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Report on Sub-National Budget Transparency Survey Delta State, Nigeria



EXECUTIVE SUMMARY

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This report summarises the result of the 2018 Sub-National Budget Transparency survey conducted in Delta State, Nigeria which was commissioned in February 2018 with a detailed timetable of delivery. Delta State took part on the 2015 survey and scored 32 out of 100 in Public Access to budget documents, 39 out of 100 on Public participation in budget, but however scored a disparagingly low 17 out of 100 in Public Access to procurement information. These averaged to an overall total performance score of 30 out of 100. This was a poor rating for Delta State being one of the key contributors to the national oil wealth in Nigeria. Consequently, several key recommendations were also suggested for improvement in line with best practices in budget processes. Appreciably, the state seemed to have responded positively to some of the suggestions offered by CIRDOC in the 2015 Survey in its conduct of government business and this is reflected in its performance in the present (2018) appraisal. Thus, appraised against the uniform baseline rating following international best practices, the State in the 2018 survey performed creditably well. The overall budget transparency score for 2018 averaged to a modest score of 64 out of 100, reflective of the state's willingness and readiness to provide as much as possible, information on budget to citizens. Bulk of this total score emanated from the State's improvement since 2015 in releasing information on key budget documents to the public under which platform it scored a whopping 82 out of 100 as against 32 in 2015 (representing 156 percent improvement on the 2015 performance). This also means that budget documents on Delta State are readily available to the public. On public participation in budget processes, the score was 56 out of 100 as against 39 in 2015 (representing 44 percent improvement on the 2015 performance) which indicate that there is still limited participation by citizens in the budget processes in the State. However, the performance of the State on the degree of openness and transparency in the procurement process was 36 out of 100 as against 17 (though representing 112 percent improvement over the 2015 performance, yet is considered as being abysmally low from the point of view of international best practices) which indicates that the State requires more work to do on this variable particularly on public access to procurement information in the state.

Geographical & Historical Profile

Delta State was created by fiat through a military decree on August 27, 1991 by then Armed Forces Ruling Council (AFRC) headed by General Ibrahim Badamosi Babangida, out of former Bendel State. The creation was sequel to agitations by several distinct ethnic groups, notably the Urhobo and Anioma peoples, for the creation of separate States. Rather than accede to the separate yearnings of the two major distinct groups, then Military President, Gen Ibrahim Babangida (Rtd) split the former Bendel State into two namely Delta and Edo States. The capital of the State was put at Asaba.

However, the proper history of Delta State can be traced back to 1963 when then Midwest Region was carved out of the former Western Regional government in the Republican government. The Midwest region had been created to incorporate then existing colonial provinces namely "Benin" and "Delta" provinces. But the war-time regime of then military Head of State General Yakubu Gowon renamed the region "Midwest State" without altering its geographical boundary in 1967. This re-naming process continued even in the state-creation exercise of 1976 by then military Head of State, Late General Murtala Ramat Mohammed when the state's name became "Bendel" - an amalgam of the first three letters of the two separate names - "Benin" and "Delta" which still reflected the integration of the afore-stated provinces.

Geographically, Delta State occupies a landmass of about 18,050 Km² of which more than 60% is dry. The State lays approximately between Longitude 5°00 and 6°.45' East and

Latitude 5°00 and 6°.30' North. It is bounded in the North by Edo State, the East by Anambra State, South-East by Bayelsa State, and on the Southern flank is the Bight of Benin which covers about 160 kilometres of the State's coastline. Delta State is generally low-lying without remarkable hills. The State has a wide coastal belt inter-laced with rivulets and streams, which form part of the Niger-Delta. Its population, based on the 2006 national census exercise, of 4,098,391 (Males: 2,674,306 Females: 2,024,085 (according to the Federal Republic of Nigeria, Official gazette, No. 24, vol. 94 of 2007) indicates that the Delta is one of the States with a high density of human population in the country.

Politically, Delta State is governed by a democratically elected Governor and a House of Assembly based in the capital Asaba. The present Governor is Senator (Dr) Arthur Ifeanyi Okowa, an Anioma descent from Delta North Senatorial district. He is a member of the ruling political party in the State - the Peoples Democratic Party (PDP). The PDP also controls a majority of the seats in the Delta State House of Assembly with minority parties comprising of less than fifteen percent of the total seats in the State Legislature. He is in his first term as the Executive Governor of the oil-rich State. There are twenty-five (25) Local Government Areas each of which is a State Constituency presenting one member to the twenty-nine - member State House of Assembly with the exception of Burutu, Isoko South, Warri South and Ughelli North which presents two members each to it. The dominant political party in the State is the Peoples Democratic Party. The 25 Local Government Areas of the State form the basis of a political classification into Senatorial districts namely; Delta North with Asaba as a hub, Delta Central with Ughelli as administrative hub and Delta South with Warri as administrative hub. The State is also divided into ten federal constituencies each of which presents a member at the Federal House of representatives namely: Aniocha North/Aniocha South/ Oshimili North/Oshimili South, Bomadi/Patani, Burutu, Ethiope East/Ethiope West, Ika North East/Ika South, Isoko North/Isoko South, Ndokwa East/Ndokwa West/Ukwuani, Okpe/Sapele/Uvwie, Ughelli North/Ughelli South/Udu, and Warri North/Warri South/Warri South-west. The dominant Peoples Democratic Party currently holds two of the three Federal senatorial seats (with Delta Central being the exception) and the ten House of Representatives seats at the Federal House of Representatives. The twenty-five Local Government Councils are dialectically the same in authority and management with defined constitutional power-sharing between them and the State and Federal governments under the principle of separation of powers. The Peoples' Democratic Party controls a dominant majority in the State House of Assembly.

Strategically, the State is a gateway to the nation's western States from the east. An East-West road connects the State with Bayelsa at the Patani end and with Edo State at the Ugbenu-Oghara end.

Economic Potentials and Investment Policies

Economically, as one of the States situated in the Niger Delta region in the South-south geopolitical zone, Delta is oil-producing contributing about 35% of Nigeria's crude oil and some considerable amount of natural gas. The oil-producing local government areas are Warri North and South, Burutu, Isoko North and South, Ughelli North and South, Okpe, Ethiope East and West, Sapele and Ndokwa East and West. Two principal towns namely; Asaba- the capital city, located in the northern part of the State with an estimated area of 762 km² - and Warri – the economic nerve centre, located in Latitude 5°31'N and Longitude 5°45'E in the southern part of the State occupying an estimated land area of 1,520 km² markedly represent the political and economic hubs of the State respectively. Warri, the major commercial city in Delta State, Nigeria has a population of over 311,970 people according to the national

population census figures for 2006. The nation's second refinery as well as petrochemical plant is located in the State at Ekpan, near Warri.

However, unlike some other States in the zone, Delta is a multi-city State with over eight major city locations all of which are competing for economic supremacy and strength. Thus, beside Asaba and Warri, there are other major cities as Agbor in the North-west flank, Ughelli in the Central region, Sapele and Oghara in the western flank of the State. Other emerging cosmopolitan centres such as Osubi, Effurun, Abraka, Oleh and Ozoro, all located within the central and south-eastern flanks of the State, have become new economic nexuses with growing urbanization and their attendant expensive-city-life.

Majority of the population is engaged in agricultural activities. However, beside civil servants and other workers in the Service sector of the economy - such as banking, transportation and shipping, a sizeable number of people are engaged in the oil and gas industry located in Warri and its environs. Sapele and Oghara are traditionally renowned for their processing of Rubber and Timber resources in the State but have also now become host locations for a flurry of oil and gas activities in competition with the Warri epicenter. The Osubi airport location (now being upgraded to enable it accommodate international flights) has accelerated the socio-economic developments in the Osubi/Effurun axis of the state.

Demographically, Delta is made up of people that are ethnically-diverse. Some authorities have nick-named the state a miniature Nigeria because of its ethnic diversity as the people speak numerous languages that are dialectically different from each other. The principal language groups are the Urhobo in the Central region (with varying dialectical groups comprising Ughelli, Agbon, Avwraha, Ughievwe, Uvwie, Udu, Okpe, Idjerhe, Oghara, Mosogar and Oghara), the Delta Ibo (with varying dialectical groups comprising Asaba, Aniocha, Ika, Ukwani and Ndoshimili peoples), the Isoko, Ijaw, Itsekiri (three somewhat monolithic language sects as - structural groups within each of these understand one integrated dialect).

Methodology of the survey

The research process adopted the use of questionnaires that was designed to measure some key parameters related to budget processes, availability and transparency processes. The questionnaire was divided into sections 1-4 with 70 questions in all. The sections measured availability of key budget documents, public participation in budget processes, transparency in the public procurement processes, as well as access to information and fiscal responsibility covering sections 1 to 4 respectively.

The survey was constituted with survey team comprising the State Researcher, State Supervisor and a Zonal Consultant who oversees the research process and reports back to CIRDDOC. The State research Team received support from the CIRDDOC team at every stage of the process.

Key findings

State budget transparency index:

The result of the 2018 survey placed Delta State 3rd among all States in the Nigerian Federation (and 1st among all States in the Niger Delta Geopolitical Region) on the rating having scored 64 out of 100 in terms of the overall budget transparency index. This result is a creditable performance, showing that the State demonstrates clear resolve to improve on its performance in open and transparent governance especially in budgetary matters in the State.

It is also a great advancement in the performance of the state on the 2015 results in which Delta State was placed 10th among all States in the federation in the transparency index.

Public availability of key budget documents

Delta State scored 82 out of 100 in public availability of key budget documents. This is an improvement of 52 percent on the 2015 performance. This rating represents the State's outstanding conduct in making key budget documents not only available to the public but also their timely release. Of a particular note is the Call Circular which was timely released on August, 2, 2017 (and posted immediately on the State government's website for public access), approximately five months prior to the budgetary year (2018). This is in line with international best practices. For the timely production and release of these documents to the public, the State scored high as most of the items on the questionnaire attracted the "A" Option response.

Researchers also observed the ease with which the State Budget Office personnel responded to our quest with minimal reluctance if any. Yet researchers did not mount any kind of pressure nor were the officials obsessed with researchers' inquisitions. This is praiseworthy and should be encouraged.

Public participation in budget process

The State public participation index for 2018 was 56 out of 100. This shows that there is limited participation by citizens in the budget process and therefore much room for improvement on this variable. On public engagement in the budget process however, we observed mixed performance of the State. For instance, while there are mechanisms put in place by the government for engaging the public on budget matters, particularly the UNDP-partnered Information Action Centers across the State which provide a forum for people to participate in the budgetary process, we are however not satisfied with the amount of information available for determining the State's response to the public inputs into the budget process.

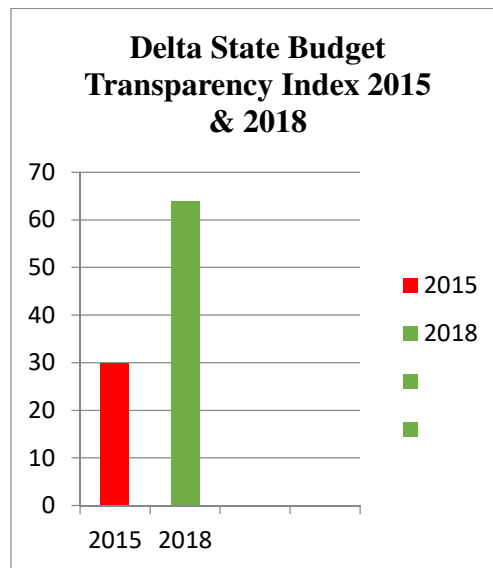
Public access to procurement information

The report on the status of public procurement procedure in the State provided not-too-excellent results. For while there is the existence of a Delta State Procurement Law and a State's Tenders Board which activities is evidenced by its publication of tenders in the MDA's website (see our citation to question 50), the responses regarding public bidding procedures and the processes of opening these bids remain largely internal to the government and little can therefore be said of the amount of fairness and public involvement in these respects. Thus question items 51, 52 and 53 which touch on the aforementioned areas recorded low rating score. Delta State also shows poor responses in items relating to the available legal frameworks on freedom of information generally and in particular, those relating to budgetary matters. There is however evidence of a State Fiscal Responsibility Law in place (see our Appendix 13 in response to question 64) and the rendition of account stewardship by the presentation of the State Accountant-General's report to the Public Account Committee of the State House of Assembly.

In all, Delta State performed far more impressively in most of the items in all four sections compared to its performance in the earlier surveys.

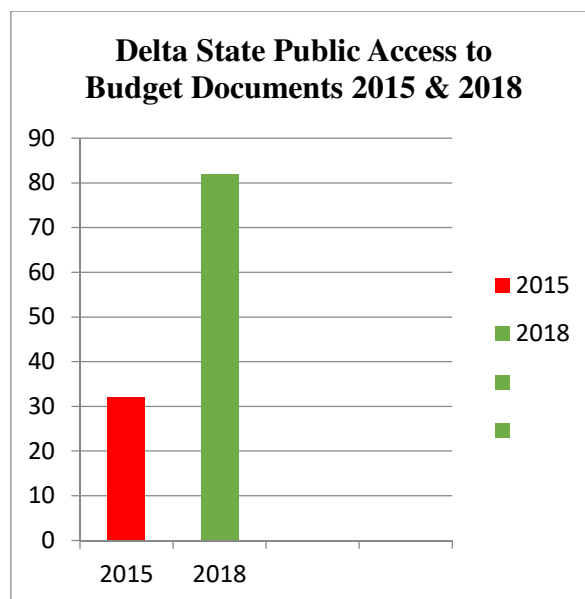
Delta State Performance in Comparative Analysis: 2015 Vs 2018

Findings



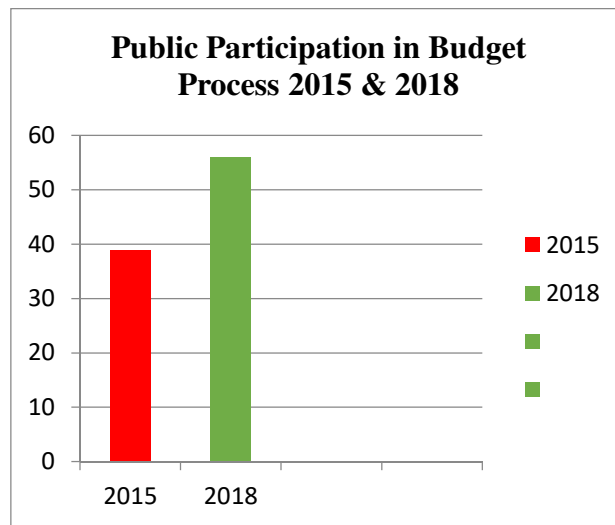
Delta State scores 64 out of 100 on the State Budget Transparency Index. The State had among the most significant improvements when compared to 2015 by increasing its score 34 points. The following are specific findings for each of the three sub-indices:

- **Public access to budget documents:** Delta State scored 82 out of 100 on the State Budget Document Availability Index. There is a significant increase of 50 points compared to 2015. Delta now publishes the State Budget Call Circular, State Draft Budget Estimates and Votes, Citizen’s Budget, State Quarterly Reports, and State Auditor-General’s Report when compared to 2015. All of these documents as well as the State Medium-Term Expenditure Framework/Fiscal Strategy Paper are available online. The State Appropriation Law is available on request. The State Mid-Year Review and State Accountant General’s Report are produced for internal use.

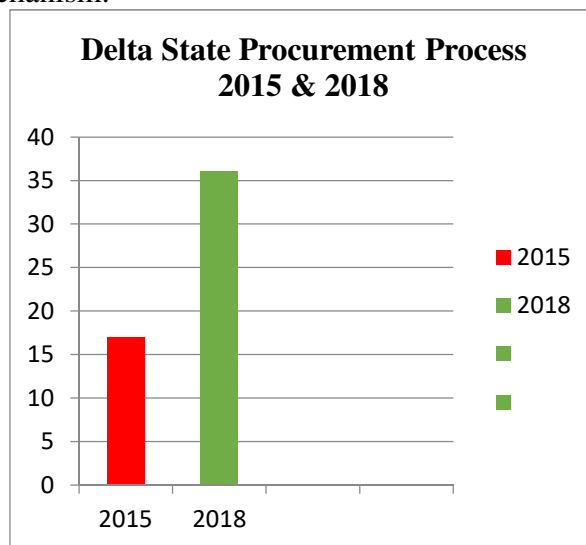


- **Public participation in the budget process:** Citizens and CSOs in Delta State have various spaces for the public to be involved in the budget process with a score of 56

out of 100. The executive utilises the UNDP Information Action Centres during **budget formulation** and **budget execution** to solicit inputs. During **budget approval**, budget hearings are open to the public.



- Public access to procurement information:** With a score of 36 out of 100, citizens have limited access to procurement information in Delta state. There has been some improvement compared to 2015. The Delta State Procurement Bureau Office guides the procurement process for the whole state, provides pre-bidding documents, and has a complaint mechanism.



Recommendations

CIRDDOC recommends the following to improve budget transparency, public participation in the budget process, and transparency in the procurement process:

Budget Transparency

The Delta State government should implement the recommendations of the Fiscal Sustainability Plan and go one step further by publishing online and in a timely manner the State Appropriation Law that is available on request.

The state should also publish these budget documents it currently produces for internal use only:

- State Mid-Year Review,

- State Accountant General’s Report, and
- State Auditor-General’s Report.

Public Participation

To effectively take advantage of knowledge of CSOs and citizens, the government in Delta state should do the following:

- Open the budget formulation process to all constituencies; establish effective mechanisms to solicit the public’s inputs on what should be included in the State Draft Estimates and Votes; and clearly articulate what the government expects to do with these inputs.
- Publish a list of beneficiaries of projects, subsidies, social plans, and other targeted spending from MDAs.
- Establish practical mechanisms for the public to provide inputs on how the budget is being implemented and publish reports on how these inputs are used.

Similarly, the Delta State House of Assembly should do the following:

- Provide spaces for the public to testify during budget approval.
- Open the hearings on the Auditor-General’s Report to the public.

Lastly, the Auditor-General should do the following:

- Establish practical mechanisms for the public to submit inputs on what should be audited.

Procurement Process

To improve the entire procurement process, the following should be done:

- The Delta State Procurement Bureau Office should include representatives from the private sector and civil society. The Office should also publish awards along with their justification of awards and have alternative dispute mechanism.

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