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NIGERIA GOVERNORS' FORUM
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DRAFT EKITI STATE PEER REVIEW REPORT

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APPENDICES:

- does not read well
- No flow

National

peer review

was

1.0 Background and General Introduction

At the onset of debates regarding the best way to optimize the utilization of the Excess Crude Account (ECA), the Nation Economic Council, (NEC), in 2007, concluded that there is the need for the State throughout the Federation to Peer Review themselves. Consequently, the NEC, which also have all the 36 (thirty-six) States Governors as members, agreed and mandated its Secretariat to carry out a peer review exercise across the 36 State of the Nigeria Federation. The exercise excluded the Federal Capital Territory.

The Peer Review of Nigeria States (PRNS) was conducted between 2009 and 2010.

Being a novelty, the entire State executive, legislative and judicial architecture were disaggregated into 6 (six) key thematic policy area; thus: Agriculture and Water Resources, Economy and Budget, Education, Health, Infrastructure and Finance, and Internally Generated Revenue. These thematic disaggregates were delineated along the line of what is considered as fully representative of the various critical sectors of the economy.

Hence the PRNS attempts to assess the depth, existence, value-content, scope, relevance and sustainability of each of the disaggregates of each thematic area so as to identify those aspects that would assist to grow Nigeria through the State.

The review is particularly, value-driver and non-partisan.

Generally, there has been enormous inquest regarding the quality of public expenditure in recent times. The general feeling is that the value-quality of emergent public expenditure value ratings. According to available data, the Value For Money (VMI) natural average for Nigeria, stood at 0.14 by the end of 1999. This coefficient rose to 0.17 in 2003, and dived Southwards to 0.125 in 2007. The coefficient for 2009 stood at 0.195. Thus; for every one Naira spent on the budget across Nigeria, only 20k value is derived. The major reason adduced for this low level of value-achievement is the appearance and presentation of corruption in budget execution; the world bank and Economic Commission for Africa in recent, has identified construction and traveling related spending as the most vulnerable to corruption.

In this review, each of the thematic areas had clearly specified the various disaggregate upon which the assessment is to be based; these are identified as Assessment Indicators. The Assessment Indicators defines the area of emphasis and the situation of all the indices upon which the data gathering was based and upon which the review opinions were derived. All review evidences were based on the assessment of existing standards, procedures and level of

Time effort

practices achieved by each State; the unique features in the performance of each State, and the practices and levels of achievement which is worthy of note by the other State(s). This is the guiding principle for the primary objective.

However, the primary objective is further disaggregated into the following secondary objectives:

- i. To evaluate the existing capacity around the State chief executive, the thematic Governor.
- ii. To identify areas of policy and operations, within the activities of Government within the thematic areas that the State present a unique performance.
- iii. To benchmark any model of achievement or processes by the State that could be of mutual or exclusive benefit to other States.
- iv. To assess the States potential strength and weakness within the thematic areas, though, within the units of information, data, and explanation disclosed to the NGFS Team.
- v. To make appropriate value-based recommendation for the Government optimal performance within the thematic areas: Agriculture and Water Resources, Economy and Budget, Education, Health, Infrastructure and Finance, and Internally Generated Revenue.

The remaining section of this report are outlined as follows: Section 2:00 presents the Methodology, while Section 3:00 specifies the Specific Sectoral Reviews (highlighting the Assessment Indicators, the Benchmarks for States, other findings and Policy Recommendation

→ Entry visit / interactive session
 → Technical session building
 → Visits to projects / random interaction with citizens
 → Exit visit / Exit report (summary)

Education + MDA
 Health + Water
 Agric + Water

Economy
 + BTL

2:00 Methodology

Two major sources of data constitute the evidence base for this assessment; data from primary and secondary sources. These were instrumented through a randomly domesticated questionnaire which was complemented by desk research for reviewing relevant documentation on the thematic areas. There were also elite/decision-maker interviews and focused group inspection of projects sites, operational documents, work decision tools and focused group discussions.

To drive these, the Nigeria Governors' Forum Secretariat (NGFS) undertook a scheduled physical visit to all the thirty-six (36) States of Nigeria Federation.

The NGFS State mission comprised of its Principal officers, Media Representatives, Researcher, and Policy Consultants; each of the six (6) thematic areas were anchored by a dedicated Policy Consultant i.e. those of Agriculture and Water Resources, Economy and Budget, Education, Health, Infrastructure and Finance, and Internally Generated Revenue.

The scheduled visit to Ekiti State took place between February 25th to March 4th, 2010. The data and evidence reviews were managed through three principal layers: MDAs Interactive Sessions in plenary, Technical Session with designated State Officials, and an Exit Discussion Session with the Governor. The MDAs Interactive Session in plenary is follow-up with fiscal confirmatory and observatory and guided inspection visits to designated projects and activity areas.

The objective of the Technical Session is to achieve a more detailed inquiry into the general and specific presentation that were received at the interactive session. The General Session provided opportunity for the State Officials to present their programs achievements and challenges in plenary. The Technical Interactive Session assisted the team to weigh the balance of reliability of the information and related matters contained in the substantive submissions and presentations to the NGFS. The technical session provided good opportunity for comprehensive discussions on all issues that would have been otherwise considered too 'sensitive' to be discussed openly in plenary; or those other matters that may have been considered boring to non-related technical persons.

The Team undertook site visits to some projects executed by the Ekiti State Government principally to obtain confirmatory evidences, perhaps, on the basis of balance of probability. The core areas of interest were in the following areas of critical infrastructure: roads, bridges, housing, electricity, educational facilities, factories, industries, recreational facilities, transportation utilities, and water dams. Consequently, the following are some of the key areas visited: Fajuyi Memorial Park, Ado-Ekiti, State Specialist Hospital, Ado-Ekiti, Central Drug Store,

Christ's School, Ado-Ekiti, School Enterprise Project, Ekiti Digital Education Project, Ikogosi Warm Spring, Arinta Waterfalls, Ipole-Iloro Ekiti, Afe Babalola University, Ado Ekiti (ABUAD), General Hospital, Ijesa-Isu Ekiti, Ikole Itapaji Road and the Itapaji Dam, blue Hospital Facility, Ilafon-Ekiti, Ikun Dairy Farm, University of Science and technology, Ifaki Ekiti (USTI).

Key State officials such as Ben Oguntuase (DG BS&S), V.O.A. Akomolafe (PS, WORKS), Sunday Fatoba (PS, GH&P), (Chief of Staff/PS GH&P) were readily available to conduct the NGF Secretariat Team round the designated places of interest.

The exit meeting with The Governor of Ekiti State, His Excellency, Engr. Segun Oni, who was ably represented by the State Deputy Governor was held in the early hours of Thursday, 4th March, 2010.

2.1 Limitation of Methodology

This methodology was however limited by the inability of the policy consultant to access operational source documents in some cases. It was evident that the State officials were not briefed before hand on the format and extent of technical information that may be required of them; the initiative of Peer Review by NGFS is novel, so this limitation is normal and expected.

Traditionally, Government officials feel that public disclosure of their operations require executive prior approval. This meant that a lot of efforts were required to ease the difficulty arising from achieving the minimum required degree of accessing information on routine Government activities. For instance, it was not possible to access the Audit Working Paper of the Government External Auditors. It was also not possible to examine the Minutes of Meeting of the States Tenders Board and the Auditors Report thereon. Detailed review and assessment of how the State conducts its routine bank reconciliation was not done. There was no sample of the State's cash allocation sheet made available to the Team neither in plenary, nor during the technical sessions.

The State officials were full of lavish praises for the Government. This, in most cases, was in personal capacity. This has increased the level of discount placed on oral submissions as well as the degree of reliance on published documents that are not supported by appropriate schedules and related archival details.

However, because the utility of this level of access is not material (testing of details are only used in outline summary only), this limitation and others like it (mentioned above) are sufficient to invalidate the reliability of the methodology and the supportive data for this assessment and review. The depths of information obtained were adequate in meeting the minimum data requirement for this Peer Review.

The Governor, the Deputy Governor, permanent Secretaries, directors, Heads of Departments and Agencies, were quite enthusiastic and very helpful in ensuring that the NGFS' Ekiti State Peer Review as conducted successfully.

3.0 Specific Sectorial Reviews

3.1 Agriculture and Water Resources

3.1.1 Assessment Indicators

AGRICULTURE AND WATER

A. WATER

X 1. Water Treatment Plants (with potentials of meeting up the water needs of the century)

2. UN standard of 100 litres/person running capacity of at least 12hrs per day.

3. Availability of solar-based plants.

4. Maximal reticulation within the state.

5. A buffer stock of treatment chemicals.

6. Quality of manpower

X 7. Presence of WUA (Water Users Association) and CBWM (Community-Based Water Management Committees)

8. Installed storage tank of 1 million litres

9. Absence of water hawkers on major streets

B. AGRICULTURE

X 1. Comprehensive Agricultural Policy

2. Effective and efficient fertilizer distribution system

3. Effective tractor hiring unit (at least 100 units)

4. Micro-credit facilities to farmers

5. Rapid pest control mechanism squad for pest control

6. Well trained extension delivery system

7. Presence of post-harvest processing and storage facilities

8. Co-operatives, farm centres, agricultural vocational and skill acquisition centres

9. Specialised livestock units

3.1.2 Benchmark on Agriculture/Water

1. An egg for every primary School pupil and JSS 1- 3 students on Tuesday and Thursdays, had boosted the poultry sub- sector of Agriculture in Ekiti State. All the eggs produced by poultry farmers are being mopped up by the State Government for the above purpose.
2. The establishment of the 50 Modoc Millenium Farmers Scheme ^(MFS) in Ekiti State has increased agricultural productivity greatly. The Ekiti MFS was introduced in 2008 with emphasis on Banana and Plantain Production and processing), Livestock (Goat and sheep production), Aquaculture (Fish) and bee- keeping. On- farm –bands – on- training is offered by the State Ministry of Agriculture.
3. The PPP arrangement of the Ekiti State water board, had greatly boosted the State water supply situation of the 16 LGAs in Ekiti, 13 now enjoy potable water supply.

3.1.3 Other findings

1. The State is mainly upland zone rising about 250 metres above sea level, with an undulating land area. The State enjoys tropical climate with two distinct seasons. These are the rainy season (April - October) and the dry season (November - March). Temperature ranges between 21^o and 28^o C, the humidity is high. Tropical forest exists in the south, while savannah occupies the northern peripheries.
2. Agriculture is the mainstay of the Ekiti State economy. Largely agrarian, 75% of the total populations are involved in agriculture. The State is one of the largest producers of rice, kolanut, oil palm, cocoa, cassava, yam, cocoyam, maize, cowpea, citrus, plantain, mango and cashew are also produced and in large quantities.
3. Out of the 16 LGAs of the State, 13 now enjoy potable water supply.
4. Expansion of the little Osse Water Supply Scheme to cover Ise-Orun, Emure and Ekiti East.
5. Expansion of Ado Water Works from 2,465m³ to 7,465m³.
6. Egbe headworks rehabilitation, pump sets and electrical panel rehabilitated to supply Gbonyin and Ise-Orun LGAs. Complete rehabilitation of booster station at Ilupeju, after fifteen (15) years of neglect. Pumps and 7Nos 150KVA generators installed in the 7

booster stations in the State. Under the FGN/MDGs Water Scheme, a total of 1,780 contracts were awarded, 1,750 now constructed with 983 connected.

7. The State Commissioner for Agriculture confirmed the general apathy of Ekiti youths as the major agricultural challenge. The average farmer age in Ekiti today is 59 years.
8. The issue of opening up new farmlands is also another major challenge. Bulldozers and heavy duty machineries needed for the forest areas are not readily available. The issue of fertilizer is another major challenge. The Federal Ministry of Agriculture and Water Resources procures and distributes the fertilizers to the State arbitrarily without recourse to the needs, crops grown, soil types, environment and other peculiarities of the State.
9. Similarly, availability, affordability, and timeliness of the fertilizers has a direct relationship to increased hectareage outputs
10. For an agrarian State, with 75% of the populace fully engaged in agriculture, a budgetary allocation of 6% in 2008, 5% in 2009 and 4% in 2010 is a major policy problem.
11. The MFS works presently and is profit oriented however; there is the uncertain issue of sustainability. The present farmers, according to findings, are just marking time, the moment they ~~get~~^{get} appointment elsewhere, it is bye-bye to the farm.
12. Ekiti, though lying in the Guinea Savannah/forest agro-ecological/vegetation zone, with about 8months of rainfall, it is not "Green" in nature.

3.2 Economy and Budget

NO INFORMATION FROM CONSULTANT. YET.

3.3 Education

3.3.1 Assessment Indicators

1. Policy Document on Standards.
2. Education database.
3. Percentage of annual budget for education

- X 4. Existence of special education (From special need to the exceptional)
5. Extent of IT infusion curriculum and institution
- X 6. Curricular Focus, Alignment and Registration, Numeracy and Literacy and extend Maths, Science and Technology
- X 7. Existence and scope of vocational / Technical skills, Training for adults and School dropout.
8. Quality of learning environment.
- X 9. Educational support facilities (Libraries, media center, laboratories)
- X 10. Functional educational Inspectorate Infrastructure
11. Educational resource facility
- X 12. Functional performance evaluation instrument
13. Standard of sanitary services
14. Special Intervention (Means, Uniform, School analysis, etc)

→ Report?

OTHER INFORMATION ON AGRICULTURE NOT AVAILABLE YET

3.4 Health

3.4.1 Assessment Indicators

- X 1. Programs Functionality of Strategic health plan
2. Access to health services through PHC

3. Budget health percentage with performance
4. *Implementation of* Maternal and Infant mortality programs
5. Implementation of Immunization Programmes
6. Functionality of Health Financing programs
7. Development of Health systems
8. Access to Emergency Medical Services
9. Health Training Institutions in the state
10. Special Intervention

3.4.2 **Benchmarks for Ekiti State**

In view of the high level of illiteracy prevalent in the rural areas of most States, the decision to paint all the Primary Health Centres a distinct colour of blue is highly commendable.

All the PHCs recently constructed are colored in blue for ease of identification by the general populace, especially the rural dwellers. The State subsequently embarked on awareness campaign programs to inform the populace that all blue health facilities offer Primary Health Care services. This expectedly should increase uptake of services with its attendant impact on the health indicators of the state.

The GIS mapping for all health facilities in the state is a model that should be replicated in all the states. It carries information on Location, Personnel, Medical equipment, facility furnishings, along with pictures and other vital information about each health facility. This makes for ease of planning, inventory and procurement management in the health sector of the state.

The state trained all the health workers at Primary Health care level in proper offering of basic health needs in order to strengthen the health delivery capacity. Consequently, each trained staff was allotted 400 households to visit in order to cater for basic health needs, ensure routine immunisation, HIV Counselling & Testing and health data management in the communities. These households therefore have greater access to health information, services and support when needed.

To engender community ownership, maintenance and sustainability of all PHCs by the communities, the state appointed a Community Management Committee for each of the PHC facilities. The membership of these committees is drawn from the community leaders,

gatekeepers and stakeholders of the PHCs domiciled community entirely. The committee is empowered to communicate with the state Commissioner for Health directly.

The model of managing the CMS with the ISO certification for quality is a best practice.

The ophthalmology facility model with the Cuban Doctors is also commendable.

3.4.3 Other Findings

Ekiti State Health

To meet the health needs of the teeming rural population, the state created a Primary Health Management Bureau with a Chairman, and a Permanent Secretary as Head of the Bureau.

There were 300 Primary Health care centres (PHC) at inception, but most were improperly sited and needed renovation and equipping. Government chose 180 to improve upon, which was done along the line of wards and satellite villages. Aim is to have a PHC at each 2 km distance to serve the needs of the residents of the state. These PHCs are called Blue Health facilities, because they are all painted blue. Each facility has a Community Health Management Committee.

The Government has done GIS mapping for all health facilities that carries information on Location, Personnel, Equipment, pictures and other vital information about each health facility.

The State has trained all health workers at the PHC levels in order to strengthen the health delivery capacity of the personnel. Ekiti state has 23 health initiatives that were designed with PATHS and these trainings empower each personnel to deliver on these initiatives at the basic level for each household in Ekiti. After the training, each of the trained staff will cater to the basic health needs of 400 households, ensuring routine immunisation, HIV counselling and testing and such other services that mitigate against infant and maternal health in the state.

Midwifery Services Scheme of the Federal Government only delivered 25 midwives to the state. However, the state is commencing the employment of retired nurses and doctors in the state to serve as oversight support in PHCs nearest to them

Ambulance service with Ambulance stations to serve each Local Government Area!

Secondary Health Care.

At inception of administration there were 21 General Hospitals. The state converted the one in Ado- Ekiti, the state capital, to a Teaching Hospital. Another one is being built to replace this one.

State government is upgrading 1 General Hospital per LGA, with adequate and appropriate equipment to meet Essential Systems and Services Package standard.

Eye camp where free eye management , including surgeries are done has catered for about 11,150 residents

These services are offered free of charge to the patients.

State has screened most of the households for hypertension and diabetes mellitus while also embarking on regular deworming exercise for children.

In 2008, upon a chance discovery of Schistosomiasis in a community by a postgraduate student conducting a project survey, the state commenced screening and treatment of over 10,000 cases. This was done with the support of relevant international donor agencies.

Central Drug Store ISO certification! Principle of operation is a result oriented approach. There is an Emergency Drug Ordering System for which 8 Power bikes were purchased, and cyclists trained by the Governor's despatch riders. These cyclists are parked at the Central Drug Store and respond to requests made from points of drug use all around the state. The functions of the Central Drug store has been enhanced enough for private hospitals and private pharmacies to patronise them. Drugs in the central drug store are purchased from major distributors and manufacturers. Very minimal mark up is applied to items sold in this store. Drug Revolving Fund (DRF) is established in all PHCs, secondary and Tertiary facilities. Payment mode is through capitalisation, and each facility pays accordingly.

The head of Traditional Council of Obas is automatically the Chairman of the board of the central drug store. The board also has major stakeholder groups and associations as members. This is to ensure strong community ownership and participation.

There are efforts to institutionalise this model of central drug store operations in the state.

The team visited the Ophthalmology centre established by the state government in conjunction with the Government of Cuba. The centre is an ultramodern ophthalmology facility with capacity to offer upscale investigations and care in ophthalmology.

The centre is headed by a Nigerian Doctor, but clinical services are supervised by a Cuban Doctor. The collaboration agreement is for 15 months in the first instance. The Government paid for the equipment and make quarterly payments upfront to the Cubans. The facility has ultrasound scans to evaluate the anterior and posterior chambers of the eye, fundus cameras, lensometers etc.

There is an adjoining Electromedical unit for the maintenance of equipment. The facility also has Paediatric ophthalmology units with its full complements. Power supply is ensured with the provision of a 500KVA, and two 10 KVA generators.

The cost of equipment in the ophthalmology facility is N374million while N100million was spent on the building. The state government will pay a total of 4.2million Euro to the Cubans as service charge.

There are two theatre positions with motorised theatre tables, automated operating microscopes.

There is a proposed paediatric theatre.

The team also visited the Central Medical Stores(CMS). The store has a Business Development Manager, which is a very unique office that connotes tendency for a productive program. The CMS has a board, the Technical Management Committee. There are 282 PHCs fully capitalised for business with the CMS and 20 General Hospitals also fully capitalised. Drugs sold in these facilities have 12% and 15% mark up. This is used to accommodate inflation, damages etc.

The state has purchased Power Bikes to transport drugs from the CMS to health facilities in remote areas in a Just-in-Time delivery package.

Cases of deferral and exemption are catered for through the Irewolede scheme which is a Social Security scheme developed by the Governor and funded in part using the Governor's allowances.

The state has established a State Primary Health Care Development Bureau. The bureau has developed an IT package of full inventory of health facilities in the entire state. There is also a Human Resources Chart developed by the Health System Development Project.

All Primary Health Care facilities constructed using the MDG Conditional Grant Scheme are painted blue and therefore called Blue Health Facilities; for easy recognition by the state residents.

3:4:4 Policy Recommendations

1. The states are advised to institutionalize maternal mortality audit in the state such that all cases of death in women, especially relating to childbirth, are thoroughly investigated and redressed.

2. There should be a policy on evidence based intervention in the health sector of each state. Decisions on type, location and specialty of health projects must majorly be determined by empirical data evidence.
3. Secondary and Tertiary care facilities should have boards of management that includes opinion leaders and stakeholders in the resident communities of the hospitals. The boards should be granted real autonomy to determine the vision and mission statements of the facilities and be unencumbered to pursue set goals.
4. A viable social welfare scheme that has a strong pro-poor appeal should be developed in each state to engender less stringent access of the poor top health facilities. Such a scheme could be developed to harbor a mode of generating a financial pool employable for sustainability of accessible health care delivery.
5. Development of policies to explore the opportunities of Small and Medium scale Enterprises available in the health sector. Emphasis could be placed on production and distribution of hospital consumables.
6. Safe hospital waste disposal policies should be developed and integrated into a waste recycling and environment friendly, state policy.
7. States should develop policies to integrate the state Education and economic policies with the projected capacity needs of the health sector.

3.5 Infrastructure & Finance

3.5:1 Assessment Indicators

This Report identifies twelve (12) principal assessment indicators for infrastructure, and eight (8) key primary assessment criteria for State Government finance evaluation.

Infrastructure:

For purpose of assessment of the State infrastructure architecture, the applicable indicators are as follows:

1. Regulatory Framework
2. Infrastructure Reporting Architecture
3. Project Planning
4. Project Expenditure Appraisal/and Project Costing
5. Value-For-Money Analysis
6. Project Ownership/Concentration Analysis
7. Project Monitoring
8. Post- Project Execution Audit
9. Core Statement of Lessons Learnt
10. Sustainability Indicators (Maintenance, Tracking, Swaption, Cashflow Management, Contract Risk Analysis)
11. Environmental Impact Appraisal
12. Green Index.

Finance:

The quality of infrastructure delivery is directly linked to the texture of the State's Public Sector Financial Management system, PFM. The PFM addresses the critical question of finance source optimization, proper valuation, custody and security of Government assets; proper measurement and accounting for Government liabilities. To achieve this, eight (8) key PFM Indicators are however specified in this Report. These are as follows:

1. Statutory Framework for PFM
2. Government Accounting Indicators (Timing of Report, Content and Scope of Financial Reports, External Audit, Publications)
3. State Government Asset Register for Assets Custody and Liabilities Measurement
4. Auditor General's Report (Legislative Accountability)
5. Internal Control and Quality Assurance
6. Project Finance (Capital Market, Money Market, Borrowings, Grants/Aids, Special Interventions, Recoveries)

7. MDA's Financial Operations
8. Management of Special Funds and Designated Accounts/Accounts Maintained in Foreign Currencies and Foreign Banks

3.5.2 Benchmarks for Ekiti State

Compared to most States in Nigeria, Ekiti State is outstanding in the following areas:

a. Fiscal autonomy for the Judiciary:

There is a law (Law No 7, 2008), that makes provision for fiscal autonomy for the Judiciary in Ekiti State. This is an outstanding model in ensuring the independence of the Judiciary.

b. Fiscal autonomy for the Legislature:

Law 8, 2008 provides for the fiscal autonomy of the Legislature in Ekiti State. This is a critical incentive for legislature independence, and guarantees the effectiveness of checks and balances in the governance of Ekiti State.

c. Ekiti State of Nigeria, Audit Law, 2008:

Against the existing practice in most States in the Federation where efforts were not made to legislate on the audit process and the internal control systems of the State, Ekiti State has a comprehensive and well set-out law on the audit of the operations of Government.

d. '5 plus 7' Revenue Expenditure Evaluation Mechanism:

The budgetary system in Ekiti State is unique. Under its '5 plus 7' budgetary system, Ekiti State operates its forecast on current year basis for the first five months in the year. It then reviews its balance of seven months based on the five months actuals. Through this process, the variance between actual levels and budgeted levels are reduced to the barest minimum; budget performance is also enhanced, and supplementary budgets are based on realistic estimates. This is found very innovative and worthy of emulation by States in the Federation that experience wide unexplained variations in budgetary figures. This model of budgeting in Ekiti State represents a near translation of the commercial Programmes and Projects Budgeting System, PPBS.

e. Competitive banks' bidding in Ekiti State:

Banks' support in Ekiti State are based on 'competitive banks' bidding' procedure. This is a process where all banks operating in the State are openly made to keenly contest for any identified area to which bank loans is required by the Government. This practice has the potency of reducing the cost of funds as well as providing the government with numerous funding alternatives within the money

market. Effective competitiveness in procuring Government borrowings from the money market may assist the Government to source funds at optimal costs.

f. State Cash Allocation Committee, SCAC:

The Government established the SCAC that meets once in a month to study and approve the monthly expenditure profile of Government based on all revenue accruing to the State from all sources. The SCAC, then allocates cash resources based on its findings. And in line with the State Appropriation Act. of Finance and Economic Development, Chairman, Board of Internal Revenue, Executive The SCAC is comprised of the Governor, who is the Chairman, the SSG, HOS, Commissioner in charge of Finance, Permanent Secretary, Ministry Secretary, State Planning Commission, Ekiti State Accountant General, and the Director of Expenditure. The Auditor General of the State is not a member of SCAC. The following officials of Government enjoy observer status within the SCAC: The RT. Hon Speaker, Chief Registrar High Court of Justice, Director of Budgets, Ministry of Finance and Economic Development. The primary objective of the SCAC is to entrench openness in the allocation of the cash resources of the Government, and that expenditure approvals are cash-backed.

g. Ekiti State Tenders Board, ESTB:

There is established in Ekiti State, the Ekiti State Tenders Board which approves tenders and awards contract for sums between N2.5 to 50 million. Award of contracts for sum above 50 million is carried out by the State Executive Council upon recommendation of the Ekiti State Tenders Board.

The composition of the ESTB is as follows: Deputy Governor of Ekiti State, Chairman, Commissioners of Finance, Justice, Works and Infrastructure, the SA Due Process, SSG, the HOS.

3.5:3 Other Findings:

Infrastructure;

With respect to infrastructure, the following were key Findings arising from the analysis of all evidences examined in course of this review:

- i. The issue of power and electricity is at a critical state in Ekiti State. There is no evidence that the State Government is pursuing any initiative outside those of the Federal Government in providing electricity in Ekiti State. Ekiti State requires to attempt to contain the power and electricity problem by evolving practical supplementary power generation programme in addition to those of the Federal Government.
- ii. Ado-Ekiti, the State capital has very poor road network. The state of the Federal Road linking Ado is not good enough. Apart from the narrowness of the link roads, the lining of the topography calls for serious attention. The state of the internal

- link roads within the capital territory is worsened by the narrowness of the street roads, with set-backs lower than the minimum required standards.
- iii. There is the potential for an electric cable fire disaster in Ado-Ekiti. Most houses are run-over by high tension power cables. This presents a high possibility of electric shock; it indicates a high degree of lack of professional supervision in the installation of electric cables, at least, within the State capital. Similar scenario as observed in Addo-Ekiti had already led to very serious electric shock accident in PortHarcourt, Rivers State.
 - iv. In similar respect, the indiscriminate installation of communication base stations in the State violates the set-back requirement for such hazardous facilities. Installation of Communication Masts is supported by the installation of base stations comprised of generators, which emit hazardous substances and carbon dioxide. These are critically dangerous to health, especially with respect to new and unborn babies, homes, hospitals, schools. There is a minimum set-back of this class of hazardous installations away from residential areas, schools and hospitals. This standard is grossly violated in Ekiti State. There is therefore, a high possibility of conflagration, especially in areas where base stations are located very close to filing stations.
 - v. The capital city itself appear too old, with very old industries. One is perhaps tempted to conclude that Ado-Ekiti was neglected by the Western Regional Government and subsequent Governments, going by the state of infrastructure existing in the area. The little that existed were not planned, and may not stand the test required of the least of modern day planned cities. Clearly, the infrastructure within the State capital is aged; the internal roads are also very un-modern, perhaps calling for a total brand new planned city. Most of the city buildings are caked and shaky. The concentration of buildings in small narrow clusters within Ado-Ekiti, presents a major environmental challenge to both the Government and the people. Consequently, Ado-Ekiti is not green enough; Oxygen replenishment may be a material issue within government and household infrastructures.
 - vi. There is also, a remarkable absence of industrial infrastructure in Ekiti State. The State's 'old industry' policy may not help matters either. The State is therefore, under threat of industrial un-sustainability in the medium to long term.
 - vii. Regarding the status of Infrastructure Reporting Mechanism, there was absence of comprehensive datum on all projects in a manner that clearly show the status of projects at the beginning of the year, the current year's additions, particulars of payment history within the run of the year, an inclusion statement on the expected and actual funding gaps per project, and a project cash-flow projection. There were no clear cut indicators that suggest that rigorous algorithms exist for the purpose of project costing and infrastructure investment appraisal. Thus, data was not adequately available for purpose of quantitative value -for -money - analysis.
 - viii. However, it was not possible to confirm whether there is a system of post-project execution audit. It was observed that multiple project monitoring mechanisms

- exist within the State. The risk of uncoordinated project monitoring mechanism may arise within the State.
- ix. Further, the absence of a centralized coordinating monitoring mechanism implies that it may be hard to generate and optimize the benefit of having a catalogue of Statements of Lessons Learnt, SLL. Lack of SLL does not enable the State to optimize the benefit of learning from experience; the Learning Curve advantage.
 - x. Evidences exist to show that the technical capacity around the Governor in Ekiti State is adequate, though, there were minor cases of placing non-core expertise outside their area of cognate training. A good example is in the Ministry of Finance and Economic Development; incumbent is an agricultural expert.

The next Section specifies the key Findings under the finance sub-component.

Finance:

The following are the Findings on Finance:

- i. Ekiti State is a leading example in the evolution of regulatory framework for effective PFM. The Ekiti State Audit Law, 2008 is a clear testimony to this conclusion, among many others. There are attempts by Ekiti State to ensure the financial autonomy for its judicial and legislative arm of Government.
- ii. Considerable level of accountability and public disclosure of financial information exist in Ekiti State. The timing of the preparation and audit of Government financial operations were found adequate.
- iii. There are evidence to support the conclusion that the Auditor- General's roles and functions in Ekiti State is timely and comparatively wide enough in scope. There were specialized audit of specific MDAs and some designated Special Funds. Examples of some achieved target audit are the following: Directorate of Information and Communication Technology Centre, General Hospital Omuo- Ekiti, State Joint Local Government Allocation Committee, and the Due Process Office. There were also some important public financial information documents. Some of these are as follows: Ekiti State Business Plan for the Fiscal Year 2009, the Digest of Public Finance Statistics, 2008, Facts and Figures about Ekiti State, 2008.
- iv. Ekiti State has a designated Officer in charge of the development of Asset Register for the State; Dr Mrs Alade is the officer in charge of Asset Registration. However, the scope and depth of tracking and custody of Government Asset does not appear adequate.
- v. Ekiti State adopts the recommended format for the preparation of Government Financial Statements. However, the State is capable of being one of the States that is expected to move beyond the Cash Basis of accounting to near-Accrual Basis. However, there was no comprehensive Chart of Accounts as at the time of this review.

- vi. For purpose of effective internal control, there were indications that MDAs could generate revenue and utilize same, while accounting for same as expenditure. This may have to be discouraged. There were also a high incidence of long outstanding un-cleared funds.
- vii. It is observed that there is no separate accounting for donor funds. This poses considerable challenge towards maximization of value arising from donor interventions and allied matters. There were also indications of low access to donor assistance by Ekiti State.
- viii. There is need to improve the speed of Parliamentary Action on the financial architecture of the State; the timing of Parliamentary action on Government's financial reports is usually very discouraging.
- ix. It was not possible to confirm the existence of Standard Control Reports, SCR for funds, debt servicing, fiscal, credit and monetary policy operations of Government.

3:5:4 Policy Recommendations

The following recommendations constitute the summary statement-of- way- forward arising from the sample review:

- i. There is the need to develop a brand new capital city for Ekiti State. This is desirable in view of the state of infrastructure and traditional constraints confronting the current location of the existing capital city. It is desirable that the capital city be expanded beyond the current narrow geographical boundary. Alternative supplementary source of power should be initiated by the State Government to assist good habitation and industrialization. The needful is on how to open-up Ado-Ekiti.
- ii. The State require a comprehensive Mast Map in line with the recommendations and requirements of the Federal Ministry of environment to contain the hazards of base stations of communication masts. There is also the need to curtail the incidence of running high tension cables overhead buildings and shops.
- iii. There is the need to build capacity in discrete project monitoring and evaluation; post -project execution audit. Special skills are required for monitoring projects classified as Constituency projects, Donor-assisted projects, and projects financed with Grants and Aids. A centralized project coordinating mechanism should be put in place.
- iv. In similar vein, the need to properly safe-guard the assets of Government, and ensure adequate measurement of its liabilities has become critical. The

Government must move very fast to install a reliable and comprehensive Asset Register to secure custody of all Government's moveable and immoveable Assets. This is very pertinent especially for purpose of accounting for loans and grants interventions; a sizeable component of these loans come in form of fixed assets transfers.

- v. A formal operational reporting framework should be put in place for effective project monitoring. Standard project appraisal algorithms should be established to ensure project sustainability. Indicators using Discounted Cash-flow analysis and arithmetical Pay Back Period are good examples of prolific methods of project appraisal indicators that need to be deployed in pre-investment project evaluation. This requirement is a necessary condition in signing on the State in projects under Public Private Partnership, PPP, Special Purpose Vehicle, SPV, and Joint Venture Contracts, JVCs.
- vi. Ekiti State has the capacity to advance leadership towards the adoption of accrual basis of accounting in Government. This must be preceded by a comprehensive Chart of Accounts that would define and specify the scope and means of documenting Government financial transactions.
- vii. It is further required that the State upscale mechanism towards robust accounting intelligence that would enable it access early warning signals in its operations, especially in the financial area.
- viii. It is equally important that the State installs a strong mechanism for purpose of monitoring its local and international debts.
- ix. As is in most Governments, management of cash advances, travelling and tour advances, are very critical in funds management. Proper standards should be set with regards to the advances rating category that should be applicable to political appointees, like DGs and SAs.
- x. Perhaps, it is time for any State that is bold enough to establish the State equivalent of the Federal anti-corruption agencies, and it is felt that Ekiti State has the capacity to bell the cat.
- xi. There is the need to centralize all revenue collected by all Ministries, Departments, and Agencies.
- xii. The Government must evolve a means of ensuring timely and well-equipped succession plan in the State Civil Service. This is to ensure the presence of a consistently balanced skill renewal plan. Capacity building among the work force should be taken very seriously. The Government should also establish a

mechanism that would enable it track all allocations to it in Federal appointments at all levels.

3.6 Internally Generated Revenue (IGR)

3.6.1 Assessment Indicators

1. Involvement of Government in IGR matters at the highest level.
2. Autonomy of Internal Revenue Service (IRS) from the main Civil Service Bureaucracy.
3. The Percentage Contribution of Internally Generated Revenue in Funding State Project.
4. Level of ICT infusion in Tax Administration.
5. Non-Direct Tax Sources of Revenue.
6. Debt Recovery Strategy.
7. Level of Involvement of Internal Revenue Service (IRS) on Tax Payers Education Campaign (Materials and Programs)
8. Dispute Resolution and Feedback Mechanism between Tax Payers and Internal Revenue Service (IRS).
9. Extent to which the Informal Sector is integrated into tax system.

3.6.2 Benchmarks for State

- ✓ **The Growth "G" Factor:** Significant Revenue Growth between 2008/2009 is 18% (average).
- ✓ **Political Will from Government:** This is strongly demonstrated by the Governor in terms of funding and reforms
- ✓ **Technical Capability:** Strong institutional framework and competent workforce to drive revenue administration
- ✓ **Tax Administrations Reforms:** Autonomy bill for the Board of Internal Revenue has been drafted and presented to the State House of Assembly.

- ✓ **Operational Efficiency:** Both financial and non-financial indices for measuring operations were optimally utilized among revenue generating agencies in accordance with leading best practices.

3.6.3 Other Findings

- ✓ Lack of Land Reforms for greater Revenue Generation
- ✓ Lack of fiscal and operational autonomy of the Board of Internal Revenue.
- ✓ Large unregulated informal sector and lack of identity management infrastructure
- ✓ Inadequate motivation of staff and poor office Infrastructure
- ✓ Inadequate Technology Infusion into tax administration systems
- ✓ Inadequate logistical support for tax administration
- ✓ Decentralization of revenue account & oversight function of BIRS over MDAs
- ✓ Weak enforcement and inadequate tax collection mechanism especially in hard to reach areas.

3.6.4 Policy Recommendations

- 1. Integration of the Informal Sector into the Taxpayers' Data Base:** *The aggregate financial and business activity that operates outside government control or the organized private sector contributing neither in taxes nor part of the state's Gross Domestic Product (GDP) is larger than those under the purview of formal control in Ekiti State. This includes everything from small scale farming, backyard employment and self-help finance to street vending, unregulated craftsmanship and small scale manufacturing which makes up the informal sector. Therefore, Ekiti State needs to immediately deploy proactive measures/interventions built on community/grassroots foundations through Strategic Community Involvement Partnership (SCIP); Formation of Ekiti Trade Council; Development of Standard Operations Procedures (SOPs) for the informal sector.*

2. Harness the huge untapped IGR potentials from Land; Housing & Urban Development related revenue sources e.g.

- a. Undertake a comprehensive property audit e.g. Lagos where 46,000 properties were identified;*
- b. Introduction of Geographic Information Management System (GIMS) in the Bureau for Lands, Housing & Urban Development; e.g. FCT, Lagos, Ogun, Cross Rivers and;*
- c. Scale down processing duration for the issuance of certificates and grants to the irreducible minimum lead-time ;*
- d. Introduce Service-based Revenue Enhancement Strategy: Intensify Collection of all revenue channels and sources in Land & Urban planning.*

3. Introduction of Indirect Taxes/Revenues instead of the application of direct taxes: (1) State Hotel Occupancy, Restaurants and Events Centres Consumption Tax Law, 2009 (the Lagos State Consumption Tax). The Law imposes a five per cent (5%) tax on all goods and services consumed in Hotels, Restaurants and Events Centres (situated within the territory of Lagos State). Typically, the Lagos State Consumption Tax is targeted and imposed on those who can afford to stay in hotels; eat in restaurants or those that can afford even a bottle of drink or beer in bars. Invariably the middle-class and the upper-class people within the society are the primary targets. There is no significant direct impact on this new tax regime on prices of foodstuff in the market. (2) Telecommunication User fees charged by telecom operations.

4. Harnessing hidden Revenue Channels by Reviewing both the Current & Future Fiscal Statutes (Federal & States) – e.g. Third Party Insurance on Motor Vehicles and Accident Emergency Response Scheme; Warehouse Receipt Bill.