

SOUTH EAST ZONE

Background

The southeast geopolitical zone of Nigeria is made up of five states, namely, Abia, Anambra, Ebonyi, Enugu and Imo States with eighty-five Local Government Areas (LGAs) and a population of over twenty million people dwelling in over ten commercial cities and large towns. Apart from agriculture as the mainstay of economic activities for the majority in the rural communities, the zone is also known for its commerce and trading activities with a preponderance of micro, small and medium indigenous industries that are into manufacturing, fabrication and agro-allied produce. Agriculture thrives very well in the area because the zone is endowed with arable land. The main food crops grown in the zone include yam, cassava, rice, cocoyam and maize while the cash crops include oil-palm, rubber, cocoa, banana and various types of fruits. The zone is blessed with solid minerals and natural resources in rich deposits such as crude oil, natural gas, bauxite and iron ore, sand stone, lignite, kaoline, clay, coal, tin, columbite, etc. The zone has high potential to attract investments in the following areas:

- i. Agro-allied industries (Cassava starch and flour as well as fruits and vegetable canning)
- ii. Textiles (Cotton Socks, Fishing nets and Mosquito nets)
- iii. Industrial Minerals/Quarrying (Glass industry, Table ware, Aggregate plant including stone crushing plants)
- iv. Plastics Industry (Plastics manufacture, Bottles, flask, cans, tubes and bags tiles) and
- v. Chemical Industry (Polyethylene, Explosives, Self-Adhesive Tape, Pulp and paper).

Budget Transparency Survey in the South East Zone

The State Budget Transparency Survey in the South-East just like in other geopolitical zones of the country is based on a detailed questionnaire that collected comparative dataset on the public availability of budget information and other accountable budgeting practices across Nigerian states. This is expected to serve as guide to civil society as well as researchers from each targeted state through each of the four stages of the budget process. It is expected to assist them in evaluating the information that should be made available to the public at every stage of the budget process and also help identify and evaluate accountable budgeting practices during each stage of the budget year. The questionnaire consists of multiple-choice and open-ended questions

on how budget documents availability and accessibility. Questions are grouped into three sections with computed indexes thus:

1. Public Availability of Key Budget Documents;
2. Public Participation in the Budget Process; and
3. Availability of Information on Public Procurement.

The last section of the survey has to do with issues of access to information and fiscal responsibility. The section has no computed index.

Section 1: Public Availability of Key Budget Documents

Under this section, key budget documents surveyed for their public availability include: State Budget Call Circular; State Budget Draft Estimates; State Budget Appropriation Law; State Citizens Budget; Implementation Reports: State Executive’s Quarterly Report, State Mid-Year Review and State Accountant-General’s Report (Year-End Report); as well as the State Auditor-General’s Report. Table 1 below compared availability of these key budget documents in the South East zone.

Table 1: Key Budget Documents availability in the South East Nigeria

| S/NoS | Key Budget Documents | ABIA | ANAMBR A | EBONYI | ENUGU | IMO |
|--------------|-----------------------------------|-------------|---------------------|---------------|--------------|------------|
| | 1. State Budget Call Circular | PIU | PPA | PPA | PPA | PIU |
| | 2. State Budget Draft Estimates | PIU | PIU | PIU | PIU | PIU |
| | 3. State Budget Appropriation Law | PIU | PIU | PIU | PIU | PIU |

| S/NoS | Key Budget Documents | ABIA | ANAMBR A | EBONYI | ENUGU | IMO |
|------------------------|--|-------------|---------------------|---------------|--------------|------------|
| | 4. State Citizens Budget | NP | NP | NP | NP | NP |
| | 5. State Executive's Quarterly Report, | NP | PIU | NP | PIU | NP |
| | 6. State Mid-Year Review | PIU | PIU | PIU | PIU | PIU |
| | 7. State Accountant-General's Report | PPA | PIU | PPA | PIU | PIU |
| | 8. State Auditor General's Report | PPA | PIU | PPA | PIU | PIU |
| Total Score (%) | | 16 | 20 | 19 | 19 | 13 |

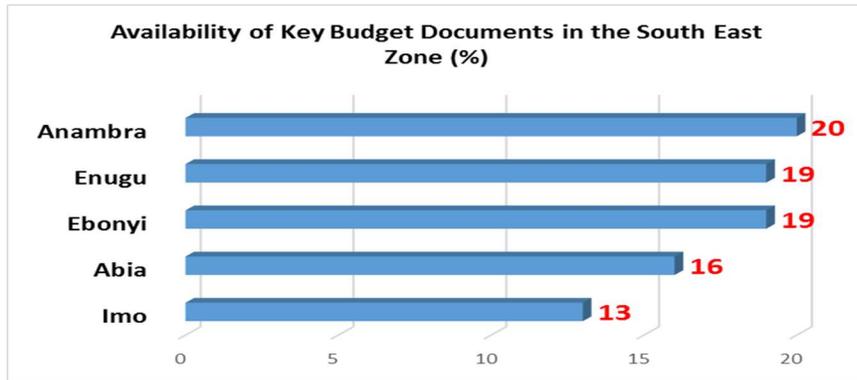
Note: PPA stands for Produced and Publicly Available;

PIU stands for Produced but for Internal Use

NP stands for Not produced

The above table shows that on average, states in the south-east do not make key budget documents available to the public. While Anambra may have scored the highest score of 20 as depicted in figure 1 below, this is still by far lower than expected. It is noteworthy that these performances across states in the south east are below expectations of international best practice.

Figure 1: South East States Scores and Ranking in Availability of Key Budget Documents



It is expected that not only should the state government disclose its financial activities in its annual budget proposal but it should also issue documents at other times during the budget year to provide a comprehensive and updated picture of the government's actions.

An interesting finding is the non-production of the citizens' budget across all south east states while although quarterly reports were produced in Anambra and Enugu states, none of these states made her quarterly reports available to the public. The state executive should adhere to regular deadlines in an annual calendar for drafting the budget, presenting it to the state assembly for debate, executing the budget, and presenting its final accounts to the public and to the state auditor-general. Timely and regular reporting on each of these four phases of the budget process is essential. It also is important for the state assembly and state auditor-general to perform their critical roles in a timely manner throughout the budget year, especially when it comes to debating and approving the annual budget and reviewing the final accounts.

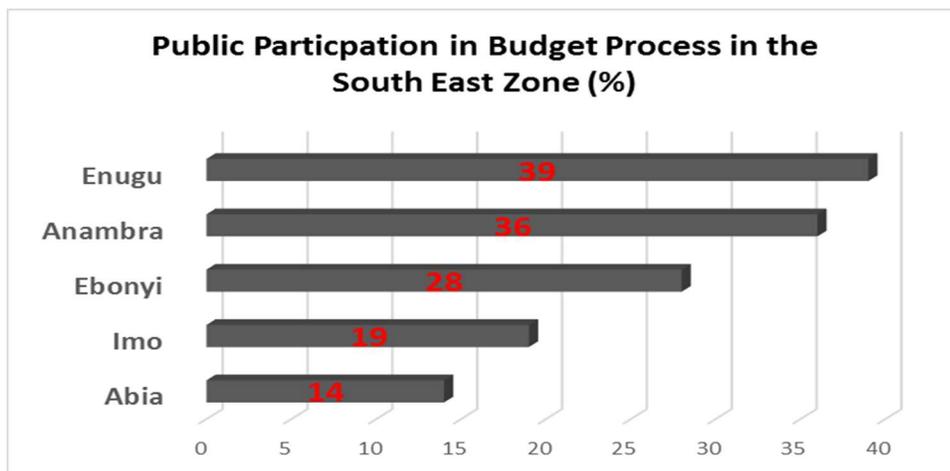
Above all, all of a state's citizens should have the right, as individuals or in association in the form of Civil Society Organizations (CSOs), to make and express judgments on the state's budget. This requires that budget documents be widely available. This is especially important for the State Executive's Budget Proposal, which should be available to citizens before it is adopted by the start assembly.

Section 2: Public Participation in the Budget Process

The desire to make budgets more participatory and transparent is part of a larger agenda to 'democratize' the formulation of macroeconomic policy frameworks. The design of macroeconomic frameworks and policies which take into account the voices and interests of women and poor people are critical in the fight against gender inequality and poverty. Macroeconomic policy-making often remains sheltered from broad public scrutiny and debate. This is due in part to the belief that macroeconomics is both a neutral subject, devoid of social content, and a technical subject best left to experts. However, the technical content of macroeconomic policies often disguises their social content. These policies are enacted within a context of institutional structures and power relations among economically-differentiated social groups. Macroeconomic policies also produce a variety of social outcomes by determining which groups get what out of the economic pie. Scrutinizing public budgets is an important step towards understanding the social content of macroeconomic policies currently in place and democratizing the process of macroeconomic policy-making.

The second section of the survey looked at this process of public participation in the budget process seeking to find out the involvement of different stakeholders during the budget process (approval, execution and audit) across the south east states. Under this index, Anambra outperformed other southeast states with 39 percent followed by Enugu with 36 percent, Ebony 28 percent, Imo 19 percent and finally Abia with 14 percent. See figure 2 below for detailed ranking.

Figure 2: South East States Scores and Ranking in Public Participation in the Budget Process



Section 3: Availability of Information on Public Procurement

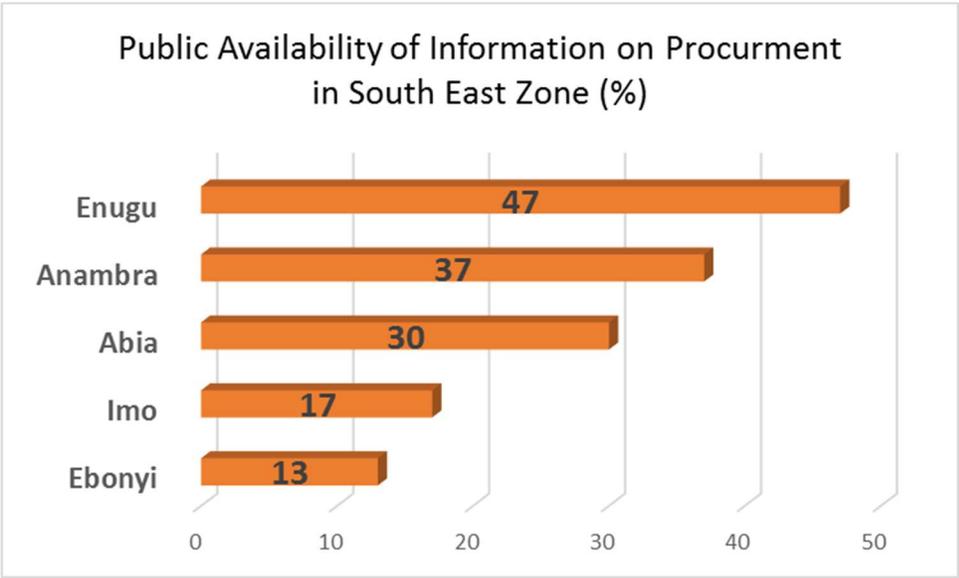
The third section of the analysis and findings looked at the availability of information on procurement and the contracting procedures across the focal states of Nigeria. This is underscored by the fact that public procurement is essential in the process of delivering public goods and services. Most government works and services are implemented through the process of procurement. Good and accountable governance therefore thrives when the public procurement processes are governed by rules and effective institutions. To achieve this, procurement laws are usually enacted and procurement oversight institutions established to regulate the practice of public procurement within governance and private sector actors such as contractors and consultants. Also, if procurement is transparent, it requires an evaluation criteria clearly specified in advance in tender documents so that the award decision is made solely on the basis of criteria stated in the tender documents.

Evidence from the survey shown reveals that only Anambra and Enugu states have a standard procurement law domesticated in line with the Public Procurement Act (PPA) of 2007 enacted at the federal level. The other three states in the zone are yet to have the law domesticized. It is equally interesting to note from the findings of the survey that publication of justification for awarding contracts to the selected contractor do not exist just as information on the channels for procurement review is never made publicly available in any of the south east. While Anambra and Enugu has the law, these states are yet to put in place some of the apparatus needed to have the law effectively implemented.

The States Council on Procurement (an advisory & policy-making body) as well as the State Bureau of Public Procurement (a supervisory & regulatory body) is yet to be established. There are still no standard implementing rules, standard documents or such other tools to serve as guides and manuals in compliance with the Law requirements while the bidding processes seem to be guided by Official Circulars e.g. Ministry of Economic Planning and Budget (MEPB circulars) or Ministry of Finance circulars and not the provisions in the law in line with modern law. In the same vein the result of the survey shows that neither information on alternative dispute resolution mechanisms related to procurement bid documents and contract award decisions is made publicly available nor the information on the functioning of the procurement review system in any of the southeast states.

Evidence from the survey findings suggests that in the zone, Enugu state followed by Anambra, Abia, Imo and finally Ebonyi are the order in which information on public procurement are made available. See figure 3 below for details.

Figure 3: South East States Scores and Ranking in Availability of Information on Public Procurement



Section 4: Legal Framework: Access to Information and Fiscal Responsibility

The last section has to do with issues of access to information and fiscal responsibility. Here states are expected to have a fiscal responsibility law that helps checkmate the “common pool problem” where revenue drawn from every part of the economy and from the larger population fund expenditure programs targeting narrow interest groups thereby creating differences in benefits between the larger group of taxpayers and the smaller group of program recipients, with abundant possibilities for huge free riders.

With such situation, representatives of interest groups receiving targeted spending have an incentive to overspend compared to the socially-optimal levels and abuse the system. To start with, a state is required to have a Fiscal Responsibility Law covering broad areas of organisational transparency and accountability. Anambra, Enugu and Ebonyi are the only states in the south east zone that have a Fiscal Responsibility Law while none of the states in the zone

has neither domesticated the State Freedom of Information Law with concrete access to information mechanisms nor has a State Access to Information Agency that ensures the application of the State Freedom of Information.

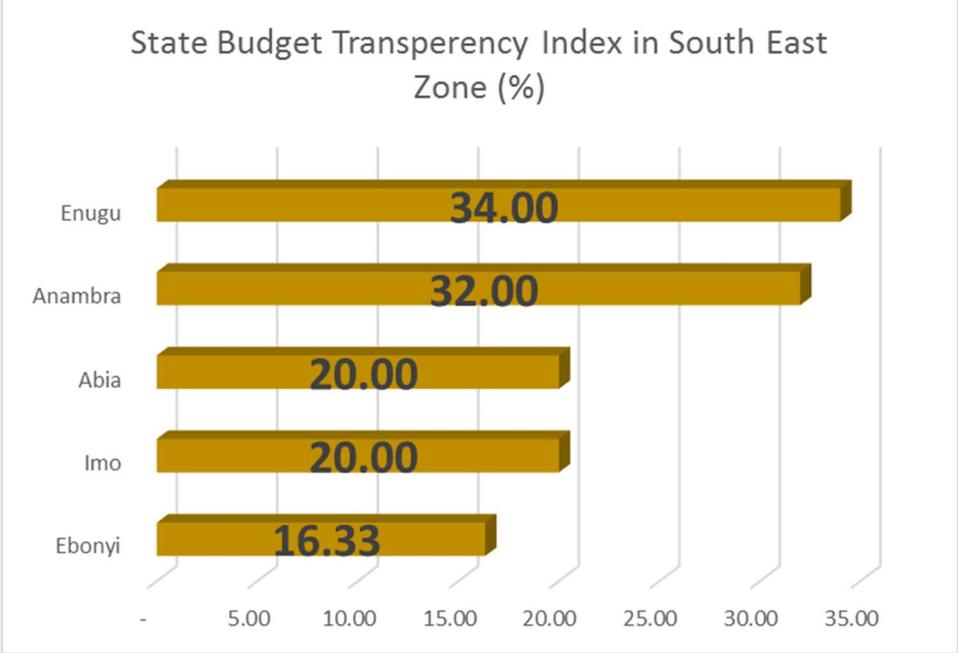


Figure 4: South East States scores and ranking in Budget Transparency Index

Finally, in the overall index (State Budget Transparency Index), Enugu ranked highest with 34 percent followed by Anambra (32 percent), Abia and Imo with 20 percent each and finally Ebonyi with 16.33 percent as shown in figure 4 below.