

SOUTH WEST ZONE

BACKGROUND

The South-West geopolitical zone of Nigeria is made up of six (6) states, namely, Ondo, Osun, Oyo, Ekiti, Lagos and Ogun States with one hundred and thirty seven (137) Local Government Areas (LGAs). Ondo state has eighteen(18) LGAs, Osun state with thirty (30) LGAs, Oyo has thirty three (33) LGAs, Ekiti state with sixteen (16) LGAs, Lagos state with twenty (20) LGAs and Ogun state with twenty (20) LGAs respectively. The population of the entire region according to the 2006 population census is about thirty eight (38) million people. 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 fertile land. The main food crops grown in the zone include, yam, cassava, cocoyam and maize while the cash crops include, rubber, cocoa, banana and various types of fruits. The zone is blessed with solid minerals and natural resources in rich deposits such as, granite, crude oil, sand stone, lignite, kaoline, clay, coal, tin, etc. The zone has high potential to attract investments in the following areas:

- i. Agro-allied industries (cocoa, Cassava starch and flour; yam 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 West Zone

The State Budget Transparency Survey in the South-West 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 budget documents availability and accessibility. Questions are grouped into four 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.
4. Access to Information and Fiscal Responsibility.

The last section of the survey has to do with Action Programme, the suggested actions to be taken in each state.

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 West zone.

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

Budget Documents Used in Completing the Questionnaire						
Budget Documents	States					
STATES	ONDO	OSUN	OYO	EKITI	LAGO S	OGUN
1. State Budget Call Circular	NPA	NP	NP	PPA		PPA
2. State Draft Budget Estimates	PPA	PIU	NP	PPA		PPA
3. State Medium Term Sector Strategy	NP	PIU	NP	PPA	PPA	NP

4. State Draft Budget Volumes and Votes	NP		NP		NP	NP
5. State Budget Appropriation Law	PA	NP	NP	PPA	PPA	NP
6. State Citizens Budget	NP	NP	NP	NP	NP	NP
7. State Quarterly Reports	NP	NP	NP	PPA	PPA	NP
8. State Mid-Year Review	NP	PPA	NP	NP	PPA	PIU
9. State Accountant General's Report	PPA	PIU	NP	PPA	PPA	NP
10. State Auditor General's Report	PPA	PIU	NP	PPA	PA	NP
Total Score (%)	40	10	0	70	60	20

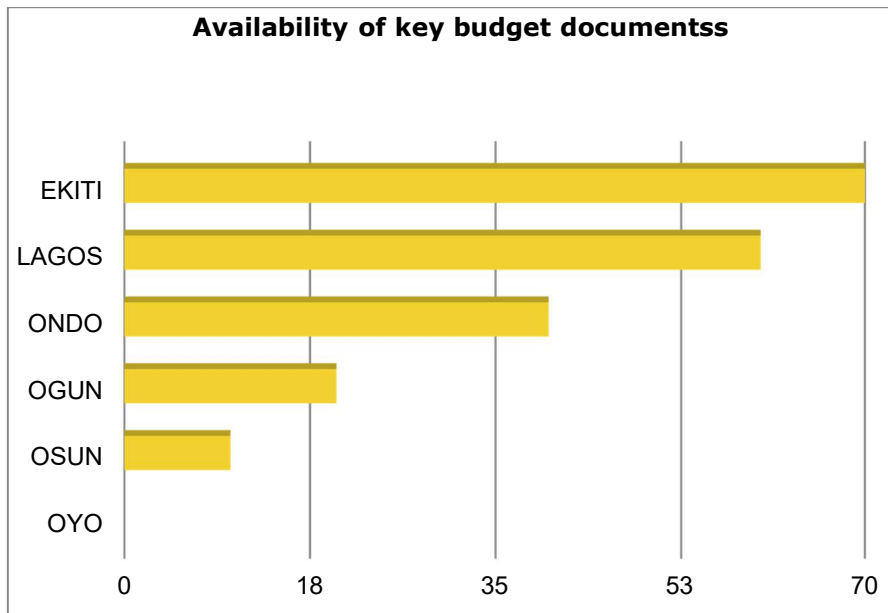
Note: PPA stands for Produced and Publicly Available;

PIU stands for Produced but for Internal Use

NP stands for Not produced

The above table shows that on average, states in the South West do not make key budget documents available to the public. While Ekiti and Lagos may have scored the highest scores of 70 and 60 respectively depicted in figure 1 below, this is still somewhat lower than expected. It is noteworthy that these performances across states in the South West are below expectations of international best practices.

Figure1



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 West states while although quarterly reports were produced in Ekiti and Lagos 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 is also 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.

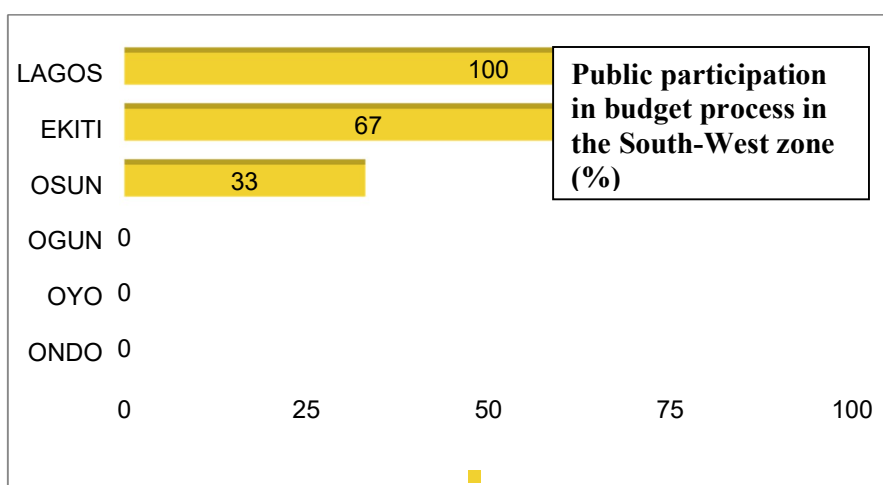
Above all, states' citizens should have the right, as individuals or in association in the form of Civil Society Organizations (CSOs) to make and express judgments on the state's budget. This requires that budget documents be widely available. This is especially important for the State Executive's Budget Proposal which should be available to citizens before it is adopted by the state 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 West states. Under this index, Lagos outperformed other South West states with 100 percent followed by Ekiti with 67 percent and Osun with 33 percent, while Ondo, Oyo and Ogun States have 0 percent apiece. See figure 2 below for detailed ranking.

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



Section 3: Availability of Information on Public Procurement

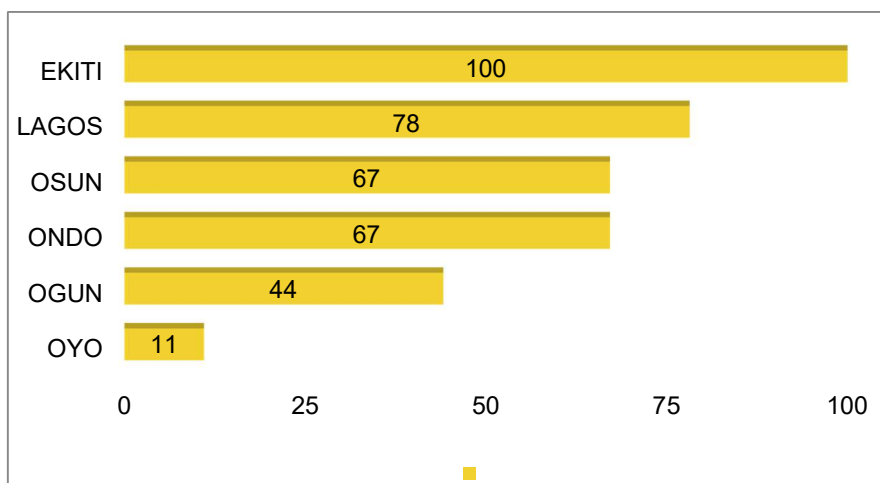
The third section of the analysis and findings looked at the availability of information on procurement and the contracting procedures across the focal states of Nigeria. This is underscored

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.

Legal framework for regulating the procurement process exists in all the states of this zone. In Osun state, there is a State Tenders Board that provides information on public tenders, but a minority of tenders is separately published by departments/agencies. In Lagos and Ogun states, there is no State Tenders Board, but information on individual tenders can be accessed from the procuring departments/agencies. However, in Oyo State, no information of public tenders is available. Following the presence of tenders board in Ondo and Ekiti states, contracts information are published but not in the other 4 states. In Ondo, Oyo and Ogun, tenders are not opened publicly at all but they are publicly opened in the other 3 states. Four (3) states in this zone publish procurement decisions. Oyo does not publish them and it is not mandatory in Lagos and Ogun states. In all of the 6 states, justification for awarding the contract to the selected contractor is not published except for Ekiti. In Ekiti State, there is an external procurement complaints review body that helps individuals to know how to submit complaints; and the review body works well but in the remaining states there is no external procurement complaints review body. Alternative dispute resolution mechanism related to procurement bid documents and contract award decisions exist in 3 states but not in Osun, Oyo and Ogun States. In all except Ekiti and Lagos states; decisions of the procurement complaints review body regarding disputes over procurement processes are not made available on a timely basis to the citizens. Oyo State executive do not publish information on awarded contracts for community projects but other states in this zone do.

Evidence from the survey findings suggests that in the zone, Ekiti state followed by Lagos, Ondo and Osun, then Ogun and Oyo. See figure 3 below for details.

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



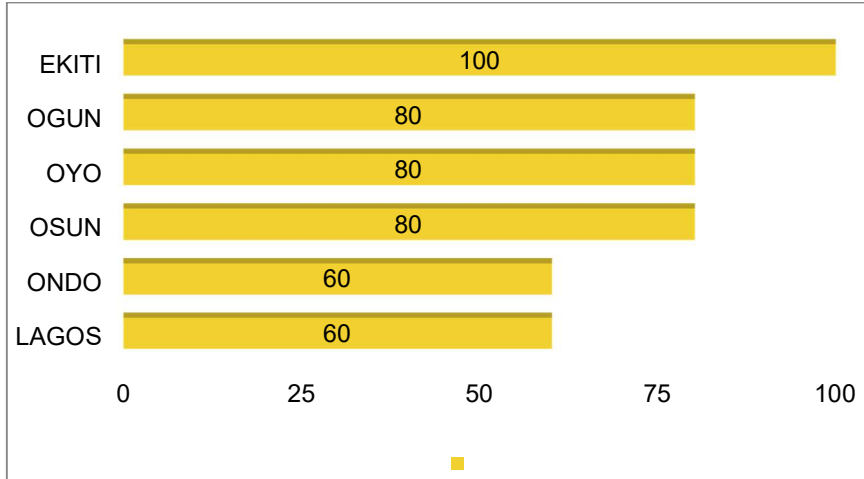
Section 4: Legal Framework: Access to Information and Fiscal Responsibility

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 of the system. To start with, a state is required to have a Fiscal Responsibility Law covering broad areas of organisational transparency and accountability.

Freedom of Information Act does not exist in all the six states except Ekiti. Although, Ondo, Osun and Oyo States have alternatives that ensure access to information. Consequently, only Ekiti and Ogun states have a State Access to Information Agency. Others do not have. In terms of legal framework, it is only Ondo and Ekiti states that have legal framework for public availability of budget documents. Fiscal Responsibility law and legal framework requiring the Auditor-General to submit its report to the State House of Assembly exist in Ondo, Osun, Oyo and Ekiti states and are absent in Lagos and Osun states. However, it is only in Oyo State in all the six States that there is no legal framework requiring the Auditor-General to submit its report to the State House of Assembly.

Finally, in the overall index (State Budget Transparency Index), Ekiti ranked highest with 100 percent followed by Osun, Oyo and Ogun with 80 percent apiece while Lagos and Ondo have 60 percent each as shown in figure 4 below.

Figure 4: South West States Scores and Ranking in Budget Transparency Index



Action Programme

Table 4. Suggested Actions in the States

Budget Documents Used in Completing the Questionnaire						
Budget Documents	States					
	ONDO	OSUN	OYO	EKITI	LAGO S	OGUN
1. State Budget Call Circular	NPA	NP	NP	PPA		PPA
2. State Draft Budget Estimates	PPA	PIU	NP	PPA		PPA
3. State Medium Term Sector Strategy	NP	PIU	NP	PPA	PPA	NP

4. State Draft Budget Volumes and Votes	NP		NP		NP	NP
5. State Budget Appropriation Law	PA	NP	NP	PPA	PPA	NP
6. State Citizens Budget	NP	NP	NP	NP	NP	NP
7. State Quarterly Reports	NP	NP	NP	PPA	PPA	NP
8. State Mid-Year Review	NP	PPA	NP	NP	PPA	PIU
9. State Accountant General's Report	PPA	PIU	NP	PPA	PPA	NP
10. State Auditor General's Report	PPA	PIU	NP	PPA	PP A	NP
Suggested Actions	LITTW	ITTW	ITTW	SATW	SATW	ITTW

KEY: ITTW: Intensive Transparency Training Workshop

LITTW: Less Intensive Transparency Training Workshop

SATW: Selected Area Transparency Training Workshop.

PPA: Produced and Publicly Available;

PIU: Produced but for Internal Use

NP: Not produced