Resource Allocation and the Problem of Utilization in Nigeria: An Analysis of Resource Utilization in Cross River State, 1999-2007

By

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DEDICATION

This research is dedicated to the Almighty God for His faithfulness and mercy. And to all my teachers who have made me what I am.

DELARATION

I, Atelhe George Atelhe hereby declare, that this Dissertation has been prepared and written by me and it is the product of my own research. It has not been accepted for any degree elsewhere. All quotations have been indicated by quotation marks or by indentation and acknowledged by means of bibliography.

_____ _____

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CERTIFICATION

This Dissertation titled 'Resource Allocation and the Problem of Utilization in Nigeria: An Analysis of Resource Utilization in Cross River State, 1999-2007' meets the regulation governing the award of the degree of Doctor of Philosophy (Political Science) of Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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ABSTRACT

This research examines the problem of Resource Allocation and Utilization within the ambit of fiscal federalism in Nigeria from the perspective of Cross River State between 1999 and 2007. The analysis of the political economy of resources allocation and utilization in the State was adopted to underscore the problem and prospects of public resource utilization within the period under study. After consulting relevant literature on the subject matter, there is much evidence to show that researchers have tended to concentrate more on resource allocation within the Nigerian fiscal practice with little or no emphasis on utilization. The study therefore, revealed that the problem of Cross River State does not lie with resource inadequacy alone, but mainly with ineffective and inefficient utilization of resources. In examining the problem, the elite's theory is used to operationalise the extent to which public resources were utilized in Cross River State during the period under study. By way of explanatory research predicated on systematic interpretation of relevant data obtained from both primary and secondary sources gotten from documentary sources, interviews, and informed personal observation of the researchers, the study found out among other things that: the problem of development and good governance in Cross River State lies squarely with the problem of resource misallocation and mal-utilization by the political elites who control power. The perennial problem of underdevelopment in Cross River State is a direct consequence of resource misallocation and Mal-utilization. To mitigate this indentified problems, the study make a strong case for the propagation of the ideals of fiscal responsibility, transparency, accountability in public resource utilization in Nigeria and particularly in Cross River State.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Federalism has its essence in two organically related issues. These are power sharing and resource allocation. The former defines the political essence of federalism while the latter underpins its fiscal dimension.Over the years, the fiscal dimension of the federalist practice has been quite problematique in Nigeria. In effect, fiscal relations within the context of the Nigerian federation is said to have been characterized by systematic defects which have given rise to dysfunctions and crises. One significant dimension of the fiscal relations problematics in Nigerian federalism has been the question associated with the issue of resource control. The issue of resource control is as old as the Nigeria federation. In the 1950's for instance, the tendency was manifested in the fashion of interregional controversies over the acceptable revenue allocation principles and formulae.

In more recent times, the problem of resources control has not only persisted, but it has been rather politicized by different opinions. The insistence of the oil producing states of the Niger Delta on the principle of derivation as the yardstick of revenue allocation in Nigeria is better understood within this matrix.Incidentally, the bulk of the existing literature on Nigeria's fiscal federalism has only paid attention to the fundamentals of resource control and inadequate resources for States to develop their areas.For instance, Attah (2002), Dafinone (2005) and Ilagha (2007) have tended to support the politics of resource control on the basis of ownership of resources by a particular region rather than advocating for true fiscal Federalism that will promote the unity of Nigeria. In effect not much has been said in the existing literature regarding the basis and logic of the

resource control within the ambit of the politics and crisis of revenue allocation in Nigeria.

The issue of resource control has at different times pitched the federal government against its federating units. This has been clearly demonstrated by the "Niger Delta Debacle" which has turned out to be the most controversial issue in the Nigerian federation at the present.

The basis of the resource control activism is perceived by some Nigerians as the marginalization of the federating units by the overbearing federal government, particularly in matters of fiscal relations. While others their argument on the overbearing influence of the federal government on matters of fiscal relations is not enough justifications for either resource control or increase resource allocation to certain area. There is therefore, a controversy on efficient and equitable fiscal relations in Nigeria between the different levels of governments. Viewing the positions arising from the different opinions on this issue, the present study is a departure from the common and frequent arguments on the issue. It is rather interested in the examination of revenue allocation in Nigeria and the extent to which these revenues have been utilized for public good in one of the federating units- Cross River State.The study with empirical data generated from boyh primary and secondary sources reveals an inefficient and ineffective utilization of resources to the key sectors of the state economy.As a result of this,Cross River State government's responsibility to its people in terms of economic development from effective resource utilization between the period of 1999-2007 did not reflect the realities of accountability and transparency.

1.2. Statement of the Problem

The study is an attempt to examine the problem of revenue or resource allocation and utilization in the Nigerian federation using Cross River State as a focus of study.In recent

times,federating states have renewed agitations for either resource control or increased revenue from the center to facilitate development at State.This agitations seem to suggest that revenue allocation to States is inadeguate for the development of basic infrastructure at the State level.This gives rise to the present research in Cross River State base on the level of poverty, infrastructural decay and social disconnect in the State and other States in the Niger Delta inspite of the huge financial inflow into the States.It is the combination of poverty and the huge financial income and the consistent agitations for increased resource allocation that necessitated this research.Therefor,the study examines the extent to which the revenue of Cross River State was utilized for certain key sectors of the economy.This will brings out the rationale if any,for the agitation for either resource control or a review of the revenue formula.

It is important to state that most extant works on fiscal federalism in Nigeria have tended to overemphasize the issue of resource control and /or power sharing (Douglas, 2001; Guyu 2003) than revenue utilization. There appear to be little or no interest on the issue of resource misallocation and fiscal responsibility in discussing revenue sharing in Nigeria. This study takes these issues as a point of departure and investigates the interface between fiscal federalism and resource management and utilization in Nigeria from the stand point of Cross River State, 1999-2007.

Specifically the study seeks to address the following fundamental problems;

a. What is the nature of fiscal relations in Nigeria?
b. What is the place of resource management/utilization in Cross River State?
c. Does the practice of fiscal responsibility in Nigeria fufill the principle of fiscal responsibility?

d. What are the problems and prospects of resource management/utilization in Cross River State?

1.3 Objectives of the Study

a. To examine the nature of fiscal federalism in Nigeria.
b. To investigate the place of resource allocation and uitilization in Cross River State federating state.
c. To ascertain whether the practice of fiscal federalism in Nigerian fulfills the ideals of fiscal responsibility and efficiency.
d. To examine problems and prospects of efficient resource allocation and ultlization in Nigeria with particular reference to Cross River State.

1.4 Significance of the Study

The existing literature on fiscal federalism in Nigeria have tended to over emphasize the issue of resource sharing and control at the expense of the fundamental question of efficient resource utilization and management. This study has critically examined some of the issues on fiscal relations and has contributed siginifantly by renewing the call for the review of the existing revenue allocation formula in Nigeria to favour the federating states in order to foster development at the rural areas where majority of the citizens live.Also,The study is of significant because it has carefully departed from the politics of resource control which is based on sectional agitations and examine the utilization of resources in one of the states which is seen as a replica of other states in Nigeria.

The study has equally brought out clearly the level of revenue allocation in Nigeria using

Cross River State as a case study.Based on the realities discovered in the study, the research is clear about the level of malutilization through the misapplication of resources in Cross River State.Similarly,the study emphasized the place of the political elites in governance in Nigeria. Besides, it is expected that the findings and recommendations made by the study will serve as valuable inputs to policy makers in the endeavors towards moving the Nigerian federation forward. Overall, it has enriched the existing literature on the subject matter towards the goal of cumulative advancement of knowledge.

1.5 Basic Assumptions

The study is carried out within the following postulates;

a. Fiscal indicipline especially at the state level is at the root of the crisis of resource utilization in Nigeria.
b. Lack of efficient revenue allocation and utilization mechanisms and practice have been the bane of governance in Cross River State.
c. Fiscal responsibility is a necessary requirement for good governance in Nigerian federation.

1.6 Scope and Limitation of the Study

The study addresses its subject matter within the context of contemporary Nigerian federalism with reference to the period of 1999-2007. It focuses on Cross River state as the case study. The reason for choosing this period is to capture and appraise the impact of democratic process vis-à-vis the subject matter. Within the above context and time frame, the study interrogates the politics of resources utilization and fiscal responsibilty with a view to ascertaining its significance, problems and prospects

The major constraint faced in the study is the difficulties in assessing relevant official records from public (government) sources. The fears expressed by some civil servants were obvious to the effect that the research was investigating the state's finances or working for some security agencies of the federal government. At a point, the researcher was invited by the security office to explain reasons behind the research. Also both current and former public officers were reluctant to give relevant information for the study for the fear of indicting themselves or their political associates. However, the researcher was able to make adequate efforts towards mitigating these challenges by way of a rigorous field research.

1.7 Organization of Chapters

The study is organized into eight chapters. Chapter one which is the foregoing constitutes the general introduction to the study. Chapter two deal with the review of related literature and theoretical framework, which also serve as the conceptual and analytical framework of the study. Chapter three deals with the methodology and discusses the data gathering and analysis procedures. In chapter four, the description of the area of study with a view to situating the study in proper contextual perspective is made. Issues considered in this regards include the history, politics, geography and political economy of Cross River state. While chapter five focuses on the sources of revenue generation and evaluation of budgetary allocation in Cross River State within the scope of the research. Chapter six and seven explain resource allocation and utilization in Cross River State and Chapter Eight constitutes the summary, conclusion and recommendations.

1.8 Working Definition of Concepts

a. **Resource Allocation**- Simply means the distribution of both financial and human income within a particular period of time. For the purposes of this study, it is income generated by the Cross River State government into its purse within a fiscal year either internally or from external sources.

b. **Resource utilization**- This is an effective and efficient allocation and use of resource or revenue to the various sectors and projects of the Cross River State governemnt as provided for, in the law, usually in the state's annual budgets. Within our context, resource utilization is reasoned from both human and financial stands. From the human stand, it is the allocation of qualified and experienced personals to implement jobs which they have full knowledge while from the financial point; it is the allocation of revenue to projects that benefit the public.

c. **Resource misallocation:** This is the wrong or abused allocation by political leaders of appropriated resources to different sectors of the economy. This is usually measured by the extent to which the yearly budget is expended on both capital and recurrent projects. For the purpose of this study, it can be determined by assessing government financial records vis-a-vis and infrastructural projects with the amount of money allocated in the annual budget.

d. **Resource malutilization:** This entails the wrong use of revenue to sectors of the economy owing to corruption and self interest.

e. **Bad Governance** – It is associated with a system whereby there is lack of accountability and transparency by public officials in the implementation of public policies. In this wise, the utilization of public resources or revenue by officials of government has over the

years shown lack of transparency. It also involves allocating resources to ventures that do not benefit the general public. In this research, it will be demonstrated using a viable score on resources, to determine the process of award of project and if actually the projects were executed.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature Review

The question of resource or revenue mobilization**,** allocation and utilization in a Federation like Nigeria has been a dominant issue in contemporary scholarship on fiscal Federalism. In effect, there exists an avalanche of scholarly works addressing various aspects of this subject matter.Even as many scholars continue to debate on certain aspects of the federal question in Nigeria, there is yet to an acceptable formula by scholars on what and how Nigerian federalism should be operated.In this review, an attempt is made to explore some of the existing works, particularly as they relate to the issue of federalism, fiscal federalism, resource allocation and utilization. Taking Nigeria as a point of focus, the literature review, among other things, seeks to situate the present study in proper conceptual, contextual and analytical perspective. For convenience of systematic presentation, the literature review is thematically prosecuted under the following sub-headings: The concept Federalism, Fiscal federalism, federalism and public finance; the nature of the Nigerian fiscal system; the debate on fiscal operations in Nigeria and resource utilization in Cross River State. It is noted that the subject matter being interrogated in this study- resource allocation and the problem of utilization in Cross River State falls within the domain of federalism and its fiscal dimension which requires a review on all the concepts mentioned above.

2.2 Federalism

Federal scholars and social scientists like Wheare (1963),Adedeji (1971) Apter (1970) have made concerted efforts at clarifying the concept of federalism as well as sought to examine its historical evolution as a form of state or governmental institution.In order for them to achieve this objectives, a number of interpretations and understanding to the concept based on their thinking have emerged in the process of discussing federalism. Because of their thinking, the concepts is classified into three broad groups; those who see federalism as a polical and social phenomena, those who see it as pursuer of ends and means and those who see it in relations to pursuing limited as well as comprehensive purposes.

According to Wheare (1963) Federal Government is a constitutional arrangement which divides law-making powers and functions between two levels of government. Wheare noted that this constitutional government is brought about by circumstances where people prepared to give up only certain limited powers and wish to retain other limited powers, both set of powers to be exercised by coordinate authorities. To him, the federal principles include:

a. The division of powers among levels of government
b. Written constitution showing this division
c. And coordinate supremacy of the level of government with regard to their respective functions.

The central argument of Wheares is that federalism is most appropriate if the people in constituent units

> *Desire to be under a single independent government for some purposes at any rate and desire to retain or to establish independent regional governments in some matters at least (Wheare, 1963:121)*

The contention of Wheares argument is that Federalism or federal forms of government are being adopted for a purpose, as well as in pursuit of particular ends and means.Friedrich's (1963) like Wheare contended that federalism should be seen as a process by which unity and diversity are politically organised, and this process includes all political phenomena, persons, institutions and ideas. He described federalism as a union of group selves, united by one or more objectives but retaining their distinctive group-being for other purposes. Federation, according to him is on the inter-group level, while association is on the interpersonal level. It unites without destroying the selves that are unifying and is meant to strengthen them in their mutual relations. Friedrich argued that federalism should be seen as a process.

> *The process by which a number of separated political communities enter into arrangements for working out solutions, adopting joint policies and making joint decisions on joint problem and conversely also the process by which a unitary political community becomes differentiated into a federally organised whole (Friedrich,1963:14)*

Riker (1964) while viewing federalism as a problem solving goal oriented purposive arrangement and power sharing framework make references to the United States. According to him, in all federal states, all parties concerned are always willing to make a deal, a role he calls a "federal bargain." His thinking is that there must be a preparedness among the parties to make a deal, which depends on some predisposing factors that will lead rulers of erstwhile political communities into striking a federal bargain founded on the desire to expand their territorial control, usually either to meet on external military or diplomatic aggression and aggrandizement but at the same time, they do not want to embark on an expansion by war. The criticism against Riker is that he did not consider document as providing the basis for

federalism, rather, he believes on the bargaining process between prospective national leaders and officials of the constituents' government for the purpose of aggregating territory, of lay taxes and raise armies.

For Almod and Powell (1993) federalism is a system in which governmental power is divided between a national government and several sub-national governments each of which is legally supreme in its assigned sphere. According to them, federalism has some ancient precursors, notably, the Achean league of Greek city- States in the third century B.C. and the Swiss confederation of the sixteenth century; but the men who wrote the US constitution established the first modern form of federalism. In their views, federalism was adopted as a politically expedient adding that federalism has been widely praised as one argument has summed up as follows:

> *A number of different nations have adopted it as a way of enabling different regions with sharp different cultures and interest to join together as one nation. The cleanest examples of such nations today are Austrilia, Canada, Germany and Switzerland, but significant element of federalism are also found in system as desperate as those of Brazil, India and Mexico,(Almod & powell 1993:225)*

Like Wheare, Friedrich and Riker, Eleazu (1977) is of the view that states that long before philosophers and political theorists started using the word "federal" or its derivative, human entities such as families, clans, villages, city-states and provinces had at various time and place in their history made agreement, alliances, league or federations in order to solve their common problems. He noted that individuals at that point sought for collective solution to their problems under various ad-hoc arrangements. The situation according to him evolved to a time when the individual considered the need for a permanent formal arrangement or structure to look after the common affairs of the group while leaving the individual units to

look after matters that have not been placed on the level of common concern. On the basis of this, Eleazu maintained that the underlying principle of federalism is the fact of coming together of units for common purposes without loosing their individual being.

Eleazu (1977) further stated that federalism can be viewed as a social fact, legal fact and a political force. According to him, a country can want to be a federation only if their social and cultural conditions which make a unitary system unacceptable and independent existence unviable. Federalism to him then becomes a residual means whereby similarities are humanized and differences accommodated. He summarises his views in the following words;

> *Beyond and because of existing social factor, a federal constitution is brought into being by political leaders to formulate the agreed relations between the federating units as well as specify the process of adjusting and accommodating differences.*

In the views of Asobie (1998) federalism is a system in which there is an "explicit and constitutional demarcation of power and functions among national and sub-national political units. He maintained that powers and responsibilities are distributed in such a manner as to protect the existence and authority of both levels of the polity, each of which is independent with its own sphere, in the sense that it can pass laws, levy taxes and relate directly to the people. Asobie's position seems to advocate for the organization of a state in which power is dispersed or deconcentrated by a contrast as a means of safeguarding local identities or interest and individual liberties. The researcher sees Asobie's views as part of the Nigerian federal debate on power sharing between the different levels of governments in Nigeria.This argument may boast the economic strength of sub national powers and may also result to rural and sub regional development.But with the experiences of Nigeria during the regional

era in the 1960s, where regional governemnts exercised some level of autonomous powers as against the central government,Asobie's views may rather lead to the disintergration of Nigeria

Balawale (1998) also maintained the same views with Asobie when he considered federalism as a system of government, which seeks to prevent single group defined in racial, class or linguistic terms from dominating the other and monopolising the consumption of public goods. He further argued the fact that federalism as a political administration system is meant to address the twin issues of maintaining unity while also preserving unity and diversity that is applicable in multi-ehtnic or multi-national states. Historically according to him, federalism has been found to be useful in forging compromise, unity and that it is a means not only of foring unity in a society where there are diverse groups, but also an attempt to allay fears or domination of one by other.In fact Balawale's represent the Nigerian federal arrangements where despite the diversity of the Nigerian society, its unity remain the cardinal issue for the survival of Nigeria.

Federation as Anderson (2008) would put it has risen in very different circumstances, each being the unique result of choices by political leaders and larger historical forces. Federalism has been chosen to bring together formerly separate units into a new country, or to rearrange a previously unitary country, and even as a product of both processes together. However, in every case of federation, political leaders have constitutionalised two tiers of government as a way to realise and reconcile their respective goals while ministering violence or in some cases in order to end it. Traditionally, federalism has been defined in terms of constitutional law as a system in which powers are divided between central and regional/state authorities each governing directly and independently within its own defined

sphere and neither being able to modify the division of powers unilaterally. This further means that the fundamental basis of a federation is the coming together of a group of people with the aim of sloving a common problem without loosing their identities.It is in acceptance of this that Fredrick (cf Odofin (2004) defines federalism as a union of group selves united by one or more common objective but retaining their distinctive group being for other purposes. Federalism is on the intergroup level while association is on the personal. It unites without destroying the selves that are uniting and it's meant to strengthen them in their mutual relations.

From the above difinations, one can rightly agree with Enyi (2005) that the central objective of federalism is essentially:

> *The extension and expansion of political space, autonomy and institutions to the benefit of geo-political units in a context in which the political community accepts that their management would benefit from different levels of governance*

Before this period, Jinadu (1979) has viewed federalism as a form of governmental and institutional structure, deliberately designed by political "architects" to cope with the twin but difficult task of maintiaing unity while also preserving diversity. This diversity, if not carefully managed by engaged stakeholders can threaten the corporate existence of the federation. Nigeria is a clear example of Jinadu postulations as citizens tends to pay more allegiance to group identity than the national government.

Within the context of Nigerian federalism, Osuntokun (1979) review the situation to include the delibrare imposition of a federal system in Nigeria in order to maintain a neo-colonial control of the country after the lowering of the union lack. This argument stems from the fact that the British had the opportunity to de-emphasize the particularlistic tendencies of the different ethnic groups, by not giving any region a large measure of

political autonomy. This position is a reflection of the present realities in the practice of Nigerian Federal structure because some segments of the country with large political autonomy continue to dominate and determine the politics of governance in Nigeria to the detriment of others especially the ones considered as minorities.

It was as a result of the above arguments that J.S. Mill in Ijalaye (1979) rightly pointed out that in a federation, there should not be any one state so much more powerful than the rest as to be capable of vying in strength with many of them combined.If there be such a one and only one, It will insist on being master of the joint deliberations if there be two, they be irresistible when they agree; and whenever they differ, everything will be decided by a struggle for ascendancy between rivals. Like Ijalaye put it, before 1967, there were four regions within the federation of Nigeria- the North, West, East and Midwest. The North alone was as great, if not greater, both in population and size than the rest of the country. The contention in this analysis is that population and size are sources of power in economic and political terms especially when dealing with matters concerning finance and allocation of resources to the component parts of the country. In fact, this was parts of the arguments of the proponents of resource control – that the federal structure created by the British favoured a certain parts of Nigeria in population and size thereby creating an unequal system in terms of representation at the national government and revenue distribution.

However, Nnadozie (2005) contended that the federal formula is generally accepted as the most appropriate strategy for multi-national societies. In Nigeria, the federal formula was formally adopted in 1954 as a consensus between the leaders of the major ethnic groups, on the one land, and the British government on the other. Despite this thinking, it is doubtful as Gana (2003) pointed out, whether the approach was adopted as a means of negotiating the

termination of colonial rule rather than as a means of national integration and stability. Gana went further to state clearly that:

> *The choice of the federal formula was informed, not so much by the intrinsic qualities of federation as a mode of exercising sovereign authority while simultaneously accommodating irredentist clains to cultural autonomy, as by the realization, especially within the ranks of the southern segment of the anti-colonial movement, that it was the best deal they had for wresting independent statehood from the British.*

Though Gana's arguments justify the postulation of Nnadozie, the point left out is that the British government agreed to the federal arrangement for it own and obviously different motives. In the first place, federalism as adopted and implemented in Nigeria by the British afforded them the best option for the continued separation of the North from the South, a policy carefully designed and pursued during the heyday of indirect rule system. Viewing federalism as a phenomenon within the context of the cooperative theory, Olowu and Bamidele (1995) states that federalism represents a principle for the organization of decision making in an association of groups of people within a nation-state. They noted that the peculiarity of this association is such that groups are endowed with special functions in central decision making but with a relative autonomy that is constitutionally recognised. Thus, according to them, federal system of government recognised and respects the co-existence of concurrent government with well-defined autonomy. The national government in this case does not play any domineering role in its relationship with the other units of governments.But again, the fundamental question which Bamidele did not consider in the discussion of autonomous powers for the units was whether there is any well known federation that the national government does not play a domineering role over the sub national units as even in developed federations, ike United States, Canada, France etc the

central government has a reasonable level of control over the states.

Despite all these, Olowu and Bamidele still maintained that federalism emphasied the sharing of power in political systems, with each level of government exercising its power within constitutionally approved limits. According to them, it is a commonly accepted today that an important characteristics of American Federalism (widely regarded as the architect of modern orthodox federalism) has a relative autonomy of the states to govern themselves with few constitutional limitations. That is, the federal system allows for the constituents units to articulate their independent political will and at the same time participate in the formation of the central entity's will. Just like Olowu & Bamidele, Tamuno (1998) shared in their views that federation is a form of government where the component units of a political organization participate in sharing power and functions in a federation in a cooperative manner, though, with the combined forces of ethnic pluralism and cultural differences. Nigerian federal operation has been endangered by the virture of power sharing through cooperative manner which is a product of ethnic and plural affiliations. Therefore, it can be clearly seen that the views of Tamuno are a reflection of the Nigerian federal system.

2.3 Fiscal Federalism

Fiscal federalism has been variously conceptualized in different forms. The economic position of fiscal federalism relates to the existence in a country of more than one level of government with each having different taxing powers and expenditure responsibilities, (Temitayo, 1999). Politically, Akande Bisi, (2003) former Governor of Osun State relates fiscal federalism to derivation. But the most meaningful and closely

linked definition was given at the Obafemi Awolowo memorial lecture where Adedeji conceptualized fiscal federalism as the practice of true federalism and natural law in which the federating units express their contributions towards the maintenance of common services of the sovereign nation state to which they belong, (Adedeji 2001).The current political agitations in some parts of Nigeria on issues relating to revenue allocation and political restructuring are manifested in the views of Adedeji.Imam (1999) opined that the various definitions of fiscal federalism under the economic benefits of fiscal federalism are in three versions. First, there are variations in human wants and desires not only from one community to the other but from one nationality to the other, thus, federal arrangement would take care of communal, societal and nationalities disparities at various levels of government.

Similar to the above, Momoh (1999) contended that the fundamental to the crisis of federalism in Nigeria is the way class interest and class ideology have interface with such other variables such as militarism, ethnicity, accumulation and to produce ideology of domination. He argued further that the indigenous inheritors of the absolutist colonial states were nurtured in the context of the undemocratic character of the colonial state. With the emergence of oil as main stay of the Nigeria economy, the indigenous elites in charge of the state were also in control of the collection and recycling of oil rents that determined the dynamics of state power and politics.The researcher strongly agrees with this position because the current primitive accumulation in Nigeria stem from the pattern of colonial capital distribution.Oil as source of revenue has become a very contentious issue because of the political influence of those who control power at different level of governments.

But Adilieje (2008) problematized the notion of fiscal federalism in Nigeria on the politics and policy of resource allocation, including the spate of sectional competition for the control of resources vis-à-vis the resultant implications for the national development continuum as well as the consequential instability it breeds which has remain part of the unsettled national question in Nigeria. He went further to view fiscal federalism as a theoretical issue of intergovernmental fiscal relations and how these relationships impinge on macro-economic management.It can therefore be said that the argument from both the protagonists and antagonists of resource control is part of intergovernmental relations.Adilieje went further also to argue that the pre-occupation of the theory of fiscal federalism is to answer the fundamental questions of the rationale for adopting a federal structure in a country; rules for the assignment of functions and sources of revenue to different tiers of governments. They theory of fiscal federalism to him, essentially suggest that the main principles that have been elaborated for regulating inter-governmental fiscal relations are those of diversity, the federal capacity to achieve unity in a variety of diversities or pluralism; stabilization through macro-economic direction by a central authority, efficiency through minimum costs of resource allocation and provision of public goods, derivation through local control over resources to meet local preferences and the centralized distribution of resources.

Anderson (2007) has observed in a paper to the Nigerian Governor's forum on fiscal federalism that there are challenges to fiscal federalism in Nigeria. He mentioned them as follows: Managing a petro-economy with its giving's and the eventual depletion of the resources, providing regional and vertical equity in the distribution of fiscal resources; promoting coordination of major policies within the federal system and

ensuring transparency and probility in the management of public finances. He pointed out some problems associated with this system. It posed issues of political accountability because the federal government raises its revenue from such a narrow base and most states contribute very little to national or their own revenue Secondly, it can be a source of major tension between the producing and other regions of the country. Thirdly, it appears to have led to an underdevelopment of alternative revenue sources because it is easier to tax oil than other aspect of the economy. Finally, it create problem of instability in public finances tied to a resource whose value savings widely and that will deplete in war time.To a large extent,the current problems militating against development in Nigeria at the moment is centered on these three identified problems,a situation where states including Cross River State have neglected other aspect of the economy that generate income and rely heavily on oil revenue.

According to Okoko and Nna (1997) fiscal federalism has a three dimensional perspective; revenue, expenditure and intergovernmental transfer. Accordingly, the normative framework of fiscal federalism is centred on equality, coordinate and independent fiscal power, pluralism, comparative advantage, subsidiary and vertical and horizontal competitiveness in the promotion and achievement of good governance. Although, according to them, these norms do not always move in the same direction in terms of result and impact on the different levels of government, there is however, no denying the fact that they are norms which must be respected in a federal fiscal system if they are to contribute to a healthy and vibrant federalism with an enabling modus operandi. This argument is centered on the fact that a fiscal system which strengthens one level of government at the expense of another level is bound to be conflict-ridden

with centrifugal forces leading to separatism, becoming open and flagrant.They stressed that it is therefore imperative to a federal fiscal system that, while not satisfying everybody, it is expected by one and all as reasonable, challenging, adjustable and therefore accountable. They also emphasized that with the normative framework, there are variations between different federations based on the conjunction of their history, political and development paradigm. They warned however, that one thing which is certain is that a fiscal federal system which refuses to be guided by those norms is invariably bogged down by persistent and perennial conflicts between the national, regional/state governments and among the state governments until appropriate changes are accommodated or the polity falls apart.

Fiscal federalism, according to Guyi (2005)"Pertains to the management put in place to regulate money transfers between the different tiers of government, from federal to states, from federal to local governments and from States to local government councils."It also concerns the power to generate revenue and to spend same and the perceived equity in all transactions, particularly within the context of intergovernmental relations in a federation (Guyi, in Antai, 2002). In the contribution of Oladeji (2006), fiscal federalism relates to issues of inter-governmental fiscal relations and how these relations infringe on macro- economic management. Fundamentally, primary issues of concern in fiscal federalism include the following:

- rationale for adopting a federal structure
- rules for the assignment of functions and sources of revenues of different tiers of government.
- and the role of inter-governmental resource transfers and their most desirable forms in

federal system,Oladeji,(2006).The issue of government expenditure constitutes a veritable aspect of fiscal federalism. Thus, fiscal federalism literature provides guidance on how expenditure assignment could be optimally designed on the grounds of a locative efficiency, manageability, autonomy and accountability (Onimode, 2001).The idea of fiscal federalism presupposes inter-governmental power sharing from the standpoint of fiscal resources and relations. With reference to Nigeria, Enuyi (2006) rightly observes:

> *In a federal system such as we have in Nigeria, fiscal federalism usually involves the sharing of fiscal resources between the three different layers of government, the federal, state and local governments and the primary objective being to ensure equal opportunity, even development and fair play (equity) for the federating units.*

In its ordinary sense, fiscal federalism refers to the dynamics of intergovernmental relations in the area of resource/revenue generation and allocation (Antai, in Okeke, 2002). In this regard, the crucial issues of concern are, how centrally collected revenue is shared among the different levels of government {vertical allocation) and how shares of the states and local governments are distributed (horizontal allocation)

For Nigeria, issues relating to vertical and horizontal revenue allocations have remained the crux of inter-governmental fiscal relations. According to Enuyi, (2005), this has also constituted:

> *A veritable source of long-standing controversies in the various attempts to establish a generally acceptable revenue allocation for the nation.On a general note, it would be proper to conceive of fiscal Federalism in terms of political, economy of public finance (i.e generation and distribution) within the context of federalist relations*

Overall, this would encompass the following issues:

- Resource mobilization
- Resource control
- Resource appropriation
- Resource allocation
- Resource utilization (Harith et al 1995, Ibori, 2002).

To make the issue more explicit, CODEDRIA (2009) argued that the struggle for revenue allocation takes place between the centre and sub-natural government under the label of vertical revenue allocation. This is argued on the prime consideration that the existence of a vertical fiscal gap, a situation in which there is a discrepancy between the constitutionally assigned functions and the tax power. This arguments are typical of the Nigerian fiscal arrangement whch has created a continuous struggles between the federal government and the subordinates unit over revenue allocation. Within the Nigeria context, it is a major problem militating against the operation and workings of federalism. In fact, Adebayo (1990) had earlier postulated that such a striving for resources is trans-ethnic balance favours central governments. Again, this position rightly explains the typical Nigerian situation where the central government is often favoured in allocation from the consolidated revenue.

Similarly, the danger associated with this kind of vertical fiscal arrangement in Nigeria is that transfers to lower levels of government are inadequate to carryout their functions, thereby leading to agitations for revenue sharing arrangements that would strengthen the fiscal position of regional units. This agitation for revenue sharing was and is still part of the agitations for resource control in Nigeria. This is because the propoenents of resource control have often based their arguments on an inbalnce fiscal arrangement which to them should

favour the states than the federal government. Importantly, the level of fiscal distribution in Nigeria which has left states in a desperate bid to generate more revenue to carry out their activities has precipitate the imposition of multiples taxation, charges and levies at the state. The position pointed above is a reflection of governance in Cross River State (1999 – 2007).A situation where the Cross River State government in a desperate move to regenerate more revenue increases tax percentage by over hundred per centage and was involved in multiple taxation. The Cross River State situation may have be responsible for Anderson (2008) warning that a federation must minimize the extent to which constituent units use tax competition to influence companies and individuals in generating revenue. This suggests that constituent unit should have limited control over mobile tax payer and tax bases. Instead, they should be given power over property taxes because property does not move.

In order to underscore some of the issues raised, Mbanefoh (2003) identifies four important phases of inter-tier revenue allocation in Nigeria. First is the period between 1946 and 1951 during which the federal government exercised overwhelming control over the revenue it collected. During this period, the sharing of revenue between the federal government and regional governments was not formalized. Revenue allocation to the regions was at the discretion of the federal government. Then, it can be explained that the current fiscal imbalance in Nigeria which has disturbed the practice of true federalism has its history between 1946 and 1951. The second phase was between 1952 and 1966, the period witnessed the formal sharing of revenue between the central and regional government. Interestingly, with the military intervention in politics in 1966, the federal government increasingly appropriated more of the centrally collected revenue. This tendency that lasted till 1976 is what Mbanefoh (2003) classified as the third stage. The forth and the last stage is the era of

itner governmental fiscal tension that commenced in the early 1980s. It is important to quickly point out thast Mbanefoh did not explicate the nature and the causes of inter-governmental fiscal conflict during this period. However, it can be summed that during this period, the bourgesies that emerged saw the central government as an avenue to divert public fund to private use, depriving the sub-national government of their legitimate revenue. Fiscal centralization has led to the conclusion that the federal government is superior to the other two layers of government. Yet under federalism, the different layers of government are necessarily co-ordinate with each other exerting direct influence on the people. Also, inter-governmental fiscal conflict intensified partly because of the scope of government activities vastly exparded at the state-local level with the oil boom in 1970s. It is the dynamics and dialectics of the aforementioned within the context of intergovernmental relations in a federal system that defines and underlies the notion of fiscal federalism.All these arguments are viewed as warning signals for Nigeria because the operations of Nigerian federalism within the context of intergovernmental relation have negated the issues raised above.

Wheare (1963) argues that if, in a federation, the authorities at the lower levels of government find that the services allocated to them are too expensive for them to perform and they call upon the federal authority for grants and subsidies to assist them, they are no longer coordinate with the federal government but subordinate to it. This presupposes that financial subordination mars the practice of federalism. Hence, Wheare (1963) contends that the state and federal authorities in a federation must be given power in the constitution for each to have access to, and control over, its own sufficient financial resources.Wheare postulation is a reflection of the Nigerian federal practice at the moment because most of the federating states can only survive on the central government

through monthly revenue allocation since they have not developed other means of self survival.

But in contrast to Wheare's notion of complete or absolute fiscal autonomy for each tier of government, Dare (1979) argues that there is no known federation where it has been possible to guarantee financial autonomy to all levels of government as adverted to in Wheare's work. Thus, as it is in Nigeria, other levels of government tend always to be financially subordinate to the central government.Then, one can base the operation of federalism in Nigeria around Dare observation because the central government still continues to dominate and dictate the extent to which federating states operate.

One major source of inter-governmental fiscal relations in Nigeria, especially since the Phillipson Scheme of the 1950s has been the determination of the proportion of centrally collected revenue to be assigned to each tier of government (Oladeji, 2006). In effect, the central question on Nigeria's intergovernmental fiscal relations is what should be the formula that would govern the allocation of national wealth. This has become all the more crucial since the advent of Nigeria's petroleum industry. In this regard, Oladeji (2006) rightly observes:

> *One cardinal contributing factor to the volatility of Nigeria's intergovernmental fiscal relations over the years has been the discovery of oil since the 1970s and its emergence as the single source of national revenue, accounting for over 70 percent of the component of the national earnings.*

A critical dimension of the volatility of fiscal relations in Nigerian federalism has been the crisis of revenue allocation principle(s) and formulae (Watts, 2003).It is in this connection that Oladeji (2006), succinctly submits:

> *Nigeria's journey and search for an acceptable and enduring vertical revenue allocation formula have not really produced a good result. More importantly, is the fact that Nigeria is still very far from achieving results in producing a generally acceptable principle for allocation of national revenues particularly a formula that tends to achieve a sustainable national development and increasing social cohesion.*

A critical dimension of the problematic of fiscal relations within the context of Nigerian federalism in contemporary times is the question of resource control (cf. Akinyemi, ct al 1979). According to Enyi (2005) "there is so much controversy and indeed conflicts surrounding the issue of resource control in Nigeria in recent years".The issue of resource control reflects the enduring crisis of fiscal relations in contemporary federations. This is fanned by the quest for financial autonomy within the context of fiscal insecurity. This point is buttressed in the following assertion:

> *Thus, in most, if not all federal countries, one of the most constant sources of intergovernmental wranglings centers on the problem of securing adequate financial resources on the part, of the lower levels of government to discharge essential political and constitutional responsibilities (Akinycmiefil 1979).*

2.4 The Debate on Fiscal Federalism

The debate on fiscal federalism currently going on in Nigeria is anchored on two points: the centripetal forces and the centrifugal forces. Centripetal forces posit that the federal government should be in control of all mineral resources throughout the country. According to Richard Akinjide, (1987) who have a firm believe in this school of thought, shortly after the amalgamation in 1914, “the next thing that followed was the enactment of the memorial ordinance of 1914 which invested all mineral in Nigeria in the hands of the British

crown, not in Nigeria for Nigerians. The idea in this statement is that in granting independence to Nigerians in 1960, the British handed over the control of all these minerals to the federal government of Nigeria. It can be pointed out that before the independence of 1960, self government has already been given to the regions-West in 1959, East 1958 and North in 1959. These self governments never had power over minerals located in their areas of jurisdiction, for instance; three minerals were exploited and exported for foreign exchange earnings before independence which were tin and columbite from Jos-Plateau area of the Northern Region and coal from Enugu, Eastern region. To exploit these essential minerals, the federal government was in a position to issue licenses' and the attendant royalties equally accrued to her, Olasupo (2008).

The military coup of 1966 which brought the uniform men to governance reinforces the hold of the federal government on mineral resources. With the suspension of the 1963 constitution, the early step taken by the military was the taking over of state and local government functions for variety of reasons-possibly to increasing concentration of fiscal responsibilities on the federal government. As a result of this concentration of power at the federal level, responsibilities with new ones created have been grouped into five: defense spending, purchase and distribution of essential commodities, improvements in transport and communication, the National Youth Service Schemes, steel development and petrochemical industries. Also, some responsibilities were shifted from the state to the federal government; these include university education, the media and broadcasting. Thirdly, the creation of authorities under the control of the federal government to deal with special problems, with some local responsibilities for the problems, shifted to such area. Fourthly, the federal government involved in creation of state and local government that should clearly be the

responsibility of the state government. Finally, the traditional ruler were bureaucratized and categorized into emirate or traditional rulers forum maintained by the federal government but with financial responsibilities to do so shifted to the local governments, (Mbanefoh, 1986).

Consequent upon all these, new tax measures were introduced. The transfer of legislation and administration of mining rent and royalties to the federal government, centralization of the marketing boards where all surpluses and fixing of producers prices were administere, by the federal government, right to revenue emanating from company income tax, import, export, petroleum profit, excise taxes and mining royalties and rent were vested in the centre, introduction of uniform rates in personal income and sale taxes while states were to administer the taxes, replacement of sale tax with value added tax in 1994 and squarely transferred to federal government for purpose of regulation and administration while the proceeds are paid into Value Added Tax account for distribution among the tiers of governments.All these eroded the revenue potentials of not only the state but also the Local Government. Between 1993 and 1999 as observed by Fosulop (2008) revenue source of government at the state level, stood at 7.4% of the total expenditure while that of the local government between 1996 and 1999 averaged 6.7%. Of the total expenditure on the whole, the aggregate of states and local government revenues were divided to 14 % of the total revenue in the federation account, (The Comet, 2002).

With all these argument from the centripetal force, their final point in support of federal control of resources is that she needs to be able to make financial grants to poor states. To ensure a level of living condition for every Nigerian not below a national minimum considered desirable by the federal government as is the case in the Australian Federation. In this direction, the proponent of centripetal fiscal federalism believes that the federation would

be strengthened, national unity properly upheld and the indivisibility of the country inviolable. To this end, they recommended that states should rather clamour for more revenue rather than resource control. It is interesting and important to state that these promoters of fiscal federalism on the basis of federal control in Nigeria are mostly from the Northern part of Nigeria.

On the other hand, the centrifugal forces, in contrapetal variations, contend that ownership of resources should be the major determinant of who get what, when and how in a fiscal federalism. According to the proponents of this opinion, Douglas (2001), the following fiscal arrangements were in place then, (1) the regions were assigned the proceeds from export and excise taxes while the federal government received the share attributable to Lagos area,(ii) Market boards were regionalized and their operational surpluses were retained by their respective regions (iii) regions were empowered to fix producers prices and also impose sales tax on the produce of the marketing board (iv) regions were assigned the full retention of mining rents and royalties with a federal share of 30% payable to the distributable pool account and was latter adjusted to 35% in 1957, (v) region were allowed to administer and retain income tax on incomes not above 700.00 pound per annum.In fact,the point emphasized above must trigger the agitations for the control of natural resources in Nigeria.

To continue the debate by the proponent of fiscal federalism, Podosup (2008) argued, until the advent of the military in governance, not less than 50% of the revenue allocation went for derivation, beside, the 35%, which was shared among all regions including the regions of origin of the natural resources. This then meant that not less than 15% went to the central government. He went further to argue that the resources in question during that period

were mainly agricultural and therefore cut-across the broadest sections of the country.If in Nigeria,the trend of fiscal practice is carried out as opined by this analysis,it may allow for a more effective distribution and development of the states and Local Governements.The people will now be in a position to access the revenue of the states more critically and hold them accountable.It is difficult in the present situation to differentiate the powers of the states and federal projects in Nigeria.

According to Onimode (2001) out of the least ten federations across the world, all except three adopt fiscal decentralization. According to him, these three federations are: Indonesia, Australia and Nigeria and they are said to belong to younger or less matured federations. He added that though the federal government of Nigeria is making steady progress towards fiscal decentralization, through fiscal reform and fiscal review commission up to 1992, this is slow.But Onimode must realised that many of the federations across the globe does not practice a system where fiscal advantages are given to the federating units to the deriment of the center.In all these debate, this writer agrees with Jega (2007) on the argument that one of the earliest challenges to the development of fiscal federalism in Nigeria was on attempt to provide independent revenue sources for the regions, at the same time a formula was devised to share out federally collected revenues to all the component.This led to the various commissions established to fashion a formula for revenue allocation.

2.5 Federalism and Public Finance.

The above discourse on fiscal federalism, among other things, presupposes the significance of public finance within the context of a federation. According to Philips (1971:3);

> *Whatever the origin of a federation, whether aggression or devolution, its establishment at once raises three problems: how to allocate functions rationally; how to allocate taxing powers; and how to share revenue between governments of that federation. It is for the constitution makers to settle the first problem, leaving the remaining to federal financial experts.*

Federal finance, in contrast with unitary finance, is a triple division of resources between the federal authority, the regional or state governments, and the local governments, Adedeji (1971). However, the most crucial characteristics of federal finance are to be found in the financial status of the inter-mediate political entities, the state or regions, which are designed to perform certain functions that are assigned to the central authority in a unitary system.

Properly conceived, therefore, the system of federal finance can be conceived in terms of the principles or modalities which the intermediate political entities and the central authorities (the federating units) should adopt in their fiscal operations and relations. This has been rigorously explored in the existing literature on fiscal federalism (cf. Onimode**,** 2003).Contemporary scholarship on fiscal federalism has identified what may be termed essential features of federal finance. The first in this "regard is the allocation of fiscal powers between the centre and the regions. This has been emphasized by Adedeji (1971:81) in the following lines:

> *Whatever may be the bases for dividing the spheres of government between these two levels, each should be given adequate fiscal powers if it is to be able to discharge its duties and responsibilities and still preserve its autonomy,*

The second feature of federal finance is the freedom that both the central and units governments exercise in the disbursement of revenue. In other words:

> *...full freedom of financial operations must be extended to both federal, as, well as to state Governments in order that they may not suffer from a feeling of cramp in the discharge of their normal activities and in the achievement of their legitimate aspirations Adarkar,(1933).*

Thirdly, resources available to the various levels of government must be adequate, so far as possible, to meet the needs and responsibilities of each government; such resources must also be elastic in response to expanding needs. As Adedeji (1971) again puts it, "adequancy and elasticity of resources are two requirements which must go hand in hand."The fourth feature of federal finance is administrative economy.

This essential feature has been elaborated thus:

> *The fiscal system should minimize fraud, evasion, cost of allocation, and double taxation. These objectives can only be achieved if tax jurisdiction is allocated between the federal and unit governments in full recognition that contains (axes are belter administered at the federal level, while others are better administered at the local level* (Adedeji, 1971).

Finally, the federal finance is also characterized by the imperative of economic equilibrium. To this end, not only should the federal government direct and indirect taxes, but it should also be given constitutional mandate to transfer resource from the relatively advanced parts of the country to the relatively less developed parts by way of grants-in-aid. This is to ensure even development in service of the overall national interest. The same Adedeji (1971) went further to rightly observe “indeed, poverty anywhere in a federation is a limitation to prosperity everywhere”.The aforementioned represent the fundamental requirement of federal finance in

federalism. It must be noted, however, that there exist significant variations across various federations of the world. This work support the ascertion that;

> *A study of federations all over the world will no doubt reveal considerable variation in the extent to which these features are present in various federations.*

The Nigerian fiscal system presupposes the system or the allocation of fax jurisdiction and the sharing of revenue between governments Phillips (1971) is refers to the system of public taxation and revenue allocation within the dynamics of the fiscal relations of Nigeria federation.The major taxes in the Nigerian fiscal system, in order of their relative importance as revenue sources have been highlighted by Adedeji (1971) as follows.

- Import duties
- Export taxes
- Excise taxes
- The personal income tax and the companies' income tax.

Since the amalgamation of Nigeria' in 1914, government revenues have evolved in virtually the classical pattern of tax structural change in keeping with the dialectics of national economic development. For instance, the traditional direct taxes on persons and wealth which were the predominant sources of revenue during the first decade or so after amalgamation have been clipped by the rapid growth of foreign trade taxes (Phillips, 1971). The trend has further been reinforced by the advent of oil (petroleum) as the dominant source of public revenue in Nigeria.

The other dimension of the Nigerian fiscal system as implied in the foregoing is the question of intergovernmental transfers. There are three basic principles on which

intergovernmental transfers are based in the federations. The first is the principle of "derivation" which among other things provides the method of distributing federal revenues to the various units making up the federation the total or some proportion of certain taxes assumed to have been paid by their citizens, Olatoku (1979).The second principle is that of "need." Intergovernmental resource transfers according to this are based on fiscal need usually determined by the size of the population in an area. This principle, on which the working of the federal finance relies heavily in places like India closely, approximates the fiscal equity principle.Finally, the third principle is that of 'national interest' or even evelopment' Resources transfers made according to this principle are determined on the basis of public expenditure considered to be in the interest of the nation, Olatoku, (1979).All the above three principles have been used to a great extent in the working of federal finance in Nigeria. The development of Federal finance in Nigeria is nothing but the history of various attempts made to contain the financial consequences that accompanied all the constitutional changes which took place in the country since "World War II.

Between 1945 and 1968, six different fiscal review commissions met in 1946, 1951, 1954, 1958, 1964 and 1968, to look at the problem of allocation of federal revenues consequent upon the constitutional changes which took place in these same years. Consequently, the years of fiscal review commissions which also corresponded to years of constitutional changes in Nigeria as enumerated above, conveniently divided the development of federal finance in the country into six distinct periods which are examined below.

2.5.1 The Development of Nigeria Fiscal System: Some Historical Insights.

The development of federal finance in Nigeria has gone through some phases. Adedeji (1971) identified four phases in the development of Nigeria federal finance. During the first phase, which began in 1946 and ended in 1952, the then newly created regions, the North, West and the East, were given limited powers in relation to the central government. Each region had its own budget out of which was to take responsibility for the cost of government services in that region. Regional revenues came from two principal sources, namely regional taxes and bloc grants from excesses of central government revenue. These grants were to be shared among the regions basically on the basis of the principle of derivation. In effect, the most enduring contributions made to the evolution of federal finance system during this period were the introduction of the derivation principle.

The second phase of the Nigerian fiscal system started in 1952. It lasted for two fiscal years, i.e, 1952 to 1954. This period among other things was characterized by the pioneering attempts to evolve a truly federal financial arrangement in Nigeria. The regions then are given independent tax jurisdictions and statutory shares of central revenues. This period saw the introduction of the principles of 'need' and national interests as the basic of allocating revenues among the regions; this was in addition to the derivation principle which had in the main become problematic to implement, Phillips (1981).The third phase in the history of Nigeria fiscal system started in 1954 with the exclusive reinstatement of the principle of derivation as the basis of revenue allocation in Nigeria. In effect, the principle of derivation was used as the basis for sharing the accumulated reserves of the powerful commodity marketing boards which were put under regional control. These arrangements completely altered the existing state/or

fiscal relations in Nigeria with the central government losing a high proportion of its revenues to the regions. Moreover regional imbalance in terms of public revenue was accentuated, with the West becoming the most favored (the richest) while the east was the most disadvantaged.This perharps, is responsible for the current challenges facing Nigeria which is viewed to mean the national Question.some parts of Nigeria centered their agitations on increase allocation based on population while others sees it from the point of need.

The fourth phase of Nigeria's fiscal system lasted from 1959 to 1966. This period began with an attempt to reduce the weight given to the derivation principle and the consequent reintroduction of other principles of revenue sharing with a view to addressing the fiscal imbalance occasioned by the application of the principle of derivation. This period was significant as it also saw a remarkable consideration in the comparative fiscal status of the various regions. As was observed by Adedeji (1971)

> *During this period a fundamental change took place in the relative economic position of the regions, the East became an important producer of petroleum products while the economy of the West' was no longer buoyant as it was in the early fifties due to the slump in the world, cocoa prices. The North was still, overly dependent on its exports for revenue. East, accordingly, emerged the strongest generating substantial surpluses on current account while both the North and West found it increasingly difficult to balance their budgets. Because of its new found wealth, the East became an advocate of full application of derivation principle in the allocation of revenues.*

On the whole, the development of federalism in Nigeria is nothing but the history of the various attempts made to contain the financial consequences that accompanied all the constitutional changes which took place in the country since the World War II. This essentially coincides with what may be referred to as the history of fiscal politics in Nigeria. As Olaloku (1979) has pointed out:

> *Between 1945 and 1965, six different fiscal review commissions met in 1946, 1951, 1954, 1958, 1964, and 1968 to look into the problem of the allocation of federal revenues consequent upon the constitutional changes that took place in these same years. Thus the years of the fiscal review commissioner which also correspond to years of constitutional review above conveniently divide the development of federal finance in Nigeria into six distinct periods.*

The period being presupposed in the above citation slightly differs from the ones highlighted by Adedeji. These periods, translates into the following phases of fiscal politics in Nigeria:

Table 2.5.1: Phases of Fiscal Politics in Nigeria

S/n	Phase	Period
1	Phase 1	1946-1952
2	Phase 11	1952-1954
3 .	Phase III	1954-1959
4	Phase IV	1959-1964
5	Phase V	1964-1969
6	Phase VI	1969-1974

Source: Olaloku (1976)

The foreign observations suggest among other things, that the developMNJ-ment of fiscal system in Nigeria has to a large extent correlated with political dynamics within the polity. More importantly, the system has by and large reflected the objective political peculiarities of Nigeria as a federation. These factors are further considered in the subsection that follows.The financial needs of the northern part of Nigeria after the amalgamation in 1914 was a major compelling reason, as it served the purpose of shedding off

the financial burden of the North on the colonial government. The colonial administration was also more interested in the integration of the country's fiscal system than in ensuring a rational distribution of functions and an equitable allocation of revenue. Adilieje observed that little consideration was given to the problem of inter-governmental and inter-regional fiscal equity. In spite of the constitutional reform that emerged with the 1922 constitution, Nigeria still operated the unitary political and fiscal administration until the enactment of Arthur Richard constitution of 1946, which split the protectorate of southern Nigeria into two (East and West) and this created three regional structure for the country. It was the need to assigned administrative functions and establishes revenue sources for their operations that led to the establishment of the one-man phillipson commission of 1946.

Revenue allocation is one of the major challenges of any federation in the world today. In Nigeria, this has presented a fertile ground for controversy and crisis. The problems center on who should control what type of tax? What is the most acceptable formula of federal revenue sharing? Should the allocation be based on derivation, need, population or land mass, Bzeadi & Asiegbu (1990).The problem of imbalance in revenue generation, between the states and the center, differences in population density, uneven development industrialization, natural resources distribution of wealth and social services account for crises in determining the allocation formula (Ezeadi and Asiegbu, 1990). The crisis of revenue allocation in Nigeria over the years has necessitated the setting up of various commissions to address relevant problems and suggest the way forward.This was the foremost revenue allocation commission in Nigeria. It was put in place by the colonial administration to determine the most appropriate formula for revenue allocation in the colonial Nigeria of the time under review. This commission based this report on derivation

principle.

2.6a the Phillipson Commission;

This was established in 1946, in the context of the Richards constitution which somewhat decentralized the power and responsibilities to the three regions, namely the Eastern, Northern and Western regions. Essential aspect of the phillipson commission's recommendation was the introduction of derivation as an important principle in the horizontal allocation of revenue, Obanefor (1998).

2.6b Chick Commission 1953

The Chicks commission was established in 1953 and mandated to reassess the criteria for revenue sharing as a follow up to the London constitutional conference and preparatory to the Lyttleton constitution the period of 1952 and 1954 marked rapid transition for regions in fiscal matters. This commission recommended that the principle of need and derivation be used as the standard of federal revenue sharing. It also recommended that country taxes be federally collected and distributed according to needs.

2.6c Raisman Commission 1958

The fourth attempt to improve the revenue generation and sharing arrangement in pre-independence Nigeria was the establishment of the Raisman Commission. This came as Jega (2007) put it, in the wake of granting regional self government and set the framework for subsequent attainment of independence. However, the commission attempted to address three problems areas:

a. Limited range of independent revenues at the disposal of the region.
b. Weaknesses in the application of the principles of derivation and
c. Absence of a mechanism for addressing needs, rather than sources of revenue.

The report of Raisman de-emphasized the principle of derivation. Instead, it emphasized the principle of need and used population as the approximate intent of determining fiscal need. It equally focused on the regional responsibilities and advocated for even development.

2.6d Binns Commission 1964

The idea of exploring or giving greater fiscal autonomy to the regions, as well as further resolve the frictions, which have persisted especially with the operation of the principle of derivation, gave birth to the Binns commission. A number of recommendations such as increasing the share of the regions in the vertical allocation of revenue and in the horizontal allocation were forwarded to government. The criteria of needs, It introduced favoured the Northern Region and somewhat assuaged the regions reservation with the earlier emphasis on derivation. Between 1959 and 1964, as Jega observed, all the fiscal apparatus of a full-fledged federal system had been fully developed (2007) and while derivation continued to play a major role, the introduction of the criterion of need went some way to reduce the tension and frictions which characterised the new federation and interstate relations.

2.6e The Financial Decree of 1975:

The oil boom of 1973-1974 brought about remarkable economic changes in the economic fortunes of Nigeria. A financial decree was consequently promulgated to change the old revenue location formula. The decree stated that one half of the Distributable Pool

Account be divided equality among the states in proportion to their population to affect an even development of all parts of the country.

2.6f The Aboyade Commission 1977

This was a technical committee set up to review intergovernmental tax jurisdiction and revenue allocation mechanisms to make them much more effective and efficient. The committee recommended a formula for the vertical sharing of revenues as follows: federal government 57%, states 30%, Local government 10% and special funds 3%. Then it equally recommended horizontal allocation amongst states based on the criteria of equality of access to development opportunities, national minimum standards for national integration; absorption capacity; independent revenue and minimum tax effort; and fiscal efficiency. In fact, the criticism against the Aboyade committee on its technicality and difficulties pushes for the setting of Okigbo commission, Jega (2007).

2.6g The Okigbo Revenue Allocation Commission of 1979

In 1979, the federal government set up a six man Revenue Allocaton Commission under the chairmanship of Dr. P.N.C Okigbo. The report of the commission, which took into account the provision of the 1979 constitution, became the new basis for sharing revenue in Nigeria. The commission recommended among other things, that;

a. All revenue collected by the federal government should be paid into the federal account.
b. Such revenue should be shared as follows: federal government 53%, states 31.5%, local government 10% (see table below).

c. Out of the 31.5 percent allocated to states, 2 percent should be paid on the basis of derivation, 1.5 percent should go to the oil mineral producing area, and the balance should be shared among the states on the basis of;

i. Responsibility or equality of state, 40%

ii. Population (1965 census) 40%

iii. Social development factor, 15% and

iv. Internal revenue efforts, 5%. Ilagh (2006)

Table 2.6.1: Recommendation of the Okigbo Commission

S/n	Tier of Government	Percentage (%)
1	Federal Government	53%
2	State Government	30.55%
3	Local Government	10%
4 .	Oil producing states	7%
	Total	**100%**

Source: Okigbo report

Although, Okigbo report was passed by a slim majority of the joint finance of the National Assembly, unfortunately the enabling Act – the allocation of revenue (Federation Account). Act of 1981 – which gave it credence, was declared riod by the Supreme Court in the same year. Therefore, the revenue sharing formular reverted back to the one used in 1978/1979. However, the 1981 Allocation of Revenue Act, which slightly modified the earlier act, was passed into law with effect from January 22, 1982.

The revenue allocation principles and formualar (as set out in the 1982 Act) are fully presented in table below:

Table 2.6.2: Revenue Allocation Act 1982

Year	Conceptual formula	Computed allocation
1982	i. Equality of states ii. Derivation iii. Population Social factors on the basis of direct and inverse	Allocation among levels Federal government 55% State government 35% Local government 10%

Source: Adedokun (2002)

From the table, it implies that the federal government was allocated 55%, state 35% and local government 10%. Out of the states's share of 35%, 30.5% was allocated to all states on the basis of the criteria established by the Okigbo commission. The same principles were also applied in sharing revenue among all the local governments. The balance of state's share was allocated as follows:

a. Federal fund for ecological problems 1.0%
b. Mineral producing areas in proportion of the mineral extracted, 2.0% and
c. Federal fund for the development of mineral producing areas 1.5%.

It is evidence as reflected by Adedokun (2002) that the 1979 constitution had four important consequences on revenue sharing. First, the federal government ceased to monopolise the retention of fast growing revenue such as company, income tax and private property tax.

Secondly, the proportionate share of each level of government was fixed and made more certain. Thirdly, the local government hitherto, regarded as arms of their respective state government were recognised as an independent revenue sharing units in the federation. And lastly, the derivation criteria almost disappeared as an important principle for revenue sharing.

It is important to know that the 1984 Allocation of Revenue Act further modified the sharing formula as follows: federal 50%, states 30%, local government 15% and others i.e. oil producing areas and ecological fund 5.0%. In 1985, the federal government merely redefined the basis for allocating revenue to mineral producing areas with no significant shift in the percentage allocation. Other sharing formula was decreed by the military regimes were: federal 48.5%, state 24.0%, local government 20.0% and others 7.5% between mineral producing states and ecological fund.By August 2001, a new revenue allocation formula was release by the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC). The formular is as follows: federal 41.3%, states 31%, local government 16%, others Federal Capital Development Authority (FCDA), ecological and Agriculature and Mineral Development was to share 12% (Daily Trust August, 31, 2001).

The important feature of the politics of revenue allocation in Nigeria over the years has been controversial. This is as old as the history of revenue allocation in Nigeria. For instance, the Chick Commission of 1953 generated a lot of controversy. The Editorial of the West Africa newspaper in reaction to the commission recommendations notes:

> *Endorsement of the Chicks Repot means that economically as well as politically, there will be three Nigeria. True to the editorial above from that time, Nigeria operated regional forms of government in which power resided on the regions than at the center. This sowed the seed for selfish regionalism and the attendant tribalism, all of which culminated in the Nigerian Civil War. (West Africa, in Ezeala & Asiegbn 1999:203)*

The latest attempt at revisiting or amending the revenue allocation Formula in Nigeria was witnessed during the Obasanjo's administration (1999-2007) as part of the general constitutional review package, a new appropriation Bill was initiated. Unfortunately, this proposal was not implemented as proposed.

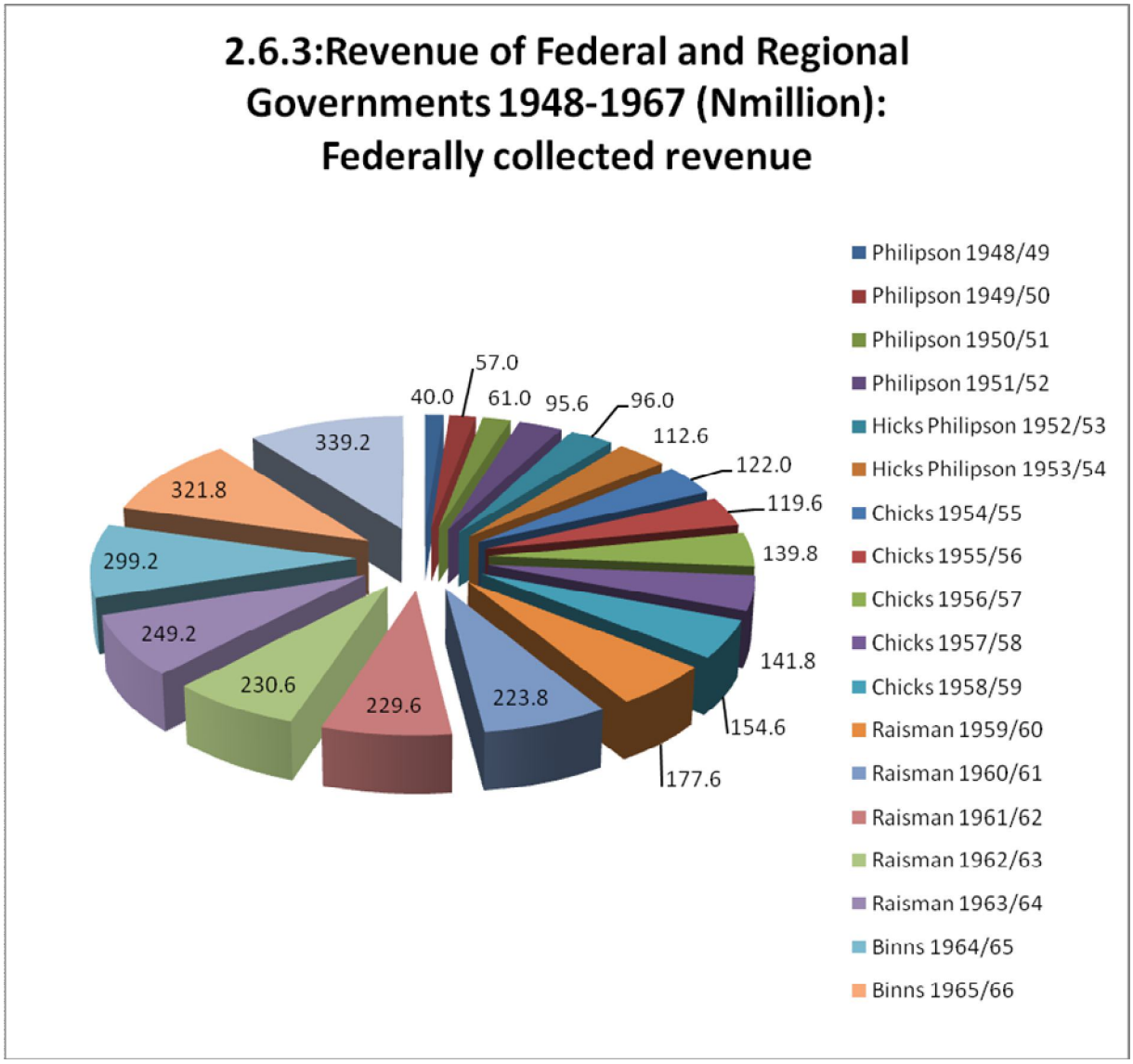
Summary of Trends in Revenue Sharing in Nigeria

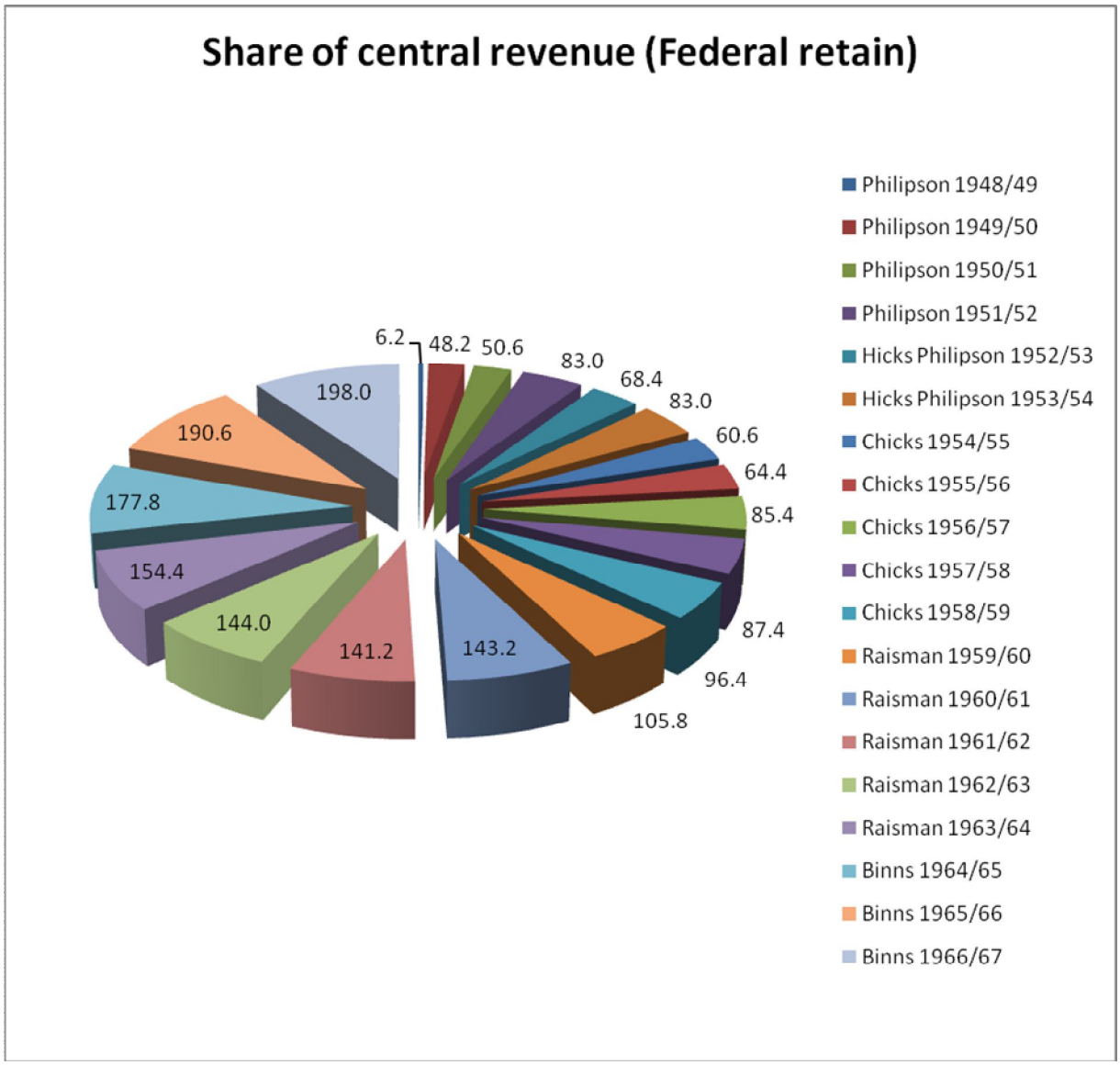
The trend of shared revenue between the federal and the state government is presented below for clearity. There is a clear indication that the federal share was much higher than those of the states and local governments put together. The trend of sharing revenue reflects the nature of the adhoc fiscal commissions and previous constitutional arrangements in Nigeria.

Table 2.6.3: Revenue of Federal and Regional Governments 1948 – 1967 (Nmillion)

Reports	**Year**	**Federally collected revenue**	**Share of central revenue**		**Share of central revenue in percentage**	
			Federal retain	Regions	Federal	Region
Philipson	1948/49	40.0	6.2	7.8	82.3	17.7
	1949/50	57.0	48.2	8.8	84.5	15.5
	1950/51	61.0	50.6	10.2	83.0	17.0
	1951/52	95.6	83.0	12.6	86.8	13.2
Hicks	1952/53	96.0	68.4	27.6	71.3	28.7
Philipson	1953/54	112.6	83.0	29.6	73.7	26.3
Chicks	1954/55	122.0	60.6	61.4	49.7	50.3
	1955/56	119.6	64.4	55.2	53.8	46.2
	1956/57	139.8	85.4	54.4	61.1	38.9
	1957/58	141.8	87.4	54.4	61.6	38.4
	1958/59	154.6	96.4	58.2	62.3	37.7
Raisman	1959/60	177.6	105.8	71.8	59.6	40.4
	1960/61	223.8	143.2	80.6	64.0	36.0
	1961/62	229.6	141.2	87.7	61.7	83.3
	1962/63	230.6	144.0	86.6	62.4	37.6
	1963/64	249.2	154.4	94.8	62.0	38.0
Binns	1964/65	299.2	177.8	121.4	69.4	40.6
	1965/66	321.8	190.6	131.2	59.2	40.8
	1966/67	339.2	198.0	141.2	58.4	41.6

Source: *Accountant General reports of the federal and regional government various years. Federal office of statistics, digest of statistics.*


2.6.3:Revenue of Federal and Regional Governments 1948-1967 (Nmillion):
Federally collected revenue
40.0
57.0
61.0
95.6
96.0
112.6
122.0
119.6
139.8
141.8
154.6
177.6
223.8
229.6
230.6
249.2
299.2
321.8
339.2
Philipson 1948/49
Philipson 1949/50
Philipson 1950/51
Philipson 1951/52
Hicks Philipson 1952/53
Hicks Philipson 1953/54
Chicks 1954/55
Chicks 1955/56
Chicks 1956/57
Chicks 1957/58
Chicks 1958/59
Raisman 1959/60
Raisman 1960/61
Raisman 1961/62
Raisman 1962/63
Raisman 1963/64
Binns 1964/65
Binns 1965/66


Share of central revenue (Federal retain)
6.2
48.2
50.6
83.0
68.4
83.0
60.6
64.4
85.4
87.4
96.4
105.8
143.2
141.2
144.0
154.4
177.8
190.6
198.0
Philipson 1948/49
Philipson 1949/50
Philipson 1950/51
Philipson 1951/52
Hicks Philipson 1952/53
Hicks Philipson 1953/54
Chicks 1954/55
Chicks 1955/56
Chicks 1956/57
Chicks 1957/58
Chicks 1958/59
Raisman 1959/60
Raisman 1960/61
Raisman 1961/62
Raisman 1962/63
Raisman 1963/64
Binns 1964/65
Binns 1965/66
Binns 1966/67

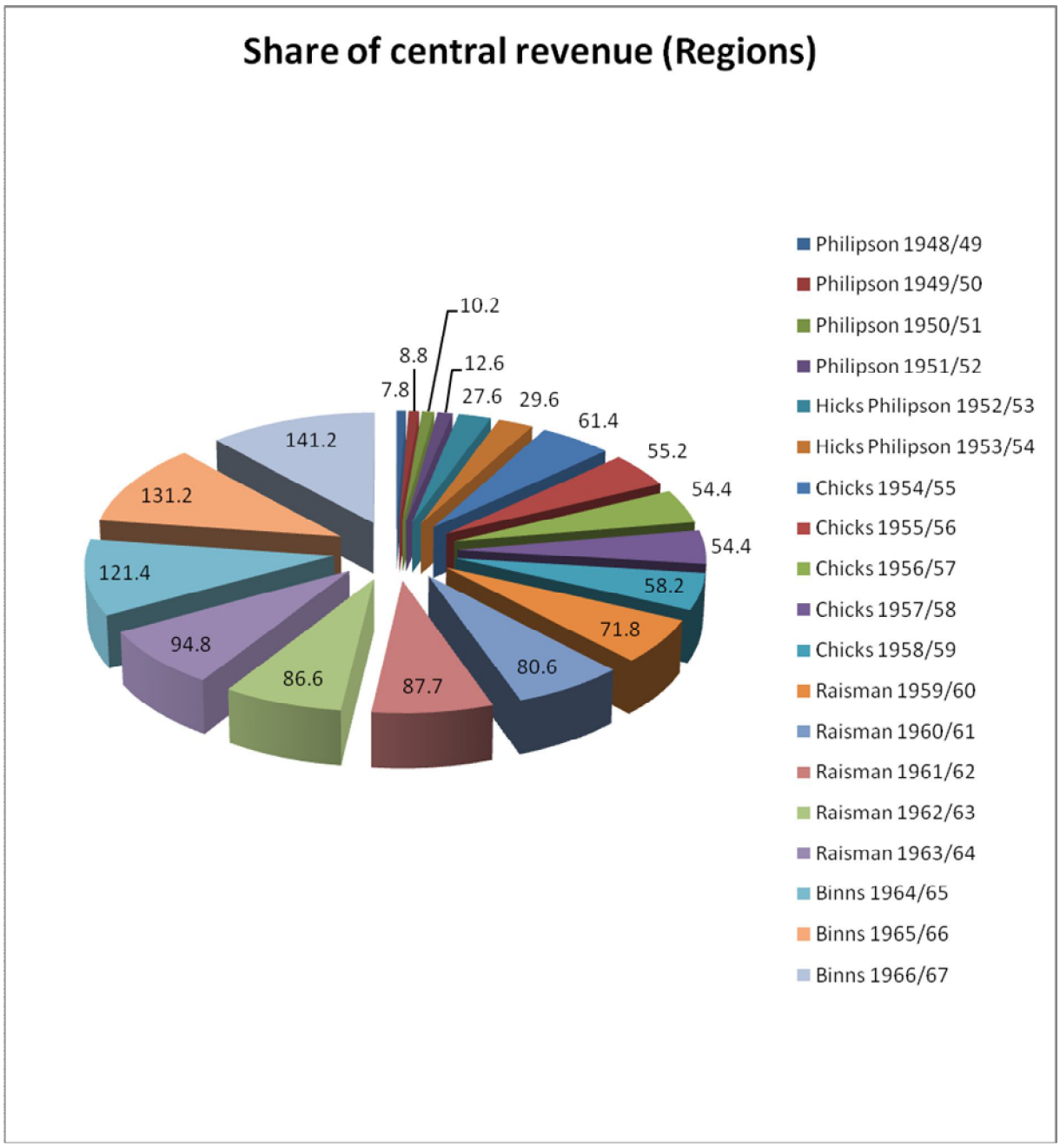
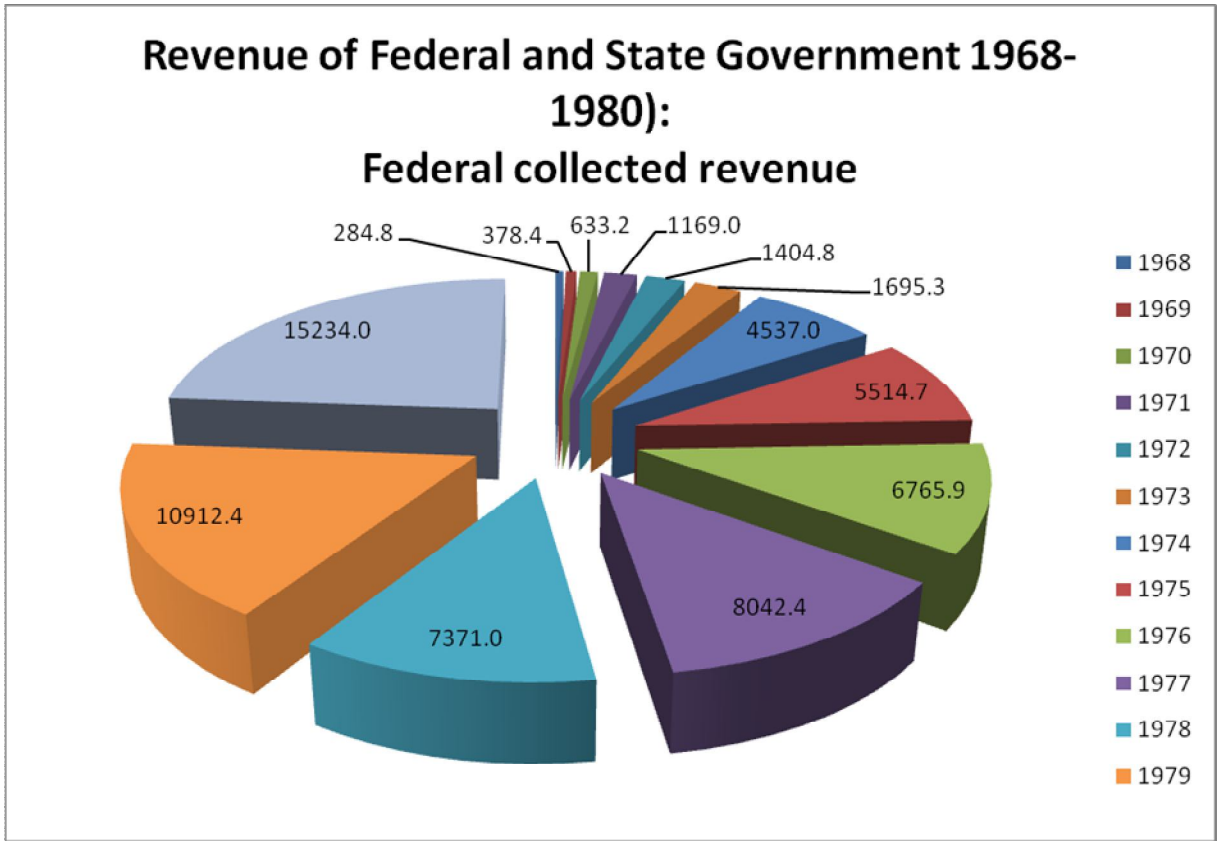
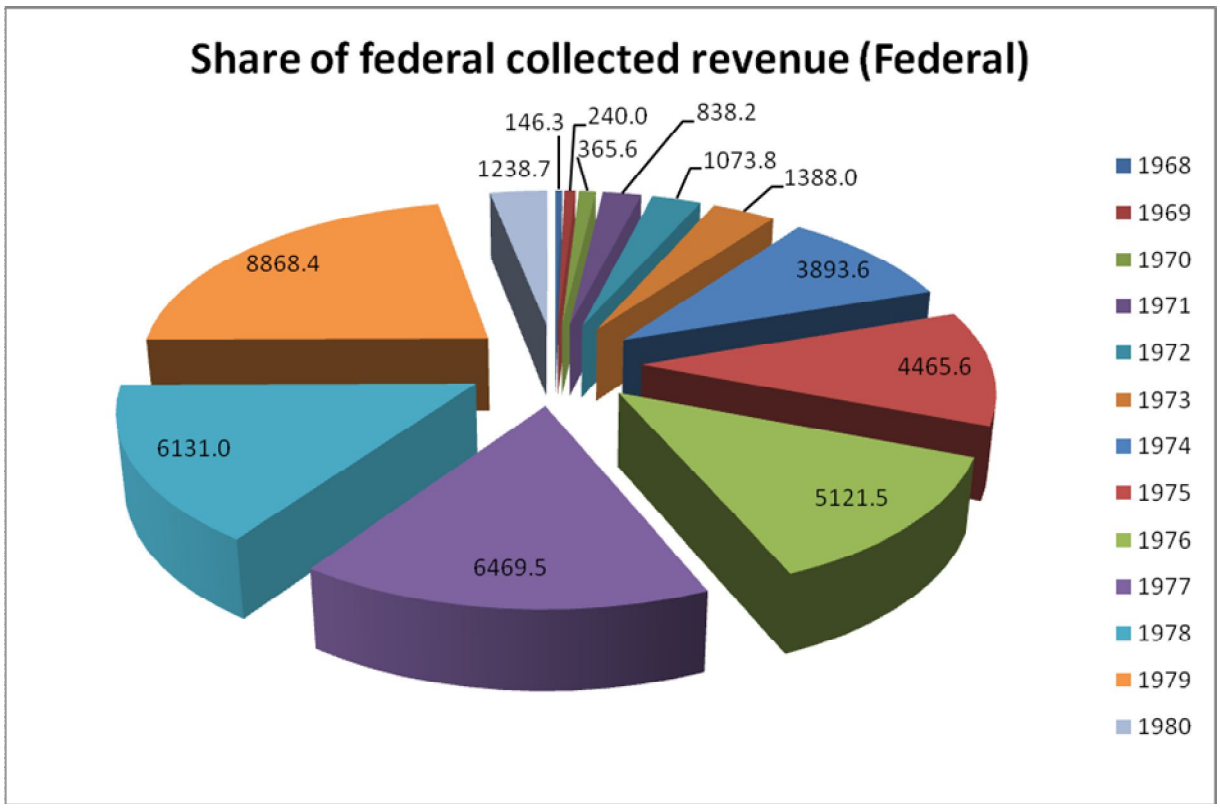

Share of central revenue (Regions)
7.8
8.8
10.2
12.6
27.6
29.6
61.4
55.2
54.4
54.4
58.2
71.8
80.6
87.7
86.6
94.8
121.4
131.2
141.2
Philipson 1948/49
Philipson 1949/50
Philipson 1950/51
Philipson 1951/52
Hicks Philipson 1952/53
Hicks Philipson 1953/54
Chicks 1954/55
Chicks 1955/56
Chicks 1956/57
Chicks 1957/58
Chicks 1958/59
Raisman 1959/60
Raisman 1960/61
Raisman 1961/62
Raisman 1962/63
Raisman 1963/64
Binns 1964/65
Binns 1965/66
Binns 1966/67

Table 2.6.4: Revenue of Federal and State Government 1968 – 1980

Years	Federal collected revenue (M)	Share of federal collected revenue		Share of federal collected revenue in percentage	
		Federal	State	Federal	State
1968	284.8	146.3	138.5	51.4	48.6
1969	378.4	240.0	138.4	63.4	36.6
1970	633.2	365.6	267.8	57.7	42.3
1971	1169.0	838.2	330.8	71.7	28.3
1972	1404.8	1073.8	331.0	76.4	23.6
1973	1695.3	1388.0	307.3	81.9	18.1
1974	4537.0	3893.6	643.4	85.8	14.2
1975	5514.7	4465.6	1049.1	81.0	19.0
1976	6765.9	5121.5	1644.8	75.7	24.3
1977	8042.4	6469.5	1572.5	80.4	19.6
1978	7371.0	6131.0	1240.0	83.2	16.8
1979	10912.4	8868.4	2044.0	81.3	18.7
1980	15234.0	1238.7	33095.3	79.7	20.3

Source: CBN annual report and statement of account (various issues)




Share of federal collected revenue (Federal)
146.3
240.0
838.2
365.6
1238.7
1073.8
1388.0
8868.4
3893.6
4465.6
6131.0
5121.5
6469.5
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980

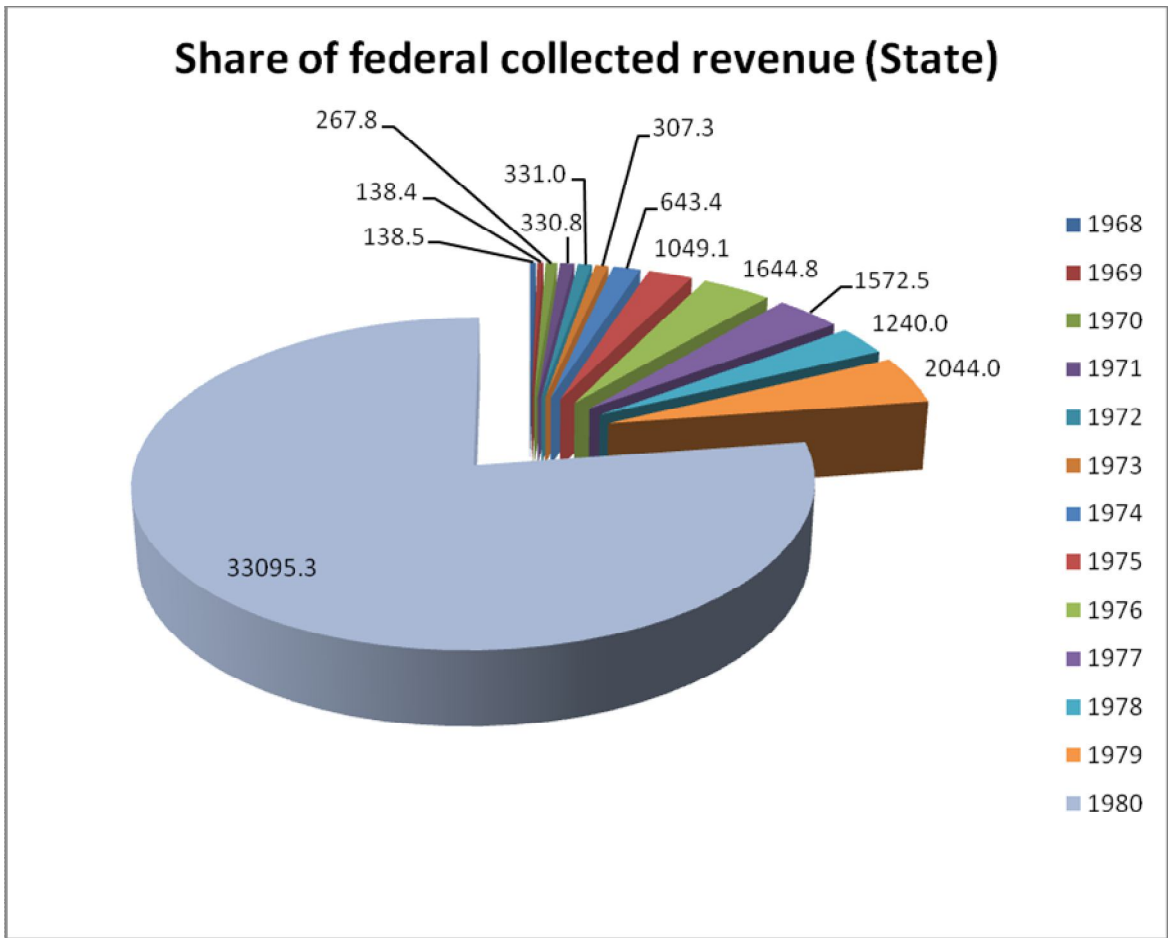
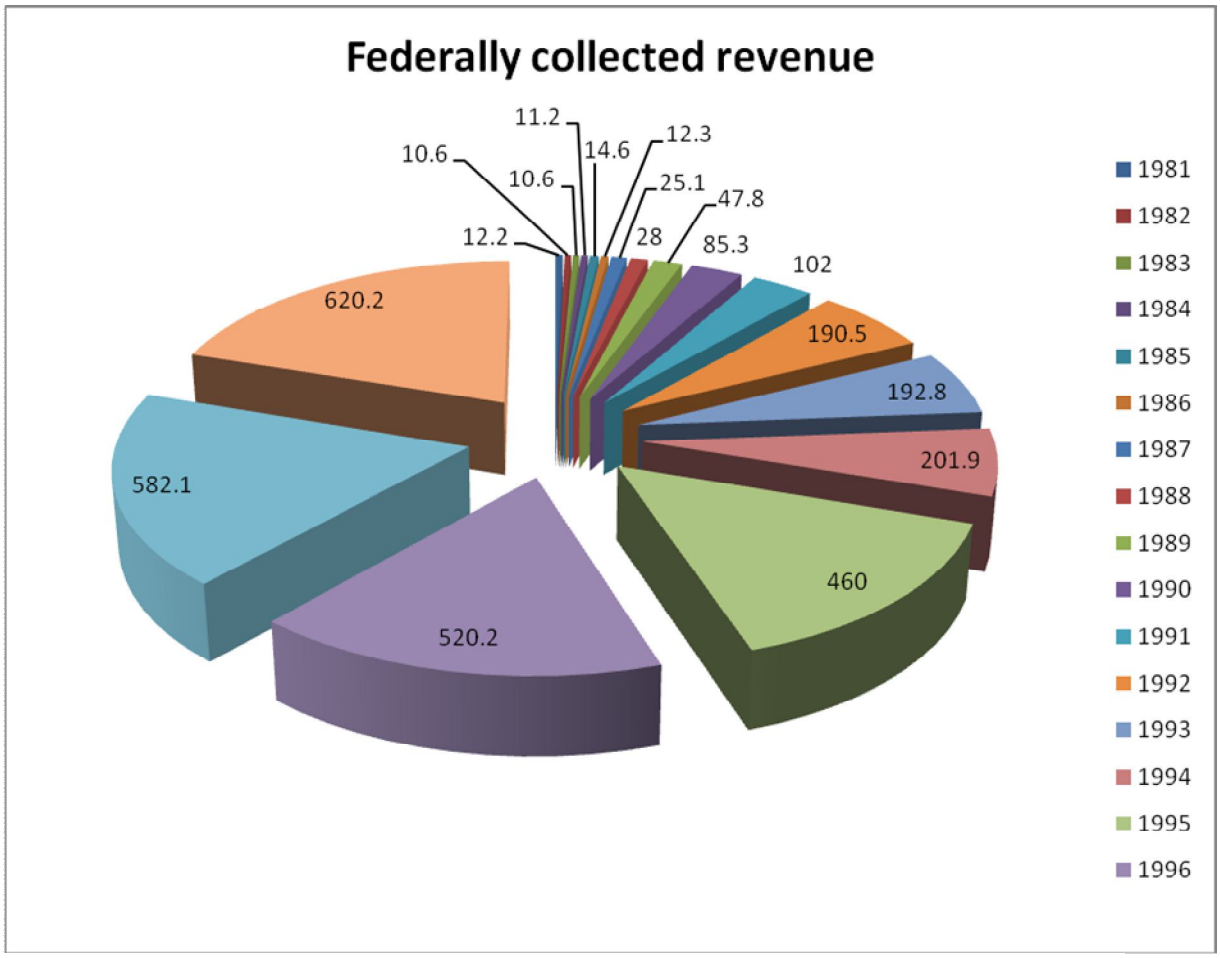
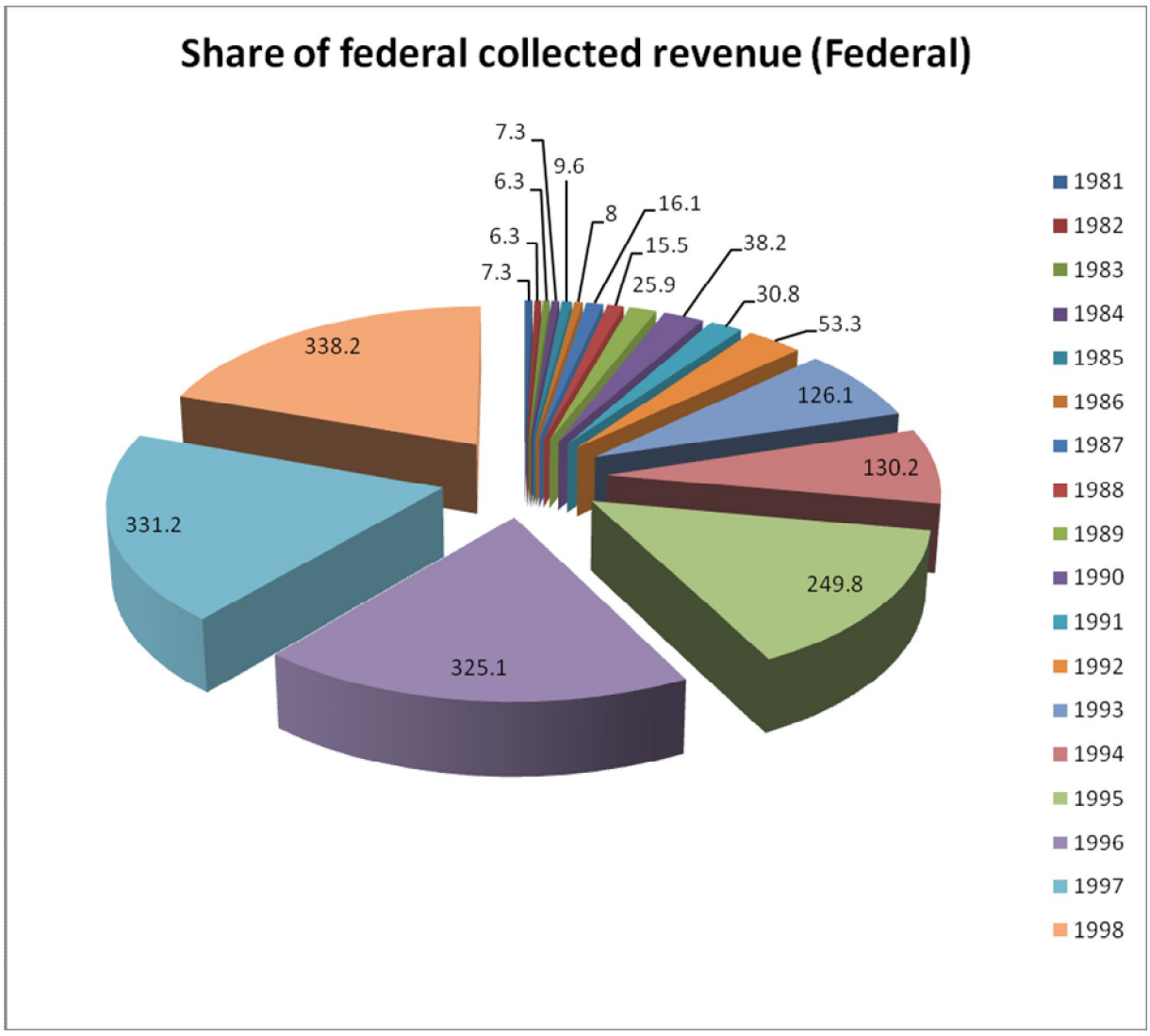

Share of federal collected revenue (State)
267.8
307.3
331.0
138.4
643.4
330.8
138.5
1049.1
1644.8
1572.5
1240.0
2044.0
33095.3
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980

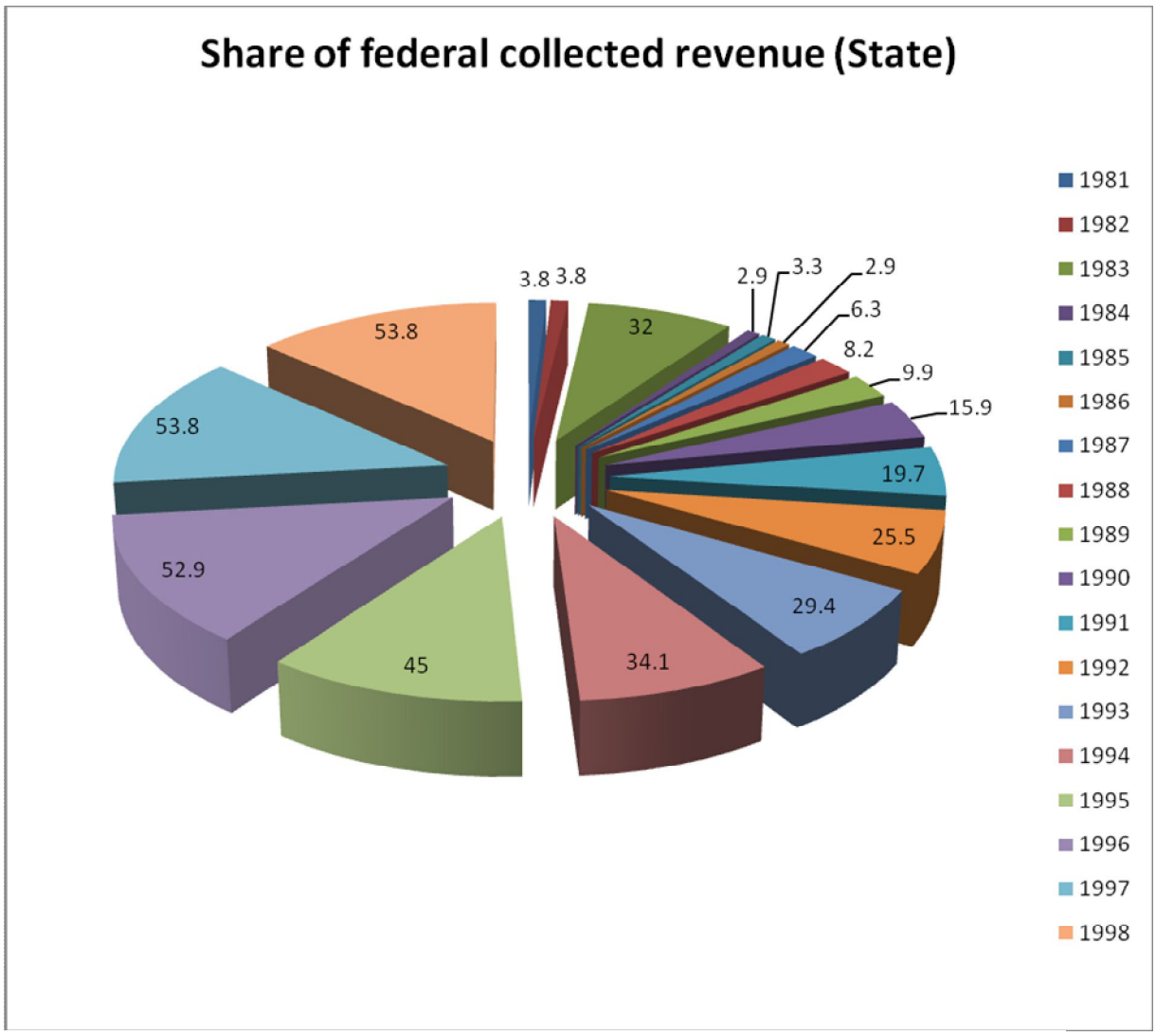
Table 2.6.5: Revenue of Federal, States, Local Government 1981 – 1996 (N Billion)

Year	Federally collected revenue	Share of federal collected			Share of federal collected revenue in percentage			
		Federal	State	Local	Federal	State	Local	Federal other account
1981	12.2	7.3	3.8	1.1	59.7	31.4	8.9	-
1982	10.6	6.3	3.8	1.0	58.8	31.5	9.7	-
1983	10.6	6.3	3.2	1.0	59.7	30.8	9.5	-
1984	11.2	7.3	2.9	1.1	65.0	25.6	9.4	-
1985	14.6	9.6	3.3	1.3	66.0	22.9	9.1	2.0
1986	12.3	8.0	2.9	1.2	64.8	23.7	9.5	2.0
1987	25.1	16.1	6.3	2.2	64.3	25.2	8.4	2.1
1988	28.0	15.5	8.2	2.7	55.5	29.3	9.8	5.4
1989	47.8	25.9	9.9	3.4	54.2	20.7	7.1	18.0
1990	85.3	38.2	15.9	7.7	44.8	18.7	9.0	27.5
1991	102.0	30.8	19.7	10.2	30.2	19.4	10.0	40.4
1992	190.5	53.3	25.5	15.7	28.0	12.9	8.3	50.8
1993	192.8	126.1	29.4	18.3	65.4	15.2	9.5	9.9
1994	201.9	130.2	34.1	17.3	65.5	16.9	8.5	9.1
1995	460.0	249.8	45.0	17.9	54.3	9.8	4.7	31.2
1996	520.2	325.1	52.9	16.6	62.5	10.2	4.1	23.2
1997	582.1	331.2	53.8	17.3	63.4	11.1	4.8	23.8
1998	620.2	338.2	53.8	17.4	64.1	12.2	5.1	24.1

Source: CBN Annual Report and Statement of Account (various years)


Federally collected revenue
11.2
10.6
14.6
12.3
10.6
25.1
47.8
12.2
28
85.3
102
620.2
190.5
192.8
582.1
201.9
460
520.2
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996


Share of federal collected revenue (Federal)
7.3
9.6
6.3
8
16.1
6.3
15.5
38.2
7.3
25.9
30.8
53.3
338.2
126.1
130.2
331.2
249.8
325.1
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998


Share of federal collected revenue (State)
3.8
3.8
32
2.9
3.3
2.9
6.3
8.2
9.9
15.9
19.7
25.5
29.4
34.1
45
52.9
53.8
53.8
1981
1982
1983
1984
1985
1986
1987
1988
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1990
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1993
1994
1995
1996
1997
1998

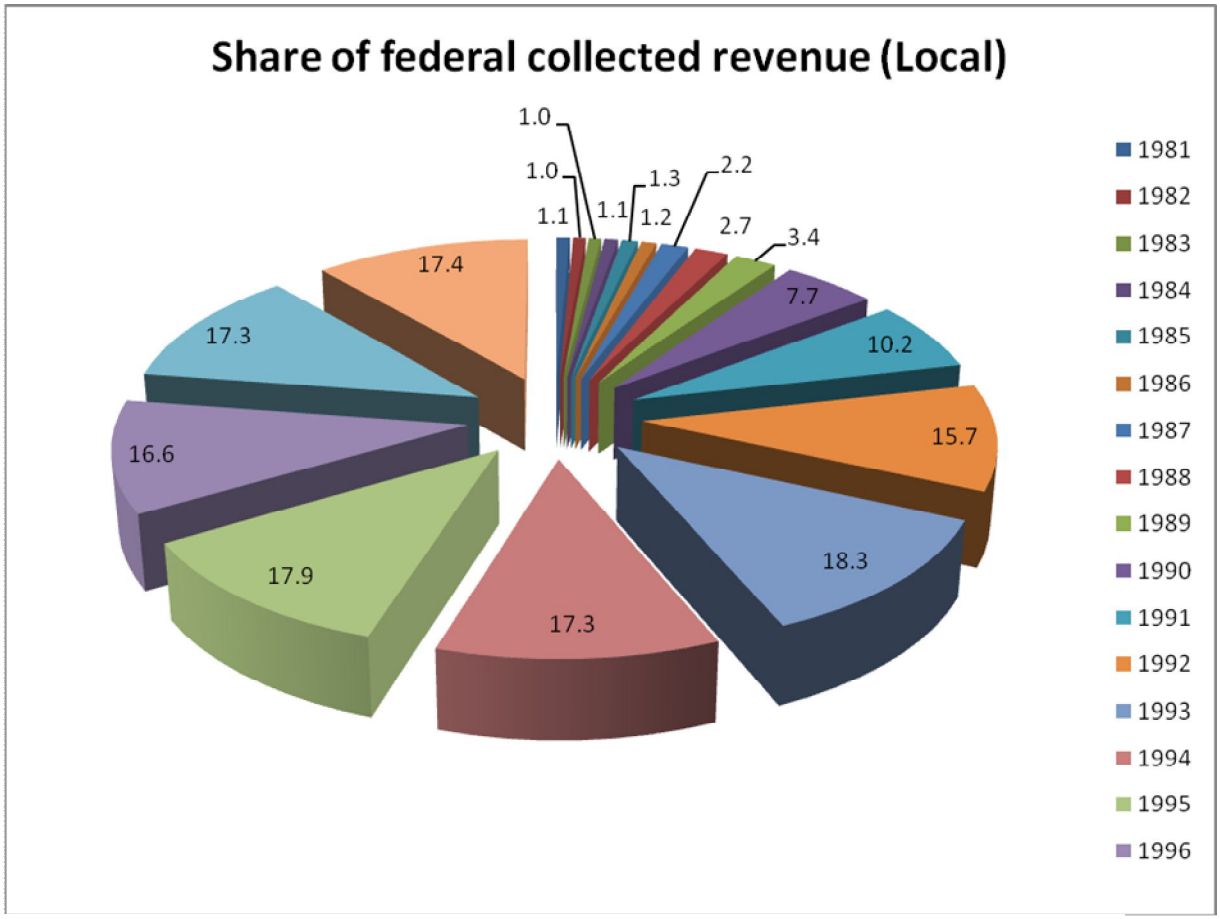
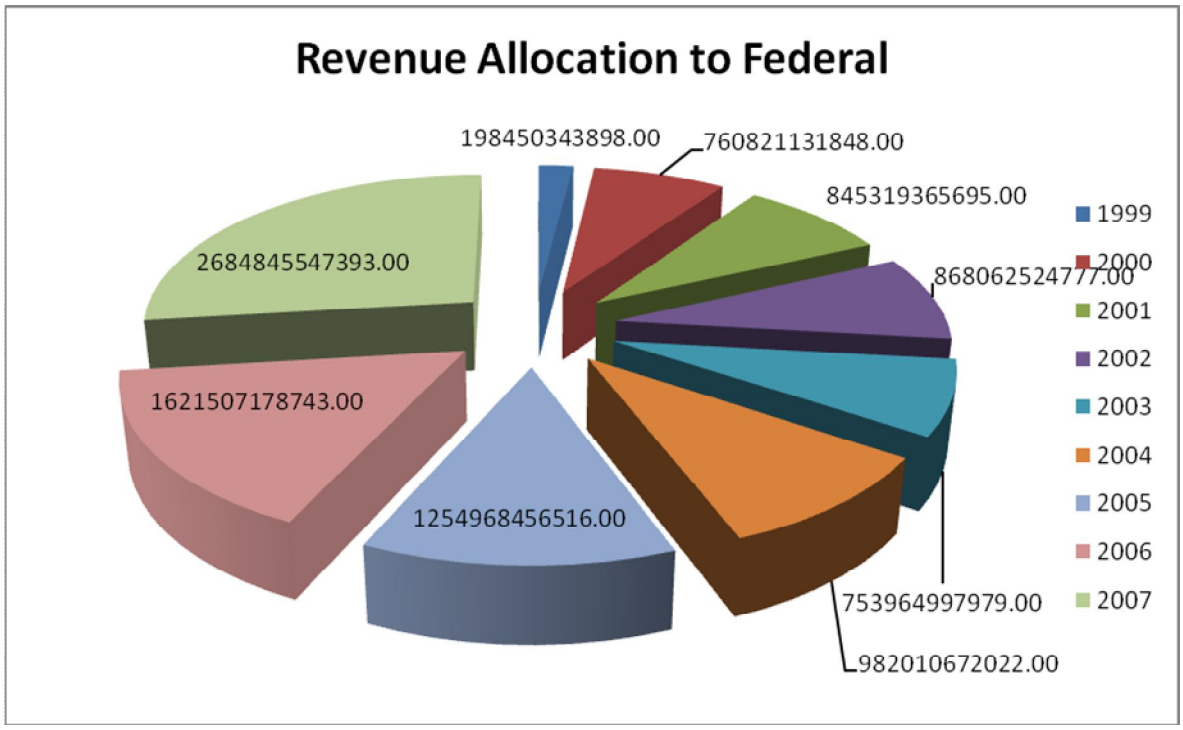
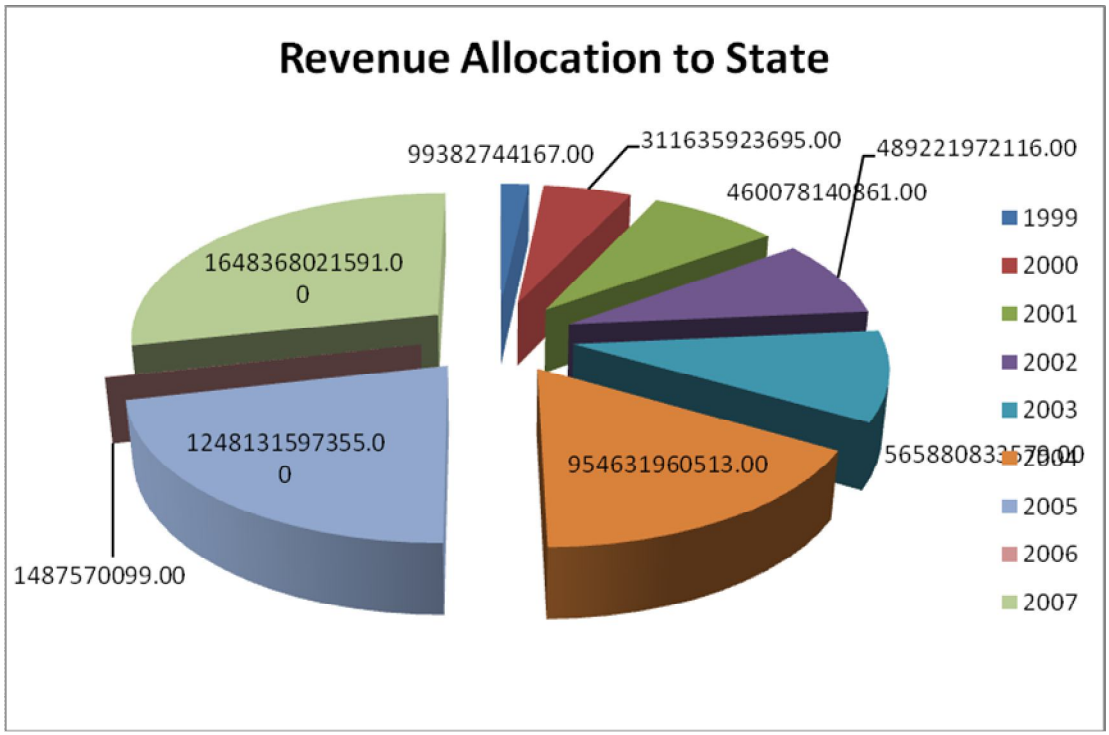


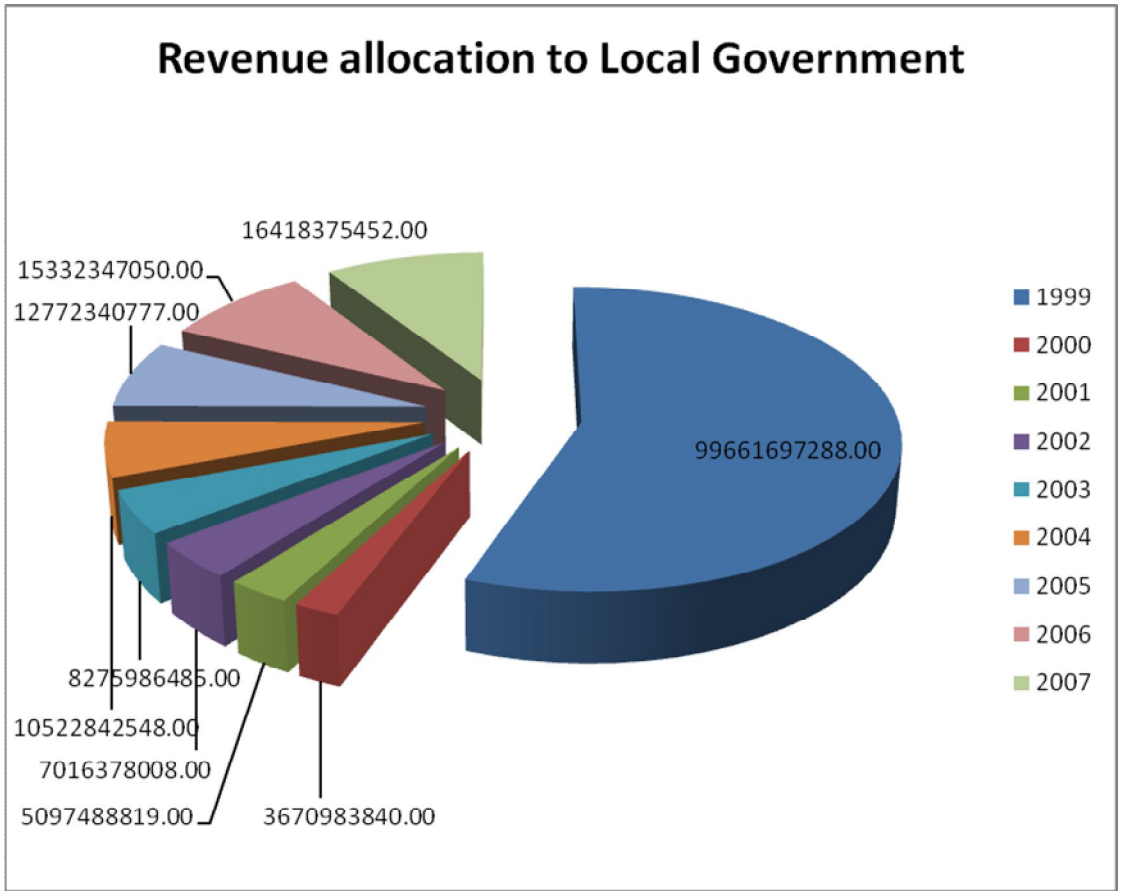
Table 2.6.6: Revenue Allocation to Federal, State, Local Government 1999 – 2007

Year	Federal	State	Local
1999	198, 450, 343,898	99, 382, 744, 167	996, 616, 972, 88
2000	760, 821, 131, 848	311, 635, 923, 695	3, 670, 983, 840
2001	845, 319, 365, 695	460, 078, 140, 861	5, 097, 488, 819
2002	868, 062, 524, 777	489, 221, 972, 116	7, 016, 378,008
2003	753, 964, 997, 979	565, 880, 833, 579	8, 275, 986, 485
2004	982, 010, 672, 022	954, 631, 960, 513	10, 522, 842, 548
2005	1, 254, 968, 456, 516	1, 248, 131, 597, 355	12, 772, 340, 777
2006	1, 621, 507, 178, 743	1, 487, 570, 099	15, 332, 347, 050
2007	2, 684, 845, 547, 393	1, 648, 368, 021, 591	16, 418, 375, 452
Total			

Source: Office of Accountant General of the Federation (Compendium of federal account revenue allocation vol. 1 2011)


Revenue Allocation to Federal
198450343898.00
760821131848.00
845319365695.00
868062524777.00
753964997979.00
982010672022.00
1254968456516.00
1621507178743.00
2684845547393.00
1999
2000
2001
2002
2003
2004
2005
2006
2007


Revenue Allocation to State
99382744167.00
311635923695.00
489221972116.00
460078140861.00
565880833570.00
954631960513.00
1248131597355.00
1487570099.00
1648368021591.00
1999
2000
2001
2002
2003
2004
2005
2006
2007



From all the tables and chats presented above, it is revealing that the Federal government of Nigeria has and continued to maintain a stronghold in the allocation of revenue. It also pointed to the fact that almost all the revenue commissions and reports, favoured the central government in revenue distribution this has further engineer the agitations by states for the review of the existing revenue formula. It further explains the fact that the Nigerian political elites prefer to dominate power at the centre and determine how resources are distributed between and amongst the different levels of government. Odofin (2004) rightly capture the situation like this:

"Because the Nigerian state is structured in such a way that there is more political and economic power at the centre, there is a rush by the political elites to the centre where they can influence, determined and control the central resources"

2.7 Resource Utilization in Cross River State

Many researchers, scholars and commentors have reviewed the concept of resource utilization or management from different understanding. Some viewed it to mean the judicious application of resources for purpose which it is meant. Others associate it with the ability to distribute available resources to where they are needed and therefore linked its failure to corruption, especially in Cross River State and Niger Delta. In fact,Agbor (2008) argued that the consistent manipulation of state resources to the advantage of a few represent a major aspect of resource utilization.According to him,the Cross River State's policy on the tax system and the lack of wealth creation for the citizens to develop low income and employment is a product resource mismanagement.

Oloya (2008) in his analysis of corruption and the Niger Delta crisis which included Cross River State opined that the politics of resource mismanagement is responsible for the agitation for resource control. He argued that all issues bordering on the agitation for resource control have to do with the inability of the political leaders to account for revenue allocated and generated within their areas and how this revenue have been spent on developmental projects. Oloya summarized his position in clear terms when he remarks that state governors agitating for resource control are products of resource mismanagement because some of these governors and other political elites have not been able to justify the eqiutble utilization of public resources at their disposal. His position was further justified based on recent allegations of financial mismanagement involving some state governors especially people like the former

Governors of Delta, Cross River, Rivers, Edo states, James Ibori, Donald Duke, Peter Odili and Lucky Igbnedion who allegedly made transfers of stupendous sums of money to various foreign account in London and Florida worth millions in hard currency, beside operation of private businesses while in office. This researcher agrees with Oloya (2008) because resource utilization in some of these states and the level of physical development has no direct correlation.

Similarly, investigations on share placement in Nigerian banks and companies allegedly revealed that the advocates of resource control, James Ibori, Lucky Igbinedion, Victor Attah, Peter Odili have all transfered various sums of money from their state governments' accounts to local and foreign banks. In fact, Yusuf (2007) revealed that the former governor of Delta state alone transfered N5 billion from the account of Delta State Oceanic bank and Zenith bank for the purchase of Afri Bank shares for himself, using fake companies such as Double Dip Nigeria Ltd. Yususf's revelation is to a large extend true because recent developments of plea bargains with security agencies by some of these former governors confirmed his position.

In Jega (2007), the issue of the relationship between revenue generation and sharing in a federal system of government known as fiscal federalism has always been debatable and contentious. It revolves around the issue of equity and efficiency as rational justification for intergovernmental transfer. Jega's analysis is that as a result of this debate and controversy on revenue sharing, there is a general dissatisfaction with the management of the national resources and increased feelings of discrimination in equities and marginalization by those who feel excluded from the control of power at the centre. In fact, this position is viewed from the initial argument of the advocates of resource control – that the region where the national

economy depends is not represented at the centre of power in Nigeria.

Iyayi (2007) posits that the crisis of revenue utilization in Nigeria is traceable to corruption. According to him, corruption has been responsible for most of the development problems in Nigeria. This is created on the assumption of the Nigerian state that the problem of development is coterminous with transformation of the indigenous political class into an indigenous ruling economic class. The calculation of promoting class interest or accumulating to maintain a certain class runs short of appropriate application of public revenue to public projects. Iyayi went further to posit that the phenomenon of corruption while not being specifically African nevertheless represents the most important means adopted by an emergent ruling African political elites for the primitive accumulation of capital using the state instruments.

In a somewhat contradictory position to the above, Ilagha (2006) based resource control on the premises of true federalism. The practice of true federalism and natural law in which the federating units express their right to primarily control the natural resources within their borders and make agreed contribution towards the maintenance of common service of the foreign nation state to which they belong. He went further to argue that based on the current realities in Nigeria, there is over dependent on oil as the major foreign exchange earner and there is lack of commitment from other states to develop their natural resources which would have otherwise been a source of wealth.One significant deficit in this argument is that it could not pragmatically demonstrate the elites basis of resource control agitations in Nigeria thereby making the whole arguments a mere propaganda.

Despite all these, Dafinone (2005) maintained a similar position with Ilagha when he expressed regret about the misrepresentation of the argument on resource control to resource

management. According to him, the federal government has not shown genuine commitment to address the many problems of the Niger Delta region, noting that even when attempts are made to solve them, the political will is not always demonstrated. Citing the politics behind the passage of the Niger Delta Development Commission (NDDC) bill, the apostle of resource control noted that its passage into law was delayed because of the refusal of the Presidency to sign the bill into law as was earlier presented. He finally warned that the antagonists of the development of the region are those benefiting from the current federal in-balance and are even questioning the extent of revenue management in the region.Dafinone's arguments is not in consonant with the current reality as the amnesty program of the Federal Government is yielding result in the region though at a slow speed.This is demonstrated in the drastic reduction in violence attacks in the Niger Delta region.Again,the point left out by Dafione like Ilagha is that there appears to be undue emphasis on the politics of resource sharing at the expense of the more fundamental question of resource utilization and fiscal responsibility as related to Nigerian Federalism.Even the perspective on resource control fall short of this analysis.

According to Alamieyeseigha (2005) the current political and economic crisis is not only about resource utilization but also about a complete restructuring of Nigerian federalism. Federalism as he defines it as a time tested system of government in which several states unite to form one nation while still exercising considerable control over their economic resources and internal affairs. Nigeria's federalism, unfortunately, falls far short of that idea. The Niger Delta region is undoubtedly the nation's economic power. Yet, the development of other parts of the country has taken precedence over that of the region.What Alamieyeseigha failed to justify on the Niger Delta Development Question is the role of the political elites in the

development of the region.The argument that the development of the other parts of Nigeria has taken precedence over the Niger Delta region may not be completely correct,since various governments have made efforts through commissions to develop the region.But the whole development politics is centered on the political elites.

The Human Rights Watch (2007) supports this writer when it raises the dynamics and mechanics of corruption and mismanagement of resources in Nigeria. This analysis stems from the field research on Local Government and resource management in Rivers State in 2007. In the 23 LGAs in Rivers State, there have been allocations of more than $636 million (#82.7 billion) from the Federation Account between 1999-2007, and their average monthly allocation have increased more than fourfold over that same period. But according to the reports, little or nothing significant was shown for it. In fact, a recent World Bank report in 2008 supported this argument in the following way; the financial resources of the LGAs may have been insufficient for them to meet their responsibilities in some years but this is currently less convincing; there seems to be significant problems with commitment, governance and accountability

Similarly, Ribadu (2006) cast the state of governance in the Delta in dramatic terms;according to him, the elites in the Niger Delta is the richest segment of the Nigerian population, but this is not translated into heath, education or infrastructure. Resources that go into the Niger Delta are consumed by corruption. This position represents the situation in Cross River Stae as financial resources that are allocated to the state are not effectively utilized for public good. In fact, the situation presented above encourages this research on revenue allocation and utilization focusing on Cross River State.In a supportive approach, Kehinde (2008) posits that nowhere has Nigeria institutions exhibited their adeptness at

effective governance than in the Niger Delta. According to him, the actual earnings from oil is always and still a subject of disputation between the agencies of government.Corruption,electoral malpractices and non-performance by States and Local government are hallmarks of the Niger Delta region. Corruption is so high in the region that negligible amount of government allocation goes into developmental projects. They also explain that resources allocated to the Cross River State are grossly mismanaged and stolen to private pockets. In fact, this situation is the replica of the entire Nigerian system as the attitudes of these examples are characteristic of other parts of Nigeria.

2.8 Theoretical Framework

A theory according to Wilmot (1985) is a system of related ideas that enables one to explain and predict phenomena. Theory assumes the principle of causation and explanation which seeks to establish the relation of cause and effect with a stated degree of certainty. Wilmot went further to posit that the truth of a theory, preposition or idea is determined by the degree of correspondence between it and the phenomena it studies. This implies that theory is guided and constrained by the nature of its objects of study, so that its concepts, methods of analysis and explanation must adapt themselves to this nature. Social theory is no exception to this rule. For Osuala (2007), a theory is an attempt at synthesizing and integrating empirical data for maximum clarification and unification Also, theory is a social phenomenon that is used to explain a problem. It is as a result of a theory that social science is said to be a science. There are several theories that attempt to explain social problems. However, for this research, two theories are most appropriate that is, the elite theory and Decision making thoery to explaining the issue of resource allocation and utilization in Nigeria but the elites theory is leading the analysis.

2.8.1 Elite Theory

Elite theory origins lie most clearly in the writing of Gaetano Mosca (1858-1941), Vilfredo Pareto (1848-1923), and Robert Michaels (1876-1936). Mosca emphasized the way in which tiny minorities out-organize and outwit large majorities, adding that "political classes" Mosca's term for political elites usually have a certain material, intellectual, or even moral superiority" over those they govern, Highly (1979) postulated that in a society with truly unrestricted social mobility, elites would consist of the most talented and deserving individuals, but in actual societies elites are those most adept at using the two mode of political rule, force and persuasion and who usually enjoy important advantage such as inherited wealth and family connections. Pareto also sketched alternating types of governing elites, which he likened, following Machiavelli, to lions and foxes. Elites are not those with superior endowments organizational capacities, but merely persons, who are socially advantage in power competitions. Adherents of this view have argued that the existence of elites can be terminated either by removing the social advantaged that some people enjoy or by abolishing the power concentrations that spur competitions amongst them remedies that often go hand in hand.The possibility of this abolition is difficult because there are also historical instances, where remedies have been successfully applied in a large population for any significant length of time.

Importantly too, the presence or absence of a stable political institution is one of the major differences between political systems that can be explained on the basis of difference between elites. It is unusual for political power to be institutionalized effectively, as it has been for many years in advanced countries.

However, elite theory developed in dialectical relations to pluralism. The theory repudiates the pluralist assumptions regarding the distribution of power in society. Instead, the theory stresses the concentration of political power in the' hands of a minority group, which according to Mosca "performs all political functions, monopolizes power and enjoys the advantages that power brings (in Sambo 1999).

Elite theory assumes that the elites share consensus on basic sociopolitical values. More importantly**,** the theory assumes that elite formation is characterized by group "consciousness and conspiracy.

In its classical formation, elite power could be acquired through, military conquest, revolutionary overthrow command of economic resources, etc. In the modern state, however elite status is linked to the development of large scale organization and the resultant emergence of various kinds of elites such as political, military and economic elites whose sources of power include access to formal office, wealth, technical expertise knowledge, etc (Okoye 1996).

Essentially, the elite theory is based on the following assumptions:

i. Society is divided into few who have power and the many that do not.

ii. Only a small number of persons allocate values for society; the masses do not govern;

iii. The few who govern are not typical of the masses who are governed

iv. Elites arc drawn disproportionately from the upper socioeconomic strata of society,

v. The movement of non-elite positions must be slow and continuous to maintain stability and avoid revolution;

vi. Only non-elites who have accepted the basic elite consensus can be admitted to the

governing circle;

vii. Elite share a consensus on basic values of the social system and the Preservation of the system;

viii. Public policy (including all political decision) does not reflect demands of the masses but rather the prevailing values of the elite;

ix. Active elites arc subject to relatively little direct influence from Apathetic masses;

x. Elites influence masses more than masses influence elites (Sambo, 1999)

The crux of the elite theory is that the society is governed by the elite who capitalize on their strategic privileged position to influence the political processes to their advantage. The apparent 'solidarity' of the elite enables them to manipulate the political processes to their advantage often at the detriment of the inclusive interest of the society.

Applied to the context of the present study, it is to be observed that issue of resource allocation and utilization in Nigeria exemplifies an objective instance of elite politics in the context of Nigeria's federalist relations. In this regard, we contend that the failure of fiscal responsibility as well as resource mal-utilization in the Nigerian federalism is the function of the excesses of the political elite who are bent on plundering the resources of the state at the expense of the imperative of good governance.The point being emphasized here is the elite control of the decision making process in Nigeria often degenerate into a sort of primitive accumulation.One of the necessary out come of this survival politicking,which translate to fiscal irresponsibility and malutlization of resources by the political office holders.In fact,this the case with Cross River State where there has been high level of resource misallocation and malutilization leading to development deficits.

The elite theory has been criticized on a number of grounds. For instance, it is argued by scholars that the so called conspirational and consensual character of the elites cannot be sustained in a country like Nigeria where elite formation is often characterized by internal crisis and dysfunctions.It must also be recognized that elites theory is distasteful to many because it rules out of more ideal aims and out comes that are regularly voiced by intellectuals, mass movement leaders, and even social predicted by serial scientists. Elite theory has no place for the spread of new values that dispose human beings towards a consistent and thorough altruism. Human conflicts inheritably dilute social cohesion and constitute political problems that elites must manage as best as they can.

2.8.2 Decision making theory

This study also adopts the decision making theory as its analytical framework. This theory has been widely implored in the study of international relation and in public policy analysis Enemuo (1999). The central assumption of the theory is that every political action or inaction must be analizsed from the point of view of the actors for effective undersanding. According to Snyder (in Verma, 1975:64) decision making lies at the heart of all political actions and therefore can provide the common focus under which we can bring together tha polical actors, situations and processes for the purpose of analysis. Snyder goes forward to posits that understanding the political action requires the analysts to

a. Ascertain who made decisions that resulted in the action.
b. Examine the interactive and intellectual factors that influence the decision making or decision makers.

In the light of decision making theory, three categories of factors underline the actions of decision makers namely;

i. Factors relating to the internal setting which include public opinion, prevailing or dominant value orientations, organizational dynamics and social structures.

ii. Factors pertain to the external setting which consists of actions and reactions of relevant actors in the decision making environment.

iii. Factors relating to the decision making process proper, communication flow, jurisdictional competency and motivation of decision makers.

The crux of decision making theory is that public policy reflects the actions, despositions and perceptions of the public decision makers. This implies that public policy and governace at large is tied to the interest, values and judgement of the public decision makers. In this sense, it is to be noted that governance as a public decision making endeavours is intricately tied to the conduct of those charged with the responsibility of policy making. The logical implication of this is that the question of resource allocation and misapplication in Cross River State is a function of the shortcomings and contradictions of public policy in Nigeria wherein the role of public office holder is implicated. In all this, the theory is still adjourned suitable for the study in view of its analytical utility and strength vis-à-vis the subject matter.

CHAPTER THREE

METHODOLOGY

Introduction

This Chapter is on the procedures and techniques necessary for a systematic ways of producing knowledge about the subject matter, or finding out the processes in which knowledge can be acquired through research. Wilmot (1985) sees methods as an organized way of achieving set objectives, and must be adapted to fit those objectives. Similarly, methodology involves with both research methods through which data will be collected, and the more general philosophies upon which the collection and analysis of data are based. This chapter therefore, is divided into sub-section for clarity - location of study, population of study, nature and sources of data, method of data collection, sampling techniques, and techniques of data analysis, and problem encountered.

3.1 Location of Study

The study covers an area of Cross River State located in South- South part of Nigeria or what is currently known as the Niger- Delta. The present Cross River State came into being in 1987 when the then Military administration restructured the country from its nineteen states structure to twenty-one, which resulted in the creation of the present Akwa-Ibom State from the old Cross River State which was created in 1967. Its geographical location is within the tropical rain forest belt of Nigeria. It lies between latitude 4^{O} - 28^{O} and 6^{O} - 55^{O} north of the equator and longitude 7^{O} - 50^{O} and 9^{O} - 28^{O} east of the Greenwich meridian. It shares common boundaries with the Republic of Cameroun in the east, Benue State in the North, Ebonyi and Abia States in the West, Akwa-Ibom State in the Southwest and the Atlantic

ocean in the South (Map is attached as appendix).

At least, five distinct ecological zones are represented in the state ranging from mangrove and swamp forest towards the coast, tropical rainforest further inland, and savannah woodlands in the northern part of the state. The highlands of the Obudu Plateau offer temperate type vegetation. Likewise, the state with its underlying crystalline basement rocks is rich in oil in its coastal regions and other identified mineral resources as limestone, quartz, natural gas, clay, salt, tin, granite basalt etc. The State has a population of 2.9m (2006 census) and has eighteen Local Government Council Area in the State each headed by an elected chairman namely; Abi, Akampa, Akpabuyo, Bakassi, Bekwarra, Baise, Boki, Calabar Municipality, Calabar South, Etung, Ikom, Obanliku, Obubra, Obudu, Odukpami, Ogoja, Yakurr, and Yala. There are three senatorial districts with each having a Senator representing them at National Assembly. Equally, there are 24 members of the States House of Assembly and seven federal constituencies.

The state has an executive council, which comprises the State Executive Governor (as chairman) the Deputy Governor, the Commissioners, the Secretary to the State Government, the Special Advisers, the Head of Service, Chief of Staff and Deputy Chief of Staff, Special Assistants/Permanent Secretaries who are occasionally in attendance at the meetings of the council. Cross River State is mainly an agricultural state, about 75% of its people engage in subsistence agriculture. It is now common knowledge that the state's food quality and varieties is legendary. The food quality ranks amongst the best African dishes with examples of delicacies such as edikang ikong, afang, beniseed soup, ekpang nkukwo, afia efere, eruru soup, snails, bushmeat, plantain etc.

Traditional festivals relating to farming activities abound in the state. These are

observed annually to celebrate rich harvest season, offer occasionally for the reunion of families, friends, and well wishers from far and near.It is important to state that the distance between the local governments is large for example, between the State capital Calabar, and Obudu Local Government is about 400 kilometers. It therefore encourages most of the Obudu indigenes to transact business more in Makurdi, Benue State than in Calabar.

3.2 Nature and Sources of Data

Primary and Secondary data were collected for the purpose of the research. The secondary data were elicited from library sources, among which are text books, journals, internets materials, dailies and periodicals, unpublished works, but most importantly, records and documents from the Federal Ministry of Finance. The researcher got documents from the office of the Auditor General of Cross River State, Accountant General Office of Statistics, Population Commission, Cross River State Library, University of Calabar Library and the Budget Office. Relevant documents were sourced from the Ministries and Departments including the Federal High Court and Court of Appeal Calabar.

The primary sources of data included in-depth interviews and discussion with relevant stakeholders. The nature of the area of research requires talking to those with a comprehensive or deep understanding of the workings of government. It was as a result of this that the researcher opted for a certain categories of people who have served the government in different capacity and representative of trade union, political parties or the business group, civil servant and students leaders. The researcher had discussion and interview with some former Commissioners, Special Advisers,Office of the Governor, Board Chairmen and some executives' members of political parties like, PDP, ACN, and ANPP.

The chairmen of National Union of Teachers (NUT), Nigeria Labour Congress, and Academic Staff Union of Universities (ASUU) Cross River State University of Technology chapter were involved in some discussions. The Chairman of NACCIMA was interviewed. Since the state is an agricultural state, the chairman of Farmers Association was interviewed. The former Chairmen of selected local government representing the senatorial zones were interviewed. Also interviewed were the presidents of Market Association Ikom Branch, two former members of State house of assembly, the transparency international, and a non governmental organization. The researcher makes several efforts to interview the former governor Donald Duke and the former Accountant Generals. All efforts to reach them proved abortive as the former governor was said to be outside the State. The researcher went his residence in Abuja but was referred to meet him in Lagos. On the 6th of June, 2009, the researcher went to his residence in Ikoyi, Lagos but was turned down. However, the researcher was was lucky to speak to the incumbent Governor, Senator Lyel Imoke for some minutes. The interviews were relied on for the analysis of this research. The basic reason for the choice of primary data was the fact that first hand data so collected are assumed to be more valid and without the distortions and misrepresentation - of information inherent in secondary data – as such informations must have gone through several hands and several interpretations. In all this, the data collected in the interview (primary source) were used to corroborate the secondary ones especially the financial figures obtained from the ministry of finance.

The researcher wish to state that questionnaires were not used for the study because the data generated from other sources were enough to analyze the problem.Therefore,the researcher concentrated on field assessment of the projects as provided in the state

government financial gazettes supplementary secondary sources.So it may not be necessary distributinng questionnaires to a population that have little or no knowledge on how state resources are utilized.What was done was to assess their situation realistically. The researcher visited some of the communities especially those that were mentioned in the government white paper for development. About fifteen local governments across the senatorial zones were also visited for inquiry on infrastructure such as building of clinics, schools, roads and electricity. The researcher did not stop at local governments headquarters; villages were visited in order to compare the development on ground with the claim on papers. The Obudu cattle ranch and Tinapa resort where substantial state resources were claimed to have been spent were visited. Photographs of these places including some primary schools that have been reflected in the budgets were taken. The activities of some field assistants in the three senatorial districts in the state were engaged for these research.These assistants have a vast knowledge of the state.

3.3 Sampling Techniques/Size

It may be practically impossible for the researcher to collate or elicit data from the entire population of Cross River State. The sampling technique adopted for the study is the cluster sampling technique. The location of the study is divided into the three senatorial zones namely, Cross River North (Obudu, Ogoja, and Yala), Cross River Central (Ikom, Etung, and Yakurr) and Cross River South (Calaba Municipal, Calaba South, and Odukpani). Simple random sampling was employed to select some villages for visitation and assessment.The justification for using the sampling technigues is to enable the researcher generate data from a large population of Cross River State but using a sample.

3.4 Techniques of Data Analysis

In the analysis and interpretation of data that were generated for the study, the descriptive technique was used for analysis. Descriptive analysis entails the process of describing the problem by demonstrating the relationship of the cause to effects. Descriptive analysis in social sciences is important because it clearly implies complexity of phenomena. It gives the need for systematic ways of telling what a situation is, meaning that the situation is no longer simple. As a result of this importance the researcher decided to use the descriptive analysis in order to give a picture of the situation in Cross River State, through a detailed process. Therefore, drastic efforts were made to give the descriptive analysis as accurate as possible without bias. Equally, the researcher use figures and tables in demonstrating arguments. Some of the tables were developed by the authors while some emanated from the existing secondary data. The researcher linked them to the primary data and the results tabled.

Problems Encountered

In the course of gathering data for the study, the researcher encountered very challenging problems. Firstly, some of the people whom the researcher approached for interview or discussion were reluctant to talk, especially former government officials. Their reasons were that they were not sure of the extent to which their interview could go. Some gave the researcher very brief information and refuse to allow him record their views. Many of them spoke to him on the condition that their names will not be mentioned in print and promise to deny it if any problem arose. This is responible for some of the analysis done in anominity in the subsequent chapters. Those who readily gave information and allow the researcher to mention their names were either from the opposition parties or non-

governmental organizations. These groups were free in their discussions and made contributions to the study. It is important to state that a director in the office of the accountant general advised the researcher to change the topic of his research. He frustrated his effort by blocking almost all the channels that could enable him have access to vital documents. Civil servants refused to listen to the researcher even when he presented documents to show that it was purely an academic research.

Secondly, others argued that this research was too critical of the government. That it was sponsored by opposition parties to reduce the powers of the ruling party in the state. This may account for why the Department of State Service (SSS) invited the researcher for some explanations, which were done convincingly. In their own thinking, the research was being conducted at the wrong time cond. The researcher went to Calabar for interview in August 2010, the period in which political activities toward the party primaries were high. To some extent, the researcher saw practical politics; the opposition parties were interested in, according to them, exposing the corruption and maladministration of the state since 1999. The distance between the local governments was also a problem. The roads were bad and majority of the people lived in darkness. On a particular occasion, 26 August, 2010, the bridge leading to Wanakom village in Ogoja local government collasped, leaving the reseacher in the village.He found his way out through the assistance of the youths, who even requested for payment after the job.Finally, these obstacles, did not in any way affects the conduct, validity and reliability of this study.

CHAPTER FOUR

HISTORICAL AND CONTEXTUAL BACKGROUND

4.1 Historical Evolution of Cross River State

Before the creation of 12 states as announced by General Yakubu Gowon, on May 27, 1967, the country was under the political framework of regional governance.The new political development under the 12 states structure gave birth to the South-Eastern state as one of the new geographical entities in the country, Ojah (2001). According to Arit (1987), the area now making up the state of Cross River was originally, known as the Calabar and Ogoja province in the pre-war administrative structure of Nigeria. The name South-Eastern state was promulgated as a result of restructuring of the federation into twelve states as provided in decree No 14 of 1967.

It is shown in records (CRS Gazette 1988) that since its existence, the state inherited the administrative institutions of the former Eastern Region of Nigeria from which it was excised, subsequently; this consisted of four province of Annag, Calabar, Ogoja and Uyo which comprised also of eleven divisions.Nevertheless, the dimension as identified by Ojah (2001) was marginal area shown .previously as part of the then East Central state province prior to the twelve states creation in 1967. The establishment of South Eastern state was indeed a significant achievement of the long struggle of Cross Riverians for a Separate state of their own. Consequently it necessitated the setting up of political, economic and social machinery for the smooth running of the state.

Arit (1987) gave this account of the state, after the creation of the new States, the South-Eastern state government was in a position to exercise its authority over its area of jurisdiction which was then under the control of the secessionists, because at that time some

parts of the state was under the Biafrian regime, as even the first gun shot during the civil war took place in a village, Gakem in the Northern Cross River state. The state government under the Military Governor could only perform preparatory functions with a base in Lagos. In spite of the fact that some areas of the northern parts of the state were freed from rebel control, the center of government remained in Lagos, awaiting the total liberation of the designated capital, Calabar. The liberated area in the northern part of state was placed under the control of a public officer appointed as its sole administrator.During the transitional period of preparation in Lagos, the state government appointed an ad-hoc advisory committee whose members were drawn from all parts of the state and charged with the responsibilities of studying and making recommendations on matters of economic and administrative importance to the state, including, suggestions for a suitable political, constitutional and administrative machinery for the state. This committee recommended the future basing of field administration on division rather than on provinces.

Eventually, in pursuance of the above recommendation, the state government abolished the four provinces and established eleven divisions as the units which it would operate from the center of Calabar for administration purpose and for convenience, this division together formed one contiguous and continuous territory.

4.2 Current Political Structure of Cross River State

The state as presently constituted has an area of 23, 075 square kilometers and a population estimated at 2.9 million (2006 census) .Forty percent of the estimated population constitutes the active population that are engaged in various economic activities ranging from subsistence agriculture to urban commerce and transport business. The

gender distribution of the population based on the census estimate is as follows: Male 50.03% (1,195,520), Female 49.97% (1, 94,293).It is significant to state that children under the age of five years constitute almost 21% of the entire population and women from the age's 21-45-years about 24%. Over 75% of the population lives in rural area, (Report of CRS vision 2020 committee) and therefore occupied in agriculture.It lies between 'latitude 5°-32 and 4°-27 north and longitudes 7°-50 and 2°-20 East. Cross River State is bordered to the north by Benue state, in the South by Akwa Ibom state, to the East by the republic of Cameroun and the West by both Ebonyi and Abia states. The state lies within the tropical zone, but the Obudu plateau with an atitude of 1.575.76 meters above sea level has a temperate climate all the year round. Like other states in the Southern part of Nigeria, Cross River has two main seasons, the rainy season which starts in the middle of April to October and the dry season which begins from November to the middle of April. However, this apparent sharp divide does not hold true these days as the rains pour all year round in Calabar, the state capital.

In creating local government Area in the state, though the number is still not adequate, cognizance has been taken to satisfy the cultural and political yearnings of the people in that regards, Accordingly, seven local governments were created in 1987 when the state was carved out Akwa Ibom state, there are 18 Local Government Areas at the moment Which include: Abi, Akamkpa, Akpabuyo, Biase, Boki, Ikom, Obanliku, Calabar Municipal, Calabar South, Etung, Bekwarra, Bakassi, Odukpani, Obubra, Yala, Yakuur LGAs. Those who have been at the helm of the affairs in the state as governor both military and civilians are presented in the table below:

Table 4.2.1: List of Governors of Cross River State

S/No	Name, title	Took office	Left office	Party
1.	Uduokaha Esuene	28, May, 1967,Military	July, 1975	-
2.	Paul Omu	July 1975,Military	3rd July 1978	-
3.	M. Elegbede	July, 1978,Military	October, 1979	-
4.	Clement Isong	October, 1979,Civilian	October, 1983	NPN
5.	Daniel Archibong	January, 1984,Civilian	1986, August	-
6.	Eben Ibim Princewill	1986,Military	December, 1989	-
7.	Ernest Atta	1989,Military	January, 1992	-
8.	Clement Ibri	January, 1992,Civilian	November, 1993	NRC
9.	Ibrahim Kefas	9, December, 1993, Military	Novermber, 1994	-
10.	Gregory Agboneni	14th September, 1994,Military	22, August, 1996	-
11.	Umar Farouk Ahmed	22nd August, 1996,Military	August, 1998	-
12.	Christopher Osondu	August, 1998,Military	May, 1999	-
13.	Donald Duke	May, 1999,Civilian	May 2007	PDP
14.	Lyel Imoke	May, 2007,Civilian	Date	PDP

Source: compiled by the author.

Population and Human Resources

As earlier started, the population is both the end and the means of human development. This is because people constitute the ultimate ends of development as well as the primary agent of development. As raw population is developed into human capital through education, training, relocation and health, it forms the ultimate human capital asset in the nation. The population of Cross River state is currently at 2.89 million (2006 census) given a national average growth rate of 2.93% and the population of Cross River State can double in about 24 years, (vision 2020 on CRS)

However, the population of Cross River State is represented in the diagram below.

Table 4.2.2: Population of Cross River State

S/No	LGA	HQ	MALE	FEMALE	BOTH SEXES
1	Abi	Itigidi	73077	71,240	144317
2	Akamkpa	Akamkpa	76,921	72,784	149705
3	Akpabuyo	Ikot-Nkanda	14,1602	130660	272262
4	Bakassi	Abana	18,175	13,466	31641
5	Bekwarra	Abuchiche	52,914	52583	105497
6	Biase	Akpet	85,625	82,488	168113
7	Boki	Boje	95,154	91,457	186611
8	Calabar Municipality	Calabar	93,092	90589	183681
9	South South	Anantigha	94,584	96931	191515
10	Etung	Efraya	41,089	38,947	80036
11	Ikom	Ikom	82,646	81,045	163691
12	Obanliku	Sankwla	55,998	53,635	109633
13	Obubra	Obubra	87,153	85,390	172543
14	Obudu	Obudu	81,537	79920	161457
15	Odukpani	Odukpani	100697	921287	192884
16	Ogoja	Ogoja	86802	84,772	171574
17	Yakurr	Ugep	99485	96786	196271
18	Yala	Okpoma	1471967	1421021	12892988

Source: FRN official Gazette- NPC, Abuja.

Cross River State as argued by Ojah (2002) is the most significant in Nigeria's economic wealth. The extensive land mass of the state is extremely rich in forest, agriculture, animal, mineral and tourism resources. For instance, Cross River state hold about one third of the Nigeria's total forest area with a total forest resources area of about 6.101.29 square kilometers.

4.3 Educational Development in Cross River State

Historically manpower development in Cross River "today as anchored on education could confidently be said to have originated from the establishment of the Hope Waddel Institute in Calabar as influenced by the Scottish missionary in 1895. Being the earliest post primary institution in Nigeria apart from CMS Grammar School, Lagos

established in June 1856. The Hope Waddel Institute actually enhanced national development as it has continued to perform till date. However, at that time till 1967, there was nothing like goal orientation manpower development in Cross River state to justify any degree of impact of the institute to the state economy. Not even before 1987, that a programme of manpower development started in Cross River state until September the year that Akwa Ibom State was carved out of the state.It is also important to state that the present primary, post and some tertiary institutions in the state have existed before Akwa-Ibom was created out in 1987.

Some of the higher institutions in the state are: University of Calabar, Cross River State University of Technology, Calabar, Federal College of Education, Obudu, College of Agriculture, Obubra, College of Education Akamkpa, Management Development Institute, Calabar.As at 2009, there are a total of 1,019 primary schools in the state and in almost all these, the infrastructure is in a very poor state of despairs with about half the students without writing Desks. Equally post primary schools in the state" are' put at 1,005, with similar conditions of learning like the primary schools, (Vision 2020 report on CRS).

4.4 Agriculture in Cross River State

"Cross River state is predominantly an agricultural Zone in the Nigerian federation. This sector of the economy employs about 80% .of the states labour force. Nearly all tropical agriculture products can be grown in the state. Like Mkpernie (1987) pointed out; the major ones are tree crops as oil palm, cocoa and kola nut while food crops include yam, cassava, plantain, maize, rice, assorted vegetable and fruits. Livestock and forestry

and fishery also form major part of agricultural items in the state.

According to the Vision 2020, Cross River State Development Report (2006) two thirds of Cross River state is covered by tropical rain forest making it one of the world's biodiversity hotspots. Arising from location, the state enjoys a tropical climate with the Obudu plateau at an altitude of 1,595.79 meters above sea level enjoying temperate climate. This renders some parts of the state attractive for tourist from Europe and North America. At least, five district ecological zones are represented in the state ranging from mangrove and swamp forest towards the cost, tropical rain forests further inland, and savannah wood lands in the northern parts of the state. The highland of the Obudu plateau offers mountain vegetation.

It is important to note that Cross River state is the last natural host to the last surviving specie in the monkey family, known as mandrills. These mandrills' lives in its large expanse of tropical rain forest, which also has various species of rare trees, on the worlds conservation list (CRS 2008 reports of ministry of agriculture). The state is a home to the Cross River Gorilla (Gorilla gorilla diehli) recognized as a distinct and critically endangered subspecies by the Primate Specialist Group (PSG).The state, with its crystalline basement is rich in oil in its coastal regions and other identified mineral resources such as limestone quartz natural gas, Unary, salt, tin, granite, kaolin, basalt, lead/zinc, manganese, gypsum, barite uranium and mica. Though, some of which are to yet to be exploited.

4.5 Politics in Cross River State

It is a known fact that Nigerian politics and electoral disposition since independence have been built around ethnic sentiment. It is important to clearly state that

ethnic politics between the Southern and Northern Cross River is a weapon that has retarded some level of development in the state. This is always reflected in the candidates for elective offices during elections. As a result of this, there is a constant ethnic struggle in determining power formula and resource allocation across the state. The state has three senatorial districts, namely, Cross River North comprising of Obudu, Obanliku, Bekwarra, Ogoja, and Yala local Governments areas, Cross River central has 'Boki,Etung, Ikom, Obubra, Yakurr, and Abi while Cross River south has Akamkpa, Akpabuyo, Bakassi, Biase, Calabar municipal, Calabar South and Odukpani, The state equally has seven federal constituencies' twenty four members of the State House of Assembly.

The history of political activities especially election often reflect a sharp ethnic division between the Atam people (ethnic group from the Ogoja area) and the Efik and Ibibio.The situation has manifested itself in some of the elections that have been conducted in the state. In the 1999 Governorship elections which was recorded to be better than that of 2003, the result released by 1NEC reflected this politics of ethnic balancing.It is important that this issue is raised because it has become a critical factor in the distribution of resources in the state, through the citing of developmental projects.For instance, the 1999 governorship election for Cross River State is reproduced in the table to justify the arguemeent, between the then APP and PDP, the candidate and their ethnic origins.

Table 4.5.1: Result of Election in Cross River North in 1999

LGA	AD	%	APP	%	PDP	%	Total	%
Bekwarra	75	0,18	31,986	77.6	9,170	22.2	41,231	100
Ogoja	62	0.10	50,937	88.5	6,529	11.3	57,564	100
Obudu	154	0.29	47,408	91.7	4,112	7,9	51,647	100
Obanliku	183	1.1	31,680	94	1,605	4.7	33,668	100
Yala	180	0.2	84,456	97	1,510	0.7	86,146	100

Source: INEC office CRS

Similarly, the candidate from Cross River South, Donald Duke Scored the **following** votes as presented by the Electoral Body

Table 4.5.2: Result of Election in Cross River South in 1999

LGA	AD	**%**	**APP**	**%**	**PDP**	**%**	**Total**	**%**
Akpabuyo	2, 017	3.2	169	0.27	59,574	96.4	61,760	100
Odukpani	38	0.05	3885	5.8	61,943	94	65,861	100
Calabar South	2845	4.1	638	0.9	6791	94.9	69,268	100
Calabar Municipal	2839	5.8	6264	12,8	39,647	81.3	48,750	100
Bakasi	1430	4.7	12438	41	16,137	43.7	3005	100
Akamkpa	144	0.24	20866	34.9	38606	64.6	59,696	100

Source: INEC office, CRS

This table is an explanation of the kind of political activities in Cross River State. The diagram will support further arguments in subsequent chapters. According to Asibbong (2000) the crisis of ethnic struggle in Cross River state is traced to history especially during the civil war (1967-70). During the war, some parts of Cross River State (Ogoja province) had opted to remain with the Nigerian region while the Southern part of the state was interested in forming alliance with Biafrain Army. After the war and the subsequent creation of Cross River state from the South Eastern State, there has, been crisis of confident among the two major ethnic groups. This crisis was-also reflected in the 1979 general elections in the state as noted by Madungu (2002).

4.6 Culture

4.6.1 Language and Dialect

The main indigenous languages used in the state are Efik, Ibibio, Annang, Bekwara and Ejagham. One interesting thing to note is that Efik and Ibibio is understood by the Annangs, the quas as well as the Ekois. It is in fact, the commonest language used throughout the state. Apart from these main languages', there are various other dialects peculiar to the different smaller ethnic linguistics groups in the state. A few of them is as follows:

Figure 4.6.1: Language Distribution in Cross River State

Dialects	**Ethnic Group**
Annang - -	Annang People
Ejagham - -	Ejagham People
Biase - -	Biase People
Qua - -	Qua people in Calabar and Ekoi group in Akamkpa,
Ekit - -	Eket (Eket (Sub-ethnic groups)
Etung, Boki, Abanyum, -	Spoken by different small in
Nnam, Nkum, Nkim, Nnambe, -	Ikom LGA and part of Ogoja Olulumo
Andoni - - -	Andoni people of Ikot Abasi
Bahumono, Yakurr, Agbo -	These are peculiar to smaller Groups that makes up Obubra LGA
Bette, Obanliku, Bendi and Utukwang -	These are spoken by Bette, Obanliku, Bendi and Utukwang People that are from the Obudu LGA.
Bekwara, Yala, Afrike, - -	These are spoken by the people In Ekajuk, Ukelle, Yache, Gabu And Mbube make up Ogoja LGA

(Source: **Adapted from Arit Road map)**

Despite the dialectical difference, all the various ethnic groups inhabiting the Cross River state derive their dialects from one and the same linguistic root- the Bantu, according to history.

4.6.2 Customs and Traditions

The customs and traditions of the people of the state are similar everywhere, with minor cultural differences, for instance, 'Ekpe' /Nkpen' (Masquerade) is available in all the local governments of the state and plays the function of keeping peace and order.

There are differences of the fact that, while there exists 'Obon' (masquerade) in both southern and central parts of the state; such is not in the northern part. Also, a masquerade likes 'Ekpo only exist in the southern part of the state. All still played the role of keeping peace in their localities as well. Traditional yam festival and skills in cloth

weaving, carving and pottery are still seen in similar pattern in most parts of the state. To encourage and further enhance the social and cultural life, the government has established a cultural which encourages, aids and supervises activities in this field.

4.6.3 Religion

Cross Riverians who are said to be God fearing people are predominantly Christians. This is not to say that the traditional religions are no more in existence among the people, Arit (1987) but at least they have ceased to be dominant. Precisely, there is no over-statement to assert that in Cross River any visitor or tourist would find a church or religion of his following.Simply stated, Cross River is a melting pot for many religions. Among the major religion of the world, the ones which may probably not be found in the state are worshippers of the Eastern orthodox, indaism, Shintoists, Tarists, Confucians, Buddhists and the Hindus distinction. Some religions like the African Apostolic and the Brotherhood of the Cross and Star are purely indigenous and the latter has become an international organisation with a very large follow having its headquarters in Calabar, the state capital.

CHAPTER FIVE

SOURCES OF REVENUE GENERATION AND BUDGETARY EVALUTION IN CROSS RIVER STATE

5.1 Introduction

To have an informed understanding of the fiscal standing of Cross River State within the period under review, it is pertinent to review her sources of income. This would, among other things, enable us to situate her expenditure flows properly in the subsequent chapters.

Esentially, the major sources of revenue to Cross River are the allocations from the Federal Account and internally Generated Revenue. The state, however, in addition to the aforementioned sources derives revenues from other sources as supplementary income. These additional sources include grants, aids and loans. These additional sources also could be internal or external in origin.By far, income from the Federation Account outweights that of internally generated revenue. In effect, the bulk of the revenues that accrue to the state government derive from the Federal Allocations which are remitted monthly from the Federal Accounts (CR SEEDS, 2004).In this chapter, an attempt is made to examine the public revenue generation status of Cross River State from the stand point of a few selected fiscal years, namely 1999 (May to December), 2001 (January to December), 2003 (January to December), 2005 (January to December), and 2007 (January to December).Other relevant details pertaining to the income generation in Cross River State which do not fall within the above purview are documented in the appendix provided at the end of the study. This includes the details of income generation for the years deliberately excluded in the above list of fiscal years, namely: 2000, 2002, 2004 and 2006. This is in addition to issues pertaining to the budgetary specificities of data associated with the above.

5.2.1 Allocation/Revenue from the Federation Account

As indicated above, revenues from the Federation Account, account for the bulk of the income accruable to the Cross River State Government. This has been a historical trend over the years. For instance, between 1999 and 2003, revenue from the Federation account accounted for over 80% of the state's total revenue (CR-SEED, 2004: 1 -5).Apart from the direct allocation to the state from the Federation Account proper, there are other avenues by which the state could source monies from the federal government, namely Value Added Tax (VAT), capital receipts and the likes.

The allocations to the Local Governments Areas in Cross River State also form a part of it's federally sources revenue. This is inview of the fact that the state government has been in control of such funds through the instrumentality of the Joint Account System. This system enables the state government to operate the account at the instance of the federal government. In effect, the monthly allocations to the local government in the state constitute part of the federally sourced revenues to the state.

Table 5.2.1 Federation allocation for 1999

May (N)	**June**	**July**	**August**	**Sept.**	**Oct.**	**Nov.**	**Dec.**
34,584,942.62	142,467,021.32	144,891,113.54	311,496,886.23	334,980,174.99	352,449,225.99	412,056,418.16	412,056,874.21
							Total, 2,449.826,534.06
		Value Added Tax					
14,165,183.57	54,156,020.60	48,418,937	52,632,925.23	41,418,246.54	39,263,351.36	40,848,739.60	42,549,285.50
							Total,360,452,686..340
		13% Derivation					
3,184.54	1,130.64	3,484.16	7,875.09	8,922.06	11,353.30	12,557.26	14,013.30
							Total 52,518.181
							Grand Total 2,863,907,401.46
Sources: Office of AGF, Abuja							

5.2.2 Internally Generated Revenue

Internally generated revenue refers to income generated within the state on the basis of the state's residual powers. The concept of fiscal federation presupposes among other things, that the states reserve the constitutional powers to mobilize revenue from sources within its sphere of jurisdiction. This revenue could come in form of taxes, fines, levies, licenses, interests and dividends, to mention but a few.

It is the combination of the internally generated revenue and the federally derived funds (as described shortly above) that defines the income base of any state within a federation. However, in federations characterized by fiscal imbalance and uneven development, the federally derives revenues take the lion's share of the states' income base. This is typically the case with Nigeria. In effect, for Cross River State, the bulk of the public funds it requires for its sustenance and development actually derive from the monthly allocations from the Federation Accounts.

In the sub-sections that follow, an attempt is made to x-ray the major sources of revenue to Cross River State from 1999 to 2007 with a view to situating the analyses of resource utilization in the state in proper contextual perspective.

For convenience of the study, emphasis is laid on the four fiscal years already indicated at the outset of the chapter. Our discussion in this regard is aided by tables which illustrate vital facts and figures on the status of public revenue in Cross River State within the time under review.

Table 5.2.2: Internal generated revenue to Cross River State 1999

Sources	1999 Actual Generation
(a) Taxes	131,589,896.00
(b) Fines and fees	29,191,552.02
(c) Licenses	7,971,749.57
(d) Earnings Sales	7,756,227.81
(e) Rent on Govt. Properties	785,229.11
(f) Interest repayment and Dividend	1,243,115.70
(g) Reimbursement	Nil
(h) Miscellaneous	66,763,790.48
Total	**245,301,560.69**

Sources: **Office of Auditor General, CRS**

5.3.1 1999 Federation Allocation to Local Governments Council.

There are eighteen Local Government Councils in Cross River State and each of them is represented as follows in the allocation.

LGA	May (N)	June	July	August	Sept.	Oct.	Nov.	Dec.
Abi LGC	5,113,314.99	5,689,963.92	5,758,362.93	7,348,116.84	10,475,495.36	9,095,938.07	11,167,082.07	12,716,012.77
Akamlipa	7,350,918.56	8,272,263.12	6,109,309.00	10,498,820.92	15,462,518.46	13,854,418.01	16,816,545.66	18,613,843.19
Akpubuyo	5,656,721.56	7,774,663.32	6,866,943.12	10,636,892.80	13,704,418.62	12,503,179.26	14,892,760.77	15,871,426.69
Bakassi	4,969,676.25	6,529,317.88	6,502,389.94	11,830,332.11	14,211,482.38	13,059,971.21	15,076,136.68	15,476,422.17
Bikwarra	5,712,943.97	6,693,350.20	6,794,421.79	9,334,1408.73	12,973,128.00	11,718,422.63	13,935,949.54	15,187,408.44
Biase	5,706,313.51	6,260,350.21	7,684,138.87	7,165,634.62	11,106,571.52	9,836,726.47	12,145,035.28	3,859,333.84
Boki	7,306,385.25	7,536,185.70	7,684,138.87	8,375,298.17	13,564,260.37	11,753,225.66	14,701,245.42	17,120,354.14
Cal.Muni.	6,532,584.23	6,604,186.41	6,752,579.91	6,852,677.49	11,715,251.32	10,061,629.13	12,707,341.76	15,037,860.26
Cal. South	6,565,456.36	6,904,579.10	7,053,658.06	6,706,166.99	11,642,376.4	10,062,346.89	12,721,052.69	15,103,626.28
Etung	6,453,751.82	6,506,780.21	6,578,591.03	10,223,415.72	13,397,244.28	12,151,793.75	14,367,830.69	15,293,417.12
Ikom	6,701,861.46	6,478,795.60	6,578,658.6	5,352,436.72	10,654,939.82	9,047,621.13	11,751,978.60	14,392,061.21
Obanlikwu	5,131,568.45	5,297,821.66	5,362,44.72	4,832,221.56	8,971,953.93	7,977,961.83	10,052,817.14	11,743,805.48
Obubra	6,830,836.76	6,912,931.18	7,052,897.16	7,107.403.57	12,204,216.07	10,521,858.12	13,282,044.21	15,696,643.60
Obudu	5,630,880.81	5,472,151.36	5,560,535.86	4,280,561.82	8,713,473.24	7,283,695.88	9,562,135.52	11,929,479.08
Odakpani	6,495,757.47	6,899,449.85	7,016,333.89	8,715,149.36	13,128,682.37	11,583,403.94	14,206,896.06	16,030,331.08
Ogoja	5,597,199.03	5,234,743.30	5,318,991.73	3,139,424.57	7,590,960.21	6,026,273.03	8,290,471.58	11,007,808.06
Yakurr	6,505,919.73	6,397,646.77	6,533,392.67	5,766,165.15	10,805,007.71	9,197,925.92	11,830,075.34	14,332,901.32
Yala	6,817,818.81	6,569,238.33	6,694,630.37	4,880,178.75	10,439,348.26	8,915,656.94	11,667,134.81	14,376,992.95
Total	110,078,882.03	116,736,836.96	118,678,829.23	133,043,305.87	210,961,628.53	184,753,046.46	229,164,541.90	263,758,926.07

Grand Total – #1,377,175,197.05

Source: Office of AGF, Abuja

The table above is a detailed account of income generated from the federation Allocation to Cross River State Government and the Local Government Councils within the period of May – December 1999. The allocations indicate that the state government alone got a total of two billion, eight hundred and sixty three million, nine hundred and seven thousand four hundred and one naira forty six kobo (#2,863,907,401.46). These amounts represent the actual federation Allocation, money from Value Added Tax (VAT), 13% derivation allocated to oil producing states, and proceeds from the excess crude oil.

Equally, revenue allocated to local government councils within the period under view is estimated at One Billion, three hundred and seventy seven million, one hundred and seventy five thousand One hundred and ninety seven naira, five kobo (N1, 377,175,197.05). The report of the Cross River Economic improvement and Development Strategy (CR-SEEDS) substantially agreed with these figures in its annual financial report. The office of the Auditor-General of the State in its 1999 financial report presented to the State House of Assembly give a similar figure to the ones earlier presented.

Capital Reciept

A comparative analysis of the revenue from the Federation Account and the Internally Generated Revenue to the state shows that the state relies more on federation allocation which constitute over 83.15% of the income while the internally generated income is just about 16.85%. This explains the argument that the sate' budget and capital expenditure is dependent largely on FAAC. Note that they afore-stated figures were supplemented by other incomes soures such as Loans. Loans are revenue borrowed either from financial institutions or investment houses for the purpose of financing capital development. Within this period, the state government has not

officially obtained loans from financial institution(s) but state cooperation were involved in unserviceable loans amounting to twenty three million, seven hundred and thirty one thousand, six hundred and seven naira only (N23, 731,607) However, the United Nation Development program assisted the state programme amounting to five hundred and seventy three million fifty thousand, sixty naira (N573, 050,227.96).

The final financial figures of revenue generated by Cross River State between May-December 1999 indicate that the total income for that year was four billion, eight hundred and thirty seven million, eight hundred and eighty five thousand four hundred and thirty two naira forty seven kobo only (#4,837,885,432.47).There was a significant improvement in revenue generation from the federation account in the year 2000 as compare to the year 1999. The income generated from the federation account for the year, 2000 is estimated at fourteen billion, four hundred and ninety million, one hundred and nineteen thousand, and twenty five naira, six hundred and ninety one kobo (N14,490,119,025.91).The allocation to the Local Government Councils within this period is estimated at four billion, one hundred and thirty eight million, six hundred and twenty six thousand nine hundred and seventy naira, and twenty eight kobo (4,138,626,970.28).This implies that state financial strength was better off to invest more fund to developmental projects like agriculture and other social services.

5.3 Income for 2001 Fiscal Year

The figure regarding general income for Cross River in 2001 fiscal year was an improvement on the previous years. Part of the nation for this increment was the inclusion of the excess crude oil proceeds which amounted to N2, 006,779,814.10. In all, the allocation from the Federation Account for this fiscal year amounted to 11,737,516,754.67. This is in addition to

monies from other sources as reflected in the following tables.

Table 5.3.1: Federation Allocation

Jan	**Feb**	**March**	**April**	**May**	**June**
516,690,034.99	463,098,987.71	424,710,682.70	477,710,628.70	464,883,328.18	410,973,122..37
July	**August**	**September**	**October**	**November**	**December**
421,979,309.30	421,671,959.58	288,860,342.89	405,932,086.90	260,542,115.12	265,768,487.83
				Total	4,422,821.086.17
VALUE ADDED TAX					
Jan	**Feb**	**March**	**April**	**May**	**June**
70,430,278.43	65,779,568.84		62,057,748.50	110,497,831.85	73,927.498.81
July	**August**	**September**	**October**	**November**	**December**
80,080,527.11	90,538,310.14	86,773,371.86	92,861,110,41	80,074.618.47	56,790,526.01
				Total	899,805,426.40
ALLOCATION OF 13% DERIVATION FUND					
Jan	**Feb**	**March**	**April**	**May**	**June**
145,475.18	144,650.00		149,920.82	157,571.47	143,544.90
July	**August**	**September**	**October**	**November**	**December**
421,979,309.30	421,671,959.58	288,860,342.89	405,932,086.90	260,542,115.12	265,768,487.83
				Total	4,388,110,403
EXCESS CRUDE OIL					
Jan	**Feb**	**March**	**April**	**May**	**June**
411,434,695.68	411,434,695.68		90,877,107.87	Nil	Nil
July	**August**	**September**	**October**	**November**	**December**
194,258,006.11	81,334,175.31	322,552,330.20	201,943,252.80	201,943,252.80	91,002,287.96
				Total	2,006,779,814.10
Total					11,737,516,734.67

Source: Office of the Accountant General of the Federation, Abuja

Table 5.3.2: Allocation to Local Government Councils

LGC	Jan	Feb	March	April	May	June
Abi	39,558,561.16	26,375,619.94	12,145,727.59	15,764,756.10	13,507,106.49	12,651,446.91
Ahamhpa	39,558,561.16	39,270,138.40	19,416,296.65	24,430,540.73	20,904,748.87	19,979,516.11
Ahpabuyo	34,872,467.46	34,574,384.18	18,331,058.31	22,796,605.27	20,257,589.06	19,333,216.39
Bakassi	29,123,280.45	28,942,991.57	16,744,861.72	19,823,245.15	17,705,82.59	17,144,872.87
Bekwara	26,655,822.54	26,439,370.44	13,303,995.14	16,609,870.28	14,533,818.97	13,746,472.57
Biase	29,007,979.88	28,708,915.66	12,635,094.18	16,684,876.95	14,063,044.95	13,141,691.56
Boki	34,185,333.21	33,864,420.35	14,333,887.95	19,260,467.25	15,959,868.31	14,909,378.52
Cal Muni	31,606,970.74	31,284,528.96	14,224,563.95	18,517,958.45	15,859,000.80	14,768,751.35
Cal South	36,939,482.73	36,545,894.49	17,350,176.91	22,181,710.84	19,186,335.61	17,946,412.43
Etung	26,838,966.35	26,645,920.07	14,455,447.38	17,519,583.62	15,267,794.39	14,880,582.64
Ikom	26,721,653.29	26,405,496.94	9,038,780.78	13,411,435.57	10,656,414.67	9,584,964.22
Obanliku	22,208,709.96	21,973,060.00	8,500,350.92	11,895,100.87	9,680,030.06	8,943,260.20
Obubra	28,744,662.38	28,446.323.77	11,246,721.92	15,577,058.94	12,835,002.79	11,787,173.37
Obudu	20,926,437,59	20,670,192.87	6,533.780.37	10,089,039.84	7,892,934.84	7,006,744.62
Odulpami	33,740,828.65	33,439,602.08	16,279,410.48	20,602,869.27	17,807,489.25	16,812,177.91
Ogoja	29,299,216.33	28,953,965.79	11,415,471.15	15,841,954.91	12,880,494.41	11,945,809.95
Yahurr	30,273,457.27	30,003,458.19	13,053,327.55	17,283,082.30	14,610,941.92	13,555,682.00
Yala	36,364,478.60	35,001,450.43	15,152,974.65	20,159,636.31	16,835.698.62	15,739,464.46
Total	**542,763,200.79**	**537,546,734.16**	**244,661,926.1**	**318,449,793.35**	**270,804,439.61**	**253,879,718.10**

LGC	July	Aug	Sept	Oct	Nov	Dec
Abi	20,345,347.37	16,372,132.20	21,480,382.80	20,900,956.88	14,550,016.31	11,934,474.83
AKamhpa	30,658,802.08	25,654,799.84	32,797,397.93	31,942,530.60	23,191,447.26	18,883,953.70
AKpabuyo	27,856,219.40	23,762,629.41	29,415,973.65	28,769.867.43	21,752,938.43	18,531,405.13
Bakassi	23,704,320.62	20,316,593.26	24,698,149.03	24,179,346.92	18,811,829.47	15,838,281.45
Bekwara	20,850,501.06	17,311,540.05	22,023,159.03	21,489,576,62	15,633,201.17	13,087,480.21
Biase		17,667,520.42	23,440,239.97	22,776,909.34	15,622,377.05	12,316,103.07
Boki	25,462,616.78	20,553,348.71	27,575,766.04	26,755,350.84	18,086,333.67	13,887,890.14
Cal Muni	24,024,967.95	19,678,603.54	25,802,811.20	25,113,884.81	17,471,801.21	13,926,902.60
Cal South	28,378,625.65	23,584,449.63	30,478,105.91	29,702,381.50	21,095,426.78	17,001,083,20
Etung	21,107,530.89	18,128,868.39	22,495,459.89	22,004,785.20	16,567,301.12	11,017,353.05
Ikom	19,018,552,21	14,587,434.29	20,824,281.54	20,117.077.11	12,353,309.62	8,715,639.57
Obanliku	16,207,530.89	12,583,873.13	17,420,047.70	16,862,115.88	10,883,241.54	8,242,053.85
Obubra	21,107,344.93	16,718,896.26	22,894,311.67	22,192,272.06	14,570,398.25	10,921,780.13
Obudu	14,663,696.14	10,924,033.17	15,993,221.55	15,423,599.46	9,144,442.85	6,307,617.39
Odulpami	26,099,887.25	21,707,039.46	27,871,022.87	27,163,226.69	19,579,084.16	15,932,299.62
Ogoja	AA21,464,027.48	16,946,692.38	23,256,360.86	22,519,815.47	14,735,738.78	11,019,256.94
Yakurr	22,745.382.67	18,623,585.80	24,706,613.18	22,672,145.28	15,094,421.13	11,364,503.74
Yala	26,484,382.67	21,508,013.44	26,645,950.12	27,815,792.09	18,991,405.96	14,700,162.03
Total	412,360,519.19	336,630,053.39	441,819,315.14	428,401,575.07	298,014,714.85	223,617,220.49
					Grand Total	4,005,949,150
Source; Office of AGF,Abuja						

Table 5.3.3: Capital Reciept to Cross River State 2001

A	Transfer from consolid Rev fund	100,000,000
B	Other capital receipt	43,030, 784.17
C	Ecological fund	1,148,086,514
D	Bank Loan	508,540,485.67
E	Revenue from GSM	482,436,309.96
Total		**2,285,088,083.70**

Source: Office of AGF, Abuja

With reference to the Internally Generated Revenue, the Cross River State government emphasized taxation and other sources of generating revenue within the fiscal year. The Figures below show that there was an aggressive approach to the effect of generating revenue within and outside the state. In fact, the 2001 internally generated revenue outwore that of 2000 as provided in the figures below.

a)	Taxes	311,147,354.01
b)	Fees and fines	30,482,629.66
c)	Licenses	2,679,561.70
d)	Earn and sales	3,489,963.00
e)	Rent on government property	2,226,589.57
f)	Int. pay and Development	5,021,075.18
g)	Rent	45,509,100.00
h)	Miscellaneous	715,819,754.88
	Total	1,114,375,028.00

Source: Office of Auditor General of CRS

The fiscal years for 2001 showed in the above table indicate that the revenue generation in the year was improving as compare to the previous year. The federation allocation to the state was estimated at eleven billion, seven hundred and thirty seven million, five hundred and sixteen thousand, seven hundred and thirty four naira (N11, 737,516,734.) Similarly, the revenue gotten from the value Added Tax (VAT) was eight hundred and ninety nine million, eight hundred and five thousand, four hundred and twenty six naira forty kobo (N889, 805,426.40). The money generated from the share of excess crude oil to the state was put at eight hundred, which was the

largest income for the year was put at two billion, six million, seven hundred and seventy nine thousand, eight hundred and fourteen naira, (N2,006,779,814). The income generated from the 13% derivation find was four billion, three hundred and eighty eight million, one hundred and ten thousand, four hundred and three naira, (4,388,110,403). The internally generated revenue was N1, 114,375,028.The local government council in Cross River State within this fiscal year was allocated a total of four billion, two hundred and ninety eight million, nine hundred and forty nine thousand, two hundred and ten naira (N4, 298,949,210).The final analysis shows that the grand total allocated to the state and local governments within this fiscal year was estimated at Nineteen billion, four hundred and thirty six million, one hundred and twenty nine thousand, one hundred and sixty six naira, fifty one kobo (N19, 463,129,166.51).

5.4 Income for 2003 Fiscal Year

In 2003 fiscal year, income to Cross River State generally improved. This was largely as a result of the significant increment in the allocations to the states in form of excess crude oil proceeds as well as the derivation funds (13% derivation share). This period also witness a leap interms of other sources of local and external revenue. The tables below give insights into the financial (income) flows to the state for the fiscal year.

Table 5.4.1 Federation Allocation

Jan	Feb	March	April	May	June
925,499,848.8	981,691,646.60	889,087,414.63	781,041,274.80	715,724,363.50	541,196,923.86
July	**August**	**September**	**October**	**November**	**December**
664,566,810.90	618,569,705.04	705,076,223.08	905,423,303.41	636,486,793.57	1,089,524,855.85
				Total	9,453,889,163
VALUE ADDED TAX					
Jan	**Feb**	**March**	**April**	**May**	**June**
104,032,761.32	96,952,083.43	103,123,340.64	106,089,646.07	126,712,356.93	125,829,365.14
July	**August**	**September**	**October**	**November**	**December**
109,553,743.93	131,110,448.97	113,911,648.97	108,404,165.00	151,956,579.93	135,660,571.27
				Total	1,287,507,345
EXCESS CRUDE OIL					
Jan	**Feb**	**March**	**April**	**May**	**June**
Nil	Nil	Nil	Nil	**Nil**	Nil
July	**August**	**September**	**October**	**November**	**December**
273,556,318.76	NIL	143,290,737.04	NIL	204,602,882.00	NIL
				Total	621,459,937.70
ALLOCATION OF 13% DERIVATION FUND					
Jan	**Feb**	**March**	**April**	**May**	**June**
158,316,786.49	205,773,627.02	215,992,160.59	197,611,614.30	179,416,843.99	146,474,486.93
July	**August**	**September**	**October**	**November**	**December**
168,412,642.08	158,750,318.03	168,049,271.31	206,709,384.73	185,463,158.37	253,549,199.35
				Total	2,244,579,493

Grand Total 13,607,435,938.70

Table 5.4.2 Allocation to Local Government Councils

LGC	Jan	Feb	March	April	May	June
Abi	41,482,688.12	41,585,434.18	38,009,567.31	34,818,698.98	33,719,153.03	29,687,763,56
Akamkpa	56,933,339.31	57,125,278.06	52,103,670.17	47,634,040.44	45,955,360.37	40,344,136.72
Akpabuyo	45,783,296.93	45,900,009.74	41,942,637.74	38,409,464.68	37,180,850.65	32,721,658.42
Bakassi	36,080,095.68	35,204,281.90	32,115,460.02	29,381,978.25	28,349,714.62	24,909,017.72
Bekwara	38,283,4407.67	38,380,030.91	35,079,964.64	32,138,572.83	31,122,699.11	27,404,982.33
Biase	46,667,133.73	46,790,546.56	42,747,399.30	39,139,121.29	37,872,606.48	33,321,286.95
Boki	56,439,485.97	56,208,789.27	51,678,917.27	47,285,299.21	45,707,575.88	40,177,446.87
Cal Muni	49,847,459.71	49,955,317.24	45,679,700.16	41,850,329.49	40,564,990.26	35,725,657.39
Cal South	56,091,565.57	56,208,759.49	51,400,109.93	47,087,198.18	45,648,630.08	40,198,070.51
Etung	35,580,240.21	35,666,926.36	32,608,059.10	29,884,059.10	28,952,721.94	25,505,164.87
Ikom	50,620,375.84	50,741,609.02	46,383,898.36	42,484,188.43	41,155,202.85	36,231,065.82
Obanliku	39,058,336.05	39,170,817.89	35,776,310.78	32,756,658.99	31,677,567.24	27,868,395,96
Obubra	50,091,847.43	50,210,661.83	45,893,842.67	42,032,422.12	40,707,622.24	35,834,833.80
Obudu	41,287,166.16	41,381,935.18	37,837,590.36	34,671,432.39	33,599,636.64	29,595,788.46
Odukpani	49,835,079.63	49,963,678.60	45,649,248.55	41,795,108.10	40,448,551.49	35,587,665.02
Ogoja	50,718,434.41	50,866,305.01	46,441,995.90	42,497,207.10	41,075,503.11	36,108,752.41
Yakurr	49,424,213.35	49,536,886.04	45,286,934.82	41,483,585.78	40,192,616.49	35,388,603.56
Yala	57,450,791.95	57,608,719.92	52,609,745.71	48,143,657.22	46,554,709.32	40,931,139.56
Total	**850,678,950.65**	**852,897,840.21**	**779,245,860.82**	**713,493,520.59**	**690,485,951.77**	**607,541,429.54**

LGC	July	Aug	Sept	Oct	Nov	Dec
Abi	40,594,381.75	31,867,085.83	36,840,531.45	38,455,584.44	42,059,843.09	46,372,542.76
Akamkpa	55,650,867.54	43,336,597.78	50,392,382.51	52,683,994.71	57,349,717.35	63,480,108.97
Akpabuyo	44,795,134.54	35,126,516.18	40,640,292.39	42,432,298.91	46,375,420.54	51,158,266.57
Bakassi	34,302,515.91	26,755,667.59	31,076,693.08	32,472,280.62	35,404,101.77	39,155,404.43
Bekwara	37,465,867.54	29,416,836.64	34,003,356.91	35,491,121.68	38,826,704.97	42,803,358.08
Biase	45,654,978.20	35,772,778.71	41,411,444.49	43,243,823.18	47,241,283.89	52,133,371.24
Boki	55,194,855.58	43,141,865.58	50,030,220.03	52,271,024.14	57,014,287.27	62,994,642.50
Cal Muni	48,784,767.04	38,342,033.39	44,287,008.90	46,223,261.91	50,574,374.94	55,729,130.10
Cal South	54,893,630.05	43,141,104.81	49,831,433.27	52,013,277.80	56,899,650.51	62,701,326.23
Etung	34,826,358.07	27,375,172.97	31,617,914.22	32,993,400.86	36,120,428.71	39,797,784.92
Ikom	49,537,444.49	38,888,688.36	44,931,400.78	46,931,400.78	51,316,383.71	56,578,626.77
Obanliku	38,210,543.22	29,921,869.43	34,654,023.13	36,187,638.23	39,530,930.92	43,636,295.44
Obubra	49,014,301.93	38,464,771.92	44,477,122.91	46,434,040.58	50,763,886.90	55,978,781.08
Obudu	40,410,105.99	31,764,317.41	36,686,565.39	38,285,868.69	41,904,160.23	46,171,211.86
Odulpami	48,753,915.17	38,204,916.65	44,223,305.01	46,180,737.54	50,448,031.76	55,669,761.34
Ogoja	49,601,936.94	38,773,533.30	44,962,108.17	46,973,014.75	51,244,490.18	56,616,746.44
Yahurr	48,365,768.12	37,983,237.46	43,897,351.23	45,822,645.25	50,115,750.54	55,244,574.54
Yala	56,186,514.61	43,948,118.42	50,940,178.71	53,822,045.31	58,064,591.91	64,134,217.65
Total	832,245,742.86	652,225,110.41	754,927,953.40	788,311,103.38	861,254,038.93	950,356,149.91
					Grand Total	**9,533,663,602**

Source: Office of AGF Abuja.

With regards to the internally generated revenue, the 2003 financial year shows that the Cross River State generated more revenue internally than the previous year. This was because according the 2003 Accountant General Report, the government developed more strategies for collecting revenue from the public either through those on government pay roll or on those in the private sector. The breakdown of the revenue is represented below:

i) Taxes	544,105,671.56
j) Fines and fees	44,319,653.76
k) Licenses	3,591,737.50
l) Earnings and sales	1,918,645.10
m) Rent on government property	693,059.14
n) Interest payment and Dividends	77,250,482.49
o) Reimbursement	NIL
p) Miscellaneous	508,311,940.00
Total	**1,180,191,189**

Similarly, in the report of Cross River state Economic Empowerment and Development strategy (CR-SEEDS), the government argued that the administration needed to improve on the welfare of the people and provide more dividend of democracy on the development needs of the people, the government went into loan from financial institutions to facilitate this development agenda.Also the loan according to the government was to support the recurring budget gaps, the government resorted to borrowing from local banks and with more reliance on foreign loans and recently on capital market. In 2003, the government borrows four billion naira from the capital market to finance the Tourism sector. Within this period, the debt profile of the state as from 1999-2003 is put down as follows:

Table 5.4.3 Debt profile of Cross River State

(a) Multilateral loan	51,708,270.83 US dollars
(b) Paris Club loan	22,543,593.80 US dollars
(c) Local Bank Loan	3,037,272,062.34 Naira
(d) Contractual Liabilities	996,000,000.00
(e) Pension and Gratuities	628,000,000.00
(f) Transfer from Consolidated Rev fund	1,463,449,169 .47
(g) Ecological fund	167,371,415.83
(h) UNICEF/UNDP	479,006,155.56
Total	**13,229,426,730.86**

Source: CR-SEED, 2004

As indicated clearly in the table, the revenue profile of Cross River State in the 2003 financial year was significant. The breakdown of the amount indicated that federation allocation from the Federal Government was put at thirteen billion six hundred and seven million, four hundred and thirty five thousand, and nine hundred and thirty eight naira. (N13, 607,435,938). Equally, the proceed from the value Added Tax (VAT) share from the Federation Account to the state was one billion, two hundred and eighty seven million, five hundred and seven thousand, three hundred and forty five naira (N1,287,507,345). Similarly, the allocation from the excess crude oil to the state was six billion two hundred and twenty one million, four hundred and fifty nine, nine hundred and thirty seven naira, Seventy kobo (N6, 214, 599, 37.70).

Within this financial year, the local government council got from the Federal Account the sum total of nine billion, five hundred and thirty three million, six hundred and sixty three thousand six hundred and two naira (N9, 533,663,602). The internally generated revenue for this period was estimated at one billion, one hundred and eighty million, one hundred and ninety one thousand, one hundred and eighty nine naira (N1, 180,191,189). The money generated from capital receipt including foreign and local loans, multilateral loan, Paris clubs contractual liabilities and excess for pension and gratuities when converted to naira from dollar was estimated at thirteen billion, six hundred and seven million, four hundred and thirty five thousand nine hundred and thirty eight naira, seventy kobo (N13,607,435,938.70).In the final analysis, it is estimated that a total of 37,550,717,460.66 was gotten by the state government representing different source.

5.5 Income for 2005 Fiscal Year

As in the case of other years already highlighted in the preceeding sub-sections, the bulk of the income to Cross River in 2005 fiscal year came from allocations from the Federated Accounts alongside proceeds from excess crude oil and 13% derivation funds. Details regarding this and other relevant sources of income for the state in the fiscal year under review are hereunder presented (see the table below)

Table 5.5.1 Federation Allocation Cross River State

January	**February**	**March**	**April**	**May**	**June**
1,792,762,388.71	1,920,527,500.48	1,902,877,337.10	1,959,438,845.48	1,807,214,744.21	1, 725,314,978.23
July	**August**	**September**	**October**	**November**	**December**
2,070,602,054	1,784,519,011.75	1,996,837,589.60	1,614,303,674.18	1,899,039,100.46	2,038,338,343.69
				Total	**24,296,294,580**
VALUE ADDED TAX					
January	**February**	**March**	**April**	**May**	**June**
175,143,087.01	140,199,437.62	168,167,607.49	156,573,675.35	146,046,591.86	159,637,279.13
July	**August**	**September**	**October**	**November**	**December**
158,014,456.65	130,291,537.75	189,145,488.64	160,723,558.18	131,610,748.23	148,640,164.99
				Total	**1,864,193,630.88**
SHARE FROM 13% DERIVATION					
January	**February**	**March**	**April**	**May**	**June**
310,368,417.88	519,696,479.16	498,068,139.70	474,872,277.40	484,163,282.28	358,939,979.68
July	**August**	**September**	**October**	**November**	**December**
432,088,791.49	376,967,449.79	393,810,321.94	323,669,304.73	406,200.579.85	423,792,682.76
				Total	**502,637,706.67**
SHARE FROM EXCESS CRUDE OIL PROCEED					
January	**February**	**March**	**April**	**May**	**June**
NIL	258,890,305.06	258,890,305.06	258,890,305.06	NIL	258,929,575.49
July	**August**	**September**	**October**	**November**	**December**
258,929,575.49	NIL	NIL	NIL	252,312,508.15	Nil
				Total	**1,546,442,574.31**
Source; Office of AGF,Abuja					

Total 28,209,568,491.86

Table 5.2.2: Allocation to Local Government Councils

LGC	January	February	March	April	May	June
Abi	65,526,944.01	64,217,545.87	62,643,312.46	61,611,187.85	63,923,970.42	74,699,803.66
Akamkpa	75,706,235.76	73,941,672.80	72,183,483.41	71,034,731.85	73,631,825.57	86,281,698.16
Akpabuyo	61,346,094.73	60,077,308.96	58,613,796.69	57,658,654.06	59,801,040.13	51,588,655.58
Bakassi	45,279,086.50	44,291,810.63	43,202,412,08	42,529,779.18	44,063,322.11	57,649,566.58
Bekwara	50,585,519.38	49,584,089.15	48,349,124.56	47,567,436.23	49,331,000.66	69,111,559.11
Biase	60,634,996.07	59,395,159.86	57,930,500.21	56,993,756.32	59,115,569.56	95,336,821.58
Boki	83,646,307.29	81,679,404.72	79,836,981.93	78,471,722.09	81,341,628.58	74,446,611.39
Cal Muni	65,316,520.60	64,044.509.38	68,665,091.20	61,418,553.22	63,735,455.81	81,853,347.04
Cal South	71,801,188.61	70,426,760.36	68,665,091.21	67,534,579.76	70,102,234.24	81,853,347.04
Etung	50,616,810.20	49,568,941.01	48,346,061.62	47,573,343.03	49,321,371.09	57,683,102.78
Ikom	65,652,260.88	64,356,862.69	62,763,274.07	61,730,377.39	64,053,816.97	74,834,693.87
Obanliku	51,841,315.38	50,757,614.70	49,512,978.83	48,721,498.36	50,510,741.32	59,083,201.99
Obubra	69,151,530.39	67,700,770.48	66,069,175.12	64,976,698.03	67,379,491.50	78,824,665.46
Obudu	61,443,414.91	60,120,717.42	58,704,608.26	57,716,607.75	59,841,245.74	70,029,384.13
Odukpani	64,403,650.71	63,091,641.37	61,530,693.35	60,538,027.49	62,800,785.57	73,411,038.04
Ogoja	63,010,578.11	61,711,946.13	60,199,719.78	59,224,023.79	61,429,600.02	71,825,012.36
Yakurr	56,713,240.13	55,547,903.96	54,195,514.07	53,306,244.19	55,280,639.72	64,635,107.14
Yala	74,339,762.58	72,765,065.97	71,002,534.66	69,839,619.37	72,445,437.72	84,737,840.07
Total	1,137,016,176.21	1,113,279,723.45	1,086,199,379.99	1,068,446,839.98	1,108,127,176.28	1,295,963,582.83

LGC	July	August	September	October	November	December
Abi	65,615,846.42	59,437,924.98	72,355,847.73	67,891,189.49	72,680,331.21	67,291,678.93
Akamkpa	75,859,186.25	68,472,135.15	83,324,186.89	78,571,791.12	84,049,420.67	77,348,867.97
Akpabuyo	61,436,838.46	55,566,161.33	67,682,583.64	63,584,034.30	68,056,982.38	62,920,860.02
Bakassi	45,341,852.94	40,815,296.09	49,855,699.50	46,950,664.80	50,238,602.70	46,320,745.66
Bekwara	50,638,588.94	45,770,798.85	55,830,194.69	52,396,820.45	56,092,612.88	51,929,257.87
Biase	60,715,516.68	54,927,483.43	66,907,745.69	62,832,189.40	67,256,344.18	62,210,821.19
Boki	83,829,604.98	75,675,392.37	92,040,414.56	86,826,631.30	92,872,200.69	85,408,077.22
Cal Muni	65,383,750.52	59,268,555.85	72,144,990.72	67,638,667.89	72,419,031.28	67,115,375.17
Cal South	71,860,172.31	65,240,021.65	79,359,849.72	74,349,212.81	79,612,162.28	73,843,939.59
Etung	50,881,082.03	45,751,482.85	55,815,186.50	52,457,028.18	56,144,865.59	51,889,263.30
Ikom	65,729,312.93	59,562,804.56	72,503,801.57	68,001,755.90	92,803,366.21	67,439,686.89
Obanliku	51,914,009.59	46,863,009.47	57,161,132.69	53,736,339.80	57,511,595.09	53,134,326.57
Obubra	69,258,913.46	62,674,124.89	76,280,918.20	71,682,147.41	76,720,432.28	70,899,349.66
Obudu	61,543,526.96	55,587,530.44	67,717,543.61	63,709,979.95	68,176,044.55	62,913,910.98
Odulpami	64,490,227.18	58,380,939.84	71,082,557.07	66,735,682.28	71,437,147.96	66,096,883.83
Ogoja	63,101,940.91	57,092,863.29	69,527,830.32	65,305,041.93	69,901,010.77	64,640,666.93
Yakurr	56,789,761.91	51,332,666.55	62,562,335.42	58,772,565.71	62,907,646.22	58,163,100.43
Yala	741,457,233.53	67,389,443.72	81,996,493.00	77,065,628.53	82,499,887.72	76,205,920.47
Total	1,138,667,366.04	1,029,817,835.11	1,254,149,311.62	1,178,507,371.23	1,261,357,684.64	1,165,772,730.49
					Total	13,837,305,177
					Grand Total	**42,046,873,669.73**

Source: Office of AGF, Abuja

Table 5.3.3: Capital Reciept

a.	Transfer from consol Rev. Fund	8,337,893.996.89
b.	Local bank loans	5,110,000,000
c.	External bank loan	NIL
d.	Grants	500,000,000
e.	Others	646,418,780.71
	Total	**14,594,312,777.60**

Source: CR-SEEDS (2005)

Table 5.5.4: INTERALLY GENERATED REVENUE

a.	Taxes	1,128,291,354.51
b.	Fees and fine	48,993,451.75
c.	Licenses	21,156,920
d.	Earnings and sales	135,709,236
e.	Rent	19,147,059.04
f.	Interest payment	485,110,798.78
	Total	**1,838,409,821**
	Grand total	**58,479,596,268.33**

Source: CR-SEEDS (2005)

5.6 Income for 2007 Fiscal Year

This sub-section presents the income flows of Cross River state in the 2007 fiscal year. Note that this fiscal year (2007) marks the terminus of the fiscal years considered for the purpose of our analysis. This sub-section also presents a graphic overview of the annual income flows to the state from 1999 to 2007. Below are tables illustrating the details.

Table 5.6.1: Federation Allocation to Cross River State

January	**February**	**March**	**April**	**May**	**June**
1,594,820,931.03	1,754,198,819.26	1,742,714,345.41	1,523,211,816.20	1,416,829,511.17	1,719,137,080.36
July	**August**	**September**	**October**	**November**	**December**
1,962,932,676.37	1,947,258,568.80	1,374,763,913.42	1,576,160,290.82	2,139,137,217.34	1,765,797,646.08
				Total	**20,516,962,816**
VALUE ADDED TAX					
January	**February**	**March**	**April**	**May**	**June**
230,637,189.56	219,815,568.47	204,907,451.94	231,904,514.20	263,634,495.27	192,237,855.04
July	**August**	**September**	**October**	**November**	**December**
331,094,889.74	234,540,753.92	335,658,548.29	282,300,893.52	282,277,767.50	354,398,890.46
				Total	**3,175,408,816**
EXCESS FROM CRUDE OIL					
January	**February**	**March**	**April**	**May**	**June**
Nil	1,763,402,561.32	624,197,957.60	504,642,117.50	597,094,162.14	1,117,903,041.17
July	**August**	**September**	**October**	**November**	**December**
497,605,076.12	26,324,061.17	555,313,043.49	221,733,607.79	Nil	Nil
				Total	**5,908,215,628**
	SHARE FROM	13% DERIVATION			
January	**February**	**March**	**April**	**May**	**June**
553,740,867.94	593,275,203.88	659,890,092.65	NIL	621,018,824.01	708,177,616.24
July	**August**	**September**	**October**	**November**	**December**
762,978,668.52	774,496,005.57	584,601,265.20	562,688,013.82	746,412,692.16	625,085,942.07
			TOTAL		7,292,365,192.16

Total #36,992,952,452.16

Table 5.6.2: Allocation to Local Government Councils

LGC	January	February	March	April	May	June
Abi	68,558,322.03	115,463,298.77	77,735,399.18	80,543,023,44	80,075,266.31	101,432,182.67
Akamkpa	79,061,184.25	134,945,022.16	90,354,451.59	91,663,790.90	92,610,309.18	118,222,447.39
Akpabuyo	64,128,902.01	107,915,860.09	72,436,990.58	72,132,453.40	74,544,391.96	94,709,895.05
Bakassi	47,267864.54	78,555,558.20	52,162,116.91	52,333,536.89	53,606,428.52	68,709,396.59
Bekwara	52,900,114.68	88,004,160.60	58,915,770.80	59,344,562.00	60,723,698.28	77,195,683.15
Biase	63,430,966.79	106,585,667.52	71,548,119.08	72,243,765.87	73,658,505.21	93,530,795.58
Boki	87,177,415.29	149,536,392.26	100,289,012.05	101,431,243.00	102,734,628.28	131,127,847.81
Cal Muni	68,363,875.14	114,958,985.53	77,478,181.29	77,132,512.87	79,871,651.60	101,026,467.90
Cal South	75,224,453.46	126,812,735.45	85,680,353.32	86,541,342.33	88,365,602.93	111,516,154.52
Etung	52,891,753.46	88,201,659.53	58,922,672.34	59,765,342.12	60,648,288.30	77,305,494.79
Ikom	68,724,429.66	115,650,591.26	77,895,549.29	78,243,777.40	80,271,189.01	101,600,208.34
Obanliku	54,169,908.88	90,491,392.67	60,460,990.30	60,876,543.60	62,210,807.43	79,310,171.43
Obubra	72,277,775.64	122,309,835.37	82,238,289.76	83,564,761.00	84,582,424.10	101,381,609.73
Obudu	64,118,051.39	108,202,948.39	72,498,382.80	71,354,541.10	74,504,335.17	94,915,174.77
Odukpani	67,396,563.27	113,501,074.26	76,300,635.27	77,280,120.70	78,557,276.71	99,636,646.37
Ogoja	65,898,697.27	110,974,687.46	74,537,028.98	73,776,342.20	76,713,824.72	97,402,112.65
Yakurr	59,227,516.26	99,374,289.10	66,600,388.45	66,897,765.32	68,554,833.47	87,178,639.96
Yala	77,735,548.78	131,916,692.94	88,757,629.61	87,875,541.23	91,258,637.16	115,810,929.66
Total	**1,188,601,338.82**	**2,003,400,851.56**	**1,344,811,961.59**	**1,360,891,763.37**	**1,383,492,098.60**	**1,758,011,858.36**

LGC	July	August	September	October	November	December
Abi	99,801,973.81	88,990,192.77	87,996,172.29	85,794,094.50	90,578,049.51	81,980,183.96
Akamkpa	114,365,069.08	96,613,927.12	100,491,507.09	98,332,417.77	103,944,730.40	93,288,111.28
Akpabuyo	93,267,924.59	78,559,572.68	82,163,515.91	80,177,543.97	84,671,032.26	76,487,482.99
Bakassi	68,819,485.40	57,889,155.28	60,347,217.09	58,983,035.33	62,321,776.57	56,099,107.88
Bekwara	77,053,579.21	64,843,942.90	67,931,316.46	66,230,703.11	69,922,013.36	63,287,638.66
Biase	92,237,523.05	77,668,940.31	81,278,254.18	79,290,502.78	83,728,160.82	72,682,807.24
Boki	126,230,946.95	106,676,613.38	110,861,213.04	108,539,889.97	114,748,397.83	102,902,320.81
Cal Muni	99,586,411.98	83,758,010.85	87,857,122.19	85,606,751.00	90,360,117.31	81,894,041.51
Cal South	109,594,757.10	92,131,642.75	96,735,124.61	94,211,895.00	99,427,124.50	90,207,578.74
Etung	76,932,682.67	64,810,862.25	67,755,445.18	66,129,393.21	69,839,648.09	63,064,975.74
Ikom	100,044,500.49	84,168,228.45	88,236,309.45	86,001,657.65	90,785,870.78	82,226,`72.85
Obanliku	78,761,938.59	66,366,501.44	69,352,732.23	67,703,156.52	71,506,894.20	64,539,273.79
Obubra	105,052,203.19	88,511,346.77	92,523,829.34	90,313,204.78	95,383,761.55	86,110,483.85
Obudu	93,180,504.50	78,571,878.36	81,999,820.08	80,105,690.11	84,625,928.54	76,261,421.53
Odukpani	98,000,848.58	82,509,713.84	86,371,710.11	84,246,520.54	88,954,918.56	80,436,403.49
Ogoja	95,822,086.01	80,700,927.21	84,424,795.17	82,373,773.64	86,986,708.57	78,601,260.03
Yahurr	86,231,701.50	72,627,539.32	75,967,411.88	74,126,075.24	78,278,616.95	70,723,720.12
Yala	86,231,701.50	95,130,488.39	99,413,687.88	97,054,169.87	102,508,696.95	92,509,587.57
Total	1,727,673,735.69	1,455,529,411.45	1,521,687,185.28	1,485,220,474.01	1,568,568,446.47	1,416,302,572.16
					Total	18,114,201,597.36

Total: #55,107,154,049.57

Table 5.6.3: Capital Reciept

(a) Transfer from consol Rev fund	6,800,300,130
(b) World bank loan for water	357,628,607
(c) Fed Govt Grant for the relocation of Bakassi	2,000,000,000
(d) Other grants	2,203,503,183
(e) Loan for tourism projects	12,000,000,000
Total	**23,361,531,920**

Source: Office of AGF, Abuja

Table 5.6.4: Internally Generated Revenue

Taxes	2,118,031, 136.81
Fines and Fees	154,000,390.65
Licenses	53,288,087.84
Earning and Sales	1,500,817.20
Rent on Govt. Property	5,629,374.99
Interest and Dividend	15,817,959.74
Miscellaneous	1,047,924,541.93
Total	**3,396,192,307**

In the 2007, fiscal year the Federation Allocation statistics shows that the Cross River state government generated a total of Eighty one billion eight hundred and seventy five million, nine hundred and seventy eight thousand, two hundred and seventy two naira (#81,875,978,272)

Table 5.6.5: Summary of Annual Income Flow of Cross River State 1999-2007

Year	**Total income**	**State income**	**LG income**
1999	4,138,626,970.28	2,761,451,773.23	1,377,175,197.05
2000	25,614,855,912.47	21,476,228,942.12	4,138,626,970.28
2001	19,436,129,166.51	15,430,180,016.51	4,005,949,150
2002	36,179,202,237.22	24,800,514,788.42	12,378,687,448.80
2003	37,550,717,460.66	28,017,054,858.66	9,533,663,602
2004	40,804,175,593.81	29,056,916,622.59	11,748,258,971.22
2005	58,479,596,268.33	44,642,290,091.33	13,837,305,177
2006	100,709,829,151.97	86,417,438,179.97	14,292,390,972
2007	81,875,978,274	63,761,776,680	18,114,201,597.36
Grand total	**404,689,231,136.25.**		

Of all the eighteen Local Governments in Cross River State, it was difficult to find a single document relating to internally generated revenue.Most of the income are federation allocation through the state joint account.The emphasis on the local level is centered on revenue allocation and not generation.This is the major reason why the Local Government is operating as a department under the state instead of an autonomous institution created by law.

5.7 Overview of Annual Budgets Estimates in Cross River State from 1999 - 2007

Looking at the annual budget estimates in Cross River over the years, (detailed budget estimate attached as appendix) a number of observations could be made. First, the figures have consistently appreciated from less than 20 billion Naira in the year 2000 to over 40 billion in 2007. The reason for this trend is not far – fetched from the rising costs of geovernance and social provisioning in Nigeria in recent years. The table below highlights the annual budgetary estimates of the state from 2000 to 2007.

Table 5:7.1 budgetary estimates in Cross River State (2000 to 2007)

s/n	Year	Estimates (N)
1.	2000	15,358,512,685
2.	2001	16,085,063,090
3.	2002	21,553,345,960
4.	2003	26,944,625,440
5.	2004	31,214,113,488
6.	2005	35,826,043,970
7.	2006	39,212,944,059.95
8.	2007	41,100,671,360.33

Source: Complied by the Author

It will also be observed from the budgetary estimates in the proceeding sub-sections that a lot of monies have gone into recurrent expenditure. For instance, in 2002, fiscal year, an estimate of 16,166,876,520 billion was dedicated to recurrent expenditure. Similary, in 2004, recurrent expenditure gulfed a wooping sum of 19,594,619,100 billion Naira. The figure for recurrent spending for year 2007 was much higher than the afore-stated. It was put at 21,171,671,470 billion.

The rising trend of recurrent expenditure in the state is not unconnected with the rising cost of governance as well as, what some analysts have referred to as 'prodigal public spendings' (Human Right Watch 2007).The implication of this is that only a little Chunk of the annual budgets is dedicated to and actually utilized for capital projects. This had untoward implications for sustainable development of the state, particularly in the areas of infrastructure and social welfare. Also, observable from the above budgetary figures is the fact of priority inconsistencies and misplacements. The priority areas in the annual budgets have apparently varied unguidedly from one sector to another without a clear-cut policy direction. In this regard, the sectors that seem to be competing for fiscal priority are infrastructure, commerce and tourism, as well as education and health. These scenarios have correlations with fiscal irresponsibility and corruption which are the bane of resource utilization in Cross River State.

CHAPTER SIX

ANALYSIS OF RESOURCE ALLOCATION AND UTILIZATION IN CROSS RIVER STATE, 1999 – 2007

6.1 The analysis of findings is concentrated on the major sectors of the Cross River State economy which are Agriculture, Energy, Transport, Education, Privatization, Forestry, Tourism and Finance.The justification for selecting these sectors is that the sectors are said to be the most critical that affect the lives of the majority of the people of Cross River State.For example,over 75% of the people of State are engaged in agriculture.Secondly,based on the data obtained from the field,a large portion of the State resources were said to have been allocated and utilized in the mentioned sectors.However, the most critical factors that was discovered to have militated against resource utilization in Cross River state as will be examine subsequently were the absence of the fiscal regulatory bodies that are involved in the monitoring of fiscal expenditure.For example, the department of tender board and the due process mechanism in the award and execution of government projects were absence during the period under study.These two departments are important ingredients in the allocation and utilization of resources to projects that directly benefict the people.Therefore,a brief discussion of them is necessary.

6.2 Tenders' Boards

According to Ezekwesili, (2005) tenders' boards are department and parastatals within the government ministry largely responsible for advertising and giving public notice on biding for government contract. To her, through the tender board, the government relates with contractors and the general public on what it intends to do with public funds. It is as a result of

the importance attached to the tender board office, that both the federal, state and local governments in Nigeria have emphasized its usefulness. In some cases, there are arguements that the due process established by the federal government metarmophos from the tender board department.In the presentation of the 2008, annual budget, the Imoke administration had quarried seriously the underutilization of the tenders' boards by the previous administration in the state. In relation to this, the former secretary of the state tenders' boards, opined that the board was not directly involved in the award of major contracts in the state especially in 2003-2007. According to him,

> *Some of the major contracts awarded by the state government especially after the 2003 era were not known to the board. For example, the state of the metropolitan Hotel, one of the biggest Hotels in the state was sold in much secrecy. I cannot at the moment tell you how much the Hotel was sold and who was the buyer*

Similarly, the former General manger of Cross River State Water Board argued that the government hardly respect bureaucratic principles in consulting with relevant agencies in the award of contract which officials of the state has vested interest. He captured the situation like this;

> *The state governments at a point sold public property as if there were privately owned. I am so sure that most of the property sold, the monies were not remitted to the state government account as it was a way of compensating political friends.*

To further find answers to these issues raised, the former commissioner for work, whom I interviewed, seems to accept the position of these officers. In his words;

> *Government determined how to manage, control and sustain public property. In emergency cases, these properties are disposing of promptly due to what government has in mind about them.*

In the researcher thinking, the above assertion may explain the reason behind the sale of

certain government property without recourse to bureaucratic principles or the existing laws. It should be noted that the inability of the state government to utilize the tender board in the award of contract may have questioned the credibility of how government property were sold during this period which likely affected government business in terms of economic development.

6.3 Due Process

The Federal Government of Nigeria observed that most businesses were carried out in secrecy and without regards to the existing rules especially as it relate to the award of contracts. The government argument was based on the thinking that this negligence was encouraging corruption both in the private and public sector. This led to the establishment of the Due Process Department to allow for a competitive system in terms of contract awards and other government businesses.According to Ezekwesili (2005) one of the instruments that have been established to attract honest foreign investors and put an end to the "business as usual" syndrome is the Due Process Certification. Due process is an acronym of Budget Monitoring and price intelligence unit. Due process certification is the mechanism for ensuring compliance with rules and procedures guiding the process of contract invitation, award and implementation. The vision of Budget Monitoring and Price Intelligence Unit is to help more Nigerians to a level where government procurement is carried out with integrity, transparency, competency and competitiveness as national ethos. Its mission is to use Due process mechanism to establish an open transparent and competitive federal procurement system that is integrity-driven upholds spending within approbation and ensures speedy delivery of projects, thus achieving value for money without sacrificing quality and standards. The central

goal of BMPIU is to be in the vanguard of ensuring fiscal transparency, strict compliance with federal government guidelines or due process certification with respect to budgeting for, and procurement of facilities/services/contracts at appropriate costs.

Though, BMPIU was established by the federal government, states and local governments were encouraged to comply with it in order to ensure fiscal discipline. The Cross River state government did not adhere to the advice, thereby refusing to establish the office. This account for the argument that revenue utilization in Cross River State was fraudulent with no regards to the law. In fact, the Governor Imoke administration in the 2008 budget argued that lack of Due Process department accounted for fiscal indiscipline in the state. In this words

> *On inception of this administration, we setup the Due Process Department which never existed with distinct functions to ensure that we have value for money in our procurement process. The department has so far carried out its functions diligently. Public procurement procedures are now being compilied with and contractors are for the first time learning the process of competitive tendering which lends itself to transparency.*

The state government in establishing the Cross River State Economic Empowerment and Development Strategy which is the product of National Economic Empowerment and Development Strategy argued that states are components of the federation and are therefore affected by the economic policies that affect the operation of the federal government. An ideal situation is one where both federal and state policies should be either complementary or mutually reinforcing, in any desirable cyclical direction, (SEED, report 2004). The position is clear that if the state government can comply with establishing CR-SEED which is a federal government policy, why would the government failed to establish the BMPIU which was an

important policy of the government.Since the central discussion or problem in this research is resource allocation and utilization with a focus on Cross River State, it is necessary to begin by presenting a table showing the yearly budgetary allocation and income generation in Cross River State.Table 6.3.1 shows the figures of various income of the State.

Table 6.3.1: Comparison of Annual Budget and Income (1999 – 2007)

S/No.	Year	Budget Estimate	Annual Income	Deficit/Surplus
1	1999	4,860,040,040	4,138,626,970.28	+ 721,313,059.72
2	2000	15,358,512,685	25,614,855,912.47	+ 10,256,343,218.47
3	2001	19,609,814,370	19,436,129,166.51	_ 172,685,203.49
4	2002	21,553,345,960	36,179,202,237.22	+ 14,625,866,277.22
5	2003	26,944,625,440	37,550,717,460.66	+ 10, 606,092,020.66
6	2004	31,214,113,488	40,804,175,593.81	+ 9,509,062,105.81
7	2005	35,826,043,970	58,479,596,268.33	+ 22,653,552,298.33
8	2006	39,212,944,059.95	100,607,929,152.97	+ 61,394,985,093.02
9	2007	41,100,671,360	81,875,978,274	+ 40,775,306,913
Tota l	**235,679,111,372.95**		**404,689,231,136.25**	**169,010,119,763.30**

Source: *Compiled by the author (See Appendix 2)*

Table 6.3.1 is an illustration of financial surplus and deficit in the State.It is evidently clear that within these fiscal years, the annual income of the state exceeded the budgets, which implies a surplus finances for the state.

6.4 The Economic Sector

The Cross River State economic sector is categorized into sub sectors; these include Agriculture, special projects, live stock, forestry, fisheries, energy, commerce, finance and tourism, transport and manufacturing and craft. This sector of the economic has a total budget

of fifty one billion, two hundred and twenty five million, six hundred and eight thousand three hundred and fourteen naira in eight years (Details according to the sub-sector has been given in the previous chapter).

The government of Cross River State through its policy direction was to reinvigorate the agricultural sector (as a key sector of the economy) by increasing budget allocation to boost the sector from subsistence to commercial agriculture. In this direction, the government allocates reasonable resources to the sector to aid food production and also improve cash crops production. The state is a major producer of cocoa, oil palm and banana and plantain.Table 6.4.1 below represent allocation to the sector.

Table 6.4.1: Allocation to the Agricultural Sector

Years	Amount budgeted	Amount allocated	Amount implemented	Difference	Remarks
2000	700,701,044	700,701,044	879,777,401.92	+ 179,078,357.92	
2001	754,440,010	754,440,010	147,763,443.83	- 606,676,566.18	
2002	299,460,030	299,460,030	197,756,290.00	- 101,703,740	
2003	267,935,830	267,935,830	188,554,318.76	- 79,381,511.24	
2004	201,000,000	201,000,000	79,010,404.00	- 121,989,596	
2005	256,450,000	256,450,000	83,110,984.00	- 173,339,016	
2006	102,979,334.99	102,979,334.99	48,000,000	- 54,979,334.99	
2007	405,618,870	405,618,870	172,451,000	- 233,167,870	
Total	**2,998,585,118.99**	**2,998,585,118.99**	**11,696,514,842.50**	**1,550,315,992**	

***Source**: Office of Auditor General, Cross River state (Various years)*

Table 6.4.1 shows a decline in budget allocation to the sector from over 700million in 2000 to 102 million in 2006 before it went up in the 2007 budget.From table 6.4.1, there was no correlation between the actual allocation and implementation.The figures keep indicating a sharp difference in surplus and deficit.The point being emphasized in the above statistics is

that since the revenue profile of the state keep improving, to a point where this revenue exceeds the annual budgetary provision, (see table 6.3.1) the resources of the state could have been utilize more effectively and efficiency in the agricultural sector.

This was supported by the State Auditor General Reports (2004); revenue to this sector was poorly and fraudulently utilized. According to the report, most of the revenue allocated for the purchase of fertilizer, programmes on food production and the development of animal production were not accounted for. An examination of the financial books and account obtained by the researcher on fertilizer sales alone between 1999-2003 shows the manipulation of the allocation of resources in the purchase of fertilizer for the farmers. The end result was that the fertilizer products could not reach the farmer. For example, a total of two hundred million naira (200,000,000) was allocated in the year 2000, for the purchase of fertilizer for farmers but the credit report shows that in Obudu, Ogoja, Ikom, Obubra, Ugep, Akampka Local governments, fertilizers sales were not accounted for by the agricultural officer.One of the reasons attributed to this was the failure to publicly advertised for the execution of the contracts.

To confirm the issue further, Ntufam Cocoa Bassey Pius, a former Director in charge of fertilizer in the Ministry of Agriculture, informed the researcher in an interview that the government disposition to purchase fertilizer and distributes to farmers became questionable as lack of fiscal regards featured prominently in the execution.

> *Our understanding then was that government buys fertilizers and distribute to farmers at payable prices. But it was unfortunate that the same government introduce middle men from their political parties who hijack the whole process and export fertilizer outside the state. The farmers could not have access to the productivity. Even when we complain to the higher authorities, it was clear that government was not interested in dealing with the matterThe prices were high without consideration to the poor farmers.This has continued as a yearly*

occurance in the last eight years or so.Also,some of the consulting officers divrerted the money and did not purchase the commodity

Table 6.4.2 provides statistics from field experience showing the level of project implementation.

Table 6.4.2: Field Survey of Selected Project Implementation in Agricultural Sector.

Projects	**Community located**	**Amount estimated for 2002 Nm**	**Amount allocated for 2002 (Nm)**	**Level of implementation (%)**
Tree Crop Development (Cocoa, cashew, and oil plam plantation	Not identified in the budget. But these crops are found in Ikom, Boki, Akamkpa LGA	170,000,000	170,000,000	2%
Maintenance of Existing plantation	Akamkpa, Ikom, Boki LGA	40,000,000	40,000,000	2%
Special projects for food security	Not stated	66,350,000	66,350,000	3%
Pineapple project	Not identified in the budget but are farm in Boki, Ikom LGA	31,200,000	31,200,000	2%
Castor project	Ogoja, Obubra LGA	20,000,000	20,000,000	5%

***Source**: Field survey in areas where these crops are found.*

The above table 6.4.2 is derived from the 2002 annual estimate. Base on the field survey, these key areas in the agricultural sector were not adequately provided for because as it's reflected in the table, none of the projects budgeted and allocated were implemented more than 5%. Infact interactions with some farmers during the field survey revealed a complete absence of government support and intervention in these projects even though; the money was

allocated to the projects.

To further justify the above statistics, the president of Nigeria Farmers Association (Cross River State Chapter) revealed that there is insincerity on the part of the state government in allocating funds to major projects in the entire agricultural sector. He warned that if the current administration toy the line of the previous one in relation to the sector, poverty and hunger will continuous to be on the increase since the sector is a key driver of the economy in Cross River State. Agriculture has since, the 1970s been acknowledged as the leading economic sector of the state. Agriculture currently employs about 80% of the labour force and contributes about 40% to the Gross Domestic Product of the state. Therefore, developing agriculture would raise income for the government and farmers (proceeds from sale of farm produce) and reduce poverty (by enhancing the people's capacity to create wealth).One of the ways to enhance the agricultural sector was to give the needed support with relevant extension services, cultivatable land, farm inputs and machineries, credits facilities, fertilizer subsidy and market-making mechanism.In fact, agriculture is the core of the economic sector. In general, the table below shows revenue allocation to the economic sector within the period.

Table 6.4.3: Revenue Allocation to the Economic Sector (1999 - 2007)

A	B	D	F	G
	Total income for the year	Total Estimate for The Sector	Actual Expenditure for the Sector	Surplus/ Deficit/ Remarks
1999	4,138,626,970.28	282,175,869.07	253,642,580.81	- 28,533,288.26
2000	25,614,855,912.47	4,853,035,034	2,987,308,790.90	+ 1,865,726,244,
2001	19,436,129,166.51	3,019,940,000	1,177,466,544.69	+1,842,473,456.69
2002	36,179,202,237.22	5,087,650,000	1,397,118,896.34	+ 3,690,531,104
2003	37,550,717,460.66	2,879,980,000	1,589,704,942.73	+1,290,275,058
2004	40,804,175,593.81	4,583,252,000	3,156,480,912	+1,426,771,088
2005	58,479,596,268.33	6,083,252,000	2,900,324,268	+3,182,927,732
2006	100,609,929,152.97	16,659,032,410	15,676,225,489.95	+ 982,806,921
2007	81,875,978,231,136.25	9,510,919,860.	7,247,550,243.94	2,253,369,617.94
		62,471,254,733	35,283,822657.36	

***Source**: Compiled by the Author from annual estimates and auditor's reports (various years)*

Table 6.4.3 has a summary of revenue allocation to the Economic sector from 1999-2007. From the figures, it is clear that there are deficiencies in financial transactions as the relationship between estimates and actual expenditure is always at variance in each fiscal year. In almost all the years, the economic sector witnessed inadequacy in revenue utilization in capital projects. Importantly too, revenue allocated and authorized for the year, were not used in capital projects, leaving a surplus as indicated in the column G in table 6.4.3.The researcher is of the position that there is no economic sense to under utilize resources in the sector despite the improving income generation.According to the policy statement of the government, CR-SEED (2004) Energy, Finance and Tourism and Commerce were the major issues or areas constituting the economic sector. However, the energy sector (electricity and fuel) took the major share of the budget in the sector. The emphasis of the government as

provided in the CR-SEED policy was to invest massively on rural electrification in order to boast rural economy.As a result of the importance attached to the sub-sector, table 6.4.4 shows allocation and implementation in the sub-sector.

Table 6.4.4: Allocation and Poject Implementation in Various Years to Energy Sector.

Year	Amount budegeted	Amount allocated	Actual implementation	Poject location	Percentage completion
2000	670,000,000	690,965,388.82	690,965,388.82	Electrification of communities in the 3 senetorial zone	8.4%
2001	800,000,000	800,000,000	275,153,416.34	Rural electrification	0.6%
2002	800,000,000	800,000,000	275,153,416.34	Rural/Urban electrification	0.5%
2003	1,500,000,000	1,500,000,000	728,354,250	Rural electrification	0.8%
2004	800,000,000	800,000,000	250,000,000	Rural electrification	0.4%
2005	1,500,000,000	1,500,000,000	547,931,714	Rural electrification in the 3 senatorial zones	0.5%
2006	1,190,053,050	1,190,053,050	404,011,000	Rural electrification	0.3%
2007	1,800,000,000	1,800,000,000	560,416,000	Rural electrification, lighting maintenance of street lights.	0.4%

Source: (i) Compilied by the author (see Appendix 13)

(ii) Office of Author General Cross River State (various years)

Table 6.4.4 demostrate allocation of funds as provided in the annual budgets to the energy sub-sector.But the figures shows a variation in the amount allocated and actual implementation.Therefore, statistics in the table is indicative of the fact that within the period under study, the state governments attension in the energy sector was on rural electrification which cut across the three senatorial districts in the State. However, the figures show a

complete misallocation and mal-utilization of resource as it is evidence in the various years in the table. In each of the fiscal year as indicated in columns of table 6.4.4, there is 100% revenue allocation as budgeted but the level of implementation in all the years was not up to 10% except for the 2000 fiscal year where the state government was able to implement the budget at 84%.The position of the researcher based on the evidence in table 6.4.4 is that there was mal-utilization of resources in Cross River State because of the inability to utilize public funds for public good. Secondly, table 6.4.3 has shown that the annual income of the state excceded the annual budget which implies that lack of resources was not a major hindrance for the state.

In support of the researcher's position, the former chairman of the Obudu LGA in the North Cross River State confirmed that there was hardly any significant relationship between the amount allocated and the actual implementation. According to him:

> *The issue of investing money in rural electrification in this state is artificial. All the monies allocated or rewarded as contract went into private pocket. Go and carry out field survey, there is no single community in Obudu that got electricity during that administration yet several billions have been authorized for the projects in each of the annual budget without a corresponding output.The problem of this state is not revenue generation but expenditure in projects that directly benefit our people.Also, the government should minimize politics in sensitive issues that have to do with empowering our people.*

The former member of the House of Representatives argued in a similar direction and maintained that the administration of 1999-2007 was the most corrupt in the political history of the state. His contention was that even military regimes were more accountable than that regime in question. In his words:

> *The kind of corruption we have seen in Cross River in the previous years is worst than military regime. Cross Riverians have been released from the bondage of corruption, wickedness and intimidation. In my Local government, people gave up hope as the regime could not*

> *construct one single social amenity for the common people. In fact, that regime was a reflection of the general administration in Nigeria. Unfortunately, monies were allocated to the sector as shown in the annual budget without any project to show for it.The institution responsible for checking the execcessiveness of the executives were weak and could not question or challenged the kind of corruption which manifested in the form of diverting public funds.*

In a contrary analysis, the former Commissioner for Works in the State in an interview argued that the problem in Cross River State like every other states in Nigeria was basically inadequate resources to effectively implement all government projects. He reasoned that no responsible government deliberately neglect projects especially those that have direct impact on the citizenary, but that government always emphasis on critical areas depending on the resources at its disposal. However, what he did not explained was the nature of mal-utilization in areas where monies were allocated without substantial corresponding results.The resources as presented in table 6:4.4 were manipulated and diverted from the purposes to which it was meant for.

Dismissing the commissioner's position, the former member of the Cross River State House of Assembly and a leader of the Action Congress of Nigeria (ACN) described the period under study as a season of corruption, insincerity, negligence and wastefullness. He maintained that the former state officials demonstrated little or no sense of respect to fiscal policy and discipline. He contended that fiticious contracts were awarded to non existing companies that are not registered with either the State Tenders Board or the Corporate Affairs Commission. According to him:

> *"Most of the revenue allocated to the energy sector was carried out without due process and in secrecy. The contracts were to settled political friends of the regimes and families of the state executives. I can inform you with a sense of responsibility that the so called energy project which got huge resources never existed. Most communities across the state still lives in darkness. To be specific, most of the*

communities mentioned in the annual budget in Boki local government are still living in darkness yet billions of naira were allocated yearly for electricity in these communities.As a politician,I have on several occssions challenged the state government to publish the income of the state and it's expenditure.

The researcher made frantic effort to interview the then commissioner for power and works to ascertain the position of those interview and was abortive.However, information obtained from the field survey in some communities in the three senatorial districts were revealing as the confirmed the earlier interviews on the state of resource utilization in this sector.This is basically because there was hardly any correlation between the amount of money allocated as shown in table 6.4.4 and what was on ground.Table 6.4.5 explain the state of electrification work in some selected communities in Cross River State.

Table 6.4.5: Field Survey on Project Implementation in Cross River North.

Communities	**Projects**	**Level of implementation**	**Percentage %**
Ukpe/Alege	Electrification	Wires bought and kept in village square but not connected	5%
Ukwe/Obudu	Street lighting and completion	Cable networking without light	45%
Mfom	Electrification	Wiring ongoing	25%
Kakwagon	Electrification	Wiring ongoing	25%
Ajassor village	Electrification	Wiring ongoing	25%
Atan Akani	Provision of electric poles	Pole plainting ongoing	30%
Atan Onoyom	Provision of electric poles	Pole plainting ongoing	30%
Ekpogrinya	Electrification	Ongoing-cable networking	4%
Bebi Airstrip	Electrification	Completed	74%
Bebi Village	Electrification	Cable networking	30%
Idomi	Electrification	Cable networking	30%
Ogada	Electrification	Cable networking	30%
Etomi	Electrification	Cable networking	30%
Okuni/Akam	Electrification	Cable networking	30%
Oku Bushugu	Electrification	Cable networking	30%

Source: Field survey (2006)

Table 6.4.5 indicate that only the electrification work project at Bebi Airstrip was completed

and put at 74% while the remaining projects were either abandoned or not completed.But the budgetary provision in table 6.4.4 detailed a complete release of resources for the execution of these projects. Furthermore, these projects were budgeted for, in the 2002, fiscal year, but the field investigation shows that there were not completed as at 2009 even though the same projects were still reflecting in almost all the annual budgets.

In the State Audit report (2004), the EGZ investment limited were awarded many of the contracts reflected in table 6.4.5, but the company itself was in non existence. The address of the company in NO 114 Marian Road, Calabar is a private residential building belonging to one Mr. Okon Bassey implying that it does not exit. However, the researcher concentrated in Calabar municipal and Akpabuyo, LGAs where field survey shows some level of project execution. From the field assessment, it was discovered that in Ikom Local Government, the headquarters of Central Cross River senatorial district, electrification projects in communities such as Okuni, Ekukunela, Okagha, Mkpasi, Akparabong, Adijikpor, Edor, Ndo, Afi etc. were provided for, in the 2004, 2005 and 2006 budgets.It was further discovered that the estimated amounts were released by the government and paid (audit report 2006) but the contractors were unable to mobilize equipments and other facilities to site in order to commence operation.

The table 6.4.6 gives projectdetails of the level of implementation in Central Cross River State.

Table 6.4.6: Field Survey on Project Implementation in Cross River Central

Communities	Projects	Level of implementation
Okuni	Electrification	Complete networking in 2005
Ekukundu	Lighting rehabilitation	Wiring on-going as at 2009
Ohagha	Electrification	Completed in 2006
Mkpasi	Electrification	Completed in 2004
Akparabong	Rural Electrification	Some kilometer completed in 2005
Adijikpor	Electrification	Networking on-going 2005
Edor	Electrification	Completed in 2005
Ndo	Electrification	Completed in 2005
Afi	Rural Electrification	Completed in 2005

Source: (i) Field survey (2007)

(ii) Interview with communities leaders (2009-2010)

The information in Table 6.4.6 shows that electrification projects in the senatorial zone received much of state government attension as majority of the projects were either completed or near completion.Finally on this, the various tables and figures presented in it make the researchers to conclude that the research has fulfilled one of the objective which was to examine the place of resource allocation and utilization in a federating state.

6.5 Finance and Tourism

On finance and tourism, the state government in 2003 became more interested in tourism and invested much its capital on the development of the sub-sector. The major investments were on the TINAPA and Obudu ranch resort. In fact, the government placed a lot of emphasis on tourism investment because according to its statement, it has the capacity to

promote growth and development of the state.As a result of this, financial institutions both locally and internationally were involved in the execution of projects in this sub-sector, either as consultants or contractors.In 2005 alone, the government obtained a loan of five billion, one hundred and ten million naira only (N 5,110,000,000) for the development of the tourism sector (CRS audit report, 2005). In fact, the Auditor General report for 2005 equally shows that the state government awarded huge contract for the development of the tourism sector; a breakdown is as follows;

Table 6.5.1: Breakdown of Allocations to the Tourism Sector (2005)

S/NO	Projects	Contract Sum	Amount Paid	Contract Liabilities
1	Obudu Cattle Ranch	14,484,329,922.16	11,196,612,231.98	3,287,717,590.18
2	TINAPA Projects	9,339,951,874.03	8,613,387,874.93	726,564,000.00
3	Other Projects	36,394,820,637.37	21,457,279,447.81	14,941,541,189.56
Total		**60,219,102,434.46**	**41,263,279,654.72**	**18,955,822,779.74**

Source: Office of the AGF, Calabar (see Appendix 54 & 55)

Table 6.5.1 brings out clearly the interest of the state in tourism as confirmed by the contracts awarded in the sector.From the total contract sum of 60,219,102,434.46 for various projects executed by the Cross River State Government, only N41, 263,279,654.72 has been paid to the contractors and for other contractual obligations, leaving a total sum of N18, 955,822,779.74 as outstanding contractual liability as at 31st December, 2005.As at 2006, the state audit reports still indicated that these debt were not serviced.

The implication of this is that some of the contractors that executed state projects without payments were leaving the state but the monies were released. According to one of the contractor, Ntufam Joseph Eyong, 'it is a disaster working for the state government.' He complained on the inability of the state to make provisions for the payment of debts on jobs already executed.He presented the picture of the situation thus:

> *The government only pays contractors whose interest it's protecting or has vested investment. Most of the contracts awarded and executed were those of the allies of the governor and have been fully paid.*

Importantly too, after investing over eleven billion into the Obudu Ranch project, the state indicated interest (in 2006) to sell its share of 60% to a private manager. This account for why to a large extent, the Protea Hotel, a South African Company took over the management of the ranch and could only pay rent to the state government. Also as stated earlier, the TINAPA project which got billion of tax payer's money could not produce the expected result. A field survey of the TINAPA resorts, located along Calabar-Ikom High way, shows that TINAPA resort is abandoned and no business activities recorded despite the huge capital investment.In an interaction with the duty manager in charge of administration, he maintained that the business initiative of establishing TINAPA was to draw the attention of the international community to do business in Cross River state as it is done elsewhere in Dubai. According to him, the state government is constraint with financial resources to complete the project, and argued that the current administration in the state does not give much financial emphasis on the TINAPA projects. In his words:

> *"Tinapa business resort was to creatt business in trade and commerce for the state and Nigerians at large. However, we are currently facing financial difficulties as the state government is giving less attention to the project. Most of the structures have not been completed and it is difficult to operate the system the way it is.*

What the Deputy Manager failed to inform the researcher is the economic capacity to produce and export goods. Table 6.5.1 shows the amount of money invested in the project. This is why the researcher did not agree with the deputy manager's position on financial difficulties because any state with an investment capacity worth 60,219,102,436.46 billion should not be said to lack funds.The researcher's position was supported by the Nigeria Labour Congress,

State Deputy Chairman, it was because of lack of capacity to attract investors that hinder the initial project. According to him, investing in the TINAPA project has a lot of economic advantage but it was not grounded on sound economic planning and therefore lacks the capcity to attract investors at the moment.From the above observations, the researcher contend that the contracts awarded to the development of TINAPA resort was not done based on economic development but as gratification for the political elites.

Furthermore, the Cross River State audit report (2004) queried the manner in which the tourism and culture sector utilized their resources. According to the report, in 2003, two separate special imprests were approved by the government to these sectors. In a letter AG/SUB/IMP/218/2002 of the sum of five million naira for the ranch project and AG/SUB/IMP/354/2002 dated 15th October, 2002. Twenty million naira was approved for refurbishing of metropolitan Hotel, Calabar. These monies were not accounted for, and in a letter to the Accountant General of the state to effect the retirement of the said money proved abortive.The economic sector suffer the misapplication of fund either directly from the executive arms through ministries, agencies and parastatals or through the use of executive powers. Some of the auditor reports clearly show a demonstration of improper records keeping, a deliberate mal-utilization of resources and the unwilliness of government agencies responsible for enforcing purnishment, to bring those responsible to book.

It was because of the manipulation of state resource in the tourism sector that Uyouyo (2008) insists that the development of tourism projects in Cross River State became conduit for siphoning the state's funds. The government under Donald Duke diverted huge amounts of monies from the allocations of the Eighteen Local Government Councils in the state from the federation allocations to the TINAPA project, a business-cum leisure resort under the pretext

of counterpart funding without a corresponding shareholding for their contribution. Fundamentally, he maintained that the then state governor owns and have a strong link and stake in Southern Sun Limited, which has an agreement with TINAPA Business resort to provide technical services and manage the TINAPA Hotels. Worst still, the said company was not registered with the Corporate Affairs Commission in Nigeria, but a similar company – Southern Sun Properties Development Limited is registered with one of Duke's cronies, Curshom Bassey as managing director. It is therefore, concluded that because of the interest of their companies that contracts were awarded and monies paid to the contractors without recourse to the state tender board or the Due process department. This re-emphasised the earlier point that the State Tenders Board and Due Process office as regulatory bodies in the advertisement, award and monitoring of contracts.

Under the counterpart funding arrangement, the former chairman of Yala Local Government in Northern Cross River State, lamented a lot of worries over how local government chairmen were forced and in most cases threatens to support the Tinapa projects with their federation allocation. He equally presented a situation where deductions were made by the state government without the knowledge of the LG chairmen. His words:

> *The government of 1999-2007 has a lot of disregards for constituted authorities especially in relation to funds. The Tinapa project which the State invested billions of naira was an initiative of public-private partnership. But at a certain level, the governor because of his substantial interest made the project a forceful one. This was done for two reasons ;(a) the governor was having personal interest in the project through his company that the contract was awarded to. (b) The governor was interested in promoting himself and his cronies to the world that there was development in the state.*

Table 6.5.2 is a confirmation of the personal interest of the political elites to the ues of TINAPA project as an instrucment to misallocate and mal-utilize public resources.This was

done through huge budgetary allocation to sector with minimal results.

Table 6.5.2: Budget Allocation and Implementation to the TINNAPA Project

Year	Projects	Amount budgeted	Amount allocated	% of implementation
2004	Building of TINAPA resort	1,000,000,000	1,000,000,000	100%
2005	Building of TINAPA resort	2,000,000,000	2,000,000,000	100%
2006	Building of TINAPA resort	7,150,000,000	7,150,000,000	100%
2007	Building of TINAPA resort	1,057,000,000	1,057,000,000	100%

Source: (i) Cross River State Budget Office, of various years(2004-2007)

(ii) Auditor General office, CRS, 2010

Table 6.5.2 revealed the kind of malutilization that that took place in the Tourism sector.It is noted that the annual budgets for the various years in table 6.5.2 shows high figures while the implementation is put at 100% in all the years.Equally, in order to show the commitment and determination of the political elites on the project, table 6.5.1 shows the award of contract to the tune of 9,339,951,874.30 billion without a legislating backing for the period to the development of the TINAPA resort. The financial revealing situation is a reflection of resource misallocation and malutilization. The TINAPA project as conceived in Cross River State was more of political propaganda than an economic and social re-engineering of the policy that will promote growth and development.It is from the above observation that Agbor (2008) contended that because of the interest of the political elites in the state, credit worth ten billion (N10, 000,000,000) was sort to financed the project and another thirty billion (30,000,000,000) was borrowed to finance the same project. By implications, at the end of the administration in 2007, the state government has a debt profile and liabilities worth seventy billion naira (70,000,000,000) to both local and foreign financial institutions.

The researcher interviewed both the former commissioners for Finance and Tourism to confirm or otherwise on the loan, their positions are sommarised below;

> *'The state of governance in Cross River State and any where in Nigeria is a Product of inadequate resources and the major option for a responsible Government is to resort to borrowing in order to finance capital project'*

These interest has confirmed the state's debt profile in the period under study.In support of the researcher,the incumbent Governor, Imoke in an interview with the researcher confirmed the state of indebtness by Cross River State government which was inherited from the previous administration.'Cross River State owes both local and foreign financial institutions.Some of these debts has taken a major share of the state resources.The challenge of development in the state base on a rational fiscal policy is attributed to these debts.We do hope that we will overcome these challenges.In fact, in an effort to service the incurred debts according to the governor, the current administration had difficulties in the payment of wages of public servants in the state because huge deductions were always made from these financial institutions on monthly basis when money is allocated from the Federation Account. In a related development, the Nigeria Labour Congress President summed it this way:

> *In as much as tourism is good, we must think of its importance to the ordinary people in the state. How it will benefit the civil servants, market women, farmer etc. but a situation where investment is done on one sector and neglecting the other sector does not make any economic sense and is not acceptable to the people especially the workers who are normally the victims of the harsh economic policy.Every sector including human capital and welfare of the people is important to development. But the previous administration neglected the welfare of workers. It only concentrated on issues that will bring prestige to the holders of public office.*

It can be examined from the comments of the incumbent governor and some principal officers and documents from the previous administration that there was fiscal indecipline. Monies were spent on projects that does not affect the citizen positively.Below is the debt profile of Cross River State as at 2003 without a corresponding projects to show for it.

Debt Profile of Cross River State from 1999-2003

Multilateral Loan	51,708,270.83US dollars
Paris Club	22,543,593.80 US dollars
Local Bank Loan	3,037,272,062.34 Naira
Contractual Liabilities	996,000,000.00 Naira
Loan for Ecological Fund	167,006,155.56
Loan from UNDP/UNICEF	479,006,155.56 Naira

Source: CR-SEED 2004 (See Appendix 56)

The figures above are revealing because any state with such enormous resources at its disposal will channel it to economic and social policies that will improve the lives of the people rather than involving in the debate of resource control.Furthermore, because the state policies favored mostly the political elites, the government continue to patronize them in their private businesses.For example, Table 6.5.3 shows a breakdown of allocation to support private Hotels in Calabar,the state capital.

Table 6.5.3: Breakdown of Loans for hosting of Xmas Carnival (2003)

S/NO	Name of Hotel	Loan aimed	Loan Repayment	Balance
1	Mirage Hotel	30,000,000	1,500,000.00	28,500,000.00
2	Paradise City	20,000,000	4,933,333.32	15,066,666.68
3	Unical Hotel	15,000,000	500,000.00	14,500,000.00
4	Marian Hotel	6,000,000	4,000,000,00	2,000,000.00
Total		**71,000,000**	**10,933,333.32**	**60,066,666.68**

***Source**: Ministry of finance, Calabar, 2009*

Table 6.5.3 shows allocations of various sums to the tune of 71,000,000 naira for the maintenance of private hotels which are not owned by government.The detail of this expenditure questioned the transparency and accountability in resource utilization because of lack of due process in the selection of the hotels.Table 6.5.3 went further to show the lack of commitment to repay the loan back to the state account.It is clear that less than 10% of the entire loan was returned to the government.Again,the researcher maintained that the near absence of the tender board and the Due process Office was responsible for the allocation and utilization of state resources without respect to the fiscal policy.

Another aspect which the Audit's Report queried was the misallocation of the ecological fund/grant to tourism. Ecological grant are usually given to states with environmental or ecological challenges. The idea of the fund is to support the state in the tackling of environmental challenges and other natural disasters. However, in Cross River State, these monies totaling ₦167, 371,415(see table 6.5.4) only were misallocated to other areas especially tourism sector in Calabar.It was from this kind of resource utilization that Agbor (2007) to posit that the economic policies of Cross River State were deficient as they

hardly benefit the people. Even as the state continues to undermine the ecological chanllenges affecting the people, natural disaster remained a daily occurance in some communities. In some of the communities visited like Yahe, Okpoma in Yala LGA, Wanakom, Boki, Etung LGAS, there are threats from environment forces almost all year around.Table 6.5.4 shows some of the resources gotten in the various years that were misallocated to other sectors.

Table 6.5.4: Federal Support for Ecology

Year	Amount ₦	Project
2000	169,737,762.30	NIL
2001	1,148,086,514.97	NIL
2002	196,436,868.32	Not clearly identified
2003	167,371,415.83	Not clearly identified
2005	500,000,000.00	Not clearly identified
2006		Not clearly identified
2007	2,077,119,050.00	Not clearly identified
Total	**4,258,751,610**	

Source: Ministry of finance, Calabar, 2009 (see Apppendix 15, 23, 25)

Table 6.5.4 has a total income of 4,258,751,610 billion without an identified ecological project to be executed in the various years.It therefore means that some of these funds were allocated to the state without a corresponding identified ecological problem areas in either at the state or Local Government Level.The researcher strongly believes that this is responsible for the diversion or mal-utilization of resources.However,the Director of the State Environmental Agency has a contrary position on the allocation of resources to the sub sector.He informed the researcher that;

> "*Every kobo that comes into the State Account belongs to the state. There are critical areas which government feels investment is more needed like the tourism sector.A serious government attaches*

> *importance to area where majority of people benefit. So whatever the government during that administration did was for the interest of the state and her people".*

Challenging the above remark, Okoi (2008) stated that it was irresponsible of any government or its officials to divert ecological fund in a state where people are challenged by natural disaster on yearly basis to areas where the Director called critical area.What is more critical than protecting the lives of the people? Part of the Director's interview with the researcher is an admittance of resources misallocation and malutilization in Cross River State where funds meant for a particular project were diverted to others with the thinking that the state ecology was not as bad as other states.

> "*Our situation in terms of ecological challenges is not as bad as what is obtainable in the South East. So I think the sectors we invested are not doing badly and you people should give us kudos for the job we did.*

The field experience in some communities in Northern Cross River is a pointer to the fact that either the Director of the State Environment Agency is ignorant of the ecological situation in the state or is incompetent.This is because destruction caused by environmental forces leading to lost of humans and property were much significant.Table 6.5.5 shows a breakdown of the survey.

Table 6. 5.5: Field Survey of Ecological Diaster in Some Communities in Northern Cross River State

Year	Local Govt Area Community	Level of Destruction Lost of Lives	Property
2000	Yahe/Yala LGA	3	Not quantifiable,many homes and farms destroyed
2000	Ishibri/Ogoja	5	Two primary schools,homes and farms destroyed
2001	Afrike/Bekwarra	2	Destroyed homes,a school and domestic animal
2003	Ukpe/Obudu	NIL	Volcano eruption leading to lost of farmland and animal
2003	Ubang/Obudu	1	Valcano eruption leading to lost of farmland and crops
2004	Basan/Boki	2	River overflow leading to lost of crops and animal
2005	Ugamache/Yala	4	Wind stom,destroyed a school,cash crops
2006	Igakem/Bekwarra	Nil	Volcanic eruption leading to destruction of farmland and crops

Source: Field Suvery, 2008

Table 6.5.5 further reaffirm the researcher position on the ignorant or incompetent of the Director of Environmental Agency about the ecological situation in Cross River State.His claim that the Ecological situation in Cross River State is not as bad as the one in the South-East is not true because table 6.5.5 shows various degree of destruction in the various years.It can therefore,be concluded that the various funds meant for the development of this sector would have been used to allieviate the hardship of the people if there were efficiently and effectively utilized.

6.6 Forestry

On the forestry sub-sector, which is also an aspect of the economic sector, there are 14 first reserves covering a total area of 305679 ha, (CR-SEEDS Report, 2004) of which 61.9% or 189291 ha, are forested. By this, it is estimated that the state has the largest vestiges of the tropical High Forest in the country. The forest and its resources remain an important pivot for the future economic development and environmental sustainability of the state. The conservation of these resources contributed significantly to the economy of both rural areas and the state at large. Although the financial and economic benefits derived by communities and households for non-timber forest products are difficult to estimate, they contribute significantly to the livelihood of these rural dwellers.

As a result of this important sector, the government came out with a policy thrust and target for the sector in 2004. Some of the targets were to increase reafforestation by 80% in 2007, Reduce Poverty through community agro-forestry system by 60% by 2007 increase protected area by 15% by 2007, Improve access to land by 25% by 2007 revise the existing law and develop a new forest legislation by 2005 and enforce the law through arrest and prosecution of offenders with zero tolerance etc. It is important to state that the state forestry commission has no single document on the implementation of this thrust/target as at 2007. The behaviours of staff of the commission in Calabar when the researcher visited is an indicative of the fact that they have no knowledge of the policy. Arikpo (2007) contented that these resources which are natural, economic and productive are wasted due to government negligence in the sector. In Yache, a forest town in Yala LGA, the clan Head when contacted confirmed that the greatest challenge of the forest in terms of productivity is the near absence of government support. Also in Ukpon River, a forest reserve in Obubra LGA in Central Cross

River State, there is no indication of government presence in the area.Though low; the government continued to make annual budget to the sector in each fiscal year. An examination of the financial report of the state shows between 60-70% budget implementation in the sector.Table 6.6.1 shows a breakdown of the financial transaction in the sub-sector.

Table 6.6.1: Financial Transaction in the Ministry

Year	Approval Estimate	Total Amount Authorized	Actual Expenditure	Defict/surplus
1999	4,000,000	321,000.00	NIL	+ 3,679,000
2000	17,700,000.	17,700,000	7,625,500.00	-10,074,500
2001	164,500,000	164,500,000	NIL	+ 164,500,000
2002	110,000,010	110,000,010	NIL	+110,000,010
2003	125,600,000.	125,600,000	53,906,453.66	-71,693,546
2004	105,000,010	105,000,010	NIL	+105,000,000
2005	454,300,000	454,300,000	8,550,000	-445,750,000
2006	57,657,510.15	57,657,510.15	57,657,510.15	NIL
2007	28,771,430.	28,771,430.00	3,038,319.00	26,733,111

Soure: Ministry of Finance Calabar, 2010

Table 6.6.1 indicate that in the ministry and under the tourism department,much of the resources were authorized for payment but the problem was in the actual implementation. The figures in Table 6.6.1 are an indicative of the fact that after monies were authorized and payment made to the ministry, implementation was not carried out.There is contradiction between the figures in 6.6.1 in terms of project implementation and the interview granted the researcher by one of the Director in the Ministry.According to the Director of Forest Conservation'it is different to ascertain the amount in the annual budget and the level of implementation.Even the policy on thrust of government as it relate to forestry management is yet to take full effect.'From the interview above,it is clear that there is incompetency on the part of the implementation agencies managing the forestry commission or is a deliberate manipulation of state resources. This confirmed our earlier assumption that resources utilization in Cross River State is a product of inefficiency as a result of incompetency in the

implementation agencies.

Finally on this, pertinent questions are still relevance in analyzing this situation. The unspent budget which are already authorized and money release remained an issue to be answered. Both the Accountant-General and Auditor's General report could not direct where the savings in table 6.6.1 have been kept. Neither the forest Commission nor the Account General office claim responsibility of the money.However, a senior staff in the Forest Commission informed the researcher that'Budgetary allocation and authorization of funds are mere rituals.We keep presenting the same items in the budget in every fiscal year.The corruption in this sector is a reflection of the general governance in the state'.

The fishery sub-sector operated in relation is characteristic to that of the forest commission. This sub-sector also received annual budget and authorization and release of fund made but without implementation. The fact that the budgetary allocation to this sub-sector is low does not actually account for the complete negligence. The three major fisheries farms in Cross River State have not functioned for the last ten years, but the financial report shows various financial allocations to the subsector, with maximum implementation.It can be deduced from the analysis of the economic sector that the corruption, inefficient resource utilization and in some cases deliberate negligence of government account for lack of implementation of government policy. Equally, it's of note that officials of government are mostly interested in projects that are beneficial to them and not the state and her people.Out a total of ₦62, 471,254,733 budgets for the economic sectors, the actual expenditure totaled at ₦35, 283,822,657.36. Despite the fact that government income exceed the annual budget in some years, the government could not implement the budget above 60% as indicated in the previous tables.

6.7 The Transport Sector

The development of any economy any where in the world is largely dependent on an effective transport system.In Nigeria, the state of the major means of transportation, road is so worrisome that parts of road accident claim the lives of many Nigerians.The vanguard newspaper of June,(2008) under took the study of Nigerian roads.it revealed that in the Niger Delta,the major roads-Calabar-Ikom-Ogoja-Katsina Ala has been completely blocked to travelers from Abuja,the Federal Capital Territory.The road has been washed away by erosion at Alise,near Okuni in Ikom Local Government Area;while the Abakiliki-Yahe-Ogoja road has been completely washed away.In the South East,the Onitsha –Oweeri road,Onitsha-Akwa-Enugu,Nnewi-Okigwe,Onitsha-Otuocha-Adani-Nssuka,Umuahia-Aba-Portharcourt are in deplorable conditions.In the South West,the paper described the roads as a mixture of motorable roads and death traps.The death traps include the Ibadan-Esuwa-Igbo-Ore,Oyo-Ogbomosho,Ore-Benin and many more.In North Central,most of the roads are bad with the bridge in Jabba almost carving in.The roads in the Noorth West were said to be generally bad and requires major rehabilitation work with the 156 km Kano-Katsina road having many potholes and large stretches that have been damaged by erosion owing to lack of gutters while the North East zone,the Bauchi-Gombe,Bauchi-Tafa Balewa-Lantang and Bauchi-Nengi roads requires urgent maintenance work,Vanguard (2008)

With failed roads doting the entire country and most of the Nigerian roads in terrible conditions, the former Accountant General of the federation, Ibrahim Dankwambo revealed to the Senate Committee investigating the transport sector in 2007 that between 1999-2007 a total of 900.734 billion have been spent in the sector.The Federal Government is also indebted to road contractors to the tune of 950 billion road contract debt.It was as a result of this that

Thisday newspaper on its editorial of July 1,2008 demanded answers to some questions on the supposed 950 billion road contract debt.The paper capture it this way:

> *'Where could have this debt come from, given the parlous State of the roads?Which contractors are owed this sum?And what road did they construct?Are the contracts ghost or real contracts?what is the amount of work(if any) done by each of the contractors?Is the debt claim commensurate with the amount of work done?Was due process followed in the award of the contract?When were these contracts awarded?Were the works on such roads budgeted for?if yes,why were the funds not released?Who are the faces behind the contracts? Were the debts incurred mainly out of mere government commitment or were there works being done by the contractors.And more pointedly,why were the contractors not paid by the previous government?...It is antithetical to be so hugely indebted to road contractors with almost all the roads in the country impassable'.*

The summary of all this is that instead of being an engine of growth for a dynamic and all vibrant economy, the transport sector has always been a conduit for siphoning wealth from the country. The sector has continued to serve a lot of powerful-domestic and foreign, from independence to date.These interests have continued to undermine the development of other cheaper means of transportation like the railways and waterways.The picture on the state of Nigeria roads as summarised above is a reflection of the situation in Cross River State. The transport sector in the state is considered a very critical sector just like the Federal Government of Nigeria made Nigerians to believe.It was in recorganition of the importance attached to the sector that the state annual budgets has more consideration in the sector than others.Table 6.7.1 shows the figures and transaction in the sector.

Table 6.7.1: Budgetary Allocation and Implementation to the Transport Sectors.

Years	Amount budgeted	Amount allocated	Actual implementation	Project	Percentage completion %
1999	55,677,660.00	55,677,660.00	158,961,705.68	Road/bridges	100%
2000	1,785,853,240	1,785,853,240	1,191,306,887.80	Road/bridges	72%
2001	1,000,000,000	1,000,000,000	813,228,667.92	Road/bridges	71%
2002	1,000,000,000	1,000,000,000	792,710,636.49	Road/bridges	70%
2003	1,000,000,000	1,000,000,000	613,640,415.12	Road/bridges	42%
2004	1,200,000,000	1,200,000,000	645,538,685.31	Road/bridges	50%
2005	1,500,000,000	1,500,000,000	847,931,714.85	Urban renewal, construction of monorail	58%
2006	8,129,426,690	8,129,426,690	5,129,426,690	Road/bridges	58%
2007	1,488,000,000	1,488,000,000	1,234,481,000	Construction of earth road and bridge	80%

Source: Cross River State budget Office (ii) Compiled by the Author.

The figures in table 6.7.1 clearly show that the implementation of the budget was put at a reasonable percentage as through the various years,except in 1999 that the budget was less than a billion.From Table 6.7.1,the actual implementation of the budget in the various years shows significant improvement in the amount of money released by the government.The implication from table 6.7.1 also is that there was commitment on the part of the state government towards the construction,rehabilitation and maintenance of various roads in the state.From a budget estimate of 55,677,660 million naria in 1999 to 8,129,426,690 billion in 2006 signifies that the transport sector was so critical to the economy of the state.However,despite the estimate,allocation and implementation at a reasonable percentage as reflected in table 6.7.1,a field survey of the level of project implementation in table 6.7.2 prove contrary to table 6.7.1.

Table 6.7.2: Field Survey of Some Selected Projects Implementation in the Transport Sector (2005).

Communities	Project	Levels of implementation
Betukwel (Obudu LGA)	Construction of 11km Road in 2005 budget	No mobilization to site. But the road was constructed in 2009 through World Bank funding
Sankwala,Obanliku LGA	Construction of Busi-Basang access road	No construction work was done, still remain a dusty road.
Okuku-Alifokpa road (Yala LGA)	Construction of a rural from Okuku to Alifokpa 12km	Mobilization to site but no construction took place. However, the road was constructed in 2009
Wula (Boki LGA)	Construction of feeder road from Buanchor – Boje	The road was graded and abandoned. But construction was on-going in 2010
Ukpada bridge (Obudu LGA)	Building of a new bridge to cut across two communities	Some construction equipment were mobilized to site and abandoned. The bridge was constructed in 2010 through World Bank funding
Obubra – Ofumbongha – Ofunatam raod	Construction of feeder road to boost agriculture	No mobilization to site. But the road was constructed in 2010 through World Bank Funding
Mfamosing-Ekong Anaku Road (Alemikpa LGA)	Construction of new road to link two communities	Contractor mobilized to site some level of work done but not completed. However, the work was completed in 2009

Source: (i) Field Survey 2009 (ii) Discussion with communities leaders, 2009

Table 6.7.1 and Table 6.7.2 as presented has no statistical correlation.The field survey in the table 6.7.2 contradict the state financial report on project implementation in the sector(see Appendix 43,47,51) In fact,the sampled projects in table 6.7.2 are indicative of a revealing mal-utilization of resources in Cross River State.To further confirm the misallocation and

malutilization of resources in the state,table 6.7.3shows a field experience of projects reflected in the 2002 budget and the level of implementation.

Table 6.7.3: Field Survey on some Selected Projects Implementation in the Transport Sector in 2002.

Communities	Project	Levels of implementation	Percentage of work
Ediba – Afafamyi Igonigoni Road Abi LGA	Construction of Feeder road between Afafamyi – Igonigoni	Contractor abandoned the project. It was constructed in 2008	25%
Esuk Idundu – Etak-Ikot Akpabuyo LGA	Construction of rural road and bridges	Road and bridges constructed	90%
Ehom – Ikot Ana (Biase LGA)	Building of new bridges and rehabilitation of rural road	Contractor could not mobilize to site but road built in 2009	1%
Ekukunela – Abartagba Road (Etung LGA)	Construction of new road and bridges	Materials mobilize to site but abandoned	10%
Wula – Olom-Wula (Boki LGA)	Construction and building of new bridges	No mobilization to site but road still maintain through community effort	1%
Ogboja – Ukende – Isiaya Nkamero Road (Ogoja LGA)	Building of bridges and road rehabilitation	Bridges constructed but road not completed	50%
Kakum – Bebubie – Begiaba (Obudu LGA)	Rehabilitation and building of bridges to link villages	Nothing found on site. Road still in terrible shape as at 2011	1%
Ablesang – Shekpeche (Obamliku LGA)	Construction of access road to link communities	No mobilization to site. Road still at terrible shape as 2011	1%

Source: (i) Field Survey 2008
(ii) Discussion with Communities leaders

Table 6.7.1 had earlier showed the estimate, allocation and level of implementation in that fiscal year which was put at 1billion naria for estimate, allocation and actual expenditure of 792,710,639.49 only.It can be concluded that there is no statistical correlation between

what is provided in table 6.7.1 and the field survey in table 6.7.2 and 6.7.1 in terms of resource utilization. It is also very clear from tables 6.7.2 and 6.7.3 that the figures in table 6.7.1 do not reflect any fiscal decipline in Cross River State, confirming the research assumption that fiscal indecipline and impropriety are the root of the crisis of federalism in Ngeria.According to MOFINEWS, (2007), over 70% of the total population of Cross River State lives in the rural area and majority of them subsistent farmers.This simply means that two million population lives in the rural areas.Because of this, the policy direction of the state government as contained in CR-SEED (2005) was to invest massively in rural roads construction to ease transportation. The idea was to facilitate the movement of agricultural products especially perishable goods from the production areas to the market or to where they are needed. But what we demonstrated in tables 6.7.2 and 6.7.3 did not reflect the content of the CR-SEED document.

In support of the above, Agbor (2007) gave critical assessment of the economy of the Cross River State between 1999-2007 and concluded that the transport sector was highly corrupt, and attracted government attension because of the vested interests of the political elites who are the beneficiary of contracts and the resources often allocated to the sector. To make the argument more justifiable, the Cross River State government refused to utilized indigeneous contractors and this is economist described as policy deficiency. Since the policy thrust of government was to stimulate economic growth, the indigenous population should have been empowered through awards of contracts to drive the economy. This inward looking policy would have internalized the multiplier effects of government expenditure in the economy. Many of these government actions resulted in high incidence of capital flight from the state during the eight years of Duke Administration. The ACN Chairman elaborated a

similar point closely linked with Agnor (2008) when he described the state of governance in Cross River State as being corrupt as exemplified in the management of state resources.

> *The eight years of the Duke administration almost legitimized corruption through indiscriminate awards of contract to close associates of the ruling party. The idea to my knowledge was to completely keep the people outside the working of government. The statistics of the roads constructed and the monies approved and paid has no correlation and therefore, not healthy for the economy. There are cases where two or five kilometers of road cost millions of naira, through the inflation of contracts sum.*

This position is illustrated in Table 6.7.4 showing the inflation of contract sum in projects that hardly executed in different senatorial zones.

Table 6.7.4: Road Construction in Northern Senatorial Zone

S/N	Project Title	LGA	Total Project Cost	Amount Released	Name of Contractors
1	Asphat pavement construction of access roads (8kms)	Bekwarra	124.840m	124.840m	Not known
2	Round about at High Court-Ishibori-Monaya (7.0km)	Ogoja	146.503m	146.503m	Not known
3	Construction of Monaya Bridge (0.5km)	Ogoja	118.078m	118.078m	Not known
4	Construction of access road to Sankwala(3km)	Obanliku	71.431m	71.431m	Not know
5	Construction of Okolor Bridge	Yala	126.75m	126.75m	Not known

Source: Ministry of Finance, Calabar (see Appendix 52)

Table 6.7.4 adapted from the State Ministry of Finanace on the development of Cross River State has every indication of resource misallocation and malutilization.In the table 6.7.4,various sums were released for roads construction,for example,the table shows that a 7.0 KM and 8.0 KM of roads constructed by the state Government as high as 146.503 million naira and 124.840 million respectively.Similar outrageous expenditure are for projects are presented in Tables 6.7.5 and 6.7.6

Table 6.7.5: Records of Road Construction in Central Senatorial Zone

	Project Title	LGA	Total project cost	Amount Released	
1	Edor-Ofunatam road (20km)	Ikom	148.837m	148.837m	Not known
2	Construction of road in Boki LGA	Boki	661.0m	661.0m	Not known
3	Construction of Nko-Agoi Ekpo road(7km)	Yakurr	288.0m	288.0m	Not known
4	Okundi-Kakwagon (20km)	Boki	65.059m	65.059m	Not known
5	Obubra-Ogada (8km)	12.622m	12.622m	12.622m	Not known

Source: Ministry of finance, Calabar, 20007(see Appendix 52)

Table 6.7.6: Records of Road Construction in Southern Senatorial Zone

	Project Title	LGA	Total project cost	Amount Released	
1	Internal road in New secretariat	Calabar Municipal	28.432m	28.432	Not Known
2	Construction/Rehabilitation of round about in Calabar	Calabar	78,541,741.69	78,541,741.69	Not Known
3	Construction of Uyanga Township roads (10km)	Akamkpa	13.527m	13.527m	Not Known
4	Akpet Central-Ugbem (8km)	Biase	24,938,552.50m	24,938,552.50m	Not Known
5	Sand filling of Swamp crossing along Adiabo-Creek town road	Biase Odukpani	335m	335m	Not Known

Source: Mofinews, 2007.(see Appendix 52)

Tables 6.7.5 and 6.7.6 shows different roads construction and rehabilitation in the Central and Southern parts of the state.The figures indicate between 12.622 million naira and 661 million

naria awards and implementation of contracts for the roads.A comparative analysis of the amount involved in the execution of the project and the actual project cost has no significant correlation.For instance,table 6.7.5 has shown the construction of Nko-Agoi Ekpo road of 7 KM at the cost 288 million naria which does not represent prudent resource utilization.Despite that these contracts were awarded in an inflationary magine and the monies released,the field survey in table 6.7.7 contracdict the development in the state.

Table 6.7.7: Field Survey of Road Contruction and Rehabilitation in Some Communities in Cross River State.

Project Title	LGA	Project Cost	Implementation
Asphat pavement/construction of Access roads(8KM)	Bekwarra	124.8 milliom	Abandoned
Round about at High Court,Ishibori-Monaya(7KM)	Ogoja	164.503 million	Abandoned,work commence in 2010
Construction of Monaya bridge	Ogoja	118.078 million	Completed in 2006
Construction of Access roads to Sankwala(3KM)	Obanliku	71.431 million	Project does not exist
Construction of Okolor bridge	Yala	126.75 Million	Abandoned
Edor-Ofunatan road (20 KM)	Ikom	148.837 million	Abandoned,but constructed in 2010 through World Bank Funding
Construction of roads in Buje	Boki	661 million	Mobilize to site and abandoned
Construction of Nko Agoi-Ekpo road(7KM)	Yakuur	228 million	Abandoned,but later constructed through World Bank Funding
Okundi-Kakwagon road (20KM)	Boki	60.059 million	Abandoned
Obubra-Okada road (8KM)	Obubra	12.625 million	Abandoned
Internal roads in new secretariat	Calabar municipal	28.432 million	Completed
Construction and rehabilitation of roads in Calabar	Calabar	78.5 million	Completed
Construction of Uyanga Township roads(10 KM)	Akamkpa	13.5 million	Abandoned
Apet Central-Ugbem(8KM)	Biase	24.5 million	Abandoned
Sand Filling swamp crossing in creek town	Odukpani	335 million	Completed

Source: Field Survey, 2010

Table 674,6.7.5 and 6.7.6 did not indicate the name(s) of the contractors or company that handle the execution of the project.The researcher was unable to obtain any relevant document in the state tender board how these contracts were advertised,awarded and the beneficiary.This further confirm the research assumption that lack of resource allocation and utilization mechanism and practice has been the bane of governance in Cross River State.Also,we have ascertain from tables 6.7.4,6.7.5,6.7.6 and 6.7.7 that the practice of fiscal Federalism in Nigeria did not fulfils the ideals of fiscal responsibility and efficiency as exemplified in resource allocation and utilization in Cross River State.Finally on this,the manipulation of state resources by the political elites in Cross River State does not represent good governance.The researcher therefore concludes that the agitation for resource in Nigeria was and will continue to be a diversionary tool in order to keep the people out of governance.

CHAPTER SEVEN

7.1 Resource Utilization in the Social Sector of Cross River State

Like the economic sector, the social sector is a critical aspect of any economy in the world. This is because the sector placed emphases on education, health, information, culture and tourism and social development youth and sport. In order to analyze the resources allocated and utilized in this sector, table 7.2.1 shows statistical figures of annual income, estimates, actual expenditure and surplus/deficit.

Table 7.1.1: Finances in the Social Sector

Years	Total income for the year	Total estimate for the sector	Actual expenditure for the sector	Differences
1999	4,138,626,970.28	96,593,210.00	47,284,121.00	49,339,079
2000	25,614,855,912.47	750,813,210	457,804,643.90	293,008,566.10
2001	19,436,129,166.51	2,025,000,000	897,160,651.89	1,127,839,348.11
2002	36,179,202,237.22	2,455,659,000	449,690,644.98	2,006,968,355.02
2003	37,550,717,460.66	1,417,643,000	316,248,113.31	1,101,394,886.69
2004	40,804,175,593.81	6,109,300,000	5,222,873,415.12	888,426,584.88
2005	58,479,596,268.33	3,252,100,000	1,603,863,065.98	1,648,236,935.93
2006	100,607,929,152.97	3,533,661,270	1,673,209,000.93	1,860,452,269.93
2007	81,875,978,274	5,440,783,170.00	3,137,053,717.47	1,683,209,100.93

Source: Compiled by the Author from state auditor report (various years).

Table 7.1.1 present the revenue estimate and generation across the years under study. The table in essence is to demonstrate how the entire sector was expensed.

7.2 Educational Sub-Sector

According to the development policy document of the Cross River State, (CR SEED document (2004) the efforts of the state government were geared towards sustainable poverty eradication and job creation through an effective educational system, which were to involved reforming education with special emphasis on science and technology. It explains the fact that government through it budgetary provision and allocation of resources into the sector was a

matter of concern to all stake holders. Three categories of education are of emphasis: Primary education, as at 2004, the total number of enrolment of pupils was 592,301 comprising of 299,942 male and 292,358 female. Agbor (2007) posited that the situation was not much better in 2007, as it was estimated at 680,000 pupils in primarily school across the state. By implication therefore, the government ordinary has a responsibility of improving facilities at the primary schools. This could be done through motivation of both parent and teachers with welfare system, and recruiting more qualified teachers to schools and creating an incentive mechanism to drive and encourage children to attend school.

Equally at the secondary education, there were 249 post-primary schools with 3,613 teachers, 115,492 students, (CR, SEEDS 2007). With close to a million children in primary and post primary schools, the emphasis of government should be well known. According to the current NUT chairman, comrade Bassey Okon, there is no significant improvement in the welfare of teachers and pupils over the last ten years as there was a near absence of government committment towards the welfare of teachers. He argued bluntly that the Cross River State teachers are the least paid in the southern part of Nigeria.He maintained that:

> "*Since the last ten years or so, the government has not implemented any welfare packages that will improve on the life of teachers in this state. What the government seems to be interested is heavy taxation which is not commiserate with living wages.it has affected saving and reduces hardwork."*

In support of the NUT chairman position, Agbor (2007) is of the view that one of the notable areas of policy deficiency in Cross River State is the issue of taxation. Since the policy thrust of the government was to foster the growth of the economy by attracting more businessess to the state, there should have been a regime of low taxes and tax holidays for business in the state. The Cross River State has rather become a high tax region as the government reeled out

its development programme, which was inimical to growth of business. Of particular concern was the Urban Renewal Tax which has no relevance at all to the economy; beside the fact that, it does not satisfy any known common to modern taxation. Truly, the Cross River State urban renewal tax as it was being practiced is very inefficient and unfair. Its fiscal inefficiency lies in the fact that it has low tax elasticity in that it cannot be easily joggled to bring in more revenue without upsetting reactions in the real estate market besides the fact that the incidence of the tax cannot be appropriately distributed between the initial and final tax payers; but is completely borne by the poor citizens of the state.Even with the harsh tax policy and an improved income of the state,the wages of the state labour force was no better.Table 7.3.1 shows the salary structure of senior civil servant in Cross River State as at 2007.

Table 7.2.1: Salary Structure and Tax Regime for senior Public Servant in Cross River State as at 2007

Salary level	Basic	Tax	Gross	Tax As At % Of Basic Salary
8	17,069.23	3,545.30	42,075.89	20.77
9	22,563.25	4,835.17	53,358.76	21.43
10	26,140.57	6,374.02	60,848.73	24.38
12	36,893.90	9,385.18	81,531.73	25.44
13	53,793.64	14,321.03	133,461.71	26.62
14	55,951.33	15,522.23	154,246.73	27.74
15	62,795.42	18,020.34	167,774.06	28.70
16	71,181.41	21,041.38	170,415.05	29.71

Source: State Ministry of Finance (2007)

Table 7.2.1 emphasized the poor salary structure and high tax regime for civil servants in the state.From this table, a grade level eight (8) officer earns a basic salary of 17,069.23 naira and the tax was 3,545.30 naria .Another aspect of resource misapplication in the educational sector was the establishment of the Cross River State University of Science and Technology in 2002 (CRUTECH). According to the government white paper, the establishment of CRUTECH was

occasioned primarily by the desire of government to create a base or platform for the rapid technological transformation of the state. Fundamentally, the focus is that of massive churning out of manpower in the area of engineering and technology and other sciences to enable the state, not only to fill its quota in the federal establishments but provide the required manpower for the industrial enterprises that government is vigorously pursuing. The tragedy about the establishment of CRUTECH was the lack of sincerity and vision on the part of the government. For instance, the state government closed down three higher institutions and transforms them into single university- Ibrahim Babagida College of Agriculture Obubra, College of Education Akamkpa, and the Polytechnic, Calabar. These institutions were merged to form the university with the same structure but with a view to downsizing the workforce. According to the former Academic staff Union of University, (ASUU) Chairman, CRUTECH Chapter, it was a deliberate effort of the government to downsize workers and reduce subvention to these institutions.If the policy was for the interest of the people,its reversal by the current government would have been opposed. The union leader explained further that as workers were contemplating a new institutional arrangement which affected their wages, a new tax system was introduced.

Firstly, at the inception of the university, the state government refused to pay university salaries scale to its workers and insist that university salaries remain the same with that of the state civil service. Even when government agreed to pay separate salaries for the university, the unfriendly tax system was used as a means of retrieving the money. Table 7.3.2 compares the salary structure of Cross River University of Technology and the University of Calabar.

Table 7.2.2: COMPARATIVE ANALYSIS OF SALARY STRUCTURE AND TAX REGIME IN CRUTECH AND UNICAL

Salary Level	Step	Institute	Basic	Tax	Gross	Tax as a % of Basic Salary	Comment
		UNICAL	18,082.41	415.89	60,538.59	2.30	a. The gross pay for CRUTECH includes annual leave allowance of 15% whereas that of UNICAL is separated.
UASS1	6	CRUTECH	17,069.23	3,545.30	42,075.89	20.77	
		UNICAL	22,563.25	564.08	73,971.57	2.50	
UASS2	8	CRUTECH	22,562.99	4,835.17	53,358.76	21.43	
		UNICAL	26,140.83	575.03	85,040.08	2.20	b. Teaching practice allowances is paid to UNICAL staff as they proceed for the activity whereas CRUTECH does not pay
UASS3	8	CRUTECH	26,140.57	6,374.02	60,848.73	24.38	
		UNICAL	36,894.25	793.23	116,076.72	2.15	
UASS4	9	CRUTECH	36,893.90	9,385.18	81,531.73	25.44	
		UNICAL	53,793.58	1,075.87	193,762.64	1.99	
UASS5	13	CRUTECH	53,793.64	14,321.03	133,461.71	26.62	c. Whereas the tax rate for UNICAL ranges between 1.99% to 3% of basic salary that of CRUTECH ranges between 20.77% - 28.70% of basic
		UNICAL	55,951.00	1,189.23	218,770.64	2.12	
UASS6	10	CRUTECH	55,951.33	15,522.23	154,246.73	27.74	
		UNICAL	62,795.75	1,318.71	259,563.71	2.10	
UASS7	10	CRUTECH	62,795.42	18,020.34	167,774.06	28.70	

Source: Abstract from ASUU Letter to the Transition Chairman 25th May, 2007

Again, like it was demonstrated in table7.3.1, table 7.3.2 also gives a breakdown of a tax regime in comparism with the Federal University in the State.For example, an officer on UASS1 at the University of Calabar has a basic salary of 415.89 naira, the one in CRUTECH earns 17,069.23 and a tax of 3,545.30.The wage differential in table 7.2.2 and the lack of political commitment to improving the education status of Cross River State, led to mass mobility of lobour from the university. In fact, as at June 2006, more than 80 senior academics have moved to other higher institutions in other parts of Nigeria and abroad (, ASUU white paper may 2007). These in clear terms represent resource under-utilization or mismanagement. In a special appeal to the chairman of Cross River State transitional committee on Education, the ASUU chairman reiterated the huge allocations to the educational sector and the lack of its corresponding effects on the system. He equally rises what is somehow related to the corrupt nature of running the educational system in the state especially the merger of different institutions to form a university. The focus of his appeal was on manpower development which the state government has neglected for decades, (ASUU White Paper, 11th May, 2007).

Another aspect of resource utilization that questioned the process was the manner in which the different institutions were hurriedly merged. It created opportunities for top government officials to acumulate public resources to the deriment of the system. According to the 2003 audit report, there were irregular financial transctions from these institutions. Records maintained at the College of Education, Akamkpa for instance, shows that between August, 2002 and December 2002, a total of N9,723,368.04 was withdrawn from various bank account maintained by the college without explicit approval from the central administration of CRUTECH. Similarly, in the College of Agriculture, Obubra, between the period of 15th

November, 2002 and 27th November, 2003, a total of N383, 600.00 only was collected as school fees while the sum of N92, 000 only was lodged in the CRUTECH account. These withdrawals according to the audit (2003) were not facilitated by authenticated payment vouchers in utter defiance to the operative financial regulations.

It is important to state that various forms of misapplications of resources existed in the education sector. One that was so critical was the parting gift to Council Members and Management Staff of College of Education amounting to N1. 2 million. In the 6th Governing Council meeting of College of Education, Akamkpa, held on August 15th 2002, at Calabar, it was resolved that the provost of the institutions should make available the sum of N3 million to council members and College management as parting gift in view of the take-off of the Cross River University of Technology. Part of this money (1.2m) was paid to Ntufam S.B Ajom in favour of council members,(Auditor report 2002). However, the audit queried this payment as frivolous and against government guidelines on financial matters. At the secondary school level, principapl and other offiers were involved in misappropriation of public funds without due authorization.Table 7.3.3 illustrate this misappropriation.

Table 7.2.3: Some Public Stealing in the Educational Sub-Sector

S/NO	Name of Person/ Company	Amount Collected	Purpose	Remarks
1	Govt. Sec. Sch. Ishibori, Ogoja	48,000.00	Unremitted school fees	Money not recovered from the principal.
2	Mr. Victor Ndifon	14,550	Unremitted exams fees	Not recovered.
3	State Sec. Education Board	2,425,560	fencing/ education services	The principal and the money not found
4	State Sec. Education Board	253,390	Tuition/education services	Money not accounted for and no punishment given.
5	Ogoja Zonal Office	167,390	Board materials for 2002/2003 school year	The chairman of the board could not account for the money
6	Army Day School, Ogoja	57,890		
7	Zonal Office Ugep	2,307,750	Special levy	Money missing from the account.
8	EGZ Investment Ltd	4,100,000	Building classroom block in Abana, Bakassi	EGZ investment Ltd is not in existence. The said money could not be accounted for.
9	Post Primary Sch. Board	3,366,528	Arrears of tuition fees	Money not recovered as 90% of the principals were retired or dead.

Source: From the various audit reports

Tables 7.2.3 illustrate the state of misapplication of resources by principal officers charged with the responsibility of managing secondary education in the state.It was because of this misappropriation that Agbor (2007) attributed the education sector in Cross River state as the most corrupt sector in the state. He described the problem from the failure of the executive power to properly monitor activities of their ministries and parastatals in the implementation of government policy. The unwilliness of the relevant authorities to appropriate sanctions or punishments for offenders encourages the reoccurrence of certain financial crime within the system. It was due to a total failure or near collapse of the educational system towards the end of 2007, that ASUU of CRUTECH appealed again to the incoming administration to revisit the educational sector. James Enyam (2007) presented the situation in this direction: asking

the state government to declare a state of emergency in the educational sector, with primary, post primary and tertiary institution to be given critical attentionIn support Enyam (2007), the state NUT chairman also queried what happened to the annual budget to the sector, wondering the where these monies must have. He told the researcher that:

> *Our educational system is gradually dying. Corruption is responsible for this. Monies are allocated on yearly basis but it seems there is nothing to show for it. Capital projects are not vigorously carried out. Our children sit under trees to learn, our teachers have no teaching aids, yet the government keeps giving the impression that all is well. No state or society can survive when its tinning youths roam the streetswhen its children learn under difficult conditions, when teachers and the population are treated as slaves.*

In relation to the above, the report of the state Vision 2020 as published in July 2009 laments the state of infrastructural decay on the sector. According to the report, there are total of 1,019 primary schools in Cross River State and in almost all of these, the infrastructure is in a very poor state of disrepair, with about all the students without writing desks. The report is an admittance of high level of corruption in the sector. Table 7.3.4 shows transaction in the educational sector.

Table 7.2.4: Budget Allocation to Education Sector

Year	Estimate	Actual Implementation	Deficit/ Surplus
2000	160,922,270	241,178,547.80	+ 609,222.70
2001	1,135,000,040	330,362,789	- 804,637,250
2002	409,500,070	189,417,251	- 219,082,819
2003	1,065,610,000	101,574,983.56	- 962,035,016
2004	734,000,010	376,574,089.96	- 357,499,921
2005	1,371,000,010	522,276,864.39	- 848,723,145.61
2006	1,641,000,000	329,929,024.73	- 1,311,071,976
2007	2,174,399,250	946,308,250.94	- 1,228,091,000

Source: Compiled by the author.

Table 7.2.4 explains the reason behind the reports of the state government on (published, July 2009) the neglect of the education sector.From the figures in table 7.3.4,it is clear that there is lack of political will to implement the budget. In 2006 and 2007, the state government had financial surplus in its annual income and could only implement its budget up to 0.8% in the education sector, for this years.Also Corruption in the act of governance, a situation whereby even the authorized revenue could not be used for the itemize projects as reflected in the previous discussion justify the assumption that fiscal indecipline is responsible for lack of good governance in Nigeria.From the figures in the sector,Cross River State like the Federal Government has lived in violation of international minimum standard for funding education. According to UNICEF, developing countries are to spend 26% of their entire budget on education. The implementation of budgetary allocation between 1999-2007 (8 years) combined was nothing near 26%. In fact, there are cases where the state government specifically spends for the development of the education funds allocated for projects were not accounted for, thereby leaving the sector at the current state. For example, in 2003, UNDP/UNICEF gave support of N881, 338,269.58 million for improving the education sector. Equally, in 2005, there were grants in support of the sector from external donor (auditor general's report 2003 and 2005) but nothing significant to justify these resources. Further more; since the policy thrust on education was to rebuild the economy, it is therefore necessary that the budgetary provision would have been geared towards building of primary and post primary education. From Table 7.3.4 out of 2,174,399,205 budgeted for education in 2007, a Field survey has no correlation as shown in table 7.3.5:

Table 7.2.5: Field Survey of Budgetary Implementation in Selected Projects in Cross River State Provided in 2007 Budget.

Communities	Project	Levels of implementation	Percentage of work
Ogoja & Yala LGAs	Rehabilitation of selected primary and secondary schools	No new building, no renovation in cite.	1%
Calabar	Development of infrastructures at CRUTECH	No new infrastructure. All the structures were inherited from the Polytecnic, Calabar, School of Management Science Ogoja, College of Agriculture Obubra and College of Education Akamkpa	1%
Cross River North, Central and South	Construction of new secondary schools in selected Local Government	One secondary school was built in Akpabiuyo, Cross River South. But Cross River North and Central were not considered.	40%
Across the state	Development of Technical Schools	Two technical schools were renovated in Ugep	40%
Across the state	Rehabilitation and provision of science laboratory equipment in post primary schools	Visited many schools across the state but the laboratories are as old as the school	1%
Across the state	Establishment of computer primary schools	None was seen in any parts of the state. Records were confirmed from the local government educational authority	1%
Across the state	Provision of Textbooks for post primary schools.	15 secondary schools got textbooks, though many without a library	50%

Sources: **(i) Field survey**

(ii) Discussion with LGA educational officer and principals of Schools.

As indicated in table 7.2.5, there is also no statistical correlation between budget expenditure reflected in table 7.2.4 and the field survey in Table 7.2.5. Though, if according to table 7.3.4

N946, 308,250.74 was the actual implementation, the field survey has proved the situation on the contrary.

7.3 The Health Sector

The relationship between poverty, ignorance and disease is well established. Thus, anything that is done to improve on the economic wellbeing of the populace produces a positive multiplier effect on the health status of that society and vice-versa as the saying goes that health is wealth. In many instances, limited resources have been adduced as the main reason for not implementing changes that will improve the health status of the people. However, economic constraints demand that resources are spent on interventions, which make the greatest impact on the health of the people.

In Cross River state, the Health Development Programme recognizes three tiers of health care delivery as specified in the National Health Policy namely; Primary Healthcare, Secondary Healthcare and Tertiary Healthcare. The major causes of morbidity and mortality in Cross River State are tetanus, Hepatitis, Congestive heart failure, gastro-enteritis, tuberculosis, anaemia, pneumonia, typhoid, hypertension and malaria. Their prevalence according to (CR-SEED, 2007) could be attributed to the low socio-economic status of the people, particularly in the rural areas where the majority of the population live. A good indicator of the level of development in a country is the infant mortality rate.The funding of the health sector is a major challenge facing the government. The table 7.4.1 shows the budgetary allocation to the health sector between 2000-2004;

Table 7.3.1: Budgetary Allocation to Health Sector (2000 – 2004)

YEAR	2000	2001	2002	2003	2004
BUDGET	163,000,000	380,000,000	260,000,000	559,833,000	559,300,000

Source: Ministry of Finance, Calabar (see Appendix 58)

According to Table 7.3.1,the actual implementation of the budget written this period was put at 2% for 2003 and 2004 while the remaining ones was at 1.2% respectively as against the World Health Organization recommendation of 15%. One wonders the kind of negligence on the part of the government when available records shows high rate of diseases in the state. In fact, Table 7.3.2 shows the statistics of some diseases in Cross River State are as follows;

Table 7.3.2: Pravalent Diseases in Cross River State

S/No	**Diseases**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
1	Malaria	54,169	32,502	18,551	24,469	25,121	23,112
2	Pneumonia	5,605	4,659	1,853	3,971	4,584	5,612
3	Typhoid	3,074	2,229	1,047	2,505	3,680	5,001
4	Diarrhea	13,272	6,116	1,765	4,505	5,128	5,881
5	Tetanus	212	198	200	119	192	206
6	Hypertension	1,121	598	1,252	1267	2,041	2,666
7	AIDs	207	505	360	301	380	385
8	Hepatitis	132	189	186	166	174	182
9	Cardiac Failure	488	425	301	136	174	180
10	Measles	1,210	1,196	290	454	608	706
11	NNT	117	152	69	98	101	112

Source: Ministry of Health Calabar, 2010(see Appendix 59)

From the figures in Table 7.3.2,Cross River State has high rate of malaria,pneumonia and typhoid as reflected in 2003,2004 and 2005.From the statistics of the health facilities in the state, the continues increase in diseases is attributd to the uneven distribution and inadequate number of health facilities especially primary healthcare. Many of the health institutions lack adequate personnel and facilities to provide quality care for the citizenry. Secondly, there is gross inadequacy in the number of these facilities and the few available are unevenly

distributed. Available figures in the State ministry of health (2006) indicate that as at 2006, there were 201 public health nurses, 57 midwives, and 809 extension workers while other makeup of 404 to carter for a population estimated at three million. There are currently 15 general hospitals, with six additional ones under construction, though 80% of the funds being released with little or nothing to show for it. In Boki local government area where the researcher visited some health centers, the situation was worrisome. In a chat with one of the senior health worker in Bansa primary health center, he informed the researcher that:

> *We treat minor ailment like fever, malaria, typhoid, leprosy and dysentery. People travelled as long as five kilometers to this place. Some of them will walk or use bicycles. Some even die in the process of coming here. Our facilities are not adequate at all. We are lacking many times. We have beds but no mattresses. The patients must bring their own. We have no toilets; people will use the toilets of those who live nearby to here. We have no running water, the pump are dried for many years. We have no light, we are not even wired, it rains the place will flood – the environment of this place is a serious problem.*

The above quotation represent the health situation in Cross River State despite surplus finanacial flow to the State.For instance, in 2002 alone, the state government obtained a loan of five billion naira from the World Bank for essential drugs in rural clinics. This money was diverted because the cases presented in table 7.4.3 does not reflect effective resource utilization in the health sector.From what the researcher saw, the health care infrastructure is growing worse by the day following the unwillingness of the government to act more responsive to this critical sector.Table 7.4.3 illustrate the health infrastructure in Cross River State as at 2006.

Table 7.3.3: Healthcare Infrastructure – By Type and Ownership

S/NO	LGA	FEDERAL	STATE	LGA	WARDS	PRIVATE	MISSION
1	Abi	Nil	1	18	10	2	Nil
2	Akamkpa	Nil	2	30	10	1	Nil
3	Akpabuyo	Nil	1	28	10	Nil	Nil
4	Bakassi	Nil	Nil	9	10	Nil	Nil
5	Bekwarra	Nil	Nil	36	10	Nil	Nil
6	Biase	Nil	1	23	11	3	Nil
7	Boki	Nil	Nil	48	11	3	Nil
8	Cal Mun	1	1	18	10	6	Nil
9	Cal South	1	1	14	11	80	Nil
10	Etung	Nil	Nil	7	10	Nil	Nil
11	Ikom	Nil	Nil	19	11	Nil	1
12	Obanliku	Nil	1	29	10	Nil	Nil
13	Obubra	Nil	2	24	11	3	Nil
14	Obudu	Nil	Nil	30	10	1	1
15	Odukpani	Nil	Nil	27	13	2	Nil
16	Ogoja	-	2	33	10	9	1
17	Yakuor	Nil	1	22	13	3	Nil
18	Yala	Nil	2	50	11	4	Nil
Total		**2**	**15**	**465**	**192**	**114**	**3**

Source: Ministry of Health, Calabar, 2010 (see Appendix 60)

The information in Table 7.3.3 indicate that there are two Federal Government hospitals and fifteen general hospitals in a state with 18 LGA.It simply means that some of the LGA have no state government hospital despite the enormous resources at the dsposal of the government.

The implication of this table also requires an aggressive commitment to the health sector by the government. But a critical examination of the budgetary allocation and implementation in this sector will establish and help our analysis further:

Table 7.3.4: Budgetary Allocation / Utilization to the Health Sector (2000 – 2007)

YEAR	Budgetary estimate	Actual expenditure	Deficit/ Surplus
2000	160,922,270.00	68,758,174.30	92,164,035.70
2001	380,000,010	53,109,748.84	326,390,261.16
2002	246,200,030	100,607,253.47	145,592,776
2003	559,833,000	81,926,727.00	477,906,273
2004	359,300,030.00	167,034,304.00	192,265,726
2005	594,600,030.00	43,694,964.00	550,905,066
2006	600,000,000	199,576,922.48	500,423,077
2007	715,005,340.00	104,799,904.50	610,205,435.40

Source: *Compiled by the Author.

Table 7.3.4 shows the lack of political will in the development of the health sector.In the various years, there is fiscal deficit in the budget implementation.In the document of vision 2020 committee on Cross River State (Published in 2009), the health sector is in dear need of urgent rehabilitation. According to the report, there are about 560 primary healthcare facilities spread across the state. About 25% of these are located in rented single room apartments. This implies that the work environment does not reflect on the ability to offer service in a professional manner.In fact, this point was revealing during the field survey as shown in the table 7.3.5.

Table 7.3.5: Health Facilities in some selected Areas in Cross River State.

Communities /LGA	Accommodation	No of staff	Health facilities
Bebi/Besan (Obaniken LGA)	Clinic in rented building (two rooms) without ceiling fan, and electricity.	3	Almost all the maltrass are old and cannot be used
Wanakom, Mube, Bansara, Ogoja LGA	Rented apartment of 2 rooms. No water, electricity. But the one in Bansara is more functional.	4	Renovated by a philanthropist in 2004. Few clinic facilities.
Efraya, Ikom town, Okuni, Edor	The clinics are housed in rented building except for Ikom town.	8	Much is still requires because all the clinics have no drugs.
Akamkpa town, Awi and Ekefre	The General Hospital in Akamkpa is functional. But other clinics in Awi and Ekefre are on rented apartment.	11	Renovated in 2007

Source: Compiled by the Author

Note: ***In each of the clinics visited, qualified and trained nurses are hardly available.***

Table 7.3.5 confirmed the fact that most of the clinics are housed in rented rooms.This implies that either the budget to the sector is not implemented or the money is diverted. Between 1999-2007, the implementation of budget has no significant bearing to thes sector, even in cases where annual income continues to exceed the annual budget.Even in situation where international donor make frantic effort to give support to the development of healthcare and other facilities in the state, the government hardly fulfilled its obligations in terms of counterpart funding as shown in Table 7.3.6.

Table 7.3.6: Partnership for the Development of Health Care in Cross River State

DONOR AGENCY	PROGRAMME/ PROJECT	DURATION OF SUPPORT	PROGRAMME BUDGET	DONOR CONTRIBUTION	STATE COUNTERPART CONTRIBUTION	REMARK
World Bank	Health System Fund II	2004-2007	$1.8m	$1.5m	$300,000	CRSG to provide the counterpart fund
	HIV/AIDs	2003-2007	$3.5m	$3.5m	Nil	
	Urban Water Development	2005-2008	$50m	$40	$10m	No fund paid
	State Governance and Capacity Building Project	2005-2008	$6.1m	$5.05m	$1.05	Could not provide the fund
	Community-Based Poverty Reduction Project	2001-2006	$10m	$8.5m	$1.5m	Could not provide it
UNDP	Poverty Reduction	2005-2007	$935.000	$654.500	$280,500	Outstanding balance of N7.4m from CRSG
	Energy/ Environment	2005-2007	$285,000	$85.500	$85,500	- do-
	HIV/AIDs	2005-2007	$50,000	$35.000	$15,000	- do-
European Union	Micro-projects Program for Six States	2004-2007	42.0m Euros	42.0m Euros	Nil	Money collected but project not executed
	Support to Reforming Institutions Programme	2006-2009	57m Euros	27.2m Euros	1.3m Euros	Could not pay
	EU Prime Immunization	2005-2007	Not given	80m Euros	Nil	Project not executed
WHO	IDRS	2000-2007	$1m	$1m	Nil	Completed
	EPI	2002-2007	$50m annually	N50m	Nil	Completed
	Roll Back Malaria	-	N6m	N6m	Nil	Completed
USAID	Job Project	2003-2007	$3.99m	$2.99m	$1.0m	
	Cassava Enterprise Development Project	2006-2009	100%	70%	30%	On going
DFID	Strengthening National Response to HIV/AIDs	2004-2009	N25m	N25	Nil	Not completed
UNICEF	Basic Education	2003-2008	N150m	N75m	N75	Could not pay counterpart funding
	Rural Water Supply	2003-2008				
	Child Survival	2003-2008				

Source: Ministry of Information Calabar, 2007

The simple explanation and understanding of the table as represented by the different columns is that the state government was unble to meet up their financial obligations in the execution of these projects. Fundamental issues accounts for the lack of continuity in the projects, because the projects were in a lifespan of six to seven years but as a result of lack of transparency and accountability (misappropriation of funds) the donor agencies withdrew their supports. Secondly, the state government inability to fulfill their contractual obligations in counterpart funding also reduce the credibility of the projects. What becomes of serious concern is where the funds from the donor agencies went to. In the researcher's assessment of the different senatorial districts in the state, none of the projects under these categories had reached 30% completion. In a rural community in Bansa, Boki LGA, the World Bank project for poverty reduction through small scale farming have been abandoned. This project was initiated and foundation stone layed in 2003, but at the end of 2006, the community had not seen the completion of the project. The former director/coordinator of the Department for International Donor, in the office of the Governor refused on several occasions to coment on the issue. However, on the 16th of January, 2011, he could only advised the researcher on phone not to involved in delicate matter and that Government at that time has priority and whatever was done remain in the best interest of the state. The government's continuous argument that the health sector was critical and needed adequate funding is baseless as a result of the information provided in the table. This perhaps accounts for Agbor (2007) analysis that the government of Donald Duke was too elitist both in character and in operations. It forgets the rural dwellers, and concentrated in developing the state capital as against rural transformation. Finally on this, primary education and primary health care service throughout much of Cross River State during the period underview have been grossly neglected by the

state governments trashed with keeping them alive. At the same time, enormous sums have been lost to corruption or channeled into questionable and frivolous expenditure.(see various tables) In some cases, even the limited funding that has been allocated to health and education has itself improperly diverted and cannot be accounted for. All this are against the United Nation Committee on Economic, Social and cultural rights which said that a violation of the obligation to fulfill regarding the right to health can occur when there is insufficient expenditure or misallocation of public resources which results in the non-enjoyment of the right to health by groups or individual,(Rightwatch 2007) In Cross River, the State government failed to exercise its oversight duties in a responsible manner and has allowed the spread of misallocation and malutilization to ministries, departments and agencies.

7.4 Environmental and Regional Development

One of the many sectors, that the state placed much emphasis was environmental and regional development. It has become almost universally accepted that environment cannot be easily divorced from development. Both are intricately interwoven. It is not surprising therefore that one of the principles of Rio declaration states that in order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it,(CR-SEED 2004)

This implies that any effort at economic development planning which does not accord an appropriate place to the proper husbary of environmental resources of land, water and air is bound to be counter-productive. For example, large scale deforestation and indiscriminate timber harvesting for export timber, which does not incorporate sound environmental safeguards may fetch some revenue in the short term, while at the same time inflicting long

term irreparable damage to the ecosystem, hydrological resources and the economy in general.It was thisnkind of importance attached to the environment that Cross River State came up with environmental and regional development plan with an annual budgetary allocation to the sector. Under this arrangement, the sector was to cover areas such as water supply, sewage drainage, town planning, community and rural development and housing.Table 7.5.1 is a detailed account of income and actual expenditure in the sector.

Table 7.4.1: Budgetary Allocation to Environment Sector 2000 - 2007

YEAR	Total income for the year	Total estimates for the sector	Actual expenditure	Differences
2000	25,614,855,912.47	2,422,311,320.00	1,336,988,283.25	- 1,096,323,036.75
2001	19,436,129,166.51	1,683,753,280.00	667,549,716.47	- 1,016,203,263.53
2002	36,179,202,237.22	5,182,189,530.00	717,984,415.00	- 4, 464,205,115.00
2003	37,550,717,460.66	3,195,005,000	960,704,238.61	- 2,234,300,761.39
2004	40,804,175,593.81	8,259,054,780.00	2,312,415,000	- 5, 936,629,880.00
2005	58,479,596,268.33	2,916,968,800.00	2,644,080,399	- 272,887,401
2006	100,709,829,151.97	3,618,209,948.00	1,681,121,000.00	- 1, 937,088,948
2007	81,875,978,274	4,987,300,070.00	3,044,252,389	- 1, 943,047,681

Source: Compiled by the Author

Table 7.4.1 shows the figures of revenue expenditure which continue to be deficit despite increased revenue profile. In all the years the actual expenditure keeps declining. Our analysis revealed that in each of the fiscal year, capital project suffered deficit in implementation. And to the best of understanding, good governance and resources utilization is assessed by the ability to implements projects in certain critical sectors. In some cases where the government showed some level of commitment to executing certain projects, corruption through falsification of contract sums becomes inevitable. For instance, table 7.5.2 brings out development effort at this sector.

Table 7.4.2: Some Development Projects in Cross River State

S/NO	Community	Project description	LGA	Project Cost	Total Fund released	State of Project
1	Asang Ening	Engine boats for water transportation	Odukpani	2,472,690	2,632,830	100% completed
2	Old Ekuri	Building three bridges	Akamikpa	4,190,400	4,190,400	100% completed
3	Ohong	Water project	Obudu	3,000,000	2,700,000	Not existing
4	Nkonfap	Water scheme	Ikom	3,528,315	3,165,207	Not existing
5	Bashu	Construction of Ikorn bridge	Boki	4,990,000	4,491,000	Not existing
6	Ukwutia	Mini water scheme	Obudu	4,730,860	4,032,720	Not existing
7	Biakwan	Mini water scheme	Boki	4,930,860	4,032,720	25% completed
8	Ikot Ana Umon	Culverts	Baise	4,790,485	3,686,774	35%
9	Ikot Eka nem	Water scheme	Akpabuyo	4,675,464	3,888,700	

Source: Ministry of Finance, Calabar, 2009

Table 7.4.2 indicate the number of development projects in the sector and the actual expenditure for each project.The field experience revealed that some the projects does snot exist particulary in Obudu, Boki, Ikom, Biase and Bakassi. The government as the policy driver of the state has a primary responsibility for encouraging and the role to create the enabling environment, give incentives and enhance policy that will attract private investors. They must develop the political will objectively disengage from commercial ventures and concern themselves with setting broad policies that will enhance the private sector. These responsibilities were not effectively being carried by the reviewed administration as its policies were centered on a few political elites to the detriment of the generality. Much of these resources have been lost to the extravagance, waste and corruption that characterized state government spending, a problem that is examplified by the state's various allocations to

the office of the governor. Enormous sums have been channeled to the office of Donald Duke, often on terms so vague that it's impossible to determine what they are actually meant to be used for. Such items as security votes, first lady pet project, tour of constituencies and senatorial districts, seeking for tourist and investors which in many occasion does not reflect in the annual budget is a violation and negation of fiscal responsibility.The state government has not been nearly so generous in providing support to activities outside of government house. In the 2005 recurrent expenditure, government House expended a total of N1, 810,915,510 and the governor office spent N1, 113,476,560.00 in terms that have no significant relationship to the people. While there was a decline in the allocation to environment of a mere N54,483,600 in a state battling with environmental challenges such as erosion control,ecology etc in the Central and Northern parts of Cross River state.

There was also decline in the budgetary allocation to Agriculture and Natural resources in that year's budget despite the fact that over 75% of the people survive on subsistence agriculture.For a example,Table 7.4.3 shows budgetary allocation and implementation in some selected sectorsin 2004 fiscal year.

Table 7.4.3: 2004 Allocation and Implementation of Revenue in Some key Sectors.

S/NO	MINSTRY	BUDGETARY ALLOCATION	ACTUAL IMPLEMENTATION	% IMPLEMENTATION
1	Trade and Investment	70,864,780	70,833,930	94%
2	Public Utilities	235,798,220	133,504,368	53%
3	CRS House of Assembly	554,214,120	447,441,653.60	88%
4	Government House	1,760,236,770	1,735,939,842.23	98%
5	Office of the Governor	1,010,001,000	939,969,880.05	94%
6	Health	981,293,350	904,029,251	68.5%
7	Agriculture	251,042,590	245,607,799	96%
8	Education	3,001,345,150	2,874,152,117	92%
9	Environment	56,885,970	45,283,594	66%
10	Work	117,910,808.00	116,808,491.75	96%

Source: Compiled from the 2005 Audit Report

The point brought out in table 7.4.3 is that allocations to Government House and Governors office was of most concern to the government than critical sectors like agriculture, public utilities and environment.This again justify the of political elites theory to the analysis of this study.

Table 7.4.4: 2005 Allocation and Implementation in Some Key Sector

S/NO	MINSTRY	BUDGETARY ALLOCATION	ACTUAL IMPLEMENTATION	% IMPLEMENTATION
1	Government House	929,639,830	912,010,713.42	98%
2	Office of the Governor	377,932,010.00	493,622,394.18	100% (spent in excess)
3	Agriculture	150,565,340.00	143,832,474.56	92%
4	Education	87,705,910.00	85,201,437.75	90%
5	Health	829,229,020.00	820,896,251.59	92%
6	Trade and Investment	65,462,150.00	93,629,834.73	101%
7	Works	114,354,620.00	15,680,732.84	21%
8	Environment	11,255,030.00	15,633,390.46	80%
9	CRS House of Assembly	651,429,300.00	293,437,613.67	48%
10	Public Utilities	36,617,000.00	130,822,235.59	100%

Source: Compiled from the Auditor's report, 2007.

Table 7.4.4 shows the extent to which political elites allocate resources to areas that has little or no significant relationship with the people.It is also reflected in Table 7.4.5. For example, critical ministries like works, environment and agriculture were not given substantial allocation. It was also part of the fiscal indecipline that the government could only implement 21% of the entire budget for the ministry of work, a sector which directly affect the human population whereas allocations to government house and the office of the governor got the highest with a 100% and 98% implementation respectively in the fiscal years.

Table 7.4.5: 2006 Allocation and Implemention in Selected Key Sectors

S/NO	MINSTRY	BUDGETARY ALLOCATION	ACTUAL IMPLEMENTATION	% IMPLEMENTATION
1	Trade and Investment	71,805,800	68,852,149.09	64%
2	Public Utilities	400,529,760	348,066,121.96	76%
3	CRS House of Assembly	571,197,170	520,434,938	92%
4	Government House	1,810,915,510	1,800,000,000	98.5%
5	Governor's Office	1,113,476,560	1,074,331,269.79	96%
6	Health	925,525,250	838,515,083.89	91%
7	Agriculture	251,839,920	240,735,253.92	90%
8	Education	3,000,926,110.00	2,808,891,797.89	86%
9	Environment	54,483,600	47,116,591.62	89%
10	Work	102,595,010.00	102,159,146.41	98%

Source: Compiled from the Auditor's report 2007

Table 7.4.5 showing allocation to Governor's Office and Government continued to skyrocket, Agriculture, Environment and Public Utilities suffered decline.

Table 7.4.6: 2002 Allocation and Implementation in Selected Key Sectors

S/NO	MINSTRY	BUDGETARY ALLOCATION	ACTUAL IMPLEMENTATION	% IMPLEMENTATION
1	Trade and Investment	67,647,160	67,180,762	92%
2	Public Utilities	138,880,000	209,399,831	100%
3	CRS House of Assembly	558,113,700	404,142,132.97	90%
4	Government House	1,346,939,000	1,259,938,659.72	96%
5	Governor's Office	2,049,390,090	200,000,000	98%
6	Health	902,771,890.08	890,503,125.30	96%
7	Agriculture	245,248,300	239,508,907.08	78%
8	Education	3,269,452,280.04	2,217,659,218.14	70%
9	Environment	65,113,080.00	57,989,129.58	89%
10	Work	110,513,040.00	19,313,752.04	16%

Source: Compiled from the Auditor's report 2003

These few cases in tables 7.4.4, 7.4.5 and 7.4.6 illustrate the nature and character of budgetary allocation and utilization in Cross River State.The field survey of the sectoral allocation and utilization in relation to projects as provided in various table shows that there is no correlation between the revenue allocated and actual utilization. It is in the light of the above that Uyouyo (2008) took critical examination of the business of governance during Donald Duke and concluded that the regime operated and conducted its business in questionable circumstances. To him, the business of governance in Cross River State was to satisfy the political elites whom through their convenience, the resources of the state, be it political, economic or social were distributed. This fact is among the many reasons for use the elite's theory as a framework of analysis in this research. Those who distribute, control, manage and benefit the large chunk of state resources are the political elites. To a large extent, they formulate fiscal policies for the workings of government to the detriment of the majority.

Clearly, Uyouyo (2008) went further to consolidate his argument with details of the corruption that was witnessed by the Duke administration. Onari Duke, the then first lady of Cross River State, whose office is not found near the constitution was not left out in the abuse of their position. She founded an NGO-Enterprise Nigeria Foundation (an NGO whose aims and objectives were not clearly defined) from which N18 million was deducted monthly from the local Government account. Billions of naira were deducted from this account and kept in secrecy. A senior staff of the Local Government Pension Board ellaborates this and maintained that the overbearing influence of the state government was responsible for the weakening system at the Local Government level. In his words:

> "*There was too much influence from the state in the activities of the Local Government. This situation created the kind crisis we have witnessed in the board. We cannot pay pension and gratuity; our retirees are dying on daily basis because most of the resources were not released from the government".*

In the ministry of local government affairs, many of the staff like others are skeptical of revealing information but one who pleaded anominty informed the researcher that the manner in which the state handle matters relating to the Local Government fund was evidence that the Local Government chairman have no clear mandate in policy making and implementation. Monthly allocations to the councils were determined by the state government in which cases some chairmen failed completely in their responsibilities. On the contrary because of the steady and dramatic increase in Local Government revenue since the democratic period, wage bills and deductions now consume a far smaller proportion of Local Government revenue than the Local Government Chairs could have their constituents believes.

Combining this with the money lost to statutory deductions, most of Cross River State Local Governments still have on average, fifty percent of their Federal Allocations left to

develop in other ways, but where is the money? As it may be similar in other part of Nigeria, Cross River State Government may still lack the human and financial capacities to meet objectively high standards with regards to health care, public utilities, works agriculture and education. Their revenue increase should at least have allowed them to make significant investments in efforts to progressively realize a higher standard of service in those sectors, which have teetered on the edge of near collapse for many years. The Human Right Watch (2007) justified this through a World Bank report which says:

> *"The financial resources to Local Government may have been insufficient for them to meet their responsibilities in some years, but this currently less of a constraint gives the increased oil revenue. There seems to be significant problems with commitment, governance and accountability".*

This report captured vividly the situation in Cross River State. Despite, that Local Government chair complained of statutory deductions and insufficient fund, there is a clear absence of governance in the some Local Governments where the researcher visited in the three senatorial zones.Firstly, some if not all the Local Government executives lives and operate outside their local governments jurisdiction. Their headquarters and secretariats are mere consulting office for few hours in a week. The only period, the secretariats are seem busy may be when allocations from the head quarters arrived for salaries and the other subventions. It is also clear that Local Government chairs were part and percel of resources mismanagement in Cross River State.Furthermore, Uyonyo (2008) maintained that Donald Duke who paid less than ₦4, 000 as takes to the Lagos government in the three years preceding his contest for the governorship position of Cross River State in 1999 is currently embroiled in a ₦555 million worth property acquisition in the highbrow Ikoyi area of Lagos. No I Temple road, Ikoyi Lagos used to be the residential quarters of the chief judge of the

Federal High Court. In 2006, following the white paper of the Federal Executive council on the committee constituted by the federal government to look into the management of federal government landed property; the property was advertised for sale on interested members of the public. This is despite the fact that the property was excluded from those listed for sale. Donald Duke, a sitting governor at the time bought this property for ₦555 million while in office as governor of Cross River State. Uyonyo posited that this has been admitted by Duke in his letter to the occupier of the said property in March 2008. It is clear to any discerning mind that Duke acquired this property from the proceeds of the fraud and money laundering from the Cross River State account.

Equally, a luxury apartment, 9A, Gerard Road, Ikoyi has also been traced to Duke. The property is a high-rise luxury flat currently rented to some multinational oil firms. Agbor (2007) said it has been built from funds embezzled from Cross River State.When the transpancy international challenged the acquisition of these property at the Federal High Court,Calabar, the then governor did not deny the allegation but rather ask the court a in counter application to dismiss the case for lack of merit. (Case file Federal High Court, Calabar 2008).

7.5 Privatisation of Public Enterprises

In many countries of the world, the public service as a matter of experience has not been known for their capacity to create wealth. Consequently, public enterprises are usually being perceived as drain pipes of government budget, thus, creating budgetary strains and avoidable burden on the economy. It became a national policy imperative therefore, to disengage the public sector from those areas where private sector has a comparative advantage

to perform, while letting the state concern itself with the provision of infrastructure, security and the enabling environment for business to thrive through enhanced wealth creation, Onu (2005). In developing economies like Nigeria, it was perhaps unavoidable for the government in an earlier epoch to promote the initial investment in the early phase of national development when the private sector was almost non-existent.

Privatization of public enterprises is not a novelty in Nigeria. Indeed, privatization was a key element of Structural Adjustment Program adopted by the Nigerian government in 1986 to stabilize the economy and position it for sustainable growth. It involved the transfer of asset from the state to the private sector. In other words, it entails change of ownership from public to private hands. It is along this subsisting line of thought that the government of Cross River State observed that some aspect of the activities were best suited for the private sector domain. What came out of this thinking are the many questions associated with the process of privatization in Cross River State-that is, which get what when and how. This is because the government through it CR-SEED document maintained that the issue of mismanagement and under utilization which led to huge wastage of resources and man power potentials gave the government no other option but to pursue a privatization program. But did the government keep to its promise of avoiding wastage by keeping to transparent process of privatization? The following enterprises were slated for privatization: Calabar Cement Company, Serom Wood, Metropolitan Hotel, Cross River State Limited, Calabar Veneer and Plywood, Cross Line, Meat Process Factory, Equity and Investment Company, Urban Rubber Estate, Poly Rubber Industries, Niger Mills, SME Farms and Four Oil Palm Estate at Oban, Ibiae, and Calaro and Nsadop Ltd.

Though, privatization was carried out at the national level, it became Partisan politics in

Cross River State. In a similar circumstance, privatizing key state industries were politicized and in absolute secrecy as political and economic powers were centralized (we have discuss this earlier). Before now, government has targeted all state enterprises to be commercialized or privatized by the end of 2006 and by so doing stop subvention to these enterprises within the same period. The then chairman of Nigeria Labour Congress makes assertion to the politics of privatization in the state. He informed the researcher that the government critical interest in some of the enterprise make nonsense of the entire exercise.

> *The whole process of privatizing government enterprises in the state makes nonsense of the actual purpose. The first step from the government was to give the impression that these industries were no longer functioning and needed to be sold. Secondly, those whose interests were vested in the deal devalue the industries and rendered them useless in order to reduce their prices.*

Laying credence to this fact, the NUT chairmen commented on the sales and see it as a calculated attempt by the government to appropriate public resources to private hands. One of the fundamental questions raised by the chairman was the procedure for the sale of these industries. He claimed that the process was corrupt, public awareness was not considered, competition through bidding was not generally allowed, the middle class and small scale business people were not in the picture of the game. His argument went further to buttress that major enterprise like the Calabar Cement Company were sold to bidders that government leaders have substantial interest, or are major share holders. Other major industries like Metropolitan Hotels which housed over 600 rooms with modern facilities were sold in questionable circumstance. In our contact with the manager of the Hotel for comment on the ownership of the Hotel, he responded this way:

> *This Hotel is owned and managed by a recognized company known world wide. It is not an individual businessagain.It does not belong to the state again.Does it matter who owns it? What I think is important is the functioning of the hotel.*

But one of the staff reliable informed the researcher that the property is linked to the former governor's family. At the moment, some of the industries like meat processing industry in Obudu Local Government Area is not functional defeating the essence of the entire exercise.

Before the privatization process commences, the state established a council on privatization to facilitate the process. Also the Cross River State Chamber of Commerce Mines and Industries and Agriculture was said to be deeply involved and strengthened and to play leading roles in the privatization agenda. This also implies that any business done in the process will mean involving this body. But the former state president of NACCIMA told the researcher in an interview that the intension of government was laudable, but the full commitment of stake holders in the business faulted the exercise. His submission is summarized below:

> *The business of privatization is a serious one involving all relevant stakeholders. Also there must be sincerity in the part of government in doing this. The moment stakeholders refuse to act responsible, then transparency and accountability is lostThis was what questioned the credibility of the privitazation agenda in the state.*

We have mentioned earlier, some key industries that were itemized for privatization included the Metropolitan Hotel and Calabar Cement Company (Calcemco). The process through which the cement company was sold requires some briefs on the company. The Calabar Cement Company (Calcemco) was jointly owned by the Federal and State Governments in equity ratio of 40/50 percent. It was established in 1964 with two lines and a total production capacity of 400,000 metro tons of cement annually. The company was ravaged during the civil war with the assistance of the federal government, Calcemco, was

resuscitated after the war. Between 1980 and 1992, the company's operation was limestone quarry at Mfamosing was re-assigned to Delta State Company for use in Steel production, Utande (2004).

With this availability of resources which would aid production by the company, the then governor insisted on selling the company possibly to his personal interest. Goodwill Company, a consultancy firm charged with the responsibility of managing Calcemco, in a suit No. FHA/CA/CS/06/2004 against the government of Cross River State in liquidation of Calcemco. According to the case filed, the liquidation of Calabar Cement Company was the high point in Governor Duke's personal interest in the affair of Calcemco. He lined up his well known business associate and friends to bid for it. (Though this bidding was a mere ceremony since the government intension was already known) One bidder offered to pay the sum of ₦1.04 billion, his personal friend bidded for a paltry sum of ₦100 million only which the governemmmnt accepted as the preferred price, a clear difference of over ₦900 million only. Dr. E. A. Utande, the then managing Director of the company make a very clear submission;

> *The intention of the governor in the privatization of the cement company were very clear, otherwise how can anybody justify such an absolute ridiculous offer. The sum of ₦100 million may be a fair price for a garri processing plant but certainly not a cement company with such invaluable physical assets include Mfarmosing quarry, plants, machineries, private getty, grounds adjoining Calabar River that command the most scenic part of the state capital.*

Laying credence to the position of the Dr. Utande, the then production manager Dr. Offiong asserted that the process through which Calcemco was liquidated, give a danger signal in which public property were sold in the state. He attributed the process to the height of corruption summarised below:

> *Corruption can come in different form. The one witnessed in Cross River State during the then governor Donald Duke was in form of selling public property to vested interest. Calcemco was sold in a highly corrupt manner and that is why I supported the idea of challenging the sales in a law court". Due process was not followed the public should know what happened to their property at any point in time. We are still in court challenging the reversal of the sale.*

Under the guise of privatization and the powers of the governor to hold land in thrust for the people, the Cross River State governor act in several unconstitutional ways to perpetuate themselves in power and become more relevant to the national political game. For example the then governor Donald Duke donated without corganiance to the Cross River people thousand of hectares of fertile plots of land to the Obasanjo farms in Akpabuyo Local Government Area. This donation though unconstitutional, was seen by the then president as a way of showing love to a president who has done so well for his people. The researcher visited the farm proved to be correct as the said farm has already taken up with large cash crops in existence. Unfortunately, this area was refused indigenes of Bakassi who were looking for an arena for their resettlement after the judgment of the International Court of Justice on Bakassi Peninsula. This act and many others compel the then president to see nothing wrong in handling of state matters by the then governor.The relationship between the former president and his godson,Donald Duke became so cordial that the chairman of RMAFC,Hammman Tukur disclosed to the House of Representative probing the power sector that president Obasanjo once commissioned an empty site as a power station during the administration of Donald Duke and when the sitting governor,Lyel Imoke was minister of power and Steel,Daily Trust(2008).This is the reason why Imoke was promoted to the governorship position apparently to shield, him from prosecution for the fraud that took place in the ministry of power and steel,National Daily (2008).

On charges of corruption, when Nuhu Ribadu appeared before the Senate in 2006, he told the bewildered senators and the nation that thirty one state governors were corrupt. The only governor who supposedly, did not have any case of corruption hanging over his neck in the entire country was Donald Duke, earning him the sobriquet "Mr. Clean". According to Uyonyo (2008) it was not only Ribadu who provided a platform for Duke to be praised. Robert Guest in his book "The Shackled Continent" described him as one of the country most effective governor. Guest probaly must have concluded this remark on his visit to Calabar and Obudu Cattle Ranch but did not find time to ask about the well being of the people and how governance was operated in the state He could have seen that surrounding villages in the Ranch Resort still live in abject poverty without water, primary health centre, access road and diseases.However, what Ribadu did not tell the senators was that Duke was his room mate and coursemate in the Law faculty of the Ahmadu Bello University, Zaria who still have unanswered questions about his certificate, which he claimed to have lost when asked to tender them at the election petition tribunals. In the election petition tribunal sitting in Calabar, Ambassador Akpang Obi Odu a candidate of the National Democratic Party (NDP) for the governorship elections filed a petition, CA/C/CRS/EPA/GOV/32/04 against the incumbent Governor Donald Duke challenging his certificate claims, (NWLR, 2006). At the instance of the appellant the tribunal issued a subpoena (a subpoena is a court process initiated by a party in litigation compelling the production of certain specific documents and other items materials and relevant to facts in issue in a pending judicial proceedings which documents and items are in the custody and control of the person or body served with the process) to governor Donald Duke ordering him to produce his certificate including his Bachelor of Law (LLB) degree certificate-Law (BL) certificate from Nigeria Law school,

Lagos call to Bar Certificate also from the Nigerian Law school, and Master of Law (LLM) degree Certificate from University of Pennsylvania, USA. What was surprising was his refusal to tender these documents to the court but rather filed a motion on March 16, 2004 seeking an order setting aside the subpoena issue on him. The ground of his application is that the subpoena was applied for in utmost bad faith, that the subpoena was applied for and issued to embarrass or ridicule him. In a frantic effort to defend the said certificate a lot of human and financial resources were expended to pursue the case. The Cross River State chapter of Transparency International filed a petition in the Federal High Court Calabar, FHA/C/CRS/142/04, challenging the mismanagement of the state resources by the then governor in pursuing personal cases in court, insisting that millions of tax payers resources were wasted by the government for personal interest. According to the report and petition in 2004, the governor through his executive power use state funds amounting to 128 million at various instance to bribe and intimate lawyers and opposition politicians (Transparency International, CRS 2004). In the course of this, many lawyers and politicians lost their lives in the certificate scandals of the former governor. Notable among them was a clergy man Rev.Fr Offiong who was drowns in a River in Calabar on the **eve** of the day he was to appear in court to testify on the content of Duke's certificates which was claimed to have been written in Latin. Also Barristers Joekef Ashifel a leading lawyer challenging the certificate of the then governor was a victim of brutality by that regime. In fact, a chieftain of the PDP, a former state executive of the party captured the state of governance like this:

> *We lived under a democratic brutality, a government which has little or no respect for humans. The government responded aggressively to any little provocation but we thank God we are out of it.*

He went further to explain his opinion why the then governor had little or no problems with the national power claiming that the governor is a smart player. Firstly, to him, was the personalization of power and created an atmosphere of fear and terror, but still continue to give the impression that all was well with Cross River State.The Global Excellence magazine published a story on Tuesday May 11th-17th 2004 with the caption "Governor Donald Duke in a Messy Certificate Scandal". The paper equally gave an account of how the governor lied about his certificate and insisted that it was not true about the certificate the governor claimed to have had. In a quick reaction, the governor filed a case in the Federal High Court Calabar, claiming ₦5billion against the magazine for libel published about him. The case ended in Supreme Court, presided by Justice Niki Tobi dismissing the case on the ground that the 1999 constitution in section 308 gave immunity to the governor, Therefore he cannot sue and be sued. At the expiration of the tenure of the governor in office, there is no evidence to prove the continuation of the case, (NWLR, 2007).At the end of these cases, the then governor expended about five hundred million naira to fund court cases, (Transpency Internatinal Cross River State chapter, 2007)

7.6 Governance in Cross River State

The researcher observed in the course of the research that political and economic powers in Cross River State rest overwhelmingly in the hands of its governor. This basic fact is starkly reflected in the enormous proportion of state revenue available to the governor to spend at his discretion, and the financial neglects accorded to other sector of the economy. Cross River State is by no means unique in this regards. One of the senior staff in the state Accountant-General office confirmed to me that; *State and Local Government Revenue*

generally passes through the hands of the governor or ministry of Local Government Affairs".

The centralization of state revenue in the hand of a single office-holder, with its commensurate political and economic power, discourages state government from being accountable for its spending. It also tends to undermine any pretense of effective oversight, allows for tremendous secrecy in the conduct of government business and thereby fuels the problem of corruption in the state. This centralization of political and economic power rendered the State House of Assembly ineffective, redundant and incapable of performing their oversight functions. One former State House of Assembly member described the level inefficiency on the part of performing legislative duties as a creation of executive domination. He clearly states that the administration of Donald Duke centralized all the powers and legislative business became a mere ritual. Those who asked questions on certain issues on resource allocation and utilization became victims of state policies.

> *I am a victim of opposition. I am a victim of requesting accountability to our people, a victim of the fact that I say let the people of Cross River State know where their resources are invested and who is benefiting. I thank God am alive other like me have been killed and their where about unknown.*

Another former member representing Ogoja is also of the opinion that the governor of Cross River State centralized all the power because of his role as a leader of the party in the state. The constitution of the People Democratic Party (PDP) provides that the governor of the state is the leader of the party in the state, while the president of Nigeria is the leader of the party at the national level. The provision was maximally used by the governor to control all the relevant powers. During the period (2003-2007) Cross River State was a one party government, not one seat in the State House of Assembly was occupied by a member of the opposition party-there are no elected officials to demand let alone ensures accountability. It

was extremely difficult for anybody including the legislators to demand for accountability in the utilization of the state resources.

Because of the centralization of power on a single office holder, the expenditure of the public office resources are kept in secrecy.According to Mathias Okoi (2008) the then governor misappropriated the sum of ₦1 billion allocated for the resettlement of the people of Bakassi affected by the Green Tree agreement between Nigeria and Cameroun as more than ₦2 billion awarded in a case instituted by the Cross River State over the ownership of some oil wells from the confers of the state. From the manner government business were carried out, it suggest in practice that state funds were treated as closely guarded state thereby defeating the ideals and practice of Federalism.

7.7 Summary of Research Findings

The research is basically on resource allocation and the problem of utilization in Nigeria, an analysis of resource utilization in Cross River State,1999-2007.To make the research more objective and empirical,the central objectives of the study were addressed.The first major objective is to examine the character of fiscal federalism in Nigeria:the findings revealed that the issue of fiscal federalism in Nigeria is based on a strong center and weak federating units that is, the States and Local Governments..The political history of revenue allocation in Nigeria on this study clearly shows that the central government has always been favored in the allocation of resources from the Federation accounts.This is typical of all the revenue allocation commissions and reports that have been instituted in Nigeria since the 1950s.According to some of the reports,the Central Government is often given between 50-58% of the total revenue generated while the other federating units shares the rest.In fact,

many of the commissions have tended to reasoned that the Federal Government has more responsibilities than the subordinate units (See pie chat in chapter two).This unfortunate revenue formula for the states,has renewed the call for true federalism, the Resource Control agitations, National Conference etc which are part of the National Question in Nigeria.Based on the current realities, the researcher is of the views that the revenue formula in Nigeria as presently constituted may not be responsible for the underdevelopment of the states,but efficient and effective utilization of resources.Available facts from Cross River State have demonstrated a weak and poor governing structure in resource utilization and not inadequate resources. Therefore, these agitations for the review of revenue formula to favour the states are unnecessary and unjustifiable.Again, it is difficult to establish any well known federation where states control a major share of the central revenue.

Secondly, the objectives on to investigate the place of resource allocation and utilization in Cross River State and to examine the problems and prospects of efficient resource allocation and utilization in Nigeria particularly in CrossRiver State; the research revealed that despite the huge resources that was generated by the Cross River State Government during the period under studied, there were a lot of fiscal indicipline in the allocation and utilization of resources to the different sectors of the economy.In fact,the ruling political elites in Cross River State administered the resources of the state through contracts awards and other social benefits to their own advantage and to the deriment of the people.Evidence from both primary and secondary sources as it relates to resource utilization showed lack of correlation between revenue allocated to projects and actual implementation.The researcher concluded by arguing that there was a gross malutilization of resources in Cross River State between 1999-2007. Furthermore, the lack of a clear fiscal

policy that guarded the practice of resource utilization was said to be responsible for bad governance. In fact, the incumbent governor of the State summarises the state of governance when he noted that present Cross River State has strength the regulatory institutions that are responsible for ensuring that state resources are effectively used for the good of the people.Therefor, the researcher has concluded that the level of resource allocation and utilization in Cross River State and by extension Nigeria, has not fulfill the ideals of fiscal responsibility and efficiency.

Since the assumptions were derived from the objectives, it therefore, clear that the research assumptions have been answered. Firstly, the research has demonstrated fiscal indicipline and impropriety especially at the state level are at the root of the crisis of federalism in Ngeria. A careful analysis of the annual budgets income generation and actual projects implementation in Cross River State has indicated that fiscal indicipline is responsible for an inefficient and ineffective utilization of resources. From the various tables and figures presented in the study, it is evidently clear that the basic problem of Nigeria is resource misallocation and malutilization and not revenue formula.For example, the study revealed that Cross River State in the various years studied, has surplus financial flow than the annual budget estimate.

The second assumption which is on the lack of efficient revenue allocation and utilization meachnism and practice as being the bane of governance in Cross River State.The assumption is confirmed to be true because it is evident that the meachnism or institutions responsilble for the monitoring and evaluation of efficient revenue allocation and utilization were weak,ineffective and not independent in Cross River State.For instance before 2007,the Tender Board was not strengthern to enhance the procedures for regulating the award of

government contracts.Equally,the Due Process Office in the State that regulate and enforce fiscal decipline in the award of contracts so weak and almost in non existence. These were confirmed by some of the state officials in the departments, as they have little or no knowledge in the advertistment of contracts bidding, award and payment eventhough, it is their responsibility to do so.This also re-emphasized the earlier argument that the political elites are at the center of governance in Nigeria and directly benefit from state resources to the detriment of the people.

Finally, fiscal responsibility remained a necessary requirement for good governance in Nigeria.It is only when government leaders allocate and utilize public resources to projects that benefit the people that development will get to the people,otherwise,Nigerians will continue to live in abject poverty.

CHAPTER EIGHT

SUMMARY, CONCLUSION AND RECOMMENDATION

8.1 Summary

The research is an analysis of resource allocation and utilization in Nigeria but using Cross River State as case study. The main objective of the research was to examine revenue allocation to Cross River State between 1999-2007 and analyze how this revenue was utilized in some key sectors of the state economy. The idea is to establish the relationship between revenue generation and expenditure within the context of Nigeria federation.

The data gathered and interpreted revealed that majority of the resources generated in Cross River State within the period under-review were misallocated and malutilized. Oral interview were conducted and opinions of relevant stakeholder brought to bear in the analysis of the issues. Majority of those interviewed (75%) especially those outside governmental power like opposition political parties and Non-Governmental Organization (NGO's) agreed to the fact that there existed a deliberate misapplication of state resources to venture or areas that have no direct benefit to the citizenry,implying that the problem of Cross River State is not inadequate resources but fiscal decipline. Many of the developmental projects initiated by the state government were first, to benefit the few political elites and their interest either within or outside the state. These projects require billions of naira which often are paid without recourse to procedures and guided regulations. This stem from the fact that at any point the government becomes interested in a particular project, much efforts are geared towards the release of funds for execution of the projects. Various tables and figures in the previous chapters have confirmed this.

The study also revealed that the lack of certain mechanism like the department of tender Board and due Process office in the advertisement, award, execution and monitoring of public contracts portray the government as being corrupt and wasteful. The study equally revealed that during that administration, the relationship between the public servants and the government was hostile. This was demonstrated through the incessant industrial actions especially from the National Union of Teachers including the state owned university, Cross River University of Technology.

Basic assumptions were raised and tested and the result revealed that the problem of Nigeria as exemplified in Cross River State is inefficient resource utilization and is the root cause of fiscal crisis in Nigerian federalism. Equally, corruption by the ruling political elites is responsible for the under development of Cross River State and many parts of Nigeria. This also situates the usefulness of the choice of elite's theory as the bases for the explanation of the problem. The Cross River State people still continue to live in abject poverty despite huge resources generated because of bad governance. The administration of Donald Duke was too cosmetic, elitist as demonstrated in areas like Calabar Carnival, beauty competitions etc. The implication is that people are forced to live a certain life style which is not commensurate with their income.

The foregoing discussions justified the use of elite's theory for this study. The elites theory suggest that there is a small political class that dictate, determined and control political power whether such power is economic, political, social or cultural. It also suggest how these powers are distributed, that is to confirm Laswel, "who get what, when and how". The politics of resource allocation and utilization in Nigeria is purely an elitist business. The elites through the support of bureaucratic process and executive advantage are responsible for the

management of public resources in Nigeria, which in many cases is to their benefits. Even the EFCC, through its former chairman Nuhu Ribadu cast the state of governance in the Niger Delta: "The elite in the Niger Delta is the richest segment of the Nigerian population but this has not translated into health, education or infrastructure….. Resources that go into the Niger Delta are just going to feed the pattern of corruption – It is going to complete waste and corruption". Cross River State is in the Niger Delta and vividly represents Rabadu's position.

8.2 Conclusion

We conclude that from the findings based on field survey and documentary analysis, there was misallocation and malutilization of resources by the Cross River State Government under the period studied. This is because of the fact that there was no correlation between budget estimates income generation and actual implementation on projects. This was captured clearly from the field survey and audited financial reports in the various years. This therefore means that there is no justification or rationale either by the states in the Niger Delta or any part of Nigeria to agitate for resource control or similar matter.This is because an examination of revenue utilization in Cross River State is an indicative of the consistent manipulation of state resources to the advantage of the political elites. It is purely a problem of resource misallocation and underutilization. The problem of Nigeria particularly in Cross River State is not that of resource control as being agitated but purely that of corruption resulting from mismanagement in public funding. This is principally because over 75% of government business was conducted with corrupt tendencies. This was the case in the privatization of public enterprises, neglect of key sectors like agriculture, health, public utilities and works. There was also administrative corruption in Cross River State which involves changing or

altering the implementation of existing laws, rules and regulations to provide advantages to either state or non-state actors as a result of the illicit and non transparent provision of private gain to public officials.

From the budget of the State,the recurrent expenditure which include overhead cost and personnel cost has created an opportunity for a few political elites to use the resources of the state to maintain their personel hygine to the detriment of the people.The state annual budget in the various years represent a total of 70% recurrent and 30% for the capital expenditure.This implies that the cost of governace in Nigeria is centred on recurrent expenditure than the capital which is gear towards the development of the economy.

Despite the fact that a vast increase in State and Local revenue have continued to move into those areas, poverty and crime is still on the increase. The single most important reason is that a large proportion of this revenue continues to be lost to corruption. The reason for the fewer searches light to the activities of Cross River State has already been discussed in the work. Finally, no matter how much is allocated to a state, if the political will with a minded corrupt practice is allowed as was the case in Cross River State, development will continue to elude the people.The state policy on revenue generation internally is weaken by the inability of the government to concentrate on areas that will boast the resource base of the state,Instead of overdependent on Federation Allocation and an unfriendly tax system from civil servants,its more productive to engage in agriculture which will create employment and reduce poverty.

8.3 Recommendations

This study will be incomplete without making necessary recommendations that will promote fiscal decipline and responsibility in public sector as was seen in Cross River State.

The study revealed that there has been over dependence on the Federation Allocation as a source of revenue generation to the State. A situation where over 80% of the revenue is generated through external sources is unhealthy for the economy of the State. It is strongly recommended that the Cross River State government should improve the Internally Generated Revenue through investing more capital into agriculture to boast areas like Cocoa production, Castor seeds, Bee farming, Pineapple and Oil palm which will become sources of income generation and employs a large proportion of the people.

Secondly, corruption should be fought and drastically reduced. This should be done through a transparent process of advertising and awarding public contracts. Therefore, the Department of Tender Board and Due process Office should be reinvigorated and given some independence in the discharge of its duties.

Thirdly, some of the policies which are harsh and unprogressive should be revisited and reviewed in order to accommodate the ordinary citizens. Policies on taxation (high tax with low income) privatization of Metropolitan Hotels and Calabar Cement Company, Obudu cattle ranch etc which allows few individuals to buy and own public property should be reverted.

Fourthly, there should be more budgetary allocation and implementation in key sectors like education, health, agriculture public utilities and work rather than spending more revenue on unproductive ventures like Governor's Office and Government House. Our findings have revealed a disturbing situation in these key sectors and government should concentrate more

funds into the sectors that will benefit the majority.

The electoral process should be more credible and thus will allow people choose representatives of their choice and reduce the powers of godfathers. The Cross River State House of Assembly became a rubber stamp because the governor controls almost all the functions and duties of the House. This rendered them ineffective as they could not question any policy of government. If this is done, the powers of the godfathers will be drastically reduced.

Finally, it is recommended that the Due Process office should be a question of law and should be complied with by all institutions of government.This will allow for a more transparent, effective and acccountable conduct of government activities, thereby reduce corruption through the process of resource misallocation and malutilization which were an integral part of State administration in Cross River State.

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APPENDIX 1

LIST OF PEOPLE INTERVIEWED WITH DATE

1. Former Secretary, Cross River State Tender Board 1998-2006 -23/12/2010
2. Fomer General Manager, Cross River State Water Board-23/12/2010
3. Former Commissioner for Works 1999-2003----------24/12/2010
4. Ntufam Cocoa Bassey Pius, Former Director, Fertilizer, Ministry of Agriculture.-28/12/2010
5. President, Cross River State Nigeria Farmer Association.—2/1/2011
6. Former chairman, Obudu, Local Government Association 1999-2003.—24/12/2010
7. Former Member House of Representative (representing Obudu, Bekwarra and Obanliku 1999-2003).—25/12/2010
8. Commissioner for Works, 2004-2007---3/1/2011.
9. Cletus Obun, Former Member Cross River House of Assembly 1999-2003—16/5/2011
10. Ntufam Joseph Eyong – Contractor. –17/5/2011
11. Duty Manager Administration, TINAPA Resort -17/5/2011
12. State Chairman, Nigeria Labour Congress --18/5/2011
13. Former Chairman Yala Local Government Area 2003-2006.—23/1/2011
14. Lyel Imoke, Governor, Cross River State, 2007 to date—17/5/2011
15. Former Commissioner for Finance, 2005-2007—19-5/2011
16. Former Director General, Cross River State Ecological Agencies -18/5/2011
17. Chairman, Etung Local Government Area 2007-2010—17/5/2011
18. Comarade, Bassey Okon, State Chairman, NUT---19/5/2011
19. Former Chairman, ASUU, CRUTECH Chapter, 2005-2007—18/5/2011

20. Senior Health Worker, Atu Primary Health Centre, Akankpa14/5/2011

21. Former Director State Pension Board Calabar 1999-2005---24/5/2011

22. Orok Duke, Member State House of Assembly 1999-2007---2/4/2010

23. Generl Manager, Metropolitan Hotels, Calabar 4/4/2010

24. Former president, NACCIMA, Cross River State Chapter—5/4/2010

25. Dr. E. A. Utander, Former Managing Director CALCEMCO 1998-2006—5/4/2010

26. Dr. Offiong, Former Production Manager, CALCEMCO—6/4/2010

27. Barr. Jocket Asfifel, Lawyer.12/4/2010

28. Former State Auditor General, 1999-2003---23/5/2010

APPENDIX 2

INCOME FOR THE 2000

FEDERATION ALLOCATION

January	**February**	**March**	**April**	**May**	**June**
384,560,303.69	453,554,306.67	342,307,894.73	404,218,870.28	470,723,660.38	671,338,581.35
July	**August**	**September**	**October**	**November**	**December**
581,818,842.32	503,858,185.72	568,634,663.79	749,175,262.44	660,341,281.40	569,684,297.80
				Total	**6,360,207,144.657**
VALUE ADDED TAX					
January	**February**	**March**	**April**	**May**	**June**
36,514,983.95	52,695,960.54	47,779,108.23	45,373,275.96	56,226,284.82	49,569,472.83
July	**August**	**September**	**October**	**November**	**December**
43,418,270.47	65,712,326.39	55,020,197.58	49,707,068.05	51,717,608.07	56,418,615.12
				Total	**5,605,833,694.506**
ALLOCATION OF 13% DERIVATION FUND					
January	**February**	**March**	**April**	**May**	**June**
10,525.74	12,720.49	87,854.84	95,388.99	114,035.81	175,525.42
July	**August**	**September**	**October**	**November**	**December**
175,525.42	143,573.19	114,842.01	193,572.93	193,572.93	134,688.07
				Total	**1,276,300.420**
CRUDE OIL EXCESS PROCEED					
January	**February**	**March**	**April**	**May**	**June**
77,771,467.90	181,210,915.93	150,238,043.75	200,693,236.81	Nil	Nil
July	**August**	**September**	**October**	**November**	**December**
151,502,423.33	Nil	Nil	74,925,893.18 Contribution from Federal Reserve	Nil	411,434,695.68
				Total	**1,247,777,766,76.00**
Source;Office of AGF,Abuja					

TOTAL #14,490,119,025.91

Appendix 3

FEDERATION ALLOCATIONS TO LOCAL GOVERNMENT COUNCILS

LGC	January	February	March	April	May	June
Abi	10,817,566.25	16,605,142.93	14,835,231.56	19,036,129.70	13,377,448.74	20,335,897.36
Akamkpa	15,943,069.29	24,105,038.12	21,720,505.06	27,096,000.55	20,506,002.63	30,574,147.36
Akpabuyo	13,777,576.67	20,163,018.40	18,237,435.56	22,860,938.06	17,858,568.59	25,563,539.58
Bakassi	13,619,114.04	19,277,128.34	17,539,773.19	21,624,938.08	17,262,907.74	24,012,401.55
Bekwarra	13,096,284.14	19,529,279.31	17,583,457.01	22,247,724.20	17,204,522.41	24,981,135.54
Biase	11,731,077.25	18,161,675.38	16,224,678.54	20,886,304.66	14,810,189.19	22,585,307.27
Boki	14,451,130.24	22,503,271.46	20,219,674.78	26,129,936.66	18,183,529.63	28,174,446.35
Cal.Munc.	12,613,633.20	20,004,491.17	17,815,389.83	23,217,645.69	17,346,822.52	26,237,867.77
Cal.South	12,668,619.77	20,093,366.43	17,895,535.47	23,217,645.69	17,421,614.86	26,358,849.50
Etung	13,283,770.23	19,415,521.52	17,557,251.82	22,026,916.50	17,186,478.91	24,627,024.50
Ikom	11,942,747,80	19,422,933.59	17,214,534.66	22,656,682.05	16,674,443.83	25,837,726.40
Obanliku	9,852,595.57	15,622,899.49	13,859,017.86	18,485,131.54	13,296,669.82	20,295,465.08
Obubra	13,175,790.29	20,838,939.30	18,561,250.92	24,117,330.64	18,045,936.13	27,369,628.46
Obudu	9,847,793.18	16,197,027.24	14,281,194.04	18,485,131.54	13,501,754.61	21,174,403.27
Odukpani	13,647,578.16	20,921,459.06	18,765,980.94	24,045,056.99	18,262,593.34	27,134,379.71
Ogoja	8,940,904.38	15,245,847.27	13,341,845.98	17,920,557.43	12,962,786.84	20,592,119.02
Yakurr	11,929,090.31	19,261,286.71	17,088,673.43	22,368,607.23	13,608,344.67	25,474,837.72
Yala	11,883,048.94	19,496,049.46	17,252,901.62	22,784,220.46	16,700,733.03	26,021,176.07
Total	**223,193,389.67**	**346,964,355.19**	**310,014,382.87**	**398,694,594.34**	**297,213,344.69**	**447,350,452.56**

LGA	July	August	September	October	November	December
Abi	22,401,882.73	10,199,418.89	11,968,412.67	20,956,720.93	19,425,353.26	12,049,916.90
Akamkpa	33,606,172.83	17,006,891.05	21,003,905.20	32,935,875.57	30,638,423.79	20,066,559.70

Akpabuyo	27,855,818.28	16,678,838.96	18,229,790.82	28,178,891.83	26,474,355.40	18,318,488.19
Bakassi	26,007,425.97	17,156,640.85	19,059,159.75	27,784,264.12	26,315,931.12	19,141,193.90
Bekwarra	27,291,462.11	15,036,490.77	17,248,708.95	27,292,772.52	25,578,623.22	17,339,320.15
Biase	24,901,069.31	9,932,159.47	12,188,733.27	22,226,443.90	20,501,387.44	12,277,364.64
Boki	31,172,570.43	12,810,073.44	15,357,118.19	28,238,585.60	25,979,098.25	15,463,531.02
Cal.Munc.	28,878,623.69	13,053,615.02	15,670,927.14	27,155,079.27	25,196,757.31	15,774,786.96
Cal.South	29,014,055.08	13,053,615.28	15,513,687.10	27,056,699.21	25,086,520.87	15,617,756.56
Etung	26,846,670.35	11,358,634.73	18,476,299.53	28,076,347.73	26,418,074.50	18,559,075.91
Ikom	28,586,812.88	11,641,010.65	13,398,202.75	25,213,095.83	18,151,236.83	8,506,188.09
Obanliku	22,383,683.03	8,012,181.55	9,738,643.28	18,771,351.66	17,211,507.96	9,817,197.48
Obubra	30,156,349.41	11,137,600.38	13,988,207.78	26,007,818.52	23,920,591.40	14,081,245.23
Obudu	23,458,962.66	6,727,118.01	8,791,991.45	18,697,926.91	16,996,910.23	8,879,082.04
Odukpani	29,789,631.35	14,779,507.38	17,183,861.75	28,527,707.77	26,634,767.33	17,280,703.39
Ogoja	22,865,484.17	7,382,651.40	8,508,896.79	18,367,626.78	16,662,957.96	8,595,524.39
Yakurr	28,115,869.48	12,035,911.37	14,532,964.33	26,001,485.51	24,033,882.41	14,655,966.03
Yala	28,816,500.66	10,822,178.45	13,532,231.37	25,550,448.57	23,445,650.38	13,632,037.17
Total	**492,149,072.13**	**223,786,338.27**	**264,403,702.12**	**457,129,142.58**	**418,672,029.67**	**260,056,167.19**
					Total	**4,138,626,970.28**

Source: Office of AGF, Abuja

Appendix 4

INTERNALLY GENERATED REVENUE

Description		**Revenue Generated**
Taxes	-	286,256,672.82
Fines and Fees	-	107,370,842.65
Licenses	-	5,682,173.33
Earnings and Sales	-	10,050,152.00
Rent on Govt. Properties	-	4,421,216.67
Interest Repayment	-	3,725,124.24
Re imbursement	-	80,546,008.68
Miscellaneous	-	122,724,217.80
Total	**-**	**620,776,408.19**

CAPITAL RECIEPT

Transfer from consolidated Rev. Fund	**636,646,448.51**
External Loans	nil
Internal Banks Loans	4,100,000.00
Grants	169,737,762.30
Others (including UNDP/UNICEF assisted	
Programs and proceeds from leased estate)	2,087,695,193.47
Total	6,994,079,404.28

Sources: Office of the Auditor General, C.R.S.

The final figures from both allocations to the State and Local Governments, loans from banks and internally generated revenue for this fiscal year estimated at twenty five billion, six hundred and fourteen million, eight hundred and fifty five thousand, nine hundred and twelve naria, and forty seven kobo. (25,614,855,912.47)

Appendix 5

INCOME FOR 2002

FEDERATION ALLOCATION

Jan	**Feb**	**March**	**April**	**May**	**June**
224,600,066,64	229,297,326.80	412,890,691.07	442,531,495.12	450,585,389.21	427,777,856.25
July	**August**	**September**	**October**	**November**	**December**
629,142,354.04	481,726,259.68	432,422,852.96	503,521,821.27	503,821,821.27	474,341,018.83
				Total	5,212,658,953
VALUE ADDED TAX					
Jan	**Feb**	**March**	**April**	**May**	**June**
79,947,242.07	77,855,085.92	100,246,030.47	92,168,069.85	75,932,976.18	106,572,312.80
July	**August**	**September**	**October**	**November**	**December**
140,948,044.40	102,691,126.88	95,814,889.90	92,337,056.32	87,828,801.63	56,790,526.01
				Total	1,152,887,763
EXCEED FROM CRUDE OIL					
Jan	**Feb**	**March**	**April**	**May**	**June**
125,982,585.58	125,982,585.06	14,350,617.35	Nil	66,246,885.88	62,901,781.34
July	**August**	**September**	**October**	**November**	**December**
Nil	426,194,823.59	398,324,055.14	470,998,728.37	70,601,388.14	Nil
				Total	1,827,836,669
ALLOCATION OF 13% DERIVATION FUND					
Jan	**Feb**	**March**	**April**	**May**	**June**
125,169.75	111,587.71	97,253,411.41	87,433,537.52	87,433,537.52	109.520,179.80
July	**August**	**September**	**October**	**November**	**December**
100,002,368.07	99,922,592.53	113,097,581.95	116,450,552.43	115,136,154.87	119,398,721.25
				Total	1,045,885,395

Total 9,239,268,780

There above figures shows a reduction in allocation to the state in 2002 as a result of the fall in oil price in the international market.

Appendix 6

FEDERATION ALLOCATION TO LOCAL GOVERNMENT COUNCILS

LGC	Jan	Feb	March	April	May	June
Abi	11,396,153.03	11,319,072.79	27,388,077.60	21,646,933.47	39,169,399.11	32,329,534.34
Akamkpa	18,018,863.86	18,195,317.44	37,290,977.60	29,383,116.38	53,902,409.45	44,140,176.89
Akpabuyo	17,903,974.08	18,036,773.03	30,180.169.34	23,851,112.49	43,240,937.60	36,646,933.67
Bakassi	16,390,862.25	15,578,501.85	23,051,143.39	18,168,774.15	33,221,481.74	27,274,915.79
Bekwara	12,456,761.32	12,574,433.87	25,281,264.62	19,987,827.90	36,151,846.09	29,850,304.80
Biase	11,466,761.32	11,605,361.27	30,741,020.04	24,286,178.07	44,086,034.04	36,318,144.40
Boki	12,860,312.58	10,888,828.21	37,080,583.18	29,266,391.48	53,356,136.72	43,839,570.70
Cal Mum	13,039,728.24	13,171,712.58	32,910,058.20	26,036,871.21	47,029,258.52	38,842,459.01
Cal South	16,048,945.13	16,190,260.33	37,016,810,90	29,287,786.19	52,911,467.83	43,688,833.70
Etung	10,385,265.32	10,496,015	23,525,622.57	18,607,748.90	33,389,553.48	27,768,296.42
Ikom	7,651,093.21	7,788,025.55	33,389,798.41	26,403,031.37	47,783,271.10	39,422,884.94
Obanliku	7,457,649.73	7,583,091.04	25,734,872.51	20,322,500.37	36,921,525.87	30,411,234.39
Obubra	9,942,113.72	10,097,346.91	33,030,499.34	26,114,666.29	47,288,020.58	39,003,017.16
Obudu	5,398,082.09	5,517,147.84	27,280,889.56	21,581,218.61	38,964,431.06	32,199,051.89
Odukpani	15,124,910.67	15,266,449.36	32,822,928.71	25,933,502.60	47,073,542.69	38,775,757.94
Ogoja	10,038,669.97	10,189,805.49	33,335,629.14	26,309,633.27	47,954,066.61	39,412.020.44
Yakurr	10,411,492.42	10,545,356.80	32,610,952.57	25,791,068.46	46,645,228.59	38,498,967.31
Yala	13,672,574.78	13,833,761.35	37,763,663.20	29,814,933.03	54,296,119.88	44,637,466.75
Total	218,456,396.01	218,799,270.34	560,426,954.20	442,793,283.38	803,586,728.95	662,059,569.96

LGC	July	Aug	Sept	Oct	Nov	Dec
Abi	31,707,173.62	43,785,465.73	45,012,879.85	49,787,591.13	33,934,397.16	31,800.591.37
Akamkpa	43,012,676.22	60,129,678.50	61,897,090.33	68,570.148.55	46,548,689.37	43,479,865.15
Akpabuyo	34,928,766.45	48,320,954.04	49,687,566.13	54,970,228.05	37,448,717.97	35,078,595.71
Bakassi	26,621,851.29	37,086,962.36	38,150,129.23	42,247,752.36	28,690,201.27	26,815,567.70
Bekwara	29,282,083.41	40,416,867.10	41,544,981.13	45,949,652.36	31,318,917.03	29,351,749.09
Biase	35,564,496.45	49,257,942.25	50,657,077.08	56,051,337.15	38,169,835.65	35,742,707.48
Boki	42,843,251.85	59,571,650.17	61,293,275.94	67,853,148.21	46,153,647.67	43,176,192.88
Cal Muni	38,124,324.89	52,579,002.07	54,054,698.54	59,776,038.14	40,776,209.45	38,231,172.82
Cal South	42,876,248.25	59,150,245.42	60,816,973,20	67,255,424.99	45,881,810.60	43,017,530.37
Etung	27,265,028.43	37,564,591.24	38,604,037.69	42,687,272.60	29,110,303.51	27,231,172.82
Ikom	38,659,221.89	53,407,079.49	54,914,920.37	60,740,903.44	41,409,075.00	38,806,264.16

Obanliku	29,770.695.49	41,251,121.08	42,417,968.14	46,939,292.44	31,948,229.91	29,909,057.13
Obubra	38,237,618.71	52,84,682.18	54,343,658.95	60,112,952.49	40,972,950.17	38,392,133.22
Obudu	31,611,423.81	42,849,904.22	44,783,658.95	49,521,215.32	33,776,809.53	31,669,981.24
Odukpani	37,972,404.34	52,592,415.22	54,088,911,57	59,847,813.49	40,760,034.89	38,169,984.10
Ogoja	38,521,472.57	53,544,908.87	55,086,738.62	60,980,791.46	41,477.093.57	38,802,418.42
Yahurr	37,764,313,88	52,140,522.78	53,608,830.59	59,291,796.30	40,428,545.99	37,893,165.18
Yala	43,045,252.69	60,629,933.48	62,377,687.57	69,044,848.58	46,981,934.29	43,963,143.84
Total	648,408,804.23	897,848,928.37	923,340,883.45	1,021,628,207.04	695,787,403.04	651,594,323.63
Grand Total						12,378,687,448.80

SOURCE; Office of the AGF

Appendix 7

INCOME FOR 2004

FEDERATION ALOOCATION

January	**February**	**March**	**April**	**May**	**June**
1,107,057,981.26	1,008,131,783.08	858,411,066.32	935,518,519.68	1,348,003,468.26	1,370,698,728.89
July	**August**	**September**	**October**	**November**	**December**
1,381,762,620.02	1,328,641,610.04	1,303,658,779.70	1,289,690,252.26	1,416,723,134.32	1,394,291,651.50
				Total	**13,569,296,690**
VALUE ADDED TAX					
January	**February**	**March**	**April**	**May**	**June**
111,168,128.70	141,591,001.83	148,854,170.32	136,230,854.68	120,147,458.25	134,237,097.60
July	**August**	**September**	**October**	**November**	**December**
158,902,678.44	142,525,871.0	141,542,779.49	127,907,166.62	159,718,448.87	175,143,087.01
				Total	**1,697,968,742**
ALLOCATION OF 13% DERIVATION FUND					
January	**February**	**March**	**April**	**May**	**June**
269,327,299.57	254,856,982.01	217,430,468.20	243,156,495.82	298,296,807.61	297,882,403.31

July	**August**	**September**	**October**	**November**	**December**
284,175.60	271,243,341.09	262,342,894.08	269,627,411.98	309,226,136.79	310,368,417.88
				Total	**3,288,146,833**
CRUDE OIL EXCESS PROCEED					
January	**February**	**March**	**April**	**May**	**June**
Nil	Nil	92,942,829.60	Nil	Nil	Nil
July	**August**	**September**	**October**	**November**	**December**
150,208,074.01	Nil	Nil	Nil	Nil	223,327,650.21
				Total	**466,478,553.80**
Source; Office of AGF,Abuja					

FAAC Grand Total 19,021,890,818.80

ALLOCATION TO LOCAL GOVERNMENT COUNCILS

LGC	January	February	March	April	May	June
Abi	45,656,973.39	44,309,458.98	43,238,135.26	49,340,804.24	56,955,035.91	57,169,703.60
Akamkpa	62,681,557.93	60,568,986.98	59,021,275.25	56,749,254.34	65,817,157.20	65,951,151.37
Akpabuyo	50,390,628.61	48,874,897.36	47,584,150.39	46,150,131.43	53,330,999.94	53,510,318.68
Bakassi	38,629,450.53	37,359,276.15	36,414,754.15	33,992,384.05	39,362,253.79	39,464,971.30
Bekwara	42,137,600.65	40,898,114.63	39,910,589.57	38,085,016.32	43,963,805.80	44,128,942.05
Biase	51,365,244.92	49,799,174.05	48,579,238.90	45,615,021.93	52,693,130.16	52,877,461.94
Boki	62,124,348.18	60,151,105.17	58,652,459.79	62,754,530.74	72,815,609.26	72,951,561.73
Cal Muni	54,853,712.70	53,269,458.55	51,992,497.95	49,206,329.11	56,756,815.68	56,986,536.40
Cal South	61,721,434.28	59,937,533.87	58,500,317.19	54,110,785.24	62,374,454.21	62,641,396.86
Etung	39,161,694.68	38,032,668.94	37,121,600.59	38,064,926.69	43,998,979.89	44,142,799.68
Ikom	55,712,053.22	54,069,458.55	52,762,392.80	49,440,295.82	57,047,591.79	57,270,799.71
Obanliku	42,996,761.18	41,671,988.17	40,646,750.17	38,977,813.40	45,066,207.17	45,209,101.10
Obubra	55,127,450.40	53,491,870.14	52,195,827.31	52,011,036.58	60,124,400.29	60,319,017.10
Obudu	45,438,363.82	44,128,830.20	43,071,870.79	46,196,664.22	53,458,969.52	53,611,481.18

Odukpani	54,849,784.25	53,491,876.14	51,878,873.78	48,453,873.78	55,961,022.75	56,160,996.82
Ogoja	55,829,738.11	54,058,621.37	52,712,464.85	47,400,079.28	54,766,281.95	54,953,787.51
Yakurr	54,390,739.08	52,797,627.71	51,878,873.78	42,670,025.09	49,386,051.32	49,473,064.50
Yala	63,234,455.10	64,248,251.39	59,729,357.93	55,888,177.32	64,618,262.82	64,823,053.00
Total	936,301,992.10	907,847,738.79	885,637,490.70	855,107,149.57	988,417,029.43	991,646,145.04

LGC	July	August	September	October	November	December
Abi	63,808,776.50	50,394,035.42	56,199,323.16	54,842,288.48	61,395,894.09	68,722,964.96
Akamkpa	73,537,479.62	57,898,805.74	64,749,065.92	63,271,187.13	70,709,483.90	79,176,677.47
Akpabuyo	59,717,070.18	47,121,216.43	52,584,130.73	51,330,830.99	57,439,063.49	64,298,995.82
Bakassi	44,044,591.29	34,684,010.03	38,753,093.41	39,852,228.47	42,330,643.72	47,394,573.12
Bekwara	49,269,029.02	38,891,952.06	43,373,962.19	42,327,443.83	47,387,494.47	53,043,995.82
Biase	59,015,610.69	46,578,580.52	51,967,260.61	50,723,291.42	56,778,109.76	63,558,519.33
Boki	81,321,138.13	64,021,678.81	71,615,558.14	69,990,047.16	78,112,625.31	87,467,884.27
Cal Muni	63,613,137.14	50,265,648.94	56,031,091.07	54,666,113.87	61,212,886.30	68,516,453.19
Cal South	69,926,581.72	55,286,412,39	61,604,411.93	60,092,718.32	67,323,864.83	75,352,202.04
Etung	49,272,834.53	38,859,126.41	43,371,385.90	42,341,075.87	47,378,923.31	58,315,205.08
Ikom	63,925,937.93	50,500,330.51	56,304,863.14	54,939,110.03	61,517,448.91	70,715,844.08
Obanliku	50,458,991.65	39,789,123.44	44,416,299.28	43,364,450.40	48,520,802.64	55,502,208.12
Obubra	67,302,646.45	53,104,295.15	59,272,362.09	57,865,113.77	64,729,459.51	77,954,297.10
Obudu	59,815,043.13	47,153,253.24	52,663,143.65	51,428,477.07	57,477,235.41	61,322,414.09

Odukpani	62,678,203.32	49,481,346.34	55,198,932.85	53,874,325.25	60,315,584.11	74,222,141.02
Ogoja	61,327,933.93	48,400,019.65	54,005,752.59	52,715,990.14	59,001,152.20	66,331,121.05
Yakurr	55,219,399.49	43,566,708.83	48,615,865.54	47,456,353.65	53,098,090.00	60,251,281.02
Yala	72,320,626.42	57,062,190.55	63,698,644.89	62,187,517.65	69,572,827.76	81,421,302.12
Total	1,106,580,931.15	873,058,734.46	974,423,147.08	951,268,679.33	1,064,301,589.55	1,213,668,164.02
Grand Total						11,748,258,791.22
Source; Office of AGF,Abuja						

Appendix 8

INCOME FOR 2006

FEDERATION ALLOCATION

January	**February**	**March**	**April**	**May**	**June**
1,609,689,226.22	1,760,648,629.51	2,213,199,202.06	1,365,155,842.65	1,619,625,550.99	1,495,008,307.04
July	**August**	**September**	**October**	**November**	**December**
1,417 ,011,413.18	1,589,051,131.87	1,598,729,977.44	1,665,731,563.97	1,817,625,171.56	1,431,571,947.26
				Total	19,575,047,963

VALUE ADDED TAX

January	**February**	**March**	**April**	**May**	**June**
112,416,735.62	175,992,749.41	168,180,336.62	117,907,956.97	168,675,657.10	218,032,437.60
July	**August**	**September**	**October**	**November**	**December**
189,113,868.13	228,033,924.95	353,805,397.60	204,616,702.25	203,621,413.36	216,746,740.46
				Total	2,357,143,920

SHARE FROM 13% DERIVATION

January	**February**	**March**	**April**	**May**	**June**
434,395,130.48	480,156,397.71	1,277,781,322.44	403,164,527.50	431,305,313.33	439,006,773.02
July	**August**	**September**	**October**	**November**	**December**

401,906,767.08	438,283,383.43	393,718,941.45	429,494,532.30	461,856,947.47	545,496,559.72
				Total	6,136,566,595
SHARE FROM 5 DIFFERENCE IN BUDGET					
January	**February**	**March**	**April**	**May**	**June**
Nil	Nil	502,188,516.27	533,039,804.70	Nil	2,269,059,779.49
July	**August**	**September**	**October**	**November**	**December**
1,722,105,961.83	1,936,641,378.92	2,883,568,054.95	2,016,103,604.31	1,788,301,208.09	3,982,100,524.13
				Total	14,328,820,732
SHARE FROM CRUDE OIL PROCEED					
January	**February**	**March**	**April**	**May**	**June**
NIL	NIL	2,269,059,779.49	NIL	NIL	NIL
July	**August**	**September**	**October**	**November**	**December**
1,606,125,281.32	1,817,085,056.96	4,221,595,154.53	1,870,348,266.23	2,021,246,584.98	1,648,318,687.72
				Total	15,454,278,811

Total 57,851,858,021

Appendix 9

ALLOCATION TO LOCAL GOVERNMENT COUNCILS

LGC	January	February	March	April	May	June
Abi	62,304,343.93	72,476,176.60	73,428,288.34	73,499,975.50	68,540,666.86	136,310,205.17
Akamkpa	92,178,320.16	82,996,417.30	84,175,280.72	84,682,417.74	78,445,438.92	158,136,690.75
Akpabuyo	58,365,071.75	67,847,629.45	68,755,946.74	68,907,320.45	64,171,634.81	127,754,486.27
Bakassi	43,116,357.18	50,006,044.06	50,700,076.30	50,934,131.84	47,322,217.92	94,485,857.22
Bekwara	48,085,657.37	55,607,836.43	56,345,942.68	56,412,507.40	52,592,928.29	105,243,776.01
Biase	57,671,822.77	66,966,543.06	67,856,548.93	67,979,947.34	63,333,922.43	126,210,606.47
Boki	79,754,358.83	92,360,732.21	93,700,541.40	94,301,524.79	87,324,159.72	174,880,875.81
Cal Muni	62,063,047.85	72,188,724.94	73,125,367.61	73,137,245.25	68,265,546.33	135,743,357.77
Cal South	68,213,743.76	79,452,538.59	80,465,625.28	80,420,633.60	75,127,886.13	149,122,775.22
Etung	48,154,522.52	55,873,667.16	56,627,443.89	56,774,893.50	52,858,761.93	105,441,594.66
Ikom	62,401,236.65	63,725,225.37	64,671,984.96	64,713,006.74	59,781,752.60	136,498,239.98
Obanliku	49,331,632.18	57,288,963.39	58,063,994.66	58,230,770.48	54,198,887.68	108,025,064.38
Obubra	65,801,283.18	76,283,324.27	77,314,655.57	77,508,448.46	72,128,053.86	144,042,824.18
Obudu	58,491,058.01	67,878,006.23	68,820,871.94	69,074,297.74	64,199,443.32	128,153,818.09
Odukpani	61,253,959.02	71,247,429.50	72,186,406.72	72,299,235.52	67,382,280.36	134,016,127.90
Ogoja	59,943,959.02	69,444,010.83	70,371,644.57	70,513,587.05	65,665,256.00	131,186,387.33
Yakurr	53,946,107.02	62,711,259.17	63,554,516.71	63,692,742.15	59,320,733.58	118,108,768.87
Yala	70,747,938.60	81,609,310.95	82,715,862.44	82,938,036.26	77,135,246.42	154,848,017.77
Total	1,012,100,851.74	1,245,963,839.50	262,880,999.46	1,266,020,721.82	1,177,794,826.13	2,368,209,473.88

LGC	July	August	September	October	November	December
Abi	64,297,208.70	71,169,766.73	139,306,841.48	67,188,735.65	71,693,893.23	61,494,669.76
Akamkpa	73,865,061.86	81,583,863.88	160,506,314.51	76,651,254.82	81,883,945.69	69,900,404.17
Akpabuyo	60,125,388.24	66,495,069.55	130,378,386.93	62,763,825.58	66,950,076.14	57,369,647.00
Bakassi	44,292,950.62	48,863,206.94	96,237,536.65	46,151,798,41	49,124,167.15	42,033,060.73
Bekwara	49,648,866.79.	54,897,157.23	107,623,876.74	51,919,849.73	55,303,256.26	47,453,605.87
Biase	59,449,831.92	65,758,296.39	128,885,007.89	62,053,180.63	66,185,005.85	56,735,881.74
Boki	81,557,769.52	90,085,005.15	177,249,764.19	84,690,457.36	90,520,799.16	77,228,778.58
Cal Muni	64,127,602.81	71,071,084.59	138,870,045.95	67,066,284.83	71,557,923.78	61,423,778.58
Cal South	70,546,450.04	78,170,879.50	152,684,694.13	73,791,062.12	78,772,255.48	67,648,507.09
Etung	49,606,167.98	54,809,539.34	107,626,694.13	51,791,545.63	55,174,840.63	47,282,650.64
Ikom	64,439,379.27	71,342,931.36	139,578,507.78	67,340,794.06	71,854,745.02	61,656,244.36
Obanliku	50,793,800.90	56,119,446.20	110,216,965.05	53,010,448.48	56,481,491.55	48,387,793.70

Obubra	67,731,918.47	74,925,394.51	146,876,815.69	70,650,159.07	75,418,709.13	64,594,589.74
Obudu	60,119,699.24	66,438,381.79	130,484,594.10	62,691,132.16	66,879,714.78	57,232,101.00
Odukpani	63,153,832.90	69,878,855.23	136,882,659.46	65,918,747.64	70,333,658.18	60,298,874.20
Ogoja	61,765,041.04	68,321,434.92	133,913,267.07	64,464,064.82	68,774,381.16	58,940,352.71
Yakurr	55,592,668.96	61,465,541.80	120,560,906.38	58,045,611.11	61,884,285.02	53,038,954.92
Yala	72,788,794.90	80,529,680.01	157,845,692.20	75,859,804.63	81,013,020.30	69,367,649.03
Total	1,113,902,434.38	1,231,865,535.12	2,415,727,950.47	1,162,051,806.72	1,239,806,168.0	1,062,087,187.43
Grand Total						14,292,390,972

Appendix 10

6.3.1 SUMMARY OF BUDGET ESTIMATE, 2000

Economic Sector

A	Agriculture	₦700,701,044
B	Vertinary clinic	910,000
C	Livestock	₦910,000
D	Forestry	₦17,700,000
E	Fisheries	₦5,000,000
F	Energy	₦817,737,170
G	Commerce, Finance and Tourism	₦100,000,000
H	Transport (Road and Bridges)	₦1,785,853,240
Total		

Table 6.3.2: Social Service Sector

A	Education	₦110,861,730
B	Health	₦160,922,270
C	Information and Culture	₦235,000,000
D	Social Development, Youth and Sports	₦77,799,190
Total		₦

Table 6.3.3: Environmental and Regional Development

A	Water Supply	₦255,000,000
B	Sewage, Drainage and Refuse Disposal	₦5,000,000
C	Town and Country Planning	₦168,166,370
D	Community and Rural Development	₦693,000,000
E	Housing	₦311,585,730
Total		₦

General Administration ₦1, 618,329,290

Miscellaneous ₦179, 636,060

Grand Total

A summary of the total budget for capital project in the year 2000 was estimated at nine billion, one hundred and sixty six million, seven hundred and seventeen thousand, and fifty four naira (₦ 9,166,717,054).

Table 6.3.4: RECURRENT ESTIMATE

A	Personal Cost and over head cost	₦5,936,056,910
B	Consolidation Revenue Fund Charges	₦1,079,832.111
Total		

Appendix 11

THE 2001 BUDGET

SUMMARY OF BUDGET ON SECTORIAL BASIS

Economic Sector

A	Agriculture	758,444,010
B	Special Projects	₦130,000,000
C	Livestock/Veterinary	₦7,900,000
D	Forestry	₦164,500,000
E	Fisheries	₦5,000,000
F	Manufacturing and Craft	₦100,000,000
G	Energy	₦800,000,000
H	Commerce and Finance	₦88,600,000
I	Transport (Roads and Bridges)	₦1,000,000,000
Total		**₦3,019,940,000**

Social Sector

A	Education	₦1,135,000,040
B	Health	₦380,000,010
C	Information	₦110,000,020
D	Culture and Tourism	₦320,000,000
E	Social Development, Youth and Sports	₦90,000,010
Total		₦

Regional Development

A	Water Supply	₦697,753,280
B	Sewage, Drainage and Refuse Disposal	₦166,000,000
C	Housing	₦330,000,000
D	Town and Country Planning	₦85,000,000
E	Community and Rural Development	₦500,000,000
F	General Administration	₦1,174,650,020
G	Miscellaneous Capital Items	₦196,437,420
Total		**₦3,149,840,720**

Grand total

RECURRENT ESTIMATES

A	Personal Costs and overhead cost	₦8,081,109,760
B	Consolidated Revenue Fund Charges	₦1,491,401,570
Total		

Appendix 12

THE 2002 BUDGET

A	Agriculture	~~₦~~299,460,030
B	Livestock	~~₦~~7,000,010
C	Forestry	~~₦~~110,000,010
D	Fisheries	~~₦~~5,000,000
E	Energy (Fuel and Power)	~~₦~~800,000,000
F	Commerce and Finance	~~₦~~48,000,010
G	Transport (Roads and Bridges)	~~₦~~1,000,000,000
Total		~~₦~~

Social Sector

A	Education	~~₦~~480,500,070
B	Health	~~₦ 246,200,030~~
C	Information	~~₦~~264,000,000
D	Culture and Tourism	~~₦~~66,000,000
E	Social Development, Youth and Sports	~~₦~~53,000,010
Total		~~**₦1,709,700,110**~~

Regional Development Sector

A	Water Supply	~~₦~~4,620,000,030
B	Sewage, Drainage and Refuse Disposal	~~₦~~132,000,010
C	Housing	~~14,000,030~~

D	Town and Country Planning	₦273,189,460
E	Community and Rural Development	₦73,000.000
Total		**5,112,189,530**

General Administration

A	General Administration	₦1,594,650,190
B	Miscellaneous Capital Items	₦271,256,000
Total		

RECURRENT ESTIMATES

A	Personal Costs and overhead cost	₦9,288,464,200
B	Consolidated Revenue Fund Charges	₦2,073,628,630
Total		₦

The grand total for the 2002 budget estimate is put at twenty one billion, five hundred and fifty three million, three hundred and forty five thousand, nine hundred and sixty naira only (₦21, 553,345,960).Another area of concern for the budgetary provision was what the government tagged 'General administration. In all the years, the allocation to generation administration and miscellaneous capital items is more than that to critical sectors.The question remain, who account for these allocation and to what extent are they used for the development of the state.

Appendix 13

THE 2003 BUDGET

SUMMARY OF BUDGET ON SECTORIAL BASIS

Economic Sector

A	Agriculture	~~₦~~267,935,830
B	Livestock/Veterinary	~~₦~~3,000,000
C	Forestry	~~₦~~125,600,000
D	Fisheries	~~₦~~5,000,000
E	Manufacturing and Crafts	~~₦~~9,000,000
F	Energy (Fuel and Power)	~~₦~~1,500,000,000
G	Commerce and Finance	~~₦~~41,000,000
H	Transport (Roads and Bridges)	~~₦~~1,000,000,000
Total		**2,943,535,830**

Social Sector

A	Education	~~₦~~1,065,610,000
B	Health	~~₦~~559,833,000
C	Information	~~₦~~127,000,000
D	Culture and Tourism	~~₦~~15,000,000
E	Social Development, Youth and Sports	~~₦~~258,000,000
Total		**~~₦2,015,443,000~~**

Regional Development Sector

A	Water Supply	~~₦~~942,500,020
B	Sewage, Drainage and Refuse Disposal	~~₦~~212,500,000
C	Housing	~~₦~~512,940,000
D	Town and Country Planning	~~₦~~1,327,100,010
E	Community and Rural Development	~~₦~~200,000,000
Total		~~**₦3,205,140,030**~~

General Administration

Total ~~₦~~2, 438,884,010

Miscellaneous Capital Items

Total ~~₦~~174, 746,050

RECURRENT ESTIMATES

A	Personal Costs and overhead cost	~~₦~~14,001,776,770
B	Consolidated Revenue Fund Charges	~~₦~~2,165,099,750
Total		**16,166,876,520**

Grand total 26,944,625,440

Appendix 14

2004 BUDGET

In 2004, the budget witnessed an increment both in the recurrent and capital estimates as a result of an encouraging price of oil which accounts for over 80% of the state revenue in the international market. The budget was estimated as follows:

Recurrent Expenditure

A	Personal Costs	5,724,103,990
B	Overhead costs	2,762,019,080
C	Consolidated Revenue Fund	3.282,390,290
Total		11,762,513,340

Summary of 2004 Budget

A	Economic Sector	3,556,500,000
B	Social Series	6,109,300,000
C	Regional Development	7,859,500,000
D	General Administration	1,920,300,088
E	Recurrent Estimates	11,768,513,360
F	Miscellaneous Capital Items	191,800,018
Total		**31,214,113,488**

The 2005 budget can be analyzed as follows:

Recurrent Budget

A	Personnel Costs	5,820,269,920

B	Overhead Costs	4,427,478,640
C	Consolidated Revenue Fund Charges	9,346,870,540
Total		19,594,619,100

Appendix 15

20. Summary of 2005 Budget

A	Economic Sector	6,083,252,000
B	Social Services Sector	3,252,100,000
C	Regional Development	3,541,468,800
D	General Administration	3,354,404,070
E	Recurrent Estimates	19,594,619,100
F	Miscellaneous Capital Items	345,000,010
Total		35,826,043,970

Appendix 16

2006 BUDGET

The budget estimate for the 2006 financial year according to the sector is broken down as follows:

RECURRENT ESTIMATE

A	Personnel costs	6,790,744,700
B	Overhead costs	6,203,947,800
C	Consolidated Revenue fund charges	8,176,978,970
Total		21,171,671,470

SUMMARY OF 2006 ESTIMATE

Economic Sector

A	Agriculture	102,979,334.99
B	Forestry	57,657,510.15
C	Fisheries	3,000,000
D	Energy (fuel and power)	1,102,325,787.37
E	Commerce and finance	7,075,517,240.09
F	Transport (road and bridges)	7,334,745,617.35
Total		15,676,224,489.95

SOCIAL SERVICE SECTOR

A	Education	329,929,024.73
B	Health	199,576,922.48
C	Information	48,039,360
D	Tourism	1,008,172,108.72
E	Social Development Youth and Sports	97,491,685
Total		1,683,209,110.93

REGIONAL DEVELOPMENT

A	Water supply	127,636,612
B	Sewage drainage and refuse disposal	155,000,000,
C	Housing	70,150,541.17
D	Town planning	265,422,795.17
Total		629,209,948.24

GENERAL ADMINISTRATION

General administration 1,242,869,953.89

Miscellaneous capital items 215,790,200

Grand Total

RECURRENT ESTIMATES

A. Personnel cost and overhead cost 6,526,414,849.95
B. Consolidated 5,098,927,709.62
C. Subvention 172,570,000
D. Consolidated Revenue Fund Charges 6,876,758,459.

Total 39,212,944,059.95

Appendix 17

2007 BUDGETS

The 2007 financial estimate marked the end of that administration under reviewed. At this point, oil price which largely influenced and determined government budget in general terms improved. This account for an increment in the budgetary provision of 2007. The details of the budget are below:

2007 SUMMARY OF ESTIMATE

A	Agriculture	405,618,870
B	Livestock	33,000,000
C	Forestry	191,101,000
D	Fisheries	16,000,000
E	Energy	1,800,000,000
F	Commerce and finance	1,385,000,000
G	Transport	4,488,000,000
Total		**8,318,719,870**

SOCIAL SERVICE SECTOR

A	Education	1,024,000,000
B	Health	775,000,000
C	Information	162,500,000
D	Tourism	2,200,000,000
E	Social development	241,000,000
Total		**4,402,500,000**

REGIONAL DEVELOPMENT

A	Water supply	2,172,500,000
B	Sewage drainage	324,000,000
C	Housing	750,000,000
D	Town and country planning	1,482,900,000
E	Community and rural development	30,000,000
Total		**4,759,400,000**

GENERAL ADMINISTRATION	2,029,880,000
MISCELLANEOUS CAPITAL ITEMS	418,500,020
Total	19,928,999,890

RECURRENT ESTIMATE

A	Personal costs	6,790,744,700
B	Overhead costs	6,203,947,800
C	Consolidated revenue fund charges	8,176,978,970
Total		**21,171,671,470**

2007 Grand Total 41,100,671,360.33

Appendix 18

Revenue of federal and regional governments 1948 – 1967 (Nmillion)

Reports	Year	Federally collected revenue	Share of central revenue		Share of central revenue in percentage	
			Federal retain	Regions	Federal	Region
Philipson	1948/49	40.0	6.2	7.8	82.3	17.7
	1949/50	57.0	48.2	8.8	84.5	15.5
	1950/51	61.0	50.6	10.2	83.0	17.0
	1951/52	95.6	83.0	12.6	86.8	13.2
Hicks	1952/53	96.0	68.4	27.6	71.3	28.7
Philipson	1953/54	112.6	83.0	29.6	73.7	26.3
Chicks	1954/55	122.0	60.6	61.4	49.7	50.3
	1955/56	119.6	64.4	55.2	53.8	46.2
	1956/57	139.8	85.4	54.4	61.1	38.9
	1957/58	141.8	87.4	54.4	61.6	38.4
	1958/59	154.6	96.4	58.2	62.3	37.7
Raisman	1959/60	177.6	105.8	71.8	59.6	40.4
	1960/61	223.8	143.2	80.6	64.0	36.0
	1961/62	229.6	141.2	87.7	61.7	83.3
	1962/63	230.6	144.0	86.6	62.4	37.6
	1963/64	249.2	154.4	94.8	62.0	38.0
Binns	1964/65	299.2	177.8	121.4	69.4	40.6
	1965/66	321.8	190.6	131.2	59.2	40.8
	1966/67	339.2	198.0	141.2	58.4	41.6

Source: *Accountant General reports of the federal and regional government various years. Federal office of statistics, digest of statistics.*

Appendix 19

Revenue of Federal and State Government 1968 – 1980

Years	Federal collected revenue (M)	Share of federal collected revenue		Share of federal collected revenue in percentage	
		Federal	**State**	**Federal**	**State**
1968	284.8	146.3	138.5	51.4	48.6
1969	378.4	240.0	138.4	63.4	36.6
1970	633.2	365.6	267.8	57.7	42.3
1971	1169.0	838.2	330.8	71.7	28.3
1972	1404.8	1073.8	331.0	76.4	23.6
1973	1695.3	1388.0	307.3	81.9	18.1
1974	4537.0	3893.6	643.4	85.8	14.2
1975	5514.7	4465.6	1049.1	81.0	19.0
1976	6765.9	5121.5	1644.8	75.7	24.3
1977	8042.4	6469.5	1572.5	80.4	19.6
1978	7371.0	6131.0	1240.0	83.2	16.8
1979	10912.4	8868.4	2044.0	81.3	18.7
1980	15234.0	1238.7	33095.3	79.7	20.3

Source: CBN annual report and statement of account (various issues)

Appendix 20

Revenue of Federal, States, Local Government 1981 – 1996 (N Billion)

Year	Federally collected revenue	Share of federal collected			Share of federal collected revenue in percentage			
		Federal	State	Local	Federal	State	Local	Federal other account
1981	12.2	7.3	3.8	1.1	59.7	31.4	8.9	-
1982	10.6	6.3	3.8	1.0	58.8	31.5	9.7	-
1983	10.6	6.3	3.2	1.0	59.7	30.8	9.5	-
1984	11.2	7.3	2.9	1.1	65.0	25.6	9.4	-
1985	14.6	9.6	3.3	1.3	66.0	22.9	9.1	2.0
1986	12.3	8.0	2.9	1.2	64.8	23.7	9.5	2.0
1987	25.1	16.1	6.3	2.2	64.3	25.2	8.4	2.1
1988	28.0	15.5	8.2	2.7	55.5	29.3	9.8	5.4
1989	47.8	25.9	9.9	3.4	54.2	20.7	7.1	18.0
1990	85.3	38.2	15.9	7.7	44.8	18.7	9.0	27.5
1991	102.0	30.8	19.7	10.2	30.2	19.4	10.0	40.4
1992	190.5	53.3	25.5	15.7	28.0	12.9	8.3	50.8
1993	192.8	126.1	29.4	18.3	65.4	15.2	9.5	9.9
1994	201.9	130.2	34.1	17.3	65.5	16.9	8.5	9.1
1995	460.0	249.8	45.0	17.9	54.3	9.8	4.7	31.2
1996	520.2	325.1	52.9	16.6	62.5	10.2	4.1	23.2
1997	582.1	331.2	53.8	17.3	63.4	11.1	4.8	23.8
1998	620.2	338.2	53.8	17.4	64.1	12.2	5.1	24.1

Source: CBN Annual Report and Statement of Account (various years)

Appendix 21

Revenue Allocation to Federal, State, Local Government 1999 – 2007

Year	Federal	State	Local
1999	198, 450, 343,898	99, 382, 744, 167	996, 616, 972, 88
2000	760, 821, 131, 848	311, 635, 923, 695	3, 670, 983, 840
2001	845, 319, 365, 695	460, 078, 140, 861	5, 097, 488, 819
2002	868, 062, 524, 777	489, 221, 972, 116	7, 016, 378,008
2003	753, 964, 997, 979	565, 880, 833, 579	8, 275, 986, 485
2004	982, 010, 672, 022	954, 631, 960, 513	10, 522, 842, 548
2005	1, 254, 968, 456, 516	1, 248, 131, 597, 355	12, 772, 340, 777
2006	1, 621, 507, 178, 743	1, 487, 570, 099	15, 332, 347, 050
2007	2, 684, 845, 547, 393	1, 648, 368, 021, 591	16, 418, 375, 452
Total			

Source: Office of Accountant General of the Federation (Compendium of federal account revenue allocation vol. 1 2011)