

BUDGET ANALYSIS BRIEF

DELTA STATE

2009

**NIGER DELTA CITIZENS AND BUDGET
PLATFORM**

● www.citizensbudget.org

A CALL FOR OPEN BUDGETING
By Niger Delta Citizens and Budget Platform (NDCBP)

Niger Delta Citizens and Budget Platform (NDCBP) beginning in 2008, initiated its budget advocacy campaign aimed at citizens' education, mobilization and participation in the budget process; and government's transparency, prudence and equity in the management of public resources. This Delta State Budget Analysis Brief has been produced for citizens, executive and legislative arms of government.

DELTA STATE AND REVENUES

As one of the oil producing states in Nigeria, Delta State benefits from the country's derivation formula which sees the allocation of 13% of revenue earned from petroleum to the states of derivation. It also benefits from other constitutional sources of revenue including statutory allocations, excess crude allocation, ecological fund and vast sources for internally generated revenue. In the year 2008 alone, transfers from the federation account to Delta State was N147, 711,061,306.54 (one hundred and forty seven billion, seven hundred and eleven million, sixty one thousand, three hundred and six naira, fifty four kobo). This is without taking into consideration other internal sources of revenue generation.

Despite the substantial resources that have accrued to Delta State in the past years, it has not fared any better in terms of development indicators and has instead retrogressed into conflict, crisis and underdevelopment.

Significant too is the fact that Delta State (like other states in the Niger Delta) depends almost exclusively on federal transfers which are dependent on Nigeria's oil sales in the international market. The danger in this is that such markets are prone to volatility as prices are not stable. A difference between projected income and actual receipts will cause a shortfall in the revenue of the State and its ability to deliver on its objectives if it solely relies on that source.

BUDGET SECRECY

The Budget and other fiscal information are treated with high secrecy in Delta State. It is often described as an official government document not necessarily for public consumption. This trend negates all known and accepted conceptions of a budget. A government budget should be a periodic statement of the government's expected income, and expenditure, all in the interest of the commonwealth. When such document is produced without consultation with the people, then it does not express their wishes and aspiration or their development preferences.

After a lengthy process of attempts to get the document including a formal letter to the State Government and many visits to government offices, NDCBP had to rely on informal channels to acquire the 2009 Details of Approved Capital Expenditure of Delta State.

2009 BUDGET

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

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

1. *Peace and Security*
2. *Human Capital Development*
3. *Infrastructure Development*

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

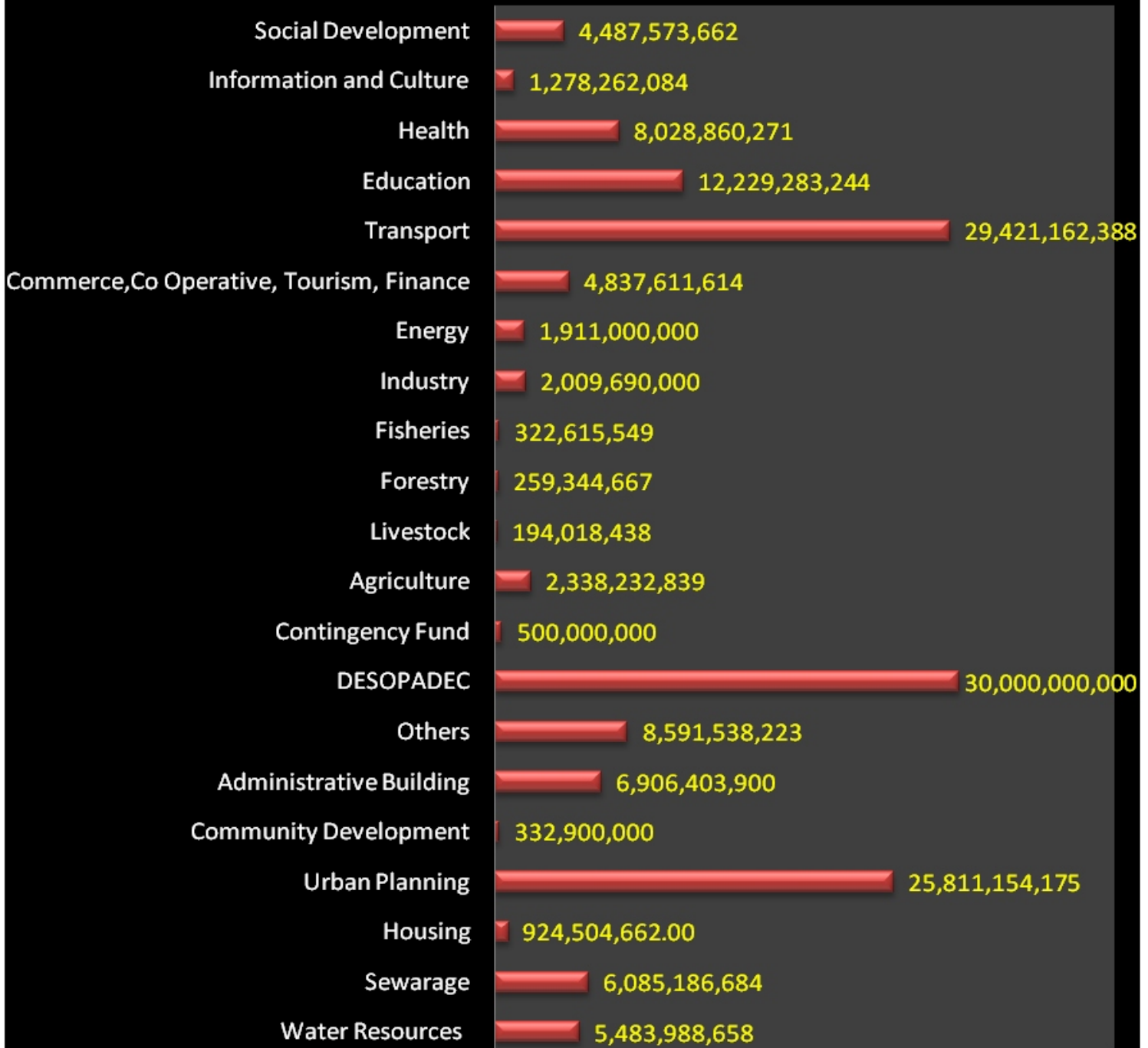
Delta State also defines its priority in the area of education in the following summary:

- Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children;*
- Ensuring that all children, with special emphasis on girl child in difficult circumstances and from ethnic minorities have access to and complete free and compulsory primary education of good quality;*
- Ensuring that the needs of all young people and adults are met through equitable access to appropriate learning and life-skills programme;*
- Achieving a 20% reduction in the level of adult literacy*
- Eliminating gender disabilities in primary and secondary schools and achieving gender equality in education*
- Improving all aspects of the quality of education*

The State's policy in the area of Health can also be summarised thus as presented in the Official State website:

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

Allocations 2009



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

The discrepancy between the approved 2008 budget and actual expenditure is also worthy of note. The budget performance for the 2008 fiscal year is given as 56% as only ₦82,194,680,895 of the total capital expenditure estimate of ₦146,340,513,746 was spent. This fiscal fact raises several questions on the focus and determination of the government to achieve its set objectives. The most readily available reason for this trend is the near total

dependence of the state government on federal transfer which itself is dependent on proceeds from the oil sector. Though the source of revenue for the Delta State government is not stated in either the 2008 or the 2009 budget, it is clear that the revenue base is heavily dependent on federal transfer. The budget performance of 56% is as a result of transfers from the federation account being less than was expected.

The amount allocated to education in 2009 represents just 8% of the budget. When this fact is compared against the government's policy of human capital development, and international conventions, it reflects a lack of commitment to its policy and a lack of prioritization of the education sector. In the 2009, the Education sector was allocated N12,229,283,244. The 2008 allocation was N6,669,051,472. Unfortunately, the utilization of the 2008 allocation raises doubt as to the impact of the nearly 100% increase. In 2008, only N3,587,909,307 of that allocation was expended.

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

In the health sector, there is a N8,028,860,271 (or 5%) allocation which represents a N2,222,159,664 nominal rise from the 2008 figure. This increase may not translate into actual expenditure as only N3,432,736,248 of the 2008 budget figure of N146,340,513,746 was spent. Also this allocation does not show a prioritization of the sector, in comparison, the item 'Others' under general administration which supposedly represents miscellaneous, is given a higher allocation. It is difficult to see how the level of consideration for the health sector can translate into achieving the government's goal of human capital development or even addressing international goals like the millennium development goals.

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

CONCLUSION AND RECOMMENDATIONS

While the Delta State government seeks in its policy thrust to develop human capital, its fiscal provision in 2009 provides for the opposite. The key sectors are given reduced allocation while less important ones like the item 'Others' under general administration get the bulk of the capital estimate. For example, housing, agriculture, livestock and community development get cumulatively less than the allocation to one administrative building. Cases of repetitions in the budget are also an indication of either a nonchalant and haphazard budget making process, or an indication of carefully crafted avenues for funds diversion. Whatever the case may be, it will be difficult for the state to achieve its development priorities given the prevailing fiscal realities.

Recommendations On budget Making

- *Citizens should be part of the entire budget cycle, from formulation to evaluation. It is only by*

this that the budget can be a truly people's document.

- *Budget documents should be made public and accessible.*
- *Budgets should be drafted with care to avoid ambiguity and repetitions*
- *Budgets should be strictly adhered to in implementation*

On the State's Revenue Base

- *Alternative sources of revenue (especially internally generated revenue) should be seriously explored*
- *The culture of saving should be developed as against budgeting all that is earned.*

On the Key Sectors

- *Government should back its policy thrust with equal funding*
- *The Health and education sector should be closely administered to reverse the negative trends that have been noted.*

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