

**BUDGET, ISSUES AND
POLICY RECOMMENDATION
IN ANAMBRA STATE
(2003– 2013)
SIMPLIFIED**

**AFRICAN CENTRE FOR LEADERSHIP,
STRATEGY & DEVELOPMENT**

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INTRODUCTION

Anambra State is one of the fast growing states located in southeast Nigeria with an estimated population of over five million in 2013, based on the 2006 census figures and a growth rate of 2.8%. With all its potential, Anambra still suffers from myriad of problems including environmental issues such as soil erosion and flooding. Currently, social amenities in the state are grossly inadequate. Quite a number of its citizens are still living below the poverty line (56.8% according to 2010 Harmonized Nigerian Living Standard Survey) and this has been evident alongside poor health and dropout from schools. High levels of unemployment, particularly among youths, have contributed to social unrest, kidnapping, agitations and conflicts in the state in the last decade.

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This brief focuses on the weaknesses in Anambra State budgets and spending for the period 2003 – 2013 with special emphasis on the overall budget thrust and the key sectors of HIV/AIDS, health, education, agriculture and infrastructure. The planning process in the state has gone through institutional changes over the years. There was the Office of Budget and Planning in the early 1990s up to 1995. The last decade saw the state adopt different policy regimes. The period 2003-2007 saw the state aligning to the national policy National Economic Empowerment and Development Strategy (NEEDS) by adopting a State Economic Empowerment and Development Strategy (SEEDS). Anambra SEEDS was enveloped by

the adoption of an 'All-point' Agenda called the Anambra Integrated Development Strategy (ANIDS) for the development of all sectors simultaneously in 2007-2010 and subsequently the Vision 20:2020 with its first implementation plan spanning 2010-2013.

The period 2003- 2006 witnessed some interesting scenarios in the case budgeting and spending. The budget thrust of the period (2003- 2006) revolves around the four cardinal points of NEEDS/SEEDS which are poverty reduction, wealth creation, value reorientation and employment generation. In 2003, the state government incurred a budget deficit of N161 million, which is 1.1% of the budget size while in 2006 it was a surplus of N4.5 billion. However, capital receipts have not performed well during the period under consideration. In 2003, actual capital receipts were zero but in 2006 actual capital receipt was N4.710 billion which exceeded the year forecast of N3.6 billion. Budget performances for the years 2003 to 2006 witnessed an inconsistent trend as it rose to 72.82% in 2004 from 57.91% in 2003. It further increased to 94.42% in 2005 and decreased to 62.99% in 2006.

Public spending by sector shows something different from the overall budget performance during the period, as some sectors were short-changed compared to others in the state. Sectors

such as livestock, fishery, forestry and wildlife, manufacturing, education, information, environment (sewage/drainage) and community development had no capital commitment in 2003 while sectors like transport, water supply in 2003, housing, general administration as well as commerce and finance seem to be the priority sectors during the period judging from the percentage of their actual capital expenditures to the total capital expenditure for the period.

The budget philosophy and thrusts for all years between 2007 -2013 in Anambra State show the same policy direction or focus but there were issues with the entire budget architecture.

CHALLENGES IN THE ANAMBRA STATE BUDGET (2003-2013)

Though there were improvements in budgeting in the state comparing the composition of the budgets for various years but there are some serious weaknesses in the state budget as follows:

1. Both the recurrent and capital budgets are prepared on an incremental basis (adding a percentage to last year's estimates) without reviewing whether the activities that are being funded are in line with policy and whether it should be continued;
2. The budget performance reporting cannot be regarded as comprehensive as it does not reflect the full nature and extent of sources and applications of funds, and does not attempt to indicate resource flow by programs and sub-programs;
3. Medium Term Planning is still weak while reporting of revenues on net basis serves to undermine comprehensiveness and transparency;
4. MDAs are still unable to predict resource availability for capital investment thereby undermining their abilities to successfully execute their budgets.
5. The budget preparation process most times does not link policies, the achievement of objectives and meeting of targets with the funds required.
6. The state government plan(s) which set out state and sectoral objectives and policies are not always linked to the availability of resources through a sound fiscal framework.
7. The process of budgeting in Nigeria and in Anambra State over the years has been fraught and shrouded in secrecy because of the characteristic oath of secrecy public officials swear to in the performance of their duties. This has made access to budget information by citizens very challenging, and also constrained engagement with the process. This was particularly very serious during the military era. On return to democracy, the carry over attitude of secrecy has remained an issue.

POLICY RECOMMENDATIONS

2. At the public front there is need for adherence to the principles of zero budgeting than just incremental budget since zero budgeting is based on the evaluation of the sectors and their expenditure need i.e. budgeting process assuming that the sectors under consideration require a new budget outlay every year, according to the development in that sector.
3. Zero budgeting is more development oriented and with the Medium Term Expenditure Framework (MTEF) budgeting will be more focused and help in achieving the MDGs if implementation is carried out appropriately.

Establishing or enhancing budget research and analysis capacity in the legislature (serious minds and focused legislative aids;

5. Broadening access to relevant and high quality information on the budget; tabling of the budget sufficiently in advance of the beginning of the fiscal year to enable proper analysis of every line item that appeared in the budget helping to reduce odious items;
6. Strengthening the understanding of legislature on economic policy, budget and gender issues through training and other capacity building initiatives.

Ensuring at least three to four months for legislative scrutiny of the annual draft budget and making it available to CSOs and other stakeholders for meaningful inputs; and pioneering and institutionalizing new and complementary perspectives on the budget, in particular from a gender perspective can be of help.

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PROCUREMENT IN ANAMBRA STATE

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1. ISSUES AND CONCERNS

Anambra State enacted its Public Procurement Law in 2011 to guide the entire procurement in the state. The Law is applicable to every aspect of public procurement in Anambra State, including ministries, local governments and other agencies of government that derive at least 50 percent of its funds from the State or local government budget.

The institutional framework for procurement governance and implementation in Anambra State is centrally and politically controlled at both the state and local government levels, contrary to the recommendations that core functions and responsibilities should be left to appropriate bodies created within the procurement system. The guidelines for the process is not clear, solicitation and tendering procedures are weak, and do not comply with modern standards.

The two important agencies with responsibility of regulating, implementing and ensuring compliance with the procurement laws are yet to be established despite the provisions in the State Law. The financial procedures in

the state do not support timely procurement execution and payments. There is lack of capacity both in terms of knowledge and of skills among the operators thereby affecting the ability of private businesses to participate effectively and efficiently.

Furthermore, there are still sharp practices among the procurement entities which is evident when they convince the approving authority (the Executive) to adopt direct labour procurement method in most cases for works related projects only to turn around and engage contractors to execute same projects, thereby driving the costs upward against the objective to minimize cost.

The accountability mechanism is basically top-down and does not provide for the participation of interested individuals and civil society groups who are increasingly becoming an important agent for promoting transparency, effectiveness, responsiveness and accountability.

Lastly, access to procurement information in the state remains limited. The required dedicated portal

1. *Anambra State enacted its procurement law in 2011.*
2. *Institutional framework for procurement in Anambra State is centrally and politically controlled.*
3. *Agencies for regulating procurement activities are yet to be established.*
4. *Direct labour procurement is the order of the day.*
5. *Accountability mechanism is top*

for procurement information dissemination is not yet in place thereby undermining the requirements and every other effort to ensure transparency, probity and accountability in the Anambra State procurement system.

POLICY RECOMMENDATIONS

- The recommendations made in this paper are strategic to addressing the key institutional and operational issues following the observed challenges and gaps in the current procurement practices in the state. Anambra State Government should make the necessary arrangement to facilitate the establishment of the two key agency drivers of the procurement system, namely, the State Council for public procurement, and the Bureau of Public Procurement respectively.
2. The recommendations made in this paper are strategic to addressing the key institutional and operational issues following the observed challenges and gaps in the current procurement practices in the state.
 1. Anambra State Government should make the necessary arrangement to facilitate the establishment of the two key agency drivers of the procurement system, namely, the State Council for public procurement, and the Bureau of Public Procurement respectively.

The Procurement Council should embark on carrying out a review of the State Procurement Law with a view to ascertaining the identified grey areas which is observed to contribute to weakening the procurement system, and make presentation to the relevant authority for correction.

3. The Bureau of Public Procurement should develop job profiles and create a procurement career programme to encourage civil servants with interest in procurement to pursue a meaningful career along that path. This should also be followed by a staff audit of the various procurement entities with a view to identifying the manpower requirements for the procurement system.
4. A detailed training plan should be developed after a thorough training needs assessment has been completed. This plan should be followed to the later and reviewed periodically to ensure that it is capable of addressing the manpower needs of the state.
5. The coordinating ministry for public procurement in the state should in partnership with other relevant MDAs endeavour to develop comprehensive policy guidelines and rules and regulations to guide procurement process. This should also be followed with the development of standard documents for procurement of goods, works and services, as well as develop formats for invitation of interested participants to tender, terms of reference, award of contracts, etc. This document should be properly disseminated among the procurement entities in the various MDAs.

6. A record and management system should be fully developed. This should otherwise be part of the needs to be addressed after the conduct of the needs assessment of the procurement entities in the state, and it should be a responsibility to be managed by the Bureau of Public Procurement.
7. An organizational and staff performance system should be set up. This should cut across the all cadres and departments within the procurement entities, and should be reviewed periodically to ensure that it is all inclusive and relevant to the actualization of the procurement objectives of the state.
8. Effort should be made to institutionalize the involvement of the general public and the civil society organizations at all stages of the procurement process. The state can leverage on the Freedom of Information Act that is already in existence in Anambra State.
9. The information portal in the form of website should be planned and developed, and all necessary information should be made available to interested members of the general public and for the use of the civil society groups working to ensure the entrenchment of the culture of good governance in Anambra State.

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