



Community Development Plan Budget Tracker

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Executive Summary

The PROACT Community Development Plan (CDP) intervention across all target Local Government Areas have established platforms that enhance civic engagement and promotes active citizenship across rural communities. Community groups, such as the Village Savings and Loans Associations (VSLA), are fast becoming center-points for civic engagements set up like the Ward Development Association, Community Based Monitoring Groups, amongst others. All of which are aimed at fostering and ensuring quality service delivery within their communities. There are over 2,394 VSLAs that have been created by the PROACT Project. These VSLAs have been empowered to lead rural community engagements with government and community leaders in demanding service delivery through the CDP process. This report assesses the quality of the community needs as identified by their CDPs and incorporated into governments' spending plan for the current year. The report analyses how much of these community needs, have been recognized and selected for implementation by Local and State Governments. Seventy-nine rural communities have been supported in this project to identify their priority need areas through the CDP process. The supported rural communities include 37 wards in Birnin Kebbi, Danko Wasagu, and Jega LGAs of Kebbi State and 42 communities in Guyuk, Song, Fufore, and Mubi South LGAs of Adamawa State. The supported communities have developed and submitted their CDPs to their local government budget offices for implementation in the 2020 budget.

The report details findings from the three target Local Government Areas of Kebbi State and two Local Government Areas out of four from Adamawa state. Infographics and trend analysis were used to explain the level of direct and indirect capture of CDP projects in the 2020 budgets of the LGAs, as well as the effect of COvid-19 pandemic on the budget implementation of the LGA's budgets under review. The report also details the lessons and opportunities for both development partners and communities to engage the government effectively now and in the future, especially in maximizing economic value and closing the gender gap. Furthermore, proffered suggestions on ways to turn around and minimize the effect of the novel COVID-19 pandemic on the budget implementation of the said the reviewed LGA's budgets were proffered.

The report employed a qualitative desk research to deduce findings and suggestions. The analysis revealed that 1,289 CDP requests submitted by the communities to the LGAs across the two states. 85% is captured, representing a total of 1,093 of the projects. Eighteen of the projects are directly captured with the correct geo-location and amount set aside to actualize them. A total of 1,075 projects are indirectly captured with possible shared amounts and locations, and 196 projects are circumstantially captured. The number of total CDPs submitted indicated the opportunity for continued engagement among the community group members, budget officers, and other related Ministries, Departments, and Agencies (MDA) to actualize the nominated projects. These projects serve as an entry point and also explore lessons to improve on the subsequent future CDPs across the Local Governments under review in contents and levels of involvement of the community groups. It presents the budget realism of revenue shortage and the opportunity to work together in revenue generation and to hold Local Government Authorities accountable effectively. More so, this report will help governments to communicate better fiscal challenges they may be facing to citizens for co-creation.

Acronyms and Definitions

CDP	Community Development Plan
BPD	Barrels Per-Day
CBM	Community-Based Monitors
CSOs	Civil Society Organizations
CRUDAN	Christian Rural-Urban Development Association of Nigeria
DEC	Development Exchange Centre
DLI	Disbursement Link Indicator
DPB	Dollars Per-Barrel
FAAC	Federal Account Allocation Committee
FOREX	Foreign Exchange
GDP	Gross Domestic Product
IGR	Internal Generated Revenue
KII	Key Informants Interview
LGA	Local Government Area
LFTAS	Local Fiscal Transparency, Accountability, and Sustainability
M & E	Monitoring and Evaluation
MDAs	Ministries, Departments, and Agencies
NBS	National Bureau of Statistics
OGP	Open Government Partnership
PFM	Public Financial Management
SFTAS	State Fiscal Transparency, Accountability, and Sustainability
VAT	Value Added Tax
VSLA	Village Savings and Loans Associations

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Introduction

PROACT is designed to harness sustainability and create a lasting solution that will grow a formidable partnership between the government and the citizens that are being governed. As an intended result area for the project, the result from the Community Development Planning process will equip Civil Society Organizations (CSOs) and Community-based Monitors (CBM) to better engage service providers constructively in critical areas. It will help to understand the level of government responsiveness to citizens' concerns through the new participatory governance platforms supported by the project. It is also in sync with the Open Government Partnership (OGP). This multilateral initiative aims to secure concrete commitments from national and subnational governments to promote open government, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a steering committee, including representatives of governments and civil society organizations.

Since the inception of CDP intervention led by Oxfam and Partners (CRUDAN and DEC) in the project and non-project communities, there has been a plethora of reforms and initiatives from both Adamawa and Kebbi states where State Ministries for Local Governments have taken the strategic some steps to ensuring their communities' involvement in spending plans. So far:

The Local Government managements under the LGA's under reviewed have been instructed to consider citizens' needs into their budgets using the completed CDP templates submitted to the LGA Budget Directors.

In Kebbi State, the Ministry of Budget and Economic Planning conducted the first-ever Budget Town Hall Meeting in the State to harvest citizens/CSOs inputs into the 2020 budget.

This report is an assessment as a Community Development Performance tracking on the level of capacity garnered by the rural communities in the LGA's under review, through their various VSLAs as community pressure groups, in bringing about transformative changes in engaging governments in co-creating spending plans in such a way that recognizes and addresses peoples' needs for service delivery. The CDP intervention component is to increase active citizenship among rural communities and empowering them with fundamental capacities to mobilize themselves, aggregate their needs, and inclusively engage their governments. The report also discusses the effect of the COVID-19 pandemic on the budget implementation of the LGA's budgets under review. This is necessary as the world economy is under threat due to the unfortunate disease affecting the government's revenues as well as projections.

Objectives

This CDP tracking exercise is targeted towards the following objectives:

- To understand and identify the percentage of CDP projects that are captured in the 2020 budgets of the LGAs under review.
- To provide recommendations and learning opportunities for other LGAs outside PROACT's coverage areas;
- To equip CSOs, CBM's, and other community civic groups with quality information on the CDP project captured in the budget for follow-up and monitoring towards fostering accountability and transparency.
- To analyze and proffer recommendations for LGA project management as a result of the effect of COVID-19 pandemic on budget projection and implementations.

Methodology

This report adopted a qualitative research technique to source for the data and analyzed it. The qualitative technique is adopted because it suits the characteristics of the source of data of the report, which is secondary data. The secondary source, are the draft budget, the submitted CDPs, and other existing records from recognized sources. Comparative year-to-year budget analysis to assesses levels of transparency and inclusiveness of citizens in the budgeting process. The desk review analysis method was employed in assessing the selected LGA's 2020 budget drafts. The selected LGA's budget drafts are compared with the CDPs submitted for concurrence. Other data from World Bank and OPEC releases were also used in the report to analyze the effect of COVID 19 pandemic on the budget projection and implementation of the LGA's under review.

This report obtained and analyzed data from the 2020 draft budgets of Birnin-Kebbi, Danko-Wasagu, and Jega LGAs of Kebbi State and those of Mubi South and Song LGAs of Adamawa States. Efforts to obtain draft budgets from Guyuk and Fufore LGAs of Adamawa State was not successful because of challenges related to COVID-19. Attached as appendix 1 is the correspondence between a Project Staff and the Budget Directors of these LGAs as evidence that they were engaged in providing their LGA draft budgets for analysis. It is also to be noted that the draft given by Mubi South LGA contains only the budget summary and some line items of the recurrent expenditure without line items of capital expenditure.

To adequately understand the trend, the report considered three variables that detail how the projects are captured in the selected LGA's budgets. The variables are Direct, Indirect, and Circumstantial projects:

Direct Projects

Direct projects are projects that are mentioned by name and allocated to the community or ward as requested by the community or ward in the CDP. Such projects can easily be monitored, and the amount allocated to them is mentioned. Projects that are allocated to just two wards or communities are captured as direct, and the amount allocated is shared by two. An example is the allocation of N12,500,000 by Jega LGA in the 2020 draft budget to the Alelu community for market improvement.

Indirect Projects

The Indirect projects, on the other hand, are projects that are mentioned in the budget as requested by the CDP. However, their specific locations are not mentioned and or the locations are shared among different communities within the LGA or Ward. Mentions of such projects are generic using terms like "All wards" or three, and the above locations will be used. The amount allocated can not be easily attributed to one ward or another, which creates a challenge of which community owns what percentage of the project. An example is a construction of, motorized borehole for in 16 wards/communities of Birnin Kebbi local government, mentioned in the 2020 draft budget

Circumstantial

The Circumstantial projects are those projects that are neither direct nor indirect. They are not mentioned by name nor allocated to a specific region, but inferred. They are projects that are prompted because there is a direct or indirect project that relates to such activities. For example, a community in Jega requested for the project to improve the rearing of animals. Such projects are not captured, but the Jega LGA has a budget line to improve Agriculture in 2020.

Findings and Trend Analysis

The report analyses 1,218 projects submitted by the CDP's as captured in the 2020 Budget draft of the five studied LGA's. Birnin Kebbi LGA has 766 requests from the communities, Jega has 324, Danko Wasagu has 65, Song submitted 62 requests, and Mubi South LGA has a total of 71 submitted projects needs. The project's analysis is presented using infographics with charts, tables, and pictorials to describe the themes, trends, and patterns found.

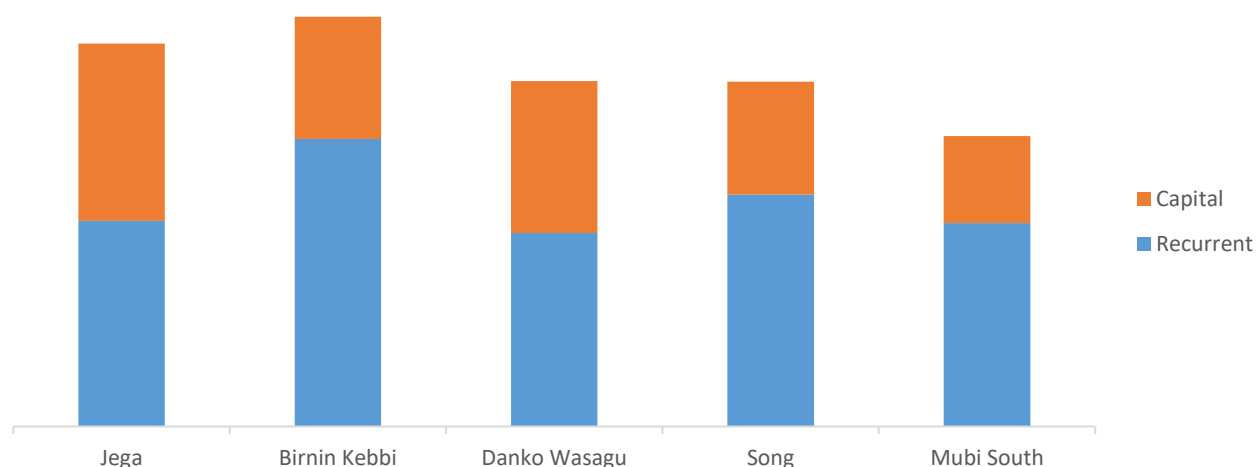
Budget

Draft budgets of the five Local Governments considered in this analysis presented a fair of income and expenditure estimate (budget) with a higher recurrent expenditure over the capital expenditure. The budgets presented a trend that favors government expenditure that bounded around personnel and overhead expenditure against capital expenditures like the building of schools, hospitals, and roads. Thus:

Budgeted Amount

	Capital	Recurrent	% of Capital Expenditure to Total budget
Jega	₦1,800,500,000.00	₦2,090,967,245.95	46.27
Birnin Kebbi	₦1,243,956,828.00	₦2,921,632,819.00	29.86
Danko Wasagu	₦1,544,258,515.00	₦1,966,692,831.00	43.98
Song	₦1,147,500,000.00	₦2,355,484,021.58	32.76
Mubi South	₦885,285,285.00	₦2,065,665,665.00	30.00

Diagrammatically represented as:



Out of the five LGAs reviewed, None of the LGAs has up to 50% of their budget as capital. Jega allocated the highest amount to capital expenditure at a proportional percentage of 46% to the total budget. They were followed by Danko Wasagu that allocated 43%. Song Allocated 33% percent of its budget to capital. Birnin Kebbi and Mubi South have the least percentage of 29.8 and 30%, capital expenditure to the total budgets, respectively. This analysis is essential because all the requests of the CDPs were capital expenditures.

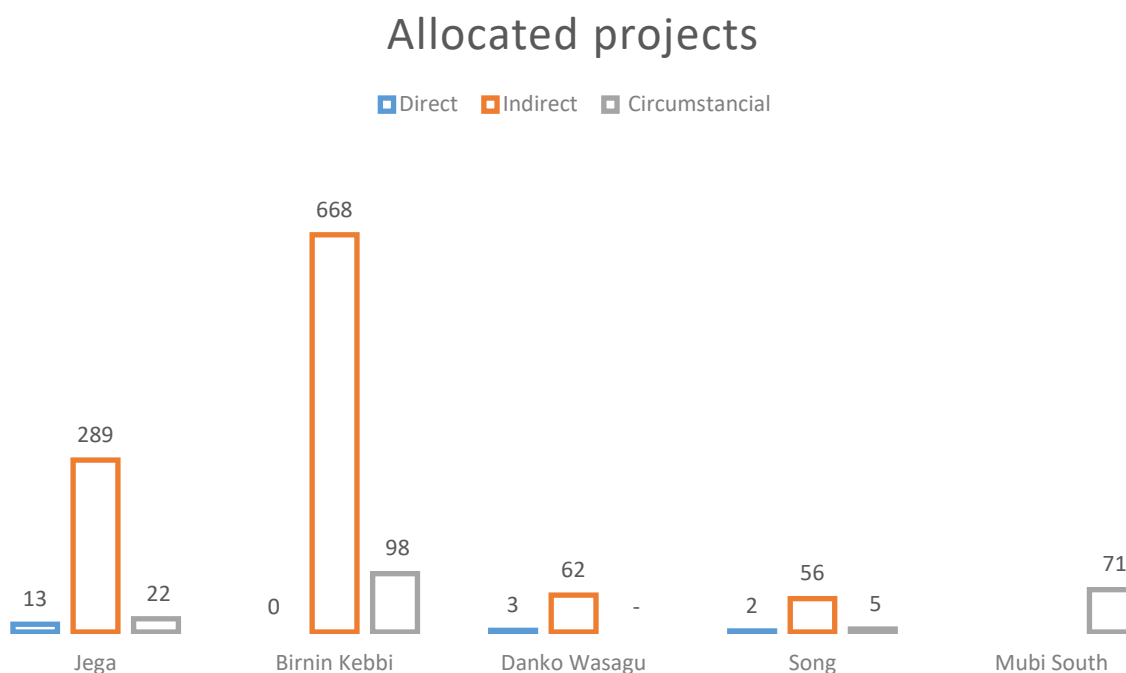
Captured Projects by Variable

It is an excellent level of achievement, considering that this is the first engagement on the CDPs, and there is a 90% achievement as indirect and direct allocation of projects. Out of the 1,218 projects, 18 are directly allocated, and 1,075 are indirectly allocated.

Allocated projects in CDPs

	Direct	Indirect	Circumstantial
Jega	13	289	22
Birnin Kebbi	0	668	98
Danko Wasagu	3	62	-
Song	2	56	5
Mubi South			71

The data is also represented pictorially as thus:



Birnin Kebbi LGA, as an urban LGA, has more engagement with 766 requests from the communities, followed by Jega LGA that has 324. Mubi South communities submitted 71 requests, Danko Wasagu LGA has 65 requests, and the Least number of requests is from Song with 63 submissions. This shows the opportunity for more engagement, especially on the indirect and Circumstantial projects that can be diverted easily through illegal virement.

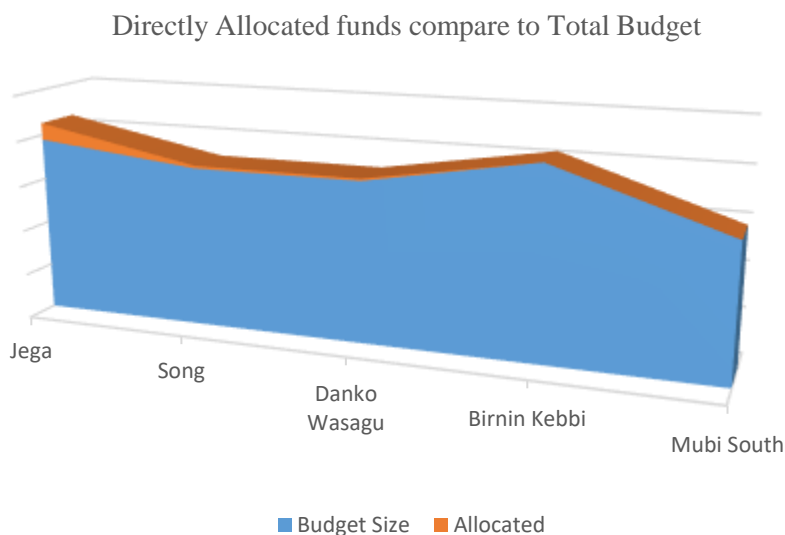
Direct Captured Projects by CDP Requests

Out of the 1,218 project requests submitted by the communities, only 18 (under direct projects) were linked to the CDPs requests. This is presented using the budget size amount and budget allocated to the CDP requests as thus.

Directly Allocated funds compare to Total Budget

	Budget Size	Allocated
Jega	₦3,891,467,245.95	₦372,500,000.00
Song	₦3,502,984,021.58	₦60,000,000
Danko Wasagu	₦3,510,951,346.00	₦50,000,000.00
Birin Kebbi	₦4,165,589,647.00	₦0.00
Mubi South	₦2,950,950,950.00	₦0.00

Pictorial



Birin Kebbi and Mubi south did not directly allocate budgets to CDP requests. Only Jega LGA allocated about 10% of its budget size to CDP's requests. Danko Wasagu and Song LGA's also allocated 1.4% and 1.7 of their budget sizes to CDPs requests, respectively. The advantage of the direct allocation of projects is it provides support against unauthorized virement. A virement is a process of moving money from one financial account or part of a budget subhead to a different one. Direct allocation can be easily traced and held to account.

Revenue Inflow and Budget Realism

A budget is an estimate of income and expenditure over a specified period. Each budget is a combination of realities before it can come to the ability to deliver. The government entity has to have the capacity to raise the projected revenue it intends to spend before it can boost the ability to implement the budget. A hundred percent projected revenue generation is more likely to meet a hundred percent implementation and vice-versa. In Nigeria and particularly in Sub-nationals like Kebbi and Adamawa States, the Local Governments generate revenue mainly from four subgroup sources.

S/N	SOURCE OF FUNDS	CONTENTS
1	Federal Account Allocation Committee (FAAC)	It is the monthly meeting and distribution of all funds that are in the federation account. It is done as defined by the Revenue Allocation formula
2	Internally Generated Revenue (IGR)	It contains all taxes, fines, fees, license, and rent on government properties and dividends among others
3	Value Added Tax (VAT)	It is the consumption tax levied on products at every point of sales or earnings.
4	Grants	Donors, Special Grants, Excess, LGA share from State

The current looming crude oil price crash and the looming economic depression as a result of the novel COVID-19 pandemic globally, has presented each country and the subnational with a considerable challenge to contend with in their Public Financial Management (PFM). According to the Nigeria Federal Budget office, Oil revenue constitutes more than 80% of foreign exchange earnings, and it contributes more than 50% of the FAAC. The crude oil benchmark for the 2020 budget of the Federal Government was 57 Dollars Per-barrel (DPB). A benchmark most of the subnational adopted. Because of the low demand for oil in the world, oil prices fell below 30 DPB, with some blends going as low as negative sales in some days. Nigeria adjusted the estimated oil revenue benchmark to \$30 DPB and agreed to cut down the supply of Barrels Per-Day (BPD), From 2.18 Million BPD to 1.7 Million BPD. Automatically reducing the oil revenue stream by more than 40%.

For an oil-dependant and import-dependent economy like Nigeria, the crashing oil price has put pressure on the Nigerian foreign exchange reserve (Forex). Thereby affecting the country's ability to balance payments of imports, increasing the pressure on Naira against the dollar. According to the world bank, In January 2020, food inflation rose to 19.85% as against 14.9% in January 2019, and one in every three Nigerians will be unemployed or underemployed. These projections did not factor the scare coming as a result of the shrink in market activities that is pushed by the corvid-19 pandemic. The attempt to curtail the spread of the pandemic created stress in the economy. The lockdown rules across the country affect the daily demand and supply of goods and services. NBC reported that more than 50% of the Nigerian Gross Domestic Product (GDP) is in services, while more than 20% in Agricultures. Both services and Agriculture require fiscal interaction outside; hence the pandemic locked down more than 70% of the economy and source of income. This has put a leash on the possibility of any increase in IGR. While at the same time pulling down the foreign earnings. Experts and researchers have projected that Nigeria may go back to recession unless immediate decisions that will improve fiscal efficiency in PFM are taken. The realities that may come to each of the studied LGAs is further elaborated below.

Projected Decrease in Government Revenue.

It is estimated that as a result of the fall in oil prices across the globe. The adjustment and review of the projected oil revenue will affect the revenue stream to each sub-national in Nigeria. The federal government has reviewed oil revenue projection downward by more than 40%. The Oil revenue constitutes more than 50% of the revenue distributed at FAAC to the states and local government. Implying that:

Projected Decrease in Oil Revenue

	BPD	DPB
Prior Budget Rate	2,180,000,000.00	57
New Estimated Price	1,700,000,000.00	30
Percentage Decrease		41%
Percentage of Oil revenue to FAAC		50%

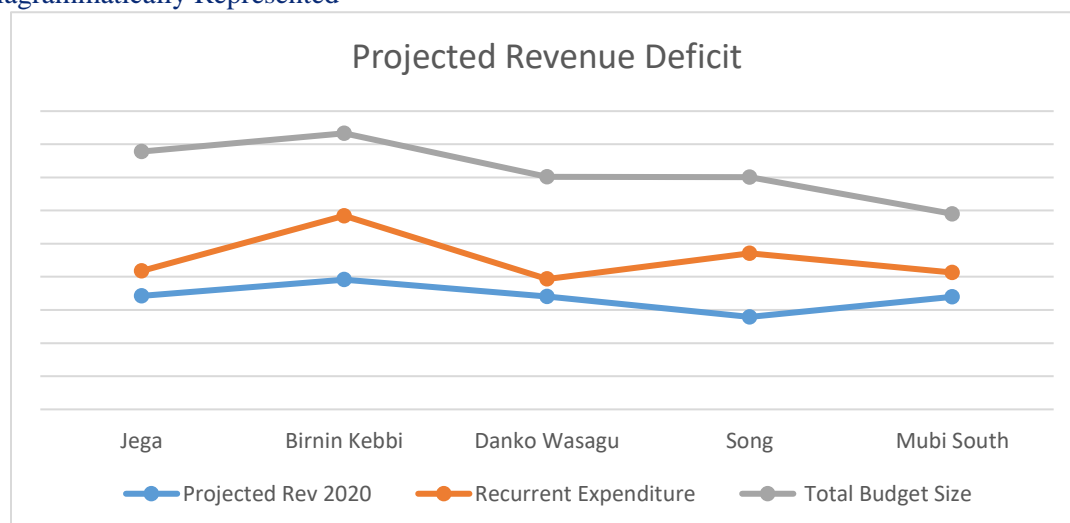
The projected oil revenue showed a drastic revenue fall when compared to the actual revenue collected in 2019. This estimate is projected assuming that all other revenue flow will remain constant as received in the 2019 budget, which is highly unlikely. The estimated revenue projection and budget deficit in each of the LGA is thus;

Projection as it Affects LGAs

	Jega	Birin Kebbi	Danko Wasagu	Song	Mubi South
Actual Revenue 2019	₦1,942,641,492.00	₦2,273,550,896.00	1,989,850,654.00	₦1,849,007,880.26	₦1,999,999,990.00
Budgeted 2020	₦3,891,467,245.95	₦4,165,589,647.00	3,510,951,346.00	₦3,502,984,021.58	₦2,950,950,950.00
Projected Actual Revenue 2020	₦1,711,625,044.71	₦1,956,894,829.71	1,703,565,816.59	₦1,395,215,719.81	₦1,697,527,517.63
Budget Deficit	₦2,179,842,201.25	₦2,208,694,817.29	1,807,385,529.41	₦2,107,768,301.77	₦1,253,423,432.38

The estimated shortfall, when compared with the 2020 budget proposal, affects the entirety of the ability of the LGAs to implement the CDPs. The projected income of the LGAs cannot fund the recurrent expenditures of the LGAs in 2020.

Diagrammatically Represented



The projections above raise concerns on the preparedness of the LGAs State's fiscal instruments to adjust for the public finance realities adequately. Insinuations like this, the fastest means, will be to take alone. However, interest base loan is not an option because both Adamawa and Kebbi state a highly indebted. According to the National Bureau of Statistics (NBS), Adamawa state is owing almost 90 billion Nairas, and Kebbi state has debt profile upward of N67 billion naira. Furthermore, due to global demand decision-making.

Practical Ways forward

The following practical ways can remedy the challenges of projections as it affects LGA's:

- **PFM Support:** The LGA's can effectively employ Public Finance Management (PFM) techniques which is a systematic underlying fiscal discipline that involves laid down rules, systems, and processes by a government entity to mobilize revenue, allocate public funds, undertake public spending, account for funds, and audit results. OXFAM can more effectively provide such services by thoroughly studying the inflow of funds of the LGAs. Assess their weakness and strength. Work with the entities to prioritize expenditures that will boost economic recovery and come out with a workable fiscal model.
- **Cost reduction and value-based budgeting:** The LGA's can focus on personnel cost, capital expenditures of economic value, and emphasis on boosting local incomes. Increased capital expenditure and personnel cost will aid the circulation of funds in the hand of ordinary people, which will push for demand and rekindle economic activities. Furthermore, capital expenditure and personnel cost increase trust in governance by citizens that encourage voluntary compliance in payment of taxes.
- **Economic recovery:** The LGA's can counter looming depression, which is a "foreign demand pushed" as a result of low demand for Nigeria's highest export earnings. This can be done by increasing the consumption of local products, and the exchange can cover up the deficit within the LGAs. Such activities will also support the recovery at the federal and state level. Since the two states are both agrarians, expenditure to support agriculture couple with the coming raining season will mitigate the trend.
- **Fiscal discipline:** Additionally, the LGA's should cut down on levies and stress on blocking revenue leakages.
- **Intensifying Reward:** The states can adopt the Local Government Fiscal Transparency, Accountability, and Sustainability (LFTAS) model derived from the State Fiscal Transparency, Accountability, and Sustainability (SFTAS) of World bank. A model that rewards government entities with rewards if they meet a specific indicator called Disbursement Link Indicators (DLI). The World Bank has set aside \$750 million based grants and technical assistance to states to implement a 22-point fiscal Sustainability Plan (FSP) to be given to state if they meet the DLIs. Kaduna state, in turn, set up the same DLIs with modifications to the LGAs. The state transfers part of what they get to the LGAs if they meet the DLIs. One of the SFTAS DLI is achieving 20% IGR growth on an annual basis will trigger \$2m to the state as an incentive. And for LFTAS, 20 million is set to be given to each LGA that meets its DLI.

Opportunities

The current CDP-induced projects are the first in the reviewed local governments. The team worked hard to achieve such a level of success. They have explored and create the following opportunities to follow-through;

- To engage the LGAs and MDAs on the indirect allocation of project budgets for effective delivery.
- To Building on the achievements recorded so far by enhancing the capacity of the community groups on how to improve requests contents and levels of involvement to reflect segregated groups (Women, the Young and people living with disability)
- Engage the legislatures on the need to include more of the indirect CDPs and allocate defined funds geo locations to projects budgets.
- To encourage the communities to imbibe voluntary compliance of taxes to increase revenue for implementation and block leakages.
- To empower the community groups to hold the Local Government Authorities accountable for effective service delivery.

Lessons

Some of the obvious lessons from this project are:

- There is a need to improve the capacity of communities to plan for segregated submissions by different groups properly so that submission will better reflect equity in demand of the often neglected demographics (women, young and people with disabilities).
- There is a need to enhance the capacity of the communities in practical ways to consolidate their request base on equity and equality to avoid repetitions and conflicts of request.
- There is a need to engage the communities more on how to prioritize their budget needs, based on content and economic value.
- There is a need for proper engagement with the budget officers to employ the use of a standard citizen budget template.
- More so, Governments can make use of the CDP's to better communicate fiscal challenges they may be facing to citizens.

Conclusion

Governments are considered more useful when they work together with citizens to solve problems and development challenges. The PROACT Project provides such an opportunity to do governance differently by bringing (back) citizens into the design, implementation, and monitoring of their budgets through the CDP. The aim is to make the government more effective, efficient, less corrupt, and more trusted. This analysis has revealed that CDPs can go along way in ensuring citizen's participation in governance for effective delivery. Hence, to make the government deliver better services to the people, it is clear and more important than ever that citizen engagement and public participation through the CDP's are appropriately enacted to provide the necessary impetus and oversight for good governance across the country.



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