows of opportunity for communities, individuals, and groups to make inputs into the budget processes.
- Government officials should be trained on budget making and monitoring.

- Reduce allocations to the offices of governors and chairpersons of state and local governments and allocate a greater percentage of budgets to education, health, and infrastructure, as these are the pivot upon which the progress of the people and the economy revolves.
- Support the development of non-oil based economic activities to stave off the effects of growing instability in oil prices.

To Citizens Groups

- Push for the enactment of fiscal responsibility laws.
- Pressure national, state and local government legislative authorities to strengthen 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.
- Push for the monthly publication of state and local government receipts from the Federation Account.
- To mobilise communities to increase representation to law enforcement agencies, including the Economic and Financial Crimes Commission (EFCC) and the Independent Corruption and Other Related Offences Commission (ICPC).
- Monitor and publish information on the performance of state and local governments to encourage good governance and transparency.
- Raising popular awareness by holding public hearings in various state locales as part of the budget-making process to allow for greater public scrutiny of government spending priorities.
- Encourage government agencies such as NEITI and BEITI as opportunities to engage with governments in the states and local government areas of the Niger Delta to promote transparency in the formulation and implementation of budgets from natural resources revenues.

METHODOLOGY

This presentation is based on the conclusions of analysis and monitoring of the 2008 state and local government budgets in Akwa Ibom, Bayelsa, Delta and Rivers State by members, volunteers and partners of the Niger Delta Citizens and Budget Platform (NDCBP). In 2008 NDCBP obtained, often through informal channels, state budget appropriations and local government budget estimates for 2007 and 2008. These documents were subjected to analysis by members and associates of the NDCBP, with special emphasis on allocations for healthcare, education and infrastructure development.

In 2008, NDCBP selected some of the appropriated projects in the four states and local governments in order to monitor how these projects were implemented during the budget year. NDCBP budget monitors included civil society activists, members of communities that are supposed to benefit from the projects and professional valuers. Throughout the year, team members interviewed a broad spectrum of community members on government performance.

Projects and communities were randomly selected. However, access to budgets, particularly local government budgets informed areas of focus. The dearth of detail in the budgets of states such as Akwa Ibom and Delta made it very difficult for NDCBP teams to monitor budget implementation. In the budgets of these states in 2008, lump sum allocations were made under very broad headings and subheads with little detail on specific projects and costs, making it almost impossible to track developments, if any.

During 2008, most of the states governments made supplementary appropriations that were shrouded in secrecy, and for which NDCBP could not get early access.

In 2008, NDCBP organised meetings in Bayelsa and Rivers for citizens groups from the area to discuss developments with the budgets, and in February 2009 town hall meetings were organised in both states where citizens and senior government officials exchanged reports and ideas on state and local government budgets.

This report is a documentation, from the perspective of citizens, of how state and local governments budgets have been formulated and implemented. It seeks to identify the causes, processes and outcomes of the corruption and mismanagement of public funds in the states and local government areas of the Niger Delta.

This report is divided into two main parts. This first section provides an overview and background to the crisis of government in the Niger Delta. The second section provides the findings of NDCBP budget analysts and monitoring teams in Akwa Ibom, Bayelsa, Delta and Rivers States.

The Niger Delta Citizens and Budget Platform (NDCBP) believes, based on its field studies, that the pattern of appropriation and management in the four states and the local governments covered by this work reflect the trend in other states of the Niger Delta and their local councils.

BACKGROUND

NIGER DELTA AND THE CRISIS OF GOVERNANCE

Nigeria's Niger Delta region, located in the southern part of the country, is the section at which tributaries of the River Niger drain into the Atlantic Ocean. It occupies a total land area of 112,110 square kilometres, 7% of Nigeria's land mass. With a population of about 32 million (24 % of Nigeria's total population), it has one of the highest population density (265 people/ km²) in the country.

The Niger Delta has five distinct ecological zones, namely: Mangrove forest and coastal vegetation; Fresh water swamp forest; Lowland and Rain forest; Derived Savannah and Montane region. Before oil and gas exploitation and other developments took their toll, the Niger Delta used to be very rich in biodiversity. With many networks of Rivers and Creeks, it is the world's third largest Delta.



Map of Nigeria showing the Niger Delta region

The region remains rich in cultural diversity. There are about 40 ethnic groups in the region and 250 languages and dialects. Officially, the Niger Delta is made up of 9 out of the country's 36 states. It is further subdivided into 185 local government areas. This structure is fairly recent, dating to the last states and local government councils' creation exercise in 1996. Historically, the Niger Delta region was part of the Eastern and Western Regions. Political identity of the region as a minority area was shaped in the context of the struggle of its peoples for autonomy through the creation of states. The rationale for the agitation for states was the perception that the Niger Delta minorities were dominated and marginalized by the Igbo and Yoruba ethnic groups in the Eastern and Western regions respectively.

This minority identity has shaped the politics of defining the Niger Delta. There are three perspectives to what constitutes the Niger Delta. There is the geographical definition which is based on the physical features of the area. This definition is the most restrictive as it excludes a greater part of what is administratively considered as the Niger Delta. Also known as the ecological (or 'core') Niger Delta, it includes coastal regions of Delta, Rivers and Bayelsa States.

Politically, the Niger Delta is the South South zone of Nigeria, which includes 6 states of the federation (Akwa Ibom, Bayelsa, Cross River, Delta, Edo and Rivers). The zone is made up of the former Eastern and Western minorities. This identity remains very strong and several interest groups have insisted that areas occupied by major ethnic group, such as Abia, Imo and Ondo do not qualify to be part of the region.

Finally, from the administrative definition, the Niger Delta is made up of 9 states. These are the states that make up Niger Delta Development Commission (NDDC) and the defunct Oil Minerals Producing Areas Development Commission (OMPADEC). The rationale for the administrative definition is oil production. All states in which major oil exploration and exploitation activities are taking place are classified as the Niger Delta.



Nine NDDC states

The administrative definition is based on the fact that oil has dominated political economy of the area for the past 40 years. The administrative definition has however come under very strong challenges because it lumps together diverse peoples that do not share the same political experiences and ecological challenges. While recognizing the

salience of these objections, this report will stick to the administrative and official definition. This is because of the centrality of petroleum revenues in our discourse.

The Niger Delta is very rich in natural resources. With an estimated crude oil reserve of about 35 billion barrels, Nigeria is Africa's largest oil producer and the seventh largest exporter of crude oil in the world. In 2005, it was producing 2 million barrels of oil per day from 240 fields and 600 wells. Most of the oil fields and wells are located in the Niger Delta area and accounts for all of Nigeria's on-shore oil deposits. The value of the region to the Nigerian political elite is

evidenced by the fact that oil accounts for about 95 % of total export earnings and 80 % of federal government revenue. In addition, Nigeria's estimated 4.5 trillion cubic metres of proven natural gas reserves are located onshore and offshore fields and swampy areas of the Niger Delta.

In 2007 and 2008, Nigerian governments at the federal, state and local government levels received increased revenues as a result of record increases in global price of crude oil and natural gas. During 2008, crude oil price averaged \$97 per barrel.¹ During the year, the price reached a peak of about \$150 per barrel. At average production of 2 million barrels per day, proceeds from Nigerian crude oil exports would have been over \$70 billion. And this does not include Liquefied Natural Gas exports.

This massive contribution is however dwarfed by meagre benefits that accrue to the region and its inhabitants. The Niger Delta leads in self-perception of poverty and poor performance on significant social indicators. For example, the region has the highest rate of inequalities and youth unemployment. It also performs very dismally in health and education indicators. Oil development has led to devastation of the natural environment of the Niger Delta area. This 'ecological violence' is compounded by other forms of abuses.



Crude oil and gas exploitation has destroyed local livelihoods. Picture by Ed Kashi

¹ "In terms of pricing, whereas in 2008, our crude strength averaged \$97 per barrel, in the year 2009, as at January, the average basket is hovering around \$43 a barrel," said Mohammed Bakindo of NNPC. Also, reported decline in daily crude production from 2 million barrels per day in 2008 to about of 1.6 million barrels per day in early 2009 has negatively impacted on government revenues in 2009. See <http://www.voanews.com/english/2009-03-29-voa7.cfm>

The Petroleum Act, which was decreed by past military regimes vest ownership and control of all oil and gas resources on the central government. Government, without having to make any reference to communities, give away communal lands and forests to transnational oil companies for exploration and exploitation of crude oil. The oil industry in turn creates conditions for social dislocation and communal violence as land expropriation by the state for oil activity creates scarcity of productive land. Companies have continued to adopt very reckless modes of operations leading to destruction of the natural environment and the livelihood of community members. Peaceful community protests were visited with extreme violence by the state. For example, in 1990 Umuechem community was burnt down and over 80 people were murdered by state security personnel hours after members of the community protested against Shell. Since then, other such abuses have occurred in the region.

These dire socio-economic conditions generate grievance and resentment that have thrown up violent conflicts in the Niger Delta. These conflicts are driven by perceptions of alienation and exclusion. As a recent World Bank study puts it:

The widespread perception of relative deprivation in the core Niger Delta states is driven by the considerable mismatch between the level of wealth extracted from the region and the benefits accruing to the region and its people. Levels of self-assessed poverty are much higher in the Delta than those revealed by household income and expenditure data. In the South South zone, over three quarters of the population (77 %) consider themselves to be living in poverty, compared to the official figure of one third (35 %) (World Bank 2008:8-9)

Other factors that account for the high perception of relative deprivation include the inflationary effects of high incomes in the oil industry, declining opportunities for gainful employment in the oil industry for youths from oil producing communities, and high levels of corruption in public service and oil companies.

In recent years, Akwa Ibom, Bayelsa, Delta, and Rivers experienced a relative boom in revenues due to rising oil prices. In 2008 the government of Rivers State alone expended ₦367 billion (over \$3 billion).² Other states in the Niger Delta recorded similar expenditures, which does not include the budgets of the local government councils. But this has not been translated into improved amenities and higher living standards, despite attempts to get people’s hopes up through well-toned budget documents and speeches. As this study reveals, funds meant for the realisation of budgets are mostly embezzled or misapplied. These corrupt tendencies have hurt the ability of the states to fulfill their potentials to the people.

However, with the fall in oil prices there is a genuine prospect of state governments increasing debt loads and creating some of the unsustainable circumstances that imperilled Nigeria at a national level in the 1980s and 1990s. Although \$45 as benchmark price of crude oil in the 2009 budget of the Yar’adua government is conservative, the volatility of oil prices are a stiff

² As reported by the state government newspaper, *The Tide* on 6 February, 2009

reminder that states need to proactively support the development of non oil based economic activity if any measure of stability is to be achieved.

“Carry Go”

Increasing poverty rate in the Niger Delta has made the people largely malleable and susceptible to manipulation by politicians. Large armies of poor and unemployed people are placed at the disposal of corrupt politicians who use them to deploy violence and impose unpopular political decisions at will. Report of observers and monitors in recent elections show a relatively high incidence of political violence, manipulation, and subversion of popular choices in the Niger Delta states.

In view of the fact that state officials are largely not elected by the majority, but imposed on the people, those holding public office have accordingly displayed lack of accountability. There have been instances where political office holders boasted that they do not owe the people anything because their tenures are never based on the electorate's vote. This mindset among elected officials undermines sincere formulation and implementation of budgets.

The common tendency is for people that dare to ask questions to be labelled rebels and marked for sundry persecutions. Provision of social amenities and human development projects by government are largely seen as fruits of the office holder's goodwill, which are not to be questioned. Against this background, this report finds that state and local government budgets are treated as secret documents or, at least, issues not open to public discourse and scrutiny. Thus, besides denying the people development, their ability to monitor the utilisation of their collective resources is removed through the twin instruments of ignorance and intimidation.

While politicians are getting rich, health care, education, and other facilities are in ruin, thanks to corruption, mindless impunity, and progressive obliteration of the capacity of the electorate to ask questions.

Federal, state, and local government finance in the Niger Delta

In Nigeria, there are three tiers of governmental administration – federal, state, and local governments. Each of the country's 36 states and 774 local government areas receive monthly allocations from a central pool, called Federation Account. But the tiers of government also have their various spheres of financial influence for internally generated revenues.

Under the revenue sharing formula, 13% of petroleum revenues is supposed to be paid as derivation fund to the oil producing states, as stipulated by the 1999 constitution. However, controversies have continued to trail the implementation of the formula with oil producing

states contending that what they have been receiving is less than what the constitution stipulates.³

Petroleum revenues from the Federation Account is shared as follows:⁴

- Federal Government 52.68%;
- States 26.72 %;
- and local governments 20. 60 %.

The funds distributed among the different tiers of government from the Federation Account is based on the annual federal budget estimate for the price of crude oil in the particular year (\$30 in 2005, \$35 in 2006, \$59 in 2008, \$45 in 2009). When oil prices are considerably higher than the budget benchmark, the federal government accumulates the excess revenue into an “excess crude account”, which includes all additional revenues over the price stated in the annual federal budgets.⁵ There has been a lot of controversy over federal government withdrawals from the excess crude account for ventures such as its payment in 2005 of \$12.4 billion to the Paris Club of creditors in a debt buy back deal. While the federal government was pushing arguments to justify its retention and management of the excess crude account, in recent years states have successfully pressured for a distribution of excess funds through the Federation Account.

Prior to the 13% derivation arrangement in the 1999 Constitution, the 1963 Republican Constitution had provided that “there shall be paid by the federation to each region a sum equal to 50% of (a) the proceeds of any royalty received by the federation in respect of any minerals extracted in that region; and (b) any mining rent derived by the federation from within that region.”⁶ That was when there were three federating units – western, eastern, and northern regions, dominated by the three most populated ethnic groups of Yoruba, Igbo, and Hausa-Fulani, respectively. The fiscal arrangement changed in the advent of petroleum produced in the Niger Delta, among peoples categorised as so-called minority groups of Nigeria.

³ Interest groups from the Niger Delta have also requested that the Federal Government release over ₦300 billion owed the Niger Delta Development Commission, in contravention of the Act establishing the Commission. See <http://www.vanguardngr.com/content/view/20534/>

⁴ In 2007, the Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC) was proposing a bill for a new revenue sharing formula among the three tiers of government that would give 53.69 % for the Federal Government, 31.10 % for the states and 15.21 % for local government. See Vanguard newspaper, 14 August, 2007

⁵ Isaac Osuoka’s presentation at the Expert Group Meeting on the Use of Non-Renewable Resource Revenues for Sustainable Local Development Organised by the United Nations Department of Economic and Social Affairs, Friday 21 September 2007, UN Headquarters, New York. See http://www.un.org/esa/sustdev/sdissues/institutional_arrangements/egm2007/report.pdf.

⁶ The 1963 Republican Constitution of the Federal Republic of Nigeria, cited in the text of a World Press Conference held in Abuja on 28 April, 2005 to present the joint position of the South South geopolitical zone on the issues of resource control, rotational presidency, and other related matters, during the National Political Reform Conference.

Section 44 (3) of the 1999 Constitution, the current grand norm, states that "...the entire property in and control of all mineral oils and natural gas in, under or upon the territorial waters and the Exclusive Economic Zone shall vest in the government of the federation and shall be managed in such manner as may be prescribed by the National Assembly."⁷

The Niger Delta people have earned relatively little from the oil produced on their land since commercial crude oil production began in the region in the late 1950s. A study of the federal-state percentage distribution of petroleum proceeds between 1960 and 1999 shows that in the period 1960-1967, oil producing states got 50%, federal government got 20%, and 30% was paid into a distributable pool, where all states, including the states that got 50%, shared. 1967-69, the producing states and the federal government received 50% each, while nothing was set aside in a distributable pool. By 1970, federal government controlled 100% of oil proceeds; 1970-71, oil producing states received 45% and federal government got 55%; 1979-1981, federal government controlled 100% of oil proceeds; 1982-1992, oil producing states got 1^{1/2}% and federal government received 98^{1/2}%; 1992-99, producing states got 3% and federal government 97%; and 1999 to date, oil producing states have received 13%.⁸

The three tiers of government in Nigeria often have responsibilities that overlap. Generally, the federal government formulates the ultimate guidelines for the country while states and local governments are expected to implement the bulk of community and grassroots projects. In recent times, the federal government has withheld a chunk of local government allocations as deductions to defray charges, like payment of primary school teachers which has been made sometimes directly by federal and state governments.⁹

Many states have been accused of diverting a huge portion of local government revenues, which, constitutionally, go through the state/local government joint accounts to the councils. But the quantum leap in revenues accruing to local councils from the Federation Account, especially during the period covered by this report, has tended to make such financial diversions from council revenues of reduced significance. Local government officials have also turned a blind eye to the funds diversion in order to remain in the good books of the state governors, who largely determine the election of the local government chairpersons.

Every year, the federal, state, and local governments produce budgets that are submitted to their legislatures for approval. The annual budget contains revenue and expenditure projections for the year in question. Spending is classified into capital expenditure and capital expenditure. Recurrent expenditure consists of operational costs, like payment of salaries, maintenance costs, staff training, etc. Capital expenditure comprises infrastructure development costs. But there is usually a very thin line between the two categories of expenditure. For example, some

⁷ Constitution of the Federal Republic of Nigeria, 1999.

⁸ Text of a World Press Conference held in Abuja on 28 April, 2005 to present the joint position of the South South geopolitical zone on the issues of resource control, rotational presidency, and other related matters, during the National Political Reform Conference.

⁹ Mobolaji E. Aluko, "Revenue Allocation and the Nigerian State: Of Derivation, Dichotomy, and Debt Issues," 20 May, 2002. Accessed at: <http://www.dawodu.com/aluko16.htm>.

governments categorise items like security vote under capital expenditure, even though experts believe such spending should not belong there.¹⁰ The fluid classification of capital and recurrent expenditures contribute to the crisis of ambiguity, which plague most government budgets in the country.

Under current regulations at the three tiers of government, ministries and departments present statements of expenditure at the end of each financial year. From such statements, unspent funds are calculated and, as a rule, returned to the treasury for eventual inclusion in the next budget. But experience has shown that unspent funds exist mainly as fraud chest for corrupt officials.

Road to agitation and anger

Since 2005, the Niger Delta has engaged local and international attention for the wrong reasons. This was when displeasure at perceived deprivation turned into armed struggle and brigandage, underlined by series of armed attacks on the oil infrastructure, particularly platforms, oil pipelines, and oil vessels in the Niger Delta. Several Nigerian soldiers have been reported killed with many persons injured and displaced in the process. Foreign oil workers have been captured and held hostage by the militants – or groups of militants – who have made a series of demands.

A previously unknown group, Movement for the Emancipation of the Niger Delta (MEND), has claimed responsibility for most attacks on strategic oil infrastructure. MEND has from the onset made demands that were often in line with the democratic desires of the Niger Delta peoples as expressed in the Ogoni Bill of Rights, the Kaiama Declaration of the Ijaw, the Ikwerre Rescue Charter, the Urhobo Economic Summit Resolutions, etc. The various documents emanating from the different nationalities of the Niger Delta broadly contain demands for resource control, environmental protection and fiscal federalism.

Playwright and environmentalist Ken Saro-Wiwa led his Ogoni people of Rivers State in 1993 in peaceful agitations and mass protests against the devastation of their environment by Shell. But the Nigerian government, backed by the oil multinational, established a military taskforce that engaged in “wasting operations” in Ogoni, a place known for abundance in agricultural productivity before the advent of oil and environmental pollution. Shell, allegedly, bought guns and provided financial support for the military taskforce, which massacred the Ogoni in their hundreds and destroyed their communities.¹¹

The military regime of General Sani Abacha on 10 November, 1995 murdered Saro-Wiwa and his eight Ogoni compatriots after a kangaroo tribunal convicted them on trumped up murder

¹⁰ Niger Delta Citizens and Budget Platform (NDCBP) research, October to December 2008.

¹¹ Cameron Duodu, “Shell Admits Importing Guns For Nigerian Police,” OBSERVER, 28 January, 1996. Accessed at: <http://archive.greenpeace.org/comms/ken/observer.html>.

charges. Britain condemned the killing of the “Ogoni 9” as “judicial murder”, and a visibly angry international community isolated Nigeria.

The Ogoni killings followed the Umuechem massacre in 1990 when men of the Nigeria Police Mobile Force visited the community in the Etche Local Government Area of Rivers State with death and destruction, leaving over 80 residents dead, and destroying plants, animals, and virtually every standing structure. The assault followed a peaceful protest by the community against Shell for environmental degradation and lack of amenities.

Respondents in our field studies identified lack of good governance as a major driver of militancy in the region. There is strong dissatisfaction with the performance of all tiers of government, with the local government which is closest to the people receiving the hardest knocks. Most of the respondents believed that democracy dividend has remained a mirage for the vast majority of Niger Deltans. This is largely because of weak state structure, especially poor legislative oversight of the executive. Institutions such as the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices Commission (ICPC), the Code of Conduct Bureau, etc. are constrained by the political environment which grants immunity to incumbent public officers and does not allow for the rule of law.

Respondents also expressed the concern that oil companies operations are not transparent and lack accountability mechanisms. Many of the companies refuse to properly disclose how much oil they have drilled and how much they pay to government. This lack of transparency was also raised on issues relating to environmental degradation. Respondents claimed the companies are economical with the truth as far as disclosing the extent of ecological damages their activities continue to cause in the region. Poor disclosures on pollution, plans for remediation and compensation constitute a major source of tension in oil company community relations. It has also led to proliferation of conflicts among Niger Delta communities as a result of struggle for recognition as host communities.

Though, inequitable distribution of Nigeria’s oil wealth is at the root of underdevelopment, anger, agitation, and insecurity in the Niger Delta, studies by NDCBP and other civil society groups have shown that had state and local government officials in the Niger Delta tried to be honest with disbursement of revenues that have accrued to the area, things would have been a lot different.

AKWA IBOM STATE

Budget Highlights:

Total budget for 2008	-----	₦153.525billion
Total capital votes	-----	₦117.195 billion (76.34%)
Total recurrent votes	-----	₦36.330billion (23.66%)
Total recurrent/capital votes for House of Assembly	-----	₦5.5billion (3.58%)
Total recurrent/capital votes for Government House	-----	₦35.645billion (23.22%)
Total votes for health (recurrent/capital components)	-----	₦5.301billion (3.45%)
Total votes for education (recurrent/capital components)	---	₦18.499billion (12.05%)

Akwa Ibom State has received less attention than some of the oil producing neighbours with regards to its budget and expenditures. Increased scrutiny of the state's expenditure is particularly relevant because of increases in offshore oil production that brought its income close to that of Rivers, Bayelsa and Delta States who have simultaneously had limitations in their own oil production. The 2008 budget was prepared at a time of rising oil prices and rapidly increasing revenues to the State government. These revenues should have peaked at around ₦120 billion (over \$1 Billion) in 2007 with higher expectations for 2008. Actual revenues for 2008 would have been impacted by falls in the price of oil in the later part of the year. However, oil and gas production in Akwa Ibom continues to increase with some additional commitments to gas projects also likely to increase revenues in the coming years.

The Akwa Ibom State budget follows the same conventions as virtually all state and federal budgets with an emphasis on separation of capital expenditure from personnel and overheads costs. A fundamental deficiency in the 2008 budget of Akwa Ibom was the very limited details provided on proposed expenditures. There was little or no explanation of the rationale for overheads provisions and very little or no apparent consideration of the real costs of actually maintaining services or equipment. The apparent absence of an accrual based accounting system leaves further room for errors because there appears often to be no acknowledgement of the need to write off and replace equipment.

Also a common issue, as with other states, is a question of priorities which do not coincide with the language of the budget speech. State budgets invariably talks of prioritising health and education but closer inspection of the budget brings this assertion into question.

The division of recurrent expenditures and capital votes are also often arbitrary. Often, capital items are budget categories that could easily be considered as consumable or overhead costs. It is probable that this stems in part from criticisms of past governments that were accused of conducting precious little activity in terms of meaningful infrastructure investment.

The 2008 budget made a total provision of ₦8.5 billion for the overhead costs of running the state government and its many departments (not including personnel costs). The following sectors received more than ₦500 million for overheads:

- Government House (₦750million directly and ₦1.19 Billion if including sub offices)
- Ministry Finance (₦1.7 billion, including a ₦700 million financial provision for increased cost/emergency)
- House of Assembly (₦971 million)

Health is a good example of an area that was a priority in name but appeared to have been fundamentally neglected in terms of allocation. The Hospital Management Board received just ₦24 million in 'overheads' to support the activities of about 400 staff. The Ministry of Health received ₦33 million for overheads.

Education fared little better than health in terms of overheads – the Ministry of Education got ₦50 million and the State Secondary Schools Board received ₦40 million. However, it is worth mentioning that ₦396 million was allocated as the state's contribution to the Universal Basic Education (UBE) initiative. But even taking the UBE overheads into account, there is reason to question the state government's commitment to the provision of essential materials for learning. If, for instance, Akwa Ibom State has 500,000 pupils in its primary schools, this allocation would at best make a provision of ₦1, 000 per pupil for the year as overheads associated with their education.

The capital vote suffered a broadly similar fate with the overhead allocations. In the 2008 budget, ₦21 billion was allocated to the Ministry of Works, which ordinarily should translate into significant infrastructural improvement. But this was not to be, as was discovered by NDCBP monitors.

It is worth noting that health did little better in the capital vote with just ₦4.6 billion from a capital estimate of ₦126 billion. Health, again, lagged behind the allocation to the House of Assembly, which was ₦4.2 billion. The House of Assembly planned to spend ₦500 million for training and capacity building for members under its capital vote. A further ₦1 billion was allocated to ad hoc committees, inquiries, and related activities. A plethora of other activities included ₦50 million allocated to the printing of calendars, diaries etc. overshadows the ₦24 million voted as overheads for the Hospitals Management Board.

The most dubious parts of the budget seemed to be buried towards the back under General Administration. Over ₦8billion was allocated under the Governor's Office –with ₦6 billion for security and ₦1.8 Billion for 'constituency projects'. The most striking example of unaccountable

expenditure – as is the case with governments at both federal and state levels – seems to be the single line items, such as the N6 billion appropriated as “security vote.” There was no explanation as to how these funds were to be expended or accounted for.

Perhaps, most disturbing is the revelation that only ₦300 million had been expended from previous year’s health sector’s capital vote of ₦4.2 billion as at 31 August, 2007. This suggests that health services suffered a double neglect in both budget formulation and implementation.

There was a disturbing lack of data on which to base analysis. Many items for which provisions had been made in 2007 and 2008 showed no year-to-date expenditure, suggesting either very poor information flow or that budgeted items in key areas were simply not pursued. Examples included a ₦1 billion provision for free health care for children under five years and pregnant women in 2007, which had no year-to-date reporting.

The lack of any realistic fiscal commitment to the provision of “free services” is one area that a number of Niger Delta states need to be challenged on. A cursory examination of the budget shows that this commitment has been made in words only.

Another case that deserves closer attention is the construction of a new specialist hospital for the state and three other General Hospitals. ₦1 billion was allocated to this work in 2007 (with just ₦3 million, reportedly, expended as at 31 August, 2007) and a further ₦2 billion was allocated in 2008. This constituted by far the largest item in the health vote and a repeated failure to deliver was a significant blow to the prospects of health care in the state.

One of the most striking sections of the education budget was the provision for refurbishing and completion of primary and secondary schools. ₦3 billion was allocated to these, involving provision of 30,000 desks for 150 primary schools and 56,160 textbooks, etc. The price estimate for these items would seem expensive, to say the least. For example, if as much as ₦1 billion was allocated to textbooks, then, each desk would still cost ₦66, 000 which is hardly economical.

The ₦3 billion is a remarkable allocation for secondary schools` refurbishment and if meaningfully implemented it should be welcomed. However, as in the case of health, the 2007 expenditure on this very section shows the same problems. Reported expenditure from a budget of ₦1.7 billion as at 31 August was just ₦103 million.

A further example of a budget line that has suffered repeatedly is the plan for a state library – put at ₦1 billion in 2008 (up from ₦260 million in 2007) with only ₦2 million spent as at August 2007.

It is not possible to comment on the allocations to the Ministry of Works because the budget provided a considerable list of activities with no funds against individual items. In other areas, the question of priorities remained open.

There is considerable challenge for the state government to show that it is making significant progress towards promoting the health, education, and well-being of the people of Akwa Ibom State.

MONITORING REPORT

NDCBP monitored specific projects contained in the 2008 budget of Akwa Ibom State to determine extent of implementation. Allocations examined included provision of streetlights in 13 roads in the state; purchase of 200 KVA transformer for the modification of streetlights along Edet Akpan and Nsikak Eduok Avenue; the construction of a modern state library in Uyo and renovation of the existing state library in Abak; and upgrading of urban centres in Oku communities (with World Bank counterpart funding).

In addition to the state budget, NDCBP monitored implementation of allocations for the renovation of health centres in Ikot Usop and Ikot Akan in Ikot Abasi Local Government Area.

In the state budget, ₦200 million was budgeted for the provision of streetlighting in major streets in the following semi-urban centers: Aka/Obot Idim road, Mbak Atai, Ikot Edibon, Odot, Idu, Afagha Ikot Ebak, Ibiaku Ntok Okpo, Ikot Akpan Nkuk, Mkpat Enin, Uquo, Oruko, Okopedi, and Abak.

As at end of 2008, NDCBP found only old and dilapidated streetlights when it visited Aka/Obot Idim road. There was no sign of renovation or provision of new streetlights in the area. Discussion with locals revealed lack of knowledge and information about the streetlight project.

At Ikot Edibon, NDCBP found no streetlights. Discussion with the people revealed that a road project was completed in the community in 2008. They were not sure if there was provision for streetlights.



No street lights were seen at Obot idim and Mkpat Enin

At Odot, NDCBP found a road under construction, which leads from Ikot Abasi Asutan to Odot, and observed old and hanging bulbs from poles that used to be streetlights. Similar observations were made during visits to other communities where streetlights were provided for under the 2008 budget. The communities include, Abak, Mkpato Enin, Ibiaku Ntok Okpo, Afagha Ikot Ebak, and Ikot Akpan Nkuk.

NDCBP sighted the budgeted transformer along Edet Akpan and Nsikak Eduok Avenue.

The Akwa Ibom State government allocated money for the construction of a new central library and eight new divisional libraries as well as the renovation of the existing libraries, provision of books, purchase of two generating plants, and five utility vehicles. Budget allocation for this was ₦1 billion. The budget did not state where the generating plants would be installed and the locations of the eight new divisional libraries. The budget also didn't specify how the vehicles would be allocated. This posed a challenge for effective monitoring of budget implementation.



Abak library: no indication of renovation

Construction work was ongoing at the site of the new library in Uyo but there was no sign of renovation work at the existing library in Abak.

Monitoring of the World Bank Urban Upgrading Scheme (Counterpart funding for the upgrading of urban centres in Oku communities – Ikot Udoro Oku, Akpan Akpaudo, and Ibiaku Itam) for which a budget provision of ₦500 million was made in 2007 was difficult. For one, the budget was not specific as to the projects to be carried out in Oku communities. Discussion with community members revealed that the only visible World Bank projects were the constructions on Faith Road, William Bassey Road, Udosen Road, and a few streets in the area. Respondents

expressed concern that the quality of work did not depict their expectations for a World Bank-assisted project. The roads were narrow and not well tarred.

Construction/rehabilitation/upgrading of Community Health Centre, Ikot Usop, was valued at ₦1million in the 2007 budget. A visit to the health centre revealed that renovation and construction of new blocks were ongoing. A respondent said the local government got financial assistance from the state government in the implementation of the project. The health centre was being upgraded to the status of a general hospital. Respondents said the community was duly consulted, which resulted in the donation of more portions of land to the government for the project.

Rehabilitation of Ikot Akan Health Centre was valued at ₦0.5 million in the 2007 budget. Expected target included the following:

- Replacement of fallen ceilings – ₦0.15 million
- Plumbing work – ₦0.15 million
- Repair of electrical fittings – ₦0.5 million
- Provision of nets on doors and windows – ₦0.05 million
- Painting – ₦0.1 million

At the time of **NDCBP**'s visit, no work had been done to reflect the above target. However, **NDCBP** felt the work was under-budgeted.

BAYELSA STATE

Budget Highlights:

Total Budget for 2008 -----	₦180.1 billion ¹²
Total capital votes-----	₦126.1 billion ¹³ (70.02%)
Total recurrent votes-----	₦54 billion (29.98%)
Recurrent/capital votes for Government House-----	₦14.590 Billion ¹⁴ (8.10%)
Total recurrent/capital votes for House of Assembly-----	₦3.6 Billion (1.99%)

The Bayelsa State budget for 2008 is an interesting partial break with conventional state budget designs. The budget has some precedents that are signs of progress:

- NDCBP was able to receive an electronic version of the budget which makes it far easier to share and analyse.
- In some departments there were interesting steps to promote transparency (such as the inclusion of the nominal roll of staff).
- There are some allocations that suggest an interest in addressing longstanding complaints about actual services [examples being library materials for schools and drug allocations for hospitals].

In particular, positive attributes of the 2008 budget of Bayelsa State included the details provided, such as the nominal roll of staff. Others areas where commendable details were provided included the ‘pilot’ school libraries, for which provisions for both an estimated ₦20 million per school (which could establish a local library of several thousand books) and a list of schools that should have benefitted in 2008 were made. In some of these areas the information makes it much easier to shift debate to budget implementation – to determine whether these promising allocations have been converted into reality on the ground. These questions must be

¹² The 2009 Budget of Bayelsa State puts total revenue estimates for 2008 as ₦160,889,327,049, which may indicate reduced revenue as a result of drops in the price of crude during later periods of 2008.

¹³ In the 2009 Budget of Bayelsa State, ₦122.186,247,580 is indicated as actual allocation for capital expenditure in 2008.

¹⁴ In the 2009 budget of Bayelsa State, ₦20.200,000 is indicated as overheads for 2008, which may reflect more extra budgetary expenditure for running the governor’s office and government house.

linked to credible reporting on how the state is implementing its budgets. If the sites visited by teams from the platform are representative then any improvements in budgets are being undermined by the failure to implement the bulk of plans.

Also, as initiatives were mostly multi – year projects, there is an urgent need for good quality reporting by the government on progress. A good example is ‘establishing’ a school for the handicapped where ₦150 million was budgeted in 2007, a further ₦26 million in 2008 and yet the budget seems to state this will only be 11% completed in 2008.

NDCBP`s analysis of Bayelsa budget focused on health and education – areas where it was hoped that participants can use local knowledge to discuss priorities and whether promised projects have been implemented.

Health

At a basic level of analysis the 2008 budget represents a significant jump for investment in healthcare – with capital and *recurrent* expenditure jumping from ₦8 billion to over ₦12 billion. However a major part of this jump in funding is captured in a single budget line – drugs and the procurement of equipment increase from ₦1 Billion per year to ₦3.5 Billion for 2008.

There were major investments in hospitals which seemed to be planned for completion within 2008 – including the Yenagoa Teaching Hospital [₦1.2 Billion committed for 2008] and a further expenditure of ₦1.1 Billion for furnishing and ₦1.3 Billion for lecture halls and accommodation. This is one example of a major investment against which the budget for the year was measured for its achievements. Successful implementation could presumably provide a major platform for improved healthcare while the failure to deliver would mark a considerable loss of funds.

The detail on the Teaching Hospital gives some idea what can be expected and where. There was much less clarity for the public over funds for the ‘renovation/completion’ of existing and abandoned hospitals’ across the state which takes almost ₦1 Billion. This follows from a combined ₦1.2 Billion in the previous year.

With the history of non-implementation of such allocations in the past, it would have been better if the hospitals for renovation in each year were clearly named (as occurred in the Education Ministry) and then some evidence of a local investigation of needs and specific costs was also included.

The leap in funds for medicines and equipment to ₦3.5 billion may seem a commendable step forward in some regards. If this was spread across five hundred thousand people it would be an expenditure of ₦7, 000 per head. Simplistically, this would provide a considerable amount of subsidised drugs. For example, should it be attached to clear policy on free drugs and treatment for some illnesses and age groups then it could make a clear and visible impact on healthcare for people in rural and urban areas. However as there seemed to be no breakdown, it is not clear whether the largest share of this was for equipment, nor was it possible to get an idea of what priorities were made for drugs and their provision.

There was no detail provided in expected revenue that would give an idea if the government expects to receive funds back (indicated revenue is a miniscule ₦3.5 million in comparison with no mention of drugs revenue)

There are questions that can readily be asked about health policy:

- With the level of investment already made, can the state now afford to provide free care for certain critical illnesses (such as malaria) and some age groups?
- Will the funds and monitoring necessary for such policies be put in place and will more detail of funds allocated be given to allow the public to monitor such vital policies?
- Are the hospitals, doctors, and nurses, implied by the budget actually in place to support such policies and if not what needs to be done?

Education

The Education budget contains a level of detail in some areas which would be commendable if applied by other ministries, the electronic version includes the nominal roll of core ministry staff and there is a section that lists locations of education projects.

Overall the capital vote allocated to education has shrunk modestly – down to ₦13.8 Billion from ₦14.5 billion. This is a moderate but significant reduction when inflation is taken into account.

Two areas that call for public discussion are the interest in providing materials for learning to schools and the sizeable commitment to the Niger Delta University.

As an example of the level of detail provided, for the ‘pilot’ school libraries, there was an estimation of ₦20 million per school (which could establish a local library of several thousand books) and a list of schools that it seems should have benefited in 2008 (see table 1).

Since many of the budgeted projects are mostly multi – year projects, there is an urgent need for good quality reporting by the government on progress made during specific budget periods. A good example is ‘establishing’ a school for the handicapped where ₦150 million was budgeted in 2007, a further ₦26 million in 2008 and yet the budget seems to state this will only be 11% completed in 2008.

The allocation to the Niger Delta University development is important – **₦ 3.5 Billion** and taking almost exactly 33% of the entire Ministry of Education capital expenditure budget with continuing expenditure over the next 3 years. Such a large commitment requires credible reporting of progress and evidence that expenditure is economical.

Table 1: 2008 budget for equipping, furnishing of pilot school libraries in Bayelsa State		
S/NO	DESCRIPTION OF PROJECT	LOCATION
1.	Estab, Equip., Furnishing Of Pilot School Libraries @N20,000,000 each - Brass	GSS Okpoma
2.		GSS Twon-Brass
3.	Ekeremor LGA	CSS Aleibiri
4.		GSS Ekeremor
5.	Kolokuma/Opokuma LGA	GSS Odi
6.	Nembe LGA	NNGS Nembe
7.		GGSS Nembe- Bassambiri
8.	Ogbia LGA	GSS Ogbia-TOwn
9.		MDHS Imiringi
10.	Southern Ijaw	GSS Opuama
11.		SISS Oporoma
12.	Sagbama LGA	CSS Sagbama
13.		ST JGSS Amarata
14.		Central - Epie Opolo

MONITORING REPORT

In 2208 NDCBP monitored the Cottage Hospital and the Motherless Babies Home at Opolo-Epie, Yenagoa as from the bulk of proposed projects by the government of Bayelsa State. In addition, NDCBP monitored local government projects including a Health Centre at Gbarain-Toru and the proposed Motor Park at Igbogene-Epie.



Proposed site of motherless babies home

At the state level, the Motherless Babies' Home was budgeted at ₦200 million. However, by the end of 2008, NDCBP discovered that there was nothing to show an attempt or intention to build a motherless babies home at the proposed area. Investigation carried out showed that officials of relevant government ministries claimed lack of knowledge of the project even where it was clearly spelt out in the budget for 2008.¹⁵

In an attempt to monitor the spending of allocations for the Cottage Hospital originally estimated at ₦1.3 billion, NDCBP found out that the project was on-going and was at the roofing stage. However, implementation was slow leading to inability to complete plans during the fiscal year.¹⁶ Further findings from the Due-Process office revealed that sometimes amount stated in the budgets were not fully released thus causing delays in project completion. Practices in the states have often involved upfront payment of contractors.



Cottage Hospital Project, Opolo-Epie, Yenagoa

At the local government level, the team monitored the Health Centre project at Gbaran-toru budgeted at ₦28 million, as same project was repeated in the 2006 (₦18million) and 2007 (₦10million) fiscal years. On visits to the project site, NDCBP was confronted with an abandoned structure which in itself was a carryover from an existing substandard building. An attempt to value the structure showed a property worth no more than ₦5.7million standing. Since NDCBP could not lay hands on 2008 appropriation, it was difficult to ascertain if provision had been made for same project for 2008.

¹⁵ An additional ₦100,000 million has been budgeted for the same project in 2009.

¹⁶ In the Bayelsa Budget for 2009, ₦ 300 million was indicated as the "approved estimate" in 2009, while ₦ 700 million is the "proposed estimate" in 2009



Abandoned Community Health Centre at Gbaran-Toru

Attempts made by the team to monitor the Motor Park facility for Igbogene community valued at ₦35 million (2007 fiscal year) resulted in the discovery that no such project exists in the area. Executive members of the local branch of the National Union of Road Transport Workers (NURTW) approached on the matter said the union, which would be the major beneficiary of such project, knew nothing about the planned Motor Park.



Make shift motor park



Vehicles still parked along the road

DELTA STATE

Budget Highlights:

Total Budget for 2008	-----	₦150.574 billion
Total Capital Expenditure	-----	₦79.270 billion (52.65%)
Total Recurrent Expenditure	-----	₦71.303 billion (47.35%)
Total Recurrent/Capital for House of Assembly	-----	₦410million (0.27%)
Total Recurrent/Capital for Government House	-----	₦7.644billion (5.08%)
Total Recurrent/Capital votes for Health	-----	₦4.192billion (2.78%)
Total Recurrent/Capital Votes for Education	-----	₦3.750billion (2.49%)

The governor of Delta State, Dr. Emmanuel Uduaghan is a cousin of former governor, Chief James Ibori. The new governor served as the Secretary of the Government in the previous regime. His government can, therefore be considered as an extension of the Chief Ibori`s administration. Governor Emmanuel Uduaghan presented the Delta State 2008 Appropriation Bill to the state House of Assembly in November 2007. The budget, tagged *Budget of Hope and Empowerment*, had the following broad objectives:

- Poverty reduction and empowerment of citizens
- Increasing access to improved quality healthcare, social services and infrastructure.
- Diversification of economic base.
- Emphasizing Public Private Sector partnership in all aspects of economic and social development.
- Improving internally Generated Revenue efforts.

The 2008 budget shows a decrease of ₦72.851 billion from the 2007 budget. This decrease may be attributable to a cautionary approach to statutory revenue expectations due to the unpredictable nature of the international oil market and its attendant effect on the Federation Account. The budget estimate showed that over ₦107.9 billion was expected from oil revenues while about ₦40 billion or 28% was expected from the non-oil revenues. This again shows heavy dependence on oil revenue and high vulnerability of the state to negative effects of international oil prices.

Education

NDCBP observed a significant decrease in allocation to this sub sector from ₦9.085 billion in 2007 to ₦3.750 billion in 2008. This represented about 58.72% reduction in budgetary allocation. Of the ₦3.750 billion, about ₦1.875 billion or 50% was allocated to the primary and secondary schools, while 50% was allocated to the tertiary schools – prominent among them were Delta State University Abraka, College of Education Agbor, Polytechnics and College of Physical Education.

The government planned to renovate and reconstruct virtually all the post primary schools in Delta State during the 2008 budget year. Of the ₦71.303 billion recurrent

expenditure, ₦21.65 billion representing 30.37% was given to the education subsector alone, representing 20.3% of recurrent allocation in the year. Out of this amount, ₦14.521 billion, or 67.05% of education budget was allocated to the Directorate of Primary and Secondary Education.

In 2008, there was inadequate evidence to suggest effective utilization of the funds so allocated in the budget. Most of the schools provided for in the budget are still in states of dilapidation.

Health

The Delta State government allocated the sum of ₦4.192 billion for the Health sub-sector in 2008, which represents 2.8% of the budget. Of this value, the sum of ₦572 million) or 0.38% was for recurrent expenditure, while the sum of ₦3.62 billion representing 2.4% was earmarked for capital expenditure. The budget made provision for the renovation and completion of various Primary Health Care centers, construction and equipment of new hospitals and health centres, building of cottage hospitals etc. Building/renovation of health institutions was expected to gulp the sum of ₦1.49 billion which is approximately 35.5% of the total budget for the health sub-sector. ₦2.5 million or 0.5% of the total budget for health sub-sector was set-aside for the purchase of drugs.

The high expenditure on the health sub-sector may have been due to the anticipated number of rural health workers proposed to be recruited for the various health centers.



Governors of Rivers, Delta and Bayelsa supervised use of increased revenues

Table 2: Health Sub-sector Capital Allocations in Delta State					
<i>S/No</i>	<i>Details</i>	2007	%	2008	%
1	Renovation & Completion of Public Health Centres	100,000,000	1.5	90, 000,000	2.49
2	Diseases Control	150,000,000	2.2	94, 000,000	2.59
	(a) HIV/AIDS Programme Development Project	100, 000,000	1.5	100, 000,000	2.76
3	Establishment of Intravenous Fluid/ table water	110, 000,000	1.6	50, 000,000	1.38
4	Renovation of Existing Hospitals	30, 000,000	0.45	30, 000,000	0.83
5	Construction of New Hospitals	250, 000,000	3.73	40, 000,000	1.10
6	Expansion of Existing Hospitals	100, 000,000	1.5	200, 000,000	5.52
7	Provision of Medical Equipment	330, 000,000	4.93	50, 000,000	1.38
8	Essential Drug Project	10, 000,000	0.15	2,500,000	0.07
9	Health Services Research	5, 000,000	0.07	3, 000,000	0.08
10	Maintenance of Hospital Equipment	20, 000,000	0.30	5, 000,000	0.14
11	Promotion of Traditional Medicine	40, 000,000	0.59	20, 000,000	0.55
12	Development of other Health Institutions	60, 000,000	0.90	50, 000,000	1.38
13	Equipping Newly completed Hospitals	100, 000,000	1.5	10, 000,000	0.28
14	Primary Health Centres in Oil Areas	30, 000,000	0.45	20, 000,000	0.55
15	State Primary Health Care Development	50, 000,000	0.75	60, 000,000	1.66
16	School of Health Technology Ufuoma Ughelli	100, 000,000	1.5	50, 000,000	1.38
17	Construction & Equipping of Delta Specialist Hospital, Oghara	2,400,000,000	35.9	900, 000,000	24.86
18	Construction of various Health Centres	253, 000,000	3.8	134, 000,000	3.70
19	Equipment of the various Health Centres	998, 000,000	14.9	349, 000,000	9.64
20	Completion of Existing Health Centres	1,165,000,000	17.4	567, 000,000	15.7
21	Renovation & Supply of Medical Equipments to various Health Centres	-		760, 000,000	21.8
		6,688,000,000	100%	3,620,000,000	100%

Infrastructure:

The Delta State Government budgeted the sum of ₦6.504 billion for the infrastructural subsector in 2008. This accounted for 4.3% of the total budget provisions in 2008. Of this amount, ₦3.794 billion or 58.3% was earmarked for road construction and maintenance alone. The sum of ₦2.077 billion (representing 1.3% of total budget for the State or 31.9% of infrastructure budgeted sum) was set aside for provision of good drinking water via the establishment of water boreholes all over the local governments in the state. ₦ 2.76 billion or 1.8% of the total budget allocated to the infrastructural sub-sector is provided for the provision of power and energy.

MONITORING REPORT

Inadequate details in most sections of the state budget and unwillingness of state officials to provide information made it difficult for NDCBP monitors to locate capital projects contained in the budgets for the 2007 and 2008 fiscal years. For example, the budget allocation for Ministry of Water Resources in 2008 merely provided for rehabilitation of water schemes across the state. The budget estimates did not indicate the specific communities where rehabilitation work were planned.

However, NDCBP identified one Rural Water Distribution project sited at Akumazi-Umuocha Community in Ika North-East LGA and valued at ₦20 million. NDCBP discovered that the project was completed in the particular community but with no water flowing through the connecting taps as at end of 2008. Community members report that in previous months, water supply from the scheme was epileptic as getting water flowing was dependent on an electric generator that was irregularly fed with diesel. NDCBP valued work done on the Akumazi-Umuocha water projects at ₦3.9 million only, despite the allocation of ₦20 million in the budget.

NDCBP also monitored the skills acquisition centre owned and sited at Oshimilli South Local government council, contained in the "Education sector" of the Oshimili South appropriation bill for 2008 and valued at ₦15.7 million. Visits to the Skills Acquisition Centre of the LGA revealed that the project was at an advanced stage but a lot of work was still to be done as finishing and equipments were yet to be provided at the centre. NDCBP valuers that carried out a preliminary investigation on the project estimated that a total sum of ₦ 12.8million was expended on the said project. The paltry difference of ₦2.9 million between what has been expended and what was budgeted for could possibly explain the reason for non-completion of the job at the time of visit.

Generally, NDCBP found that the 2008 budget was not properly implemented, as budget figures failed to translate to improved service delivery in areas of water supply, healthcare and education.

RIVERS STATE

Budget Highlights:

Total Budget for 2008 -----	₦377.081billion
(2008 Supplementary Budget) ₦177.930 billion	
Total capital votes-----	₦312.672billion (82.90%)
Total recurrent votes-----	₦64.408billion (17.08%)
Total recurrent/capital votes for House of Assembly -----	₦5.238billion (1.39%)
Total recurrent/capital votes for Government House-----	₦23.178billion (6.15%)
Total Votes for Health (recurrent/capital components) -----	₦15.406billion (4.09%)
Total Votes for Education (recurrent/capital components) -----	₦24.102billion (6.39%)

Mr. Chibuike Rotimi Amaechi was the Speaker of the Rivers State House of Assembly from 1999 to 2007. On 6 February 2008, he, as the new Executive Governor, presented the 2008 Appropriation Bill to the House of Assembly. In the appropriation bill, the governor reviewed the 2007 appropriation law, pointing out that the state received the total sum of ₦238.7 billion, made up of ₦209.7, or 87.8%, from the Federation Account and ₦29 billion, or 12.2%, from internally generated revenue sources in 2007.

The sum of ₦377 billion was budgeted in 2008. Out of this sum, ₦64.4 billion was earmarked for recurrent expenditure – salaries, overhead costs and consolidated funds. ₦312.6 billion, or 82.9%, was set aside for capital expenditure. Out of the ₦312.6 billion for capital expenditure, economic, social and environmental sectors got about ₦172.7 billion, or 55.2%. The sum of ₦35.20 billion or 11.3% was allocated to General Administration, (while the balance of ₦113.7 billion representing 30.1% went to miscellaneous capital items, stabilization funds, Rivers State House of Assembly Capital expenditure, Port Harcourt Ring road, sustainable development, greater port Harcourt City etc. This puts a question mark on the priority of the state government, as it may be difficult to explain how such General Administration can lift the poor and marginalised people of Rivers State out of poverty.

NDCBP found out that ₦15.406 billion was allocated to the health sub sector, of which ₦5.8 billion, or 37.6% was set aside for health institutions. Free medical programs, roll back malaria and national programme on immunization, HIV/Aids programs meant to benefit the poor takes only a ₦1.8 billion representing 7.6% of the sum allocated to the health subsector.

In analysing the Rivers State 2008 budget, NDCBP focused on three key sectors, namely, education, health, and infrastructure. The findings were quite revealing. For instance, in the 2008 budget, education got ₦24.1 billion, representing 6.4% of the total budget for 2008. Of the ₦24.1 billion allocated to education, more than 50% is assigned to building/renovation of schools and furnishing of the Ministry of Education headquarters complex. Monitoring exercise carried out by NDCBP did not reveal new schools built in the state during the project year.

In the area of health, the budget (supplementary) provided for rebuilding of 20 primary health care centres across the 23 local government areas of the state (perhaps for each of the local government areas in the state). This would ordinarily make a difference in the lives of the people. But the big question remains, how many of the proposed general hospitals have been built? And what became of the millions of naira set aside for this project? Could the earmarked money for the hospitals be part of the ₦108 billion unspent funds brought forward to the 2009 budget?

The sum of ₦101.1 billion was allocated to infrastructure in 2008 as against ₦53.1 billion in 2007. This represents 109.5% increase over the 2007 figure. The government provided the sum of ₦15 billion for Port Harcourt Ring Road. But at the end of the 2008 fiscal year, no sign of the Port Harcourt Ring Road could be seen. Government has not informed the citizenry what has become of that project and the money allocated to it. Same thing is applicable to the ₦5 billion that was set aside for the development of Greater Port Harcourt City near the International Airport at Omagwa. This is fast becoming a white elephant project.

LOCAL GOVERNMENT BUDGETS

NDCBP analysed the 2008 budget of Ogu/Bolo Local Government Area.

A total of ₦1,37 billion was anticipated as revenue in 2008, against ₦997 million in 2007. Of this amount, only ₦46.5 million, representing 3.4%, was expected from internally generated revenue, while the balance of 96.6% was expected from the Federation Account. This, again, points to heavy dependence on oil revenue even at the third tier of government.

Total expenditure estimates for 2008 was also put at ₦1,37 billion. Out of this, ₦856.3 million or 62.4% was for recurrent expenditure and of the amount set aside for recurrent expenditure, ₦338.2 million or 39.5% was earmarked for overhead cost and ₦518.0 million or 60.4% was for personnel cost. A situation where more than 50% of the recurrent expenditure is set aside for personnel cost may not augur well for the system.

Capital expenditure was allocated ₦515.8 million or 37.6% of the total expenditure of the local government council.

NDCBP analysis shows that the local government Chairman’s office got ₦128.5 million or 15% of recurrent expenditure. The question that arises is whether the chairman’s office is so large that it can consume such huge sum of money. Again, this may have been a case of misplaced priority.

In the economic sector, where the sum of ₦195.5 million was budgeted, ₦138.5 million or 70.8% was set aside for transportation alone. This amount is said to be for the construction of roads and bridges, but there is no place in the budget where the names of the roads and bridges to be built were mentioned. Again, ₦38 million or 19.5% of the total sum to the economic sector was set aside for rural electrification, as was in the 2007 budget. The question is, how many communities in Ogu/Bolo are linked to the national grid? or how many communities in the council area have been given generating sets. It appears the ₦38 million has just gone down the drain.

In the social sector, the sum of ₦120.5 million was earmarked. Education and health got ₦52.5 million and ₦37.5 million or 43.5% and 31.1%, respectively. Yet most of the primary schools in the area do not have desks and tables; no new health centres have been built and the existing ones are in bad shape, with very few hands to man them. How the ₦52.5 million and ₦37.5 million were spent remains a mystery.

The area development sector got the sum of ₦121.0 million. Of this amount, town and country planning got ₦33 million or 27.3%, and community development got ₦54 million or 44.6%. However, there is hardly any trace of town and country planning in Ogu/Bolo Local Government Area. The issue of community development seems a clear misnomer, yet ₦87 million of the people’s money has gone down the drain. The money was provided for in the budget but there was nothing to show for it, even though officials submitted receipts showing that some community development activities were completed and paid for.

MONITORING REPORT

NDCBP monitored the level of budget implementation in Rivers State, selecting projects in key sectors like health, infrastructure, and education.

State government projects monitored included the following: expansion of Rivers State Central Library at Bernard Carr, Port Harcourt; School for the Handicapped, in Port Harcourt; building of health centre at Mgboshimini Community, Port Harcourt; purchase of helicopter by the Rivers State government; establishment of Specialist Heart Centre.

On state government projects, NDCBP found the following: ₦150 million was allocated to expansion of the Rivers State Central Library and provision of books in the 2008 budget. The expansion involved a two-room extension that was commissioned in 2007, meanwhile the

expansion and provision of books had earlier got ₦300 million in 2007. The books were grossly inadequate compared to the amount allocated for their purchase. Library officials told NDCBP monitors that no new books were provided during the period.

On renovation and rehabilitation of hostels at School for the Handicapped, Senior Secondary, Creek Road, Port Harcourt, for which N10 million was earmarked, it was discovered that the hostel, built by the Family Support Programme (FSP) of previous administrations, was never renovated at any point during the period under review. Despite a budget for the handicapped school, government has done nothing to renovate this dilapidated and cramped hostel in the School for the Handicapped. As a result, up to two physically challenged students are forced to share a single bed.



Hostel building of the School for the Handicapped in Port Harcourt

There was no construction of health centre at Mbgoshomini area, in Port Harcourt, despite the budgeting of ₦100 million for the project in the 2008 fiscal year. The designated site was overgrown with weeds. NDCBP gathered that the owner of the building used as health centre has threatened to evict the staff of this primary health care facility.



Proposed site of Mgbuoshimini Health Centre



Front view of the rented building housing Mgbuoshimini Health Centre



Staff of Mgbuoshimini Health Centre attending to patients

One the establishment of Specialist Heart Centre for which ₦500 million was budgeted, senior government officials at the Ministry of Health said they were not aware of the existence of a specialist heart centre in the state.

Local Governments

Local government projects monitored included provision of fire service equipment at Ogu/Bolo Local Government Area; building of civic centre at Ogu in Ogu/Bolo Local Government Area; provision of fire service equipment at Omuma Local Government Area secretariat; and building of filling stations at Eberi, headquarters of Omuma Local Government Area.

NDCBP found that on provision of firefighting equipment at Ogu for which ₦5 million was budgeted, only one empty 6kg fire extinguisher was available at the local government secretariat as at the end of 2008. Employees of the local government reported that no other fire fighting equipment had been provided by the council.

The civic centre building at Ogu was still at the foundation level few weeks to the end of the budget year.

On provision of fire extinguishers at the Omuma local government secretariat in Eberi for which ₦2 million was budgeted in 2008, 10 fire extinguisher cylinders were provided. They were, however, bought in 2007, raising questions as to how the budgetary provisions for the items in the 2008 fiscal year were expended.

Nothing indicated the construction of a filling station by the Omuma Local Government Council.

ABOUT NDCBP

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

Nigeria is among the major petroleum exporters in the world. The government and transnational oil companies earn huge revenues from oil and gas exports. However, amidst growing exports and increasing revenues to national, state and local governments, poverty levels in the country have been increasing while social infrastructures collapse. The inability of the state to create a community adequate for development has resulted in a disenfranchised citizenry and the escalation of violence.

Violence, which has been increasing in different parts of the country, escalated during the April 2007 General Elections with sponsored armed gangs terrorising citizens. In the Niger Delta area, gangs and militia activity have continued to increase with clashes with security agencies, kidnapping of foreign oil workers and sabotage of oil and gas infrastructure. The escalation of the crisis in the Niger Delta could have dangerous repercussions for national stability and global energy security.

The increasing violence in the Niger Delta complicates a social situation characterized by mass poverty and environmental degradation occasioned by the exploitation of crude oil and natural gas in the area, as corruption has robbed communities of potential benefits from the considerable federal, state and local government revenues from oil and gas sales.

The Niger Delta Citizens and Budget Platform is working to promote a new deal in democratic accountability in the Niger Delta region of Nigeria by improving participation and dialogue among communities, civil society and governments to ensure that government budgets and revenues from natural resources work for the people.

Members:

**SOCIAL DEVELOPMENT INTEGRATED CENTRE (SOCIAL ACTION)
CENTRE FOR ENVIRONMENT, HUMAN RIGHTS AND DEVELOPMENT (CEHRD)
KEBETKACHE WOMEN DEVELOPMENT AND RESOURCE CENTRE
UNITED ACTION FOR DEMOCRACY (UAD), SOUTH SOUTH ZONE
STAKEHOLDER DEMOCRACY NETWORK (SDN)
BAYELSA NGO FORUM (BANGOF)**

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