

DELTA STATE INITIATIVE ON TRANSPARENCY AND ACCOUNTABILITY IN GOVERNANCE. A PAPER BY CLEMENT T. OFUANI ECONOMIC ADVISER TO THE GOVERNOR, DELTA STATE AT THE WORKSHOP ON DUE PROCESS, TRANSPARENCY AND ACCOUNTABILITY AT NELROSE HOTEL, ASABA 28TH - 29TH JULY 2008.

DELTA STATE INITIATIVES ON TRANSPARENCY AND ACCOUNTABILITY IN GOVERNANCE

INTRODUCTION

I would like to start this presentation by thanking His Excellency, Governor Emmanuel Eweta Uduaghan for initiating and approving this Workshop with the apt theme "Due Process, Transparency and Accountability" at this point in time which I consider very timely. I also want to thank the Senior Special Assistant to the Governor on Due Process, Mr. Joe Duke-Okeze who insisted that I share my thoughts on this subject with this August participants in spite of the fact that I am, also a participant.

The topic I was initially approached to speak on is "Delta State Initiatives in the War against Corruption". I felt that the topic was rather restrictive given that the desire of this government and indeed of the government of Chief James Onanefe Ibori from which experience I would be drawing significantly, was to enthrone systems and institutions that would deliver transparent and accountable governance. In the process, corruption would have been dealt with as a disease rather than the treatment of its symptoms exemplified in the various wars that are being waged on it.

Accordingly, I requested and got approval to modify the presentation to be "Delta State Initiatives on Transparency and Accountability in Governance".

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KEY DEFINITIONS

To put the presentation in proper perspective, I think that we should start with very clear definitions of the key words embedded in the topic, which are **TRANSPARENCY, ACCOUNTABILITY AND GOVERNANCE**.

TRANSPARENCY is defined by The Chambers 21st Century Dictionary as 'The quality or state of being transparent. Able to be seen through; clear, easily understood or reorganized; obvious; evident.'

ACCOUNTABILITY is defined by the same dictionary as "the noun form of accountable meaning responsibility; having to explain or defend one's actions or Conduct"

GOVERNANCE is also defined by the same dictionary as "the act or state of governing, the system of government, authority or control."

Taken together, persons in position of governance exercise control over those governed and are expected to take responsibilities for their actions, be able to explain their actions and be able to defend those actions. To be able to do so, the actions themselves should be open, clear, evident and easily recognizable. These are the hallmarks of transparent and accountable governance. Governance is driven by clear and certain rules, laws and regulations. Therefore strict compliance with those laws, rules and regulations can be said to be a fundamental requirement of good governance.

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GOVERNANCE AND ACCOUNTABILITY AND PUBLIC FUNDS

In its broadest sense, accountability in governance covers every single act or conduct in the process of governance whether it involves financial transactions or not. Hence the issue of use and abuse of powers and privileges fall under the purview of accountability in governance. However, because more attention is usually focused on conducts that have financial implications, I shall focus this paper on the initiatives of Delta State Government from 1999 to date, aimed at improving transparency and accountability in the management of public funds.

RULES OF CONDUCT

In 1999, Delta State, as indeed the whole Nigeria transitioned from military rule to civil rule governed by the Constitution of the Federal Republic of Nigeria, 1999. This is the supreme law of the land and provides the framework for accountable governance especially in the management of public funds.

CONSTITUTIONAL PROVISIONS FOR CONTROL OVER PUBLIC FUNDS

To ensure adequate control over public conduct the 1999 Constitution first segregates powers among different arms of government in such a way that each is subject to the control and oversight of the other. Thus section 5(2) provides that "subject to the provisions of this Constitution, the executive powers of a state.

(a) shall be vested in the Governor of that State and may, subject aforesaid and to the provisions of any law made by a House of Assembly, be exercised by him either through the Deputy Governor

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and Commissioners of the Government of that State or Officers in the public service of the state; and

- (b) *Shall extend to the execution and maintenance of this Constitution, all laws made by the House of Assembly of the State and to all matters with respect to which the House of Assembly has for the time being, powers to make Laws." Similarly, Section 4 (6-7) vests the Legislative Powers of the State in the House of Assembly of the State and strengthens it with power of oversight over the execution or administering of laws enacted by it in Section 128. Specifically, S.128 (2) provides "The powers conferred on a House of Assembly under the provisions, of this section are exercisable only for the purpose of enabling the House to*
- (a) *Make laws with respect to any matter within its legislative competence and Correct any defects in existing laws; and*
- (b) *Expose corruption, inefficiency or waste in the execution or administration of laws within its legislative competence and in the disbursement or administration of funds appropriated by it."*

Finally Section 6(2) vests the judicial powers of a state in the courts established as provided for in the Constitution. From a purely management point of view, segregation of powers ensures that internal control systems are strengthened and accountability enhanced except where there is collusion between the separate powers.

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PUBLIC FUNDS

Sections 120-129 of the Constitution make very elaborate provisions for the control of public funds. In summary, these sections create the Consolidated Revenue Fund of the State which pools all monies raised or received by a state (except money payable to a public fund established under the Constitution or any other Law of the I louse of Assembly for a specified purpose).

S .121 of the Constitution specifically provides that money cannot be drawn fr0111 the Consolidated Revenue Fund or any other public fund except as authorized and in the manner prescribed by the State House of Assembly. The same section further prescribes the process for seeking the House of Assembly authorization of spending from the Consolidated Revenue Fund which is the requirement for the Governor to prepare estimates of revenues and expenditures which must be laid before the House of Assembly of a State before the commencement of any financial year and this is to be laid in the form of a bill to be known as an Appropriation Bill.

OFFICE OF THE AUDITOR GENERAL OF THE STATE

To further enhance accountability, these sections of the Constitution also provide for the establishment of the office of the Auditor General of the State; the appointment, remuneration and reporting line of the Auditor General in a manner intended to promote and protect the independence of the office.

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OTHER REGULATIONS

Apart from the Constitution, the Public Service is governed by Civil Service Rules and Financial Regulations as modified by extant circulars. These documents prescribe guidelines for administering the state and breaches of any of them attracts Appropriate sanctions.

In addition to these, there were the Independent Corrupt Practices and other related offences Commission (ICPC) and Economic and Financial Crimes Commission (EFCC) Acts which were intended to strengthen probity in public conduct and were and still are applicable in Delta State.

CODE OF CONDUCT

Perhaps, what I consider as one of the most important provisions to enhance probity, transparency and accountability in governance is the Fifth Schedule to the Constitution which is specifically embedded in the oath of office of public officers.

All of the above rules, laws and guidelines form the legal environment under which public officers function in the state and I dare say that they provide adequate safeguards to guide proper conduct of public affairs.

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DELTA STATE EXPERIENCE - THE INITIATIVES ON TRANSPARENCY AND ACCOUNTABILITY THE WORK FORCE

On assumption of office in 1999, the Delta State Government under His Excellency, Chief James Onanefe Ibori met a highly disillusioned, poorly paid, poorly motivated and ill equipped workforce. Its first order of business therefore, was how to rebuild the workforce starting from motivation by regular and timely payment of staff salaries and entitlements. This was followed up with enhancement of the working environment through provision of necessary tools such as furniture and equipment and motor vehicles.

While this was going on, the government embarked on capacity building for both civil servants and the political class in a bid to raise efficiency, effectiveness, Productivity and ethical standards.

FINANCIAL REGULATIONS REVIEW

It was discovered that the Financial Regulations (FR) in use was inherited from old Bendel State and a number of its provisions had become dated and incapable of promoting accountability. The government set up a committee to review it making Delta State the first government in the new dispensation to have an updated FR; indeed well ahead of the Federal Government.

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GUIDELINES FOR EXPENDITURES

Early in the life of the Ibori Administration, the Governor approved a comprehensive set of guidelines on authorization processes and approval limits for expenditures in the state including Tenders procedures. These guidelines which were published as a Financial Circular formed the foundation for accountability and transparency in public fund management.

RENDITION OF AUDITED ACCOUNTS

One of the campaign promises of Chief James Onanefe Ibori for the 1999 gubernatorial election was that he would regularly publish the accounts of the state if elected. In 2000, the Delta State Government successfully audited the State's accounts from 1995 to 1999 and thus brought them up to date. The 1999 account was published in the National dailies and this became an annual occurrence till date, setting a new standard in accountability in the country.

COMPUTERISATION

In 1999, the entire accounting and management information system of Delta State Government was manual. This was. Inefficient and opaque. The government immediately embarked on a comprehensive computerization programme codenamed Project e-Delta. The entire process from scoping, to selection of consultants, software vendors and equipment suppliers followed the State's laid-down contract award procedures and the result was one of the best implemented Enterprise Resource Planning (ERP) solutions in Nigeria. I can quote the World Bank on that because Delta State's successful Information Communication Technology (ICT).

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deployment has come under their focus' for possible case study. Deloitte & Touche was selected as consultants, SAP of South Africa was chosen as the ERP solutions provider, MIS emerged as the equipment suppliers and TELNET was selected for the telecommunications infrastructure backbone from a field filled with keen bidders. I will later describe how this' ERP solution in practical terms, revolutionized Information management in the State and enhanced transparency and accountability because, from -day one, the government insisted that, world best practices in public fund management should be benchmarked and built into the SAP solution.

CREDIT RATING

As part of efforts of government to promote transparency and accountability, it opened its books for independent external assessment and Global Credit Rating (GCR) of South Africa commenced annual credit rating of the state Government from 2002 till date. The credit rating report is. Published on our website www.deltastate.gov.ng.

THE BUDGET PROCESS

The starting point in the disciplined control of public fund is the budget as required by S.121 of the 1999 Constitution. The Governor is charged with the responsibility for preparing and laying the estimates of revenues and expenditures of the State for the succeeding year before the House of Assembly. This function is delegated to the Commissioners, with the Commissioner for Economic Planning heading the Process.

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At about the middle of the year, the Ministry prepares forecasts of revenues and recurrent expenditures for the succeeding year and - thus determines the fund available for capital development. This is then distributed to Ministries Departments and Agencies of government (MDAs) based on the priorities set by the Governor. A call circular is then issued to all MDAs detailing the focus of the budget for the coming year, the sectorial priorities of the government and the emphasis on project funding. Along with the call circulars, MDAs are given their spending envelopes specifying their capital spending limits which would guide their project allocations.

The call circular would normally specify when MDAs are to submit their budget proposals to the Ministry of Economic Planning and a time table for the defense of the proposals before the Budget Committee made up of staff of Ministry of Economic Planning and Ministry of Finance with Commissioner for Economic Planning as Chairman.

Capital spending limits as an essential part of the budget process was introduced in 2000 in the preparation of the 2001 fiscal year budget by the Ibori administration drawing on the experience of the 1999 supplementary and 2000 fiscal year budget Processes concluded in 1999. The intention was to improve the level of Prioritization of spending and ensure that spending plans are well thought out by MDAs. This was quite a novelty and it is instructive that the Federal Government only introduced it in its budgeting in 2003 during the second tenure of the Obasanjo administration.

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At the end of the Ministerial budget defense, the State's budget is compiled and presented to the State Executive Council for scrutiny after which the final budget is compiled and presented to the State House of Assembly by the Governor.

The budget goes through the legislative mills of first reading, second reading, Committee works and Appropriations Committee works including another round of defense by MDAs where the public and the media are allowed to watch and report the daily proceedings. At the end, the House passes the budget as adjusted and sends the bill to the Governor for assent before it becomes the Appropriation Law.

The Delta State Government has faithfully followed the above process from 1999 to date particularly from the introduction of capital spending limits as earlier mentioned. This whole process ensures that the budget is both an economic development instrument as well as a political document with the inclusiveness of different shades of opinion and interests. I may also add here, that the Ministry of Economic Planning usually publishes the annual budget document every year once it becomes law and the copies are circulated to all MDAs, the State University and the other Institutions of higher learning in the State. In addition, copies are also sold to the general public for a small sum of money.

BUDGET IMPLEMENTATION

The budget implementation process starts from the design and costing of projects, approved in the budget. This is usually done by the professional Ministries in charge of such projects at the request of the implementing Ministries. Based on the costs provided, the implementing Ministry raises a memo requesting for approval to incur

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expenditure and this is sent to the Ministry of Economic Planning for clearance both as to the appropriateness, costing and vote availability.

The cleared memo goes to the appropriate approving authority in line with the guideline specified in the Circular on Expenditure approvals earlier mentioned. For purposes of clarity, approving authorities range from Departmental Heads, Permanent Secretary, Honorable Commissioner and Heads of Extra Ministerial departments, the Deputy Governor, Governor and the Executive Council depending on the monetary value of the expenditure for the project.

Upon approval, the project is advertised for tenders. For projects in the sum of N50 million and above, the advertisement is in at least, two daily newspapers one of which must be a national daily. These are processed at State Tenders Board, made up mostly of members of the Cabinet and currently chaired by the Deputy Governor.

Projects of lower value are advertised on departmental notice boards and processed at Ministerial Tenders Board made up of directors in the Ministry and Chaired by the Permanent Secretary.

THE ROLE OF ECONOMIC INTELLIGENCE UNIT (EIU) IN THE APPROVAL PROCESS

One of the novel initiatives to promote transparency and accountability in governance by the Delta State Government was the establishment of the EIU in the Ministry of Economic Planning. The EIU, which came into existence in 2002, is the State's equivalent of the Due Process Office at the Federal Level. It has responsibility for advising the Commissioner for Economic Planning on the appropriateness of an expenditure proposal in relation to the approved budget, the appropriateness of the vote of charge quoted for the expenditure, availability of fund in the vote and more importantly the appropriateness of the pricing of the project.

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To enable EIU carry out the last part of its responsibility, it developed a reference manual of prices of government procurements drawn from departmental quotes and market surveys. This ensures that procurements of specific items across MDAs were at the same prices during a specified period.

PROJECT CERTIFICATION AND PAYMENTS

All procurements are certified by the Auditor General before processing for payment. In the case of works however, the Planning Research and Statistics of each MDA monitors progress performance; professional Ministries issue the relevant progress certificate while the Ministry of Economic Planning Monitoring Department (now under the Directorate of Project Monitoring headed by a Commissioner) provides oversight monitoring of certified progress works for quality assurance before payments are made.

The elaborate controls embedded in the above procedures were deliberately designed to enhance value for money on public expenditures.

Two other initiatives of the government worth mentioning here are the live monthly phone-in programme of the governor which normally has cabinet members in attendance, where ordinary citizens have the opportunity to query

and report issues directly to the governor. This has now been further enhanced under the current administration of His

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Excellency, Dr. Emmanuel Eweta Uduaghan with the Establishment of an interactive web page for the governor (www.uduaghan@governoruduaghan.org) The other initiative was the establishment of the well-advertised Public Complaints Desk which afforded ordinary citizens the opportunity to write the Commissioner for Economic Planning about the quality and status of projects in their local communities for remedial action and to assist government in preventing payments for defective works. This was complemented by the very popular radio programme 'Na so we see am' which provides citizens with a clear platform to draw government attention to issues that bother them.

THE PAYMENT PROCESS

Another landmark initiative of the Delta State government in promoting transparency and accountability in governance was in the payment system through the institutionalization of the cash budget system. This is the process where the total commitment of the State is considered monthly by the State Cash Budget Committee against the cash available and criteria for allocation of the cash among MDAs are developed, agreed and applied before the Governor approves the list. Once approved, the information is made available to MDAs and implemented accordingly, starting from issuance of Release Warrants by the Commissioner for Finance to MDAS who in turn raise payment vouchers and process to the Accountant General for payment.

To ensure that payments are made for only works done or procurements made, all MDAs send Requests for Release of Fund based on works or audit certificates and are verified by the EIU and signed off by the Commissioner for Economic Planning before the requests are listed as commitments of the State.

The current Delta State Government under His Excellency, Dr. Emmanuel Uduaghan has further strengthened the above initiatives by the creation of the office of a Senior Special Assistant to the Governor on Due Process which is responsible for this workshop as well as the creation of the office of Senior Special Assistant to the Governor on SERVICOM, another initiative on transparency, and accountability in governance.

FISCAL RESPONSIBILITY

The current administration is expanding the frontiers of accountability and transparency by initiating the domestication of the Fiscal Responsibility Law. A bill to that effect is currently undergoing legislative processes that would lead to its passage into Law.

CHALLENGES

One conclusion that could be reached on the basis of the above presentation is that the State, / has adequate system of controls to promote transparency and accountability in governance. However the questions that arise are:

- (i) why is there still a strong belief or perception that there is lack of transparency and accountability in the State?
- (ii) why is the State seemingly poorly rated in the corruption perception index?
- (iii) is this perception completely false or are there any grounds for its validation?

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I do not think that I can provide the answers to these questions within the context of this paper because the questions are in reality, not specific to Delta State. I have ruminated over this matter deeply and have come to the conclusion that we have an image problem as a nation which is deeply rooted in our faulty economic operations or reward system.

For instance, the national minimum wage is N7,500 per month. Assuming the worker feeds on N100 breakfast, N200 lunch and N200 dinner, his feeding alone is already N5,000 in a 30-day month. How does he meet up and still pay House rent of N1,500, transport of about N3,000 and have savings to purchase household needs, laundry etc. Clearly such a worker would of necessity resort to finding alternative avenues of making ends meet including demanding gratification for the public service that he renders.

At a higher level in the public service, this situation creates a fertile ground for the promotion of crony capitalism which is the foundation for the corruption perception. In other words, the poor reward system creates conditions which make graft more a function of necessity than an act of greed.

This conclusion may appear to be my untested hypothesis, but I stumbled upon an article titled 'CORRUPTION, Bad Samaritans: I-low the rich cheat the poor' written by award-winning Korean economist Ha-Joon Chang in Jeune Afrique's THE AFRICA REPORT of October-December 2007 and I quote a relevant section "The inability to collect taxes limits the government budget, which, in turn, encourages

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corruption in a number of ways. Low government revenue makes it difficult to pay decent salaries to public officials, which makes them vulnerable to bribery. It is remarkable how so many developing country government officials live honestly despite being paid a pittance, but the lower the salaries, the higher the chance that officials will succumb to the temptation. ..

The poor have to rely on patronage from politicians who give out loyalty-based welfare benefits in return for votes. In order to do this, politicians need money, so they take bribes from corporations, both national and international that need their favour” .

CONCLUSION AND RECOMMENDATIONS

The Delta State Government has made a lot of efforts to initiate and sustain practices that promote transparency and accountability in governance; however the efficacy of the initiatives has more often than not been circumscribed by a poor work reward system symptomatic of the challenges facing a lot of developing countries. Fundamental to improving transparency and accountability in governance therefore, must be certain reforms and actions that would alter the current work reward system and create enhanced opportunities for rewarding economic pursuits.

The following are recommended:

- (i) Reform of the Internal Revenue Service (IRS) to make it more independent and dynamic and give it the ability to enforce the full provisions of the tax laws. This would ensure; that every citizen becomes more responsive to filing of tax returns. The IRS can then match lifestyles with declared incomes and take appropriate actions. In the short term, this will dramatically raise revenues accruing to government which would enable government to improve on its work- reward system and gradually move graft from a necessity factor to a greed factor that can be dealt with, with appropriate sanctions.*
- (ii) Simultaneously, the government can make a commitment that all recurrent expenditures must be met within a specified timeline from internal revenue sources thus freeing the entire revenue accruing from resource exploitation for capital investments that would benefit not only this generation but the next.*
- (iii) Extensive marketing of the state's economic potentials to expand the total investments in the state and create new economic opportunities outside the public service. The implementation of the Integrated Development Programme of the current administration would most certainly serve this purpose.*

I thank you for listening.

Clement T. Ofuani
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