

Evaluation of Revenues Deducted for Project Fund Disbursement for Sustainability of Niger Delta Development Commission Projects in Nigeria

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Abstract: - This research was carried out to evaluate the revenues deducted for project fund disbursement for sustainability of Niger delta development commission projects in Nigeria, using secondary data that was acquired from NDDC for analysis and evaluation with the help of excel spread sheet. Oracle crystal ball was integrated to excel spread sheet which helped us in doing simulations for display of mean standard deviation frequency distribution and probabilistic outcome. Process/implementation evaluation was also used to determine whether the funds allocated to the NDDC for project development program activities have been implemented as intended and whether it resulted to certain output or not. The existing revenue disbursement model for oil revenue distribution was remodeled for rechanneling the 13% oil derivation to the ministry of Niger Delta and subsequently to NDDC and the oil producing areas for proper utilization and project development in the area. This is contrary to the previous revenue disbursement model for oil revenue distribution that allocated the 13% oil derivation directly to the oil producing states. The total revenues received by NDDC from federal government, oil companies and other income sources from 2007 to 2011 were also transformed to graphical representations of variations of funds received and percentage distribution of such funds during the periods under review. The difference between the total revenue received by NDDC and the total capital expenditure in 2007 was recorded as 99,451,815,800 while the difference between the total revenue received by NDDC and the total capital expenditure in 2008 was 174,625,536,000. In 2009 it was 183,922,881,810. Then in 2010 the difference was 32,771,525,920. but the difference between the total revenue and the total capital expenditure in 2011 was 34,516,180,627 which helped in this research to produce simulations that displayed mean, standard deviation, frequency and probabilistic rating for total capital expenditure, total revenue and the difference. The contracts awarded by NDDC in the Nine Niger Delta states were evaluated to x-ray the percentage rate of fund utilization for project development between 2007-2011 while the individual projects executed by the NDDC regional headquarters were also evaluated and the percentage rate of completion also recorded. The percentage differences in funds utilization for developmental project completions shows that proper evaluation would help the NDDC to identify areas of concentration during award of contracts and to be able to identify contractors lapses so as to have the capacity to hold the contractors liable for underutilization of project funds and incompleteness of project works awarded to them.

Key Words: Evaluation, Projects. Revenues, Niger Delta, funds Distribution, Sustainability.

I. INTRODUCTION

The establishment of the Niger delta development commission act by the year 2000 gave a mandate to the commission to allocate funds emanating from the federation account for resolving environmental issues arising from ecological problems initiated by oil mineral exploitation and exploration in Niger delta region of Nigeria. Though, at the inception of independence of Nigeria in 1960, the federal government initiated the idea of revenue allocation to states and local government areas in this Niger Delta region but this revenue never helped the improvement of the quality of life of the people of this area. This may have attributed to non-utilization of these funds in execution of the targeted projects that are of immense importance to the people as well as misusing the funds in the area of solving personal problems 'Carry Go' Citizens report on state and local government budgets in the Niger delta (2008)

The establishment of this act was necessitated by the agitations of the people of the Niger delta region to control the oil mineral resources in their area since the region has been neglected by the oil mineral exploration and exploitation companies and other stakeholders in sharing the financial deliverables benefited from the oil revenues between the 1950's and the period of establishment of the defunct oil mineral producing areas commission in 1998 (OMPADEC). The astronomical skyrocketing of environmental degradation and subsequent ecological damages in this region could be seen as the major reasons why the Niger delta people should be listened to in the area of resource allocation by the federal government of Nigeria and other oil related companies in order to assist in remediation and mitigation of the established environmental to issues within this area.

The federal government of Nigeria has done well by establishing a standing rule of allocating 13% oil derivation monthly to each oil producing state in Nigeria though there is a high cry out by the host communities that these oil revenues do not come directly to them rather the federal government disburses these funds to the state government in order for the funds to be reallocated into project development in the oil producing communities. Thus Dagworm (2013) carried out a research on the impact of revenue allocation on economic

development in Nigeria and found out that, revenue allocations have significant causal relationship with economic development in Nigeria, with only revenue allocation to states having significant negative relationship. It is therefore pertinent to note that this 13% oil derivation allocated to the oil producing states is not properly utilised and invested into projects in oil producing communities because the money is not directly allocated to the government agency that should manage this fund since they know the problems of these oil host communities.

The question arises ‘why is it that most of these oil producing communities still have established cases of degraded environments, high neglect of infrastructural development and dilapidated public facilities which include roads leading to the oil flow stations in these areas’. This research has a view that if these funds allocated by the federal government to the states are properly disbursed for the individual project development which they are meant for and the projects are handled by

experts and the best environmental project managers, it could go a long way in mitigating the environmental problems, solving the problems of infrastructural decay, reducing drastically the poverty level in the area and conflicts arising from the grievances of the oil mineral host communities as a result of the persistence of the presence of low quality projects arising from lack of best use of the allocated funds for the best quality project delivery.

Conceptual Framework

This research plans to redirect the federal government to begin the allocation of 13% oil derivation to Ministry of Niger Delta that will further disburse these funds to NDDC for best project execution and delivery at the best quality and time. The 13 % oil derivation to the nine NDDC states are presently disbursed through the revenue disbursement model in figure 1 below while this research presents the proposed revenue disbursement model for distribution of oil revenue in figure 2 below.

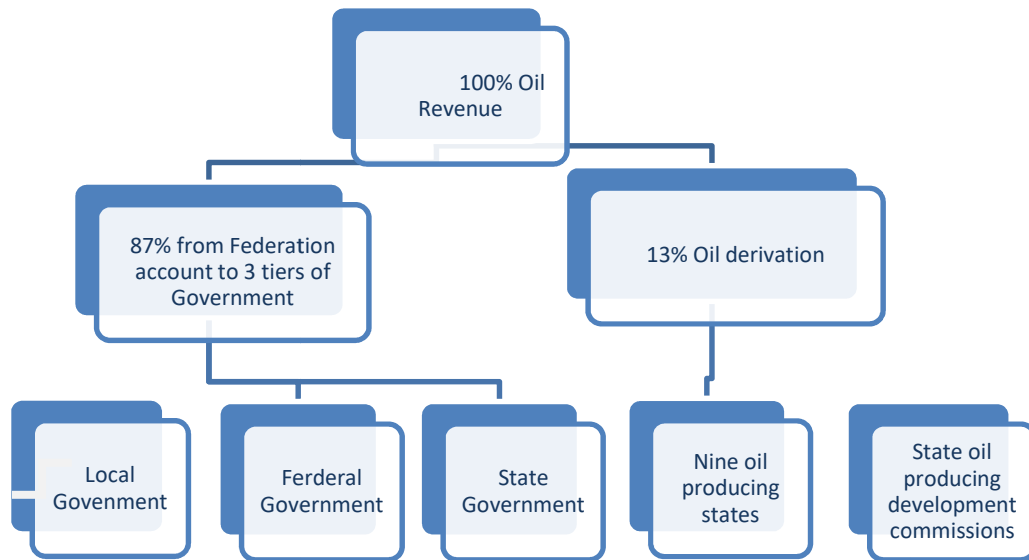


Figure 1: Revenue disbursement model for oil revenue distribution

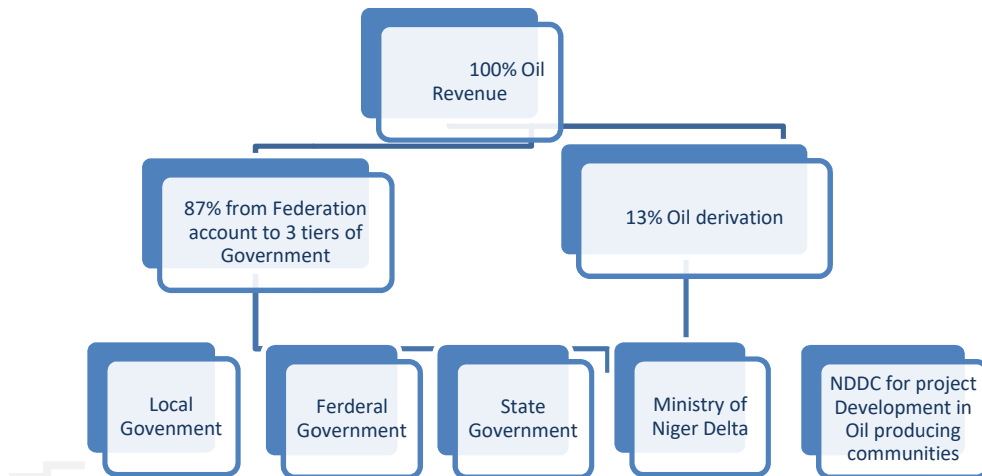


Figure 2: Proposed Revenue disbursement model for oil revenue distribution.

This proposed revenue disbursement model for oil revenue distribution would enhance the effective utilization of project funds allocation for oil producing communities’ projects development. It therefore becomes very necessary to focus on the aim of this research established as, the evaluation of deducted revenues for project development by the Niger Delta commission in order to ensure the sustainability of its projects especially in the Niger Delta region of Nigeria. Considering the fact that Niger Delta region has profiled Nigeria as the seventh largest crude oil exporter in the world and the largest oil producing nation in West Africa and possibly Africa at large, it is worthwhile a decision that high percentage of the funds that accrue from the oil revenue should be allocated to the Niger Delta states, Annual Abstract of Statistics (2006), Petroleum Inspectorate (NNPC) (2006) and Central Bank of Nigeria (CBN), Annual Report and Statement of Accounts (2006) in Nelson (2014) stated that Crude oil production between 1958-2006 was 23.2 billion barrels while the total revenue from crude oil within the same period was N30trillion or \$250billion projected.

It is expected that this research would go a long way in supporting the sustenance of NDDC vision and mission statement, geared towards finding a lasting solution to Niger Delta regions social and economic challenges likewise the facilitation of rapid and equitable sustainable development of

stable social, economic, ecological, political and peaceful environment in the Niger Delta region.

Study Area

According to NEITI (2013) the study area comprises of the nine Niger Delta states with their capitals as follows, Abia :Umuahia, Akwa – Ibom: Uyo, Bayelsa: Yenagoa, Cross-River: Calabar, Delta : Asaba, Edo: Benin, Ondo: Akure, Rivers: Port Harcourt while the land area and population is graphically displayed below. This region also has about 13,329 settlements and 185 local government areas. This Niger Delta region is a vast wetland area comprising of pronounced bio-diversity and vast area of large quantum of oil reserves. The region is located within southern Nigeria with the Atlantic Ocean at its southern border while Cameroon is at its eastern boundary. It has a surface area of approximately 112,110 square kilometres which represents about 12% of the total surface area of Nigeria. It has a population of 31.224 million in line with the census result from 2006 population data.

Figure 3 below shows the Niger Delta regional map comprising of the states and their capitals.

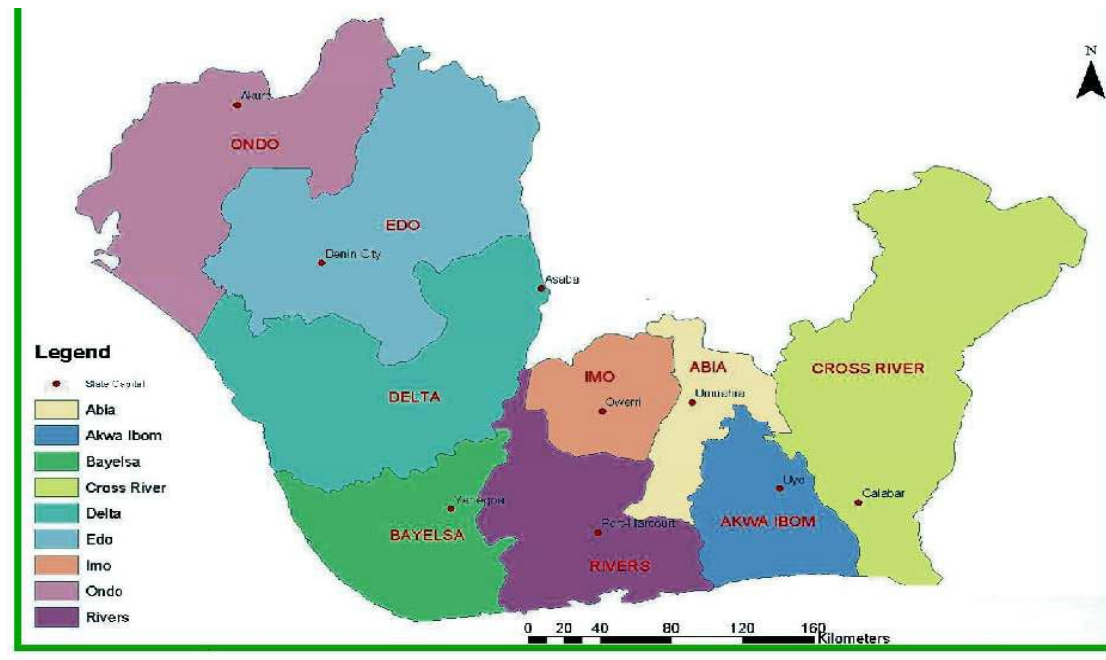


Figure 3: Political map of the Niger Delta region of Nigeria. Source NEITI(2013)

Figure 4, below displays the graphical representation of the nine Niger Delta states, their capitals, land area and population. Information on graph was extracted from NEITI (2013).

The land area is plotted on y axis while the state identities and their capitals are plotted on x axis. The opposite side of the y axis has a display of the population of each of the Niger Delta states.

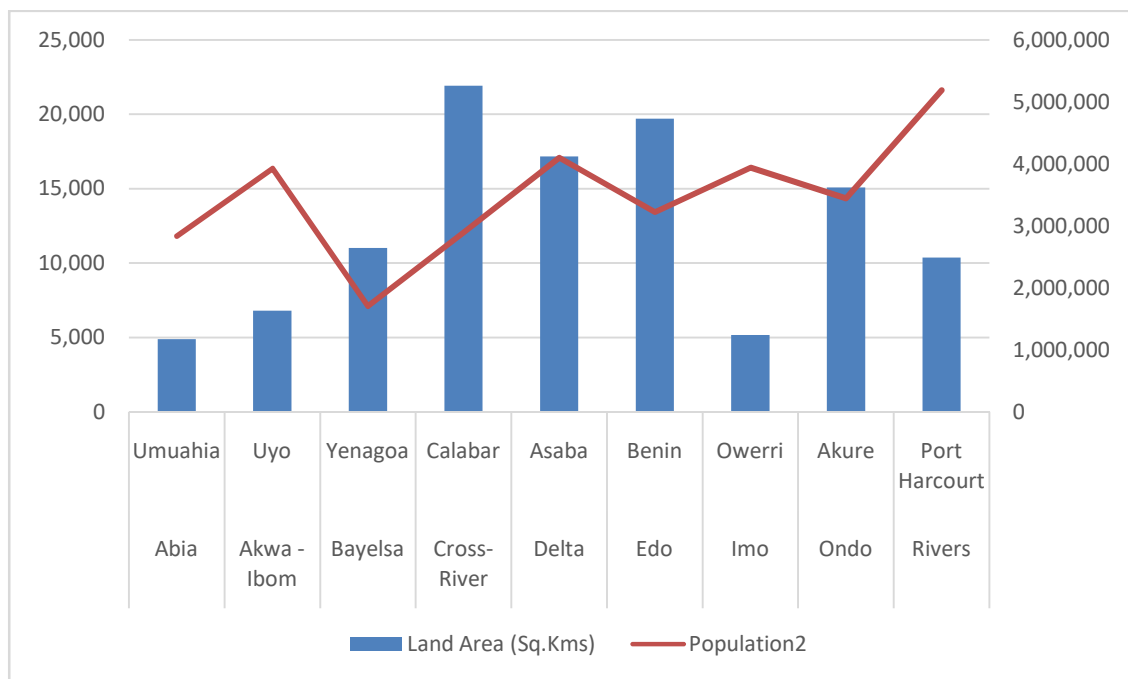


Figure 4: Niger Delta states, capitals, land area and population

II. MATERIALS AND METHOD

This research will make use of Secondary data that will be acquired from NDDC and other agencies for analysis and evaluation using excel spread sheet. Oracle crystal ball was integrated to excel spread sheet to help in doing simulations for display of mean standard deviation frequency distribution and probabilistic outcome. Process/implementation evaluation will be used to determine whether the funds allocated to the NDDC for project development program activities have been implemented as intended and whether it has resulted to certain output or not. This particular evaluation falls in line with the periodic assessment methodology in an evaluation process CDC (2007). This research will also implore the use of

economic evaluation method of cost utility analysis used during the operations of NDDC fund utilization for project execution. This will help us to verify, what financial resources are being utilized during project development program and their direct and indirect cost compared to outcomes. This will provide program managers (NDDC) and funders (federal government of Nigeria) a method to assess cost relative to effects. CDC (2019).

III. RESULTS AND DISCUSSIONS

Table 1 below shows the Overview of the total revenue received by the NDDC 2007-2011. The data on this table will be used in developing graphical models for display of annual total revenues received by NDDC 2007-2011

Table 1: Overview of the total revenue received by the NDDC 2007-2011

Source	2007	2008	2009	2010	2011
	N	N	N	N	N
Federal Government	24,000,000,000	40,570,000,000	51,317,566,107	44,937,757,491	56,076,920,534
Oil Companies	40,531,352,200	43,942,473,000	89,927,822,349	89,773,376,789	111,576,195,210
Sundry (Other Incomes)	189,832,000	277,491,000	329,529,734	385,391,640	125,064,883
Total	64,721,184,200	84,789,964,000	141,574,918,190	135,096,525,920	167,778,180,627

Source: Nigeria extractive industries transparency initiatives (NEITI) (2013)

Figure 5 below shows the graphical representation of overview of the total revenue received by the NDDC 2007-2011. The graph was plotted to display the years when NDDC received these funds on x axis while the total amount of

money in Naira by NDDC between the years 2007-2011 were plotted on y axis. The total for each year were in billions of Naira on table 1 were approximated on the graph to the nearest billion for easy computation on excel spreadsheet.

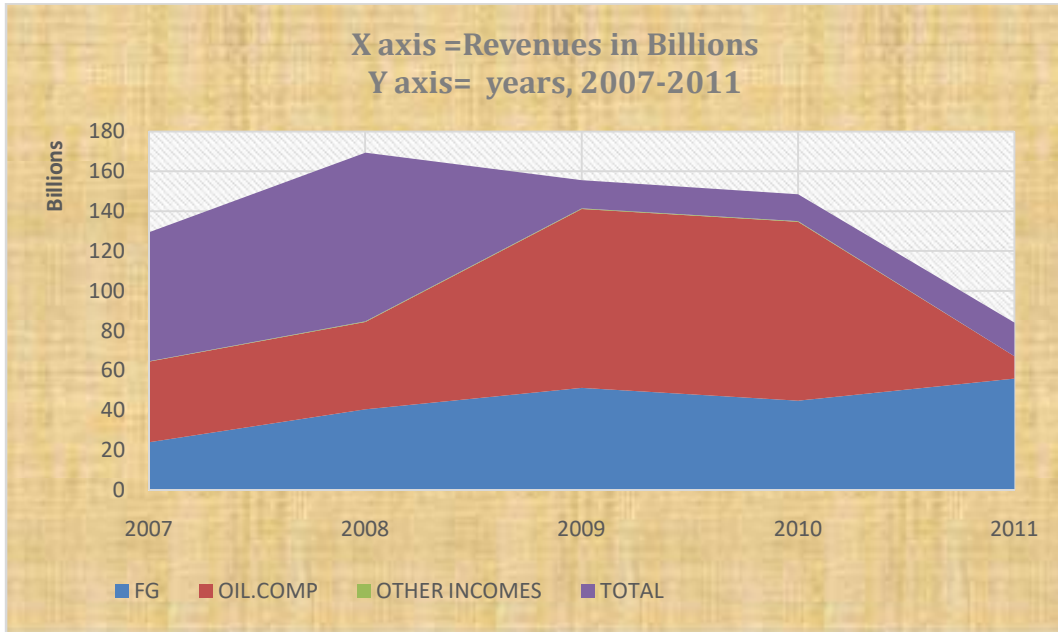


Figure 5: Overview of the total revenue received by the NDDC 2007-2011

The total revenue received by NDDC in 2007 64721184200. This revenue was extracted from the individual contributions of the Fedearl government, the oil companies and other sources(Sunday) . The total revenues for 2008 increased to 84,789964000 while in 2009 there was another increase in revenues received from the above mentioned sources to the

tune of 141,574918190 and the revenue dropped to 135096525920 in 2010 while it increased to 167778180627 by 2011.

Figure 6 below displays the percentage distribution of the contribution to NDDC from Federal Government, Oil companies and other sources.

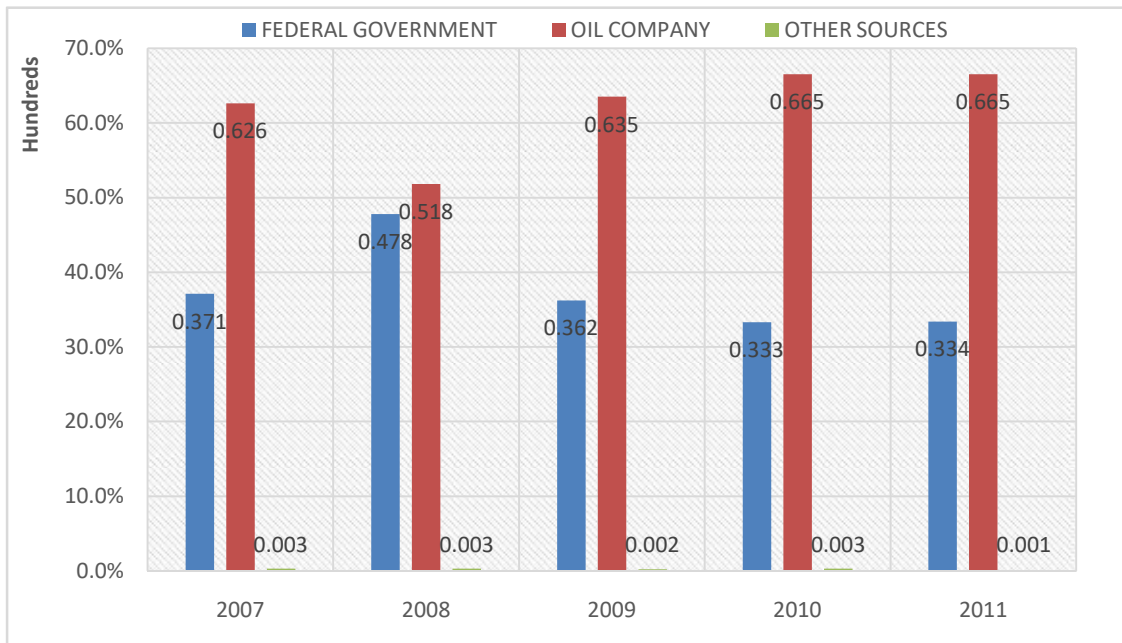


Figure 6. displays percentage distribution of the contribution to NDDC from Federal Government, Oil companies and other sources.

The graphical representation of percentage distribution of the contribution to NDDC from Federal Government, Oil

companies and other sources in 2007 shows that the federal government contributed 37.1% ,the oil companies contributed

62.6% and other sources contributed 0.3%. This shows that the highest percentage contribution in 2007 came from the oil companies. In 2008, the federal government contributed 47.8%, the oil companies contributed 51.8% while other sources contributed 0.3%. This shows that in 2008 the highest percentage contribution came from the oil companies. In 2009, the federal government contributed 36.2%, the oil companies contributed 63.5% and other sources contributed 0.2% showing that the oil companies were again the highest

percentage contributors in 2009. In 2010, the federal government contributed 33.3%, the oil companies contributed 66.5% and other sources contributed 0.3%. This shows that the oil companies had the highest percentage contribution in 2010. In 2011, the federal government contributed 33.4%, the oil companies contributed 66.5% and other sources contributed 0.1%. This shows that the highest percentage contribution in 2011 came from the oil companies.

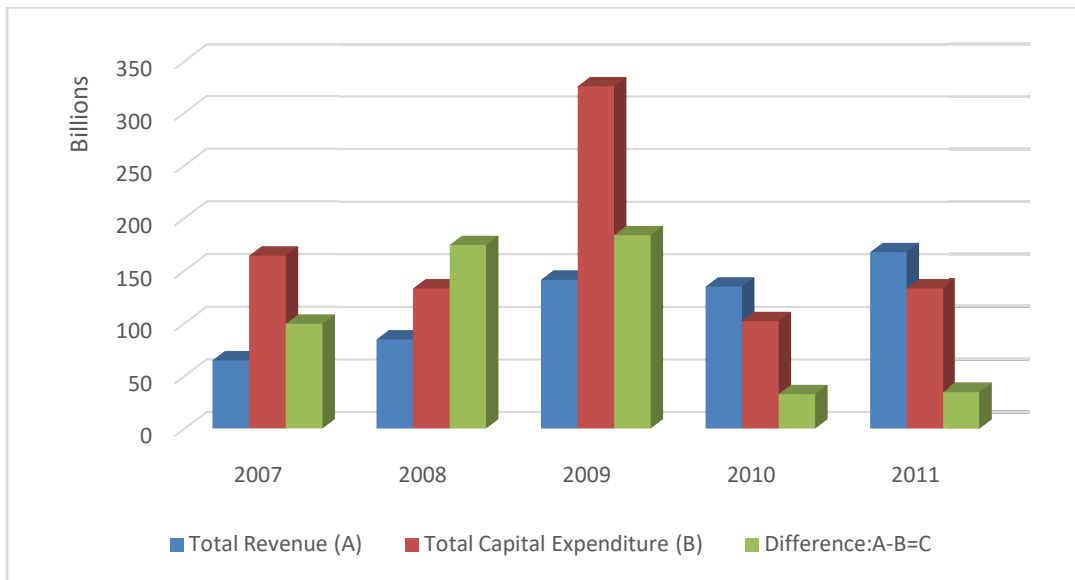


Figure 7: Total Revenue, Total Capital Expenditure and difference

The difference between the total revenue received by NDDC and the total capital expenditure in 2007 was 99,451,815,800 while the difference between the total revenue received by NDDC and the total capital expenditure in 2008 was

174,625,536,000. In 2009 it was 183,922,881,810. Then in 2010 the difference was 32,771,525,920. Lastly, the difference between the total revenue and the total capital expenditure in 2011 was 34,516,180,627.

Figure 8 shows the simulation for total capital expenditure displayed on a normal distribution

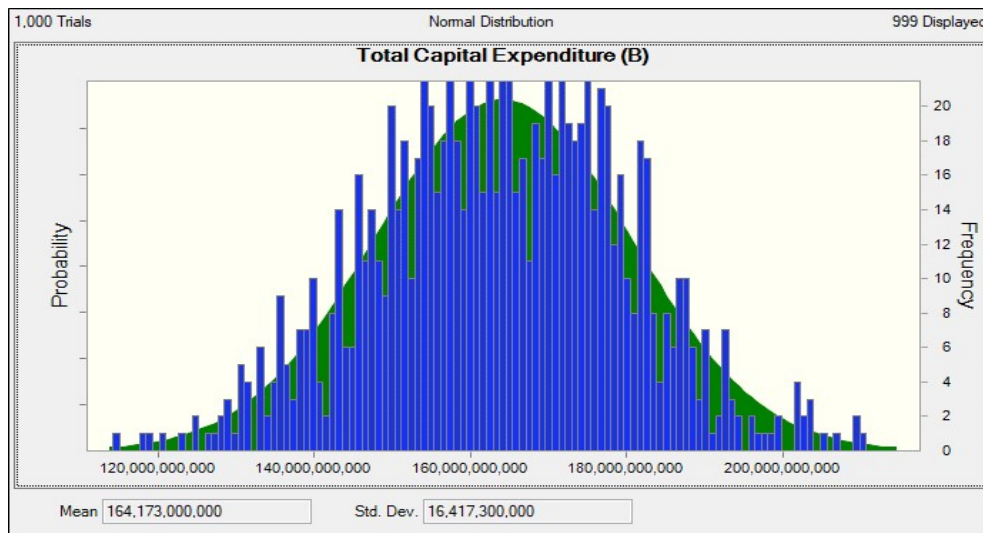


Figure 8: Simulation for total capital expenditure displayed on a normal distribution

Figure 8 above shows a simulation for total capital expenditure on a normal distribution displaying the mean as 164.17300000 and the standard deviation as 16.41730000. The frequency and the probability was also displayed on the simulation.

Figure 9 shows the simulation total revenue received by NDDC on a normal distribution.

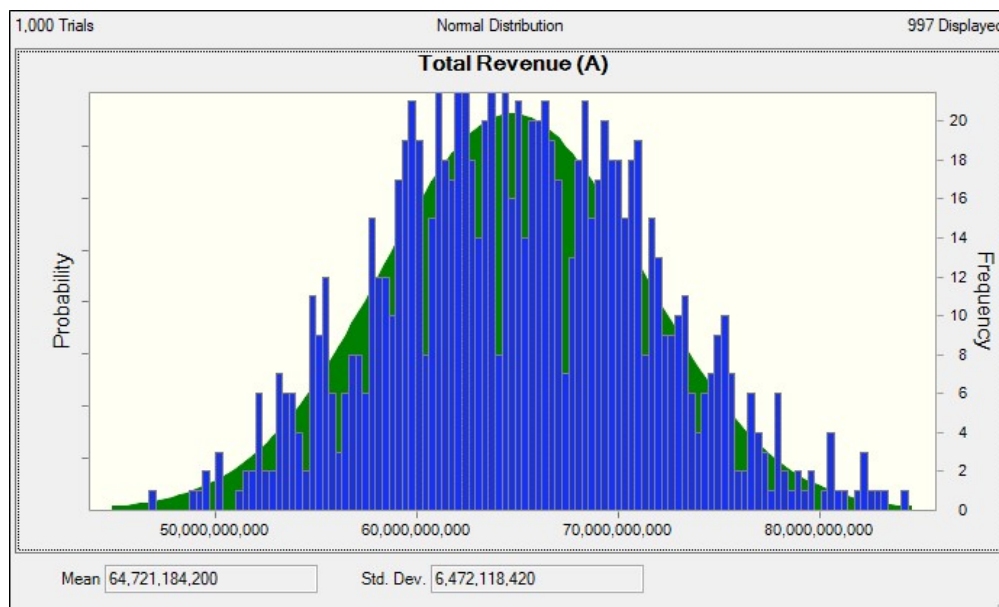


Figure 9: Simulation total revenue received by NDDC on a normal distribution.

The above figure shows that the standard deviation for total revenue received by NDDC from 2007 to 2011 is 6.472118420 while the mean is 64.721.184200. The

simulation also displayed the probability and the frequency of total revenue.

Cumulative Breakdown of Projects for the Nine NDDC States (2007-2011)

S/N	State	Contract Awarded (N'000)	Work Certified(N'000)	Percentage rate of completion
1	Abia	11,380,975	2,541,506	22%
2	Akwa - Ibom	50,395,953	9,393,413	19%
3	Bayelsa	88,486,017	31,526,552	36%
4	Cross - River	8,179,882	1,555,000	19%
5	Delta	59,821,583	7,546,762	13%
6	Edo	19,796,823	3,943,123	20%
7	Imo	36,271,106	5,092,441	14%
8	Ondo	27,154,765	1,902,055	7%
9	Rivers	109,518,475	27,249,357	25%

Source: Nigeria extractive industries transparency initiatives (NEITI) (2013)

Figure 10 below shows the difference between the total capital expenditure and total revenue received by NDDC between 2007 and 2011 with a display of standard deviation of about 9.945181580 while the mean was displayed as

99.541815800. The simulation also displayed the probability distribution and the frequency distribution for the difference between the total capital expenditure and total revenue received by NDDC between 2007 and 2011.

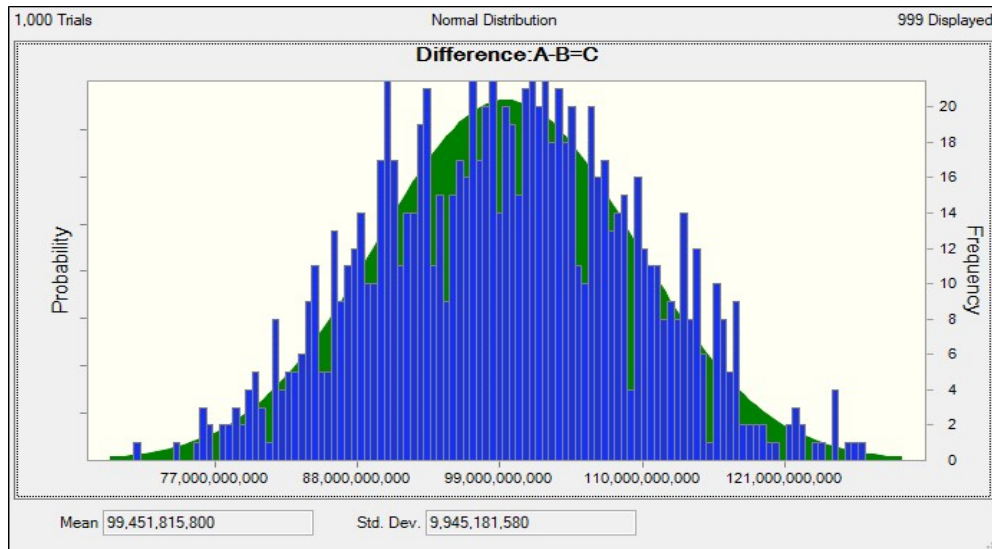


Figure 10: Difference between the total capital expenditure and total revenue received by NDDC between 2007 and 2011

Contract classification for all the Nine NDDC states

- (1) Jetty/Erosion/Reclamation
- 2)(Road and Bridge,
- (3) Housing/Town halls
- (4) Electrification
- (5)Water Projects
- (6)Educational infrastructure and development
- (7)Hospital

- and Medical facilities
- (8) Skill acquisition development
- (9)Project security and logistics
- (10) Others.

Figure 11 below shows graphical representation of cumulative brake down of projects for the nine NDDC states 2007-2011.

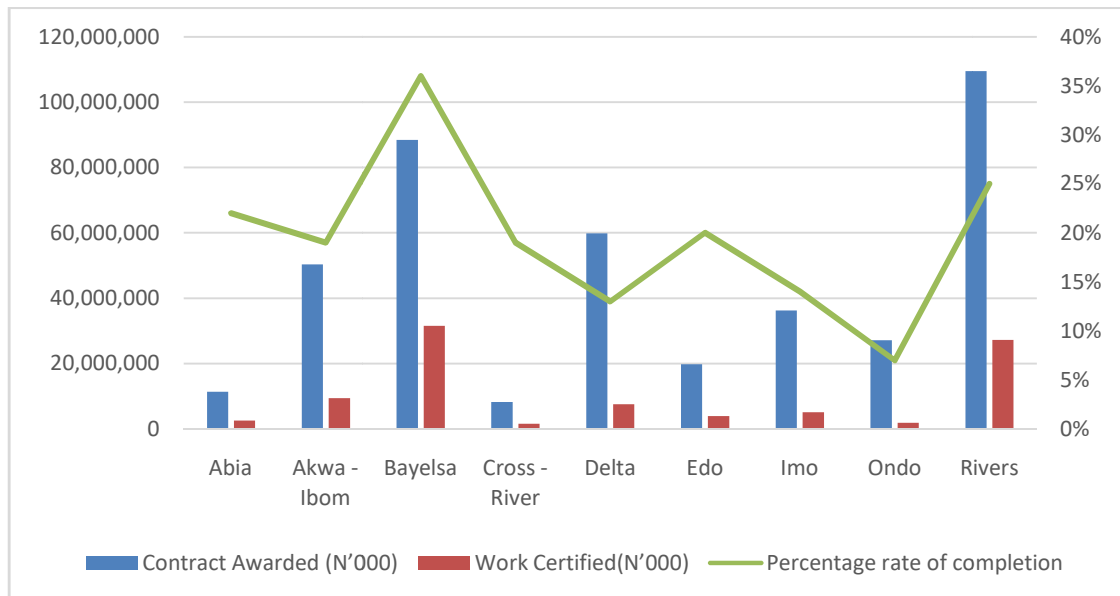


Figure 11: Cumulative brake down of projects for the nine NDDC states 2007-2011.

The assessment of Abia State collective performance rate indicated 22 percent for the five years under review 2007-2011 which signifies that the funds for contract awarded was not properly efficiently utilized to expected rate of 100%. This was also applicable to Akwa-Ibom State whose collective performance rate indicated 19 percent for the five years under review which also indicated less than 100% expected rate of completion. The assessment of Bayelsa State collective performance rate indicated 36 percent for the five years under

review and it is also less than 100%. The assessment of Cross-River State collective performance rate indicated 19 percent for the five years under review, Delta State collective performance rate indicated 13 percent. Edo State collective performance rate indicated 20, Imo State indicated 14 percent for the five years under review, Ondo State collective performance rate indicated 7 percent for the five years under review and Rivers State collective performance rate indicated 25 percent for the five years under review. The graph shows

that the percentage rate of completion for all the states under review were all less than 100% which should be the bench

mark for fund utilization for project completion.

Cumulative Breakdown of Regional Projects of NDDC (Headquarters) (2007 – 2011)

S/N	Projects	Contracts Awarded(N'000)	Work Certified(N'000)	% rate of completion
1	Jetty/Erosion /Reclamation	235,000	235,000	100%
2	Road and Bridge	164,411	88,840	54%
3	Electrification	9,142,424	4,044,120	44%
4	Educational Infrastructure and Development	1,022,950	879,713	86%
5	Hospital and Medical Facilities	4,835,476	4,739,755	98%
6	Skill acquisition/Youth development	534,434	534,434	100%
7	Agricultural Development Program	6,189,361	1,146,063	19%
8	NDDC Master Plan	264,533	72,296	27%
9	Project Security and logistics	54,553	49,043	90%
10	Others	63,580,053	17,191,136	27%
	Total	86,023,200	28,980,399	34%

Source: Nigeria extractive industries transparency initiatives (NEITI) (2013)

Figure 12 below shows graphical representation of cumulative brake down of regional projects carried out by NDDC from headquarters between 2007 -2011.

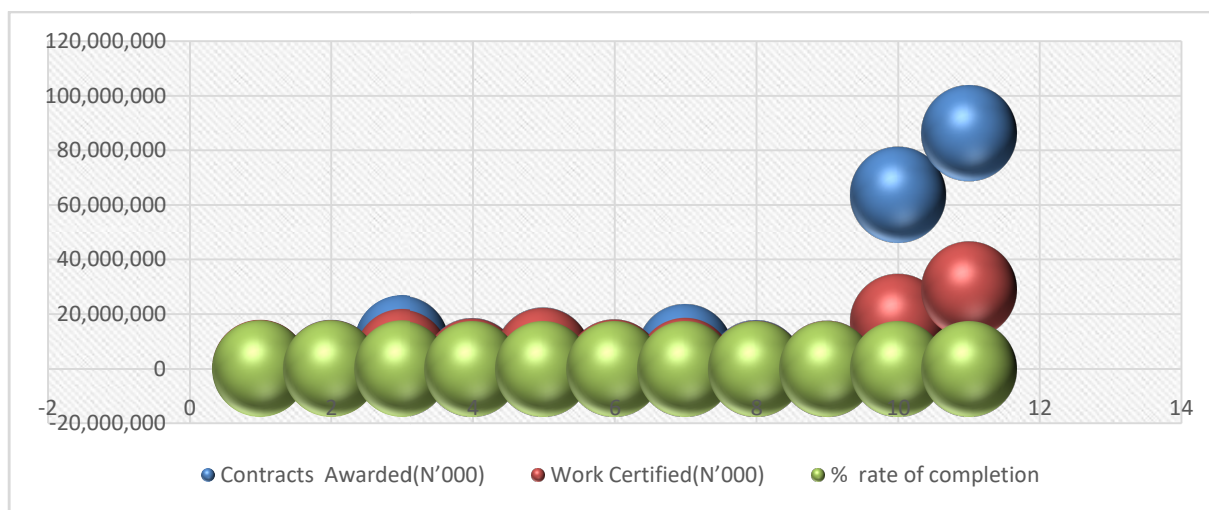


Figure 12: Cumulative Breakdown of Regional Projects of NDDC (Headquarters) (2007 – 2011)

The Cumulative Breakdown of Regional Projects of NDDC (Headquarters) (2007 – 2011) shows that Jetty/Erosion /Reclamation projects had percentage rate of completion of 100% while

Road and Bridge projects had 54% which is less than the expected percentage rate of completion. The Electrification projects had 44% and it is less than the expected percentage rate of completion. Educational Infrastructure and Development projects had 86% which is less than the expected percentage rate of completion too. Hospital and Medical Facility projects is less than but slightly close to the expected percentage rate of completion at 98% .Skill acquisition/Youth development projects had percentage rate

of completion of 100% while Agricultural development program had 19%, Security and logistics projects had 90%, other projects had 27% that are less than the expected rate of completion. The percentage rate for the completion of the total projects was 34%. Therefore the funds utilization for the projects achieved 34% project completion.

IV. CONCLUSION

The Evaluation of Revenues deducted for project fund disbursement for sustainability of Niger delta development commission projects in Nigeria has been carried out with results signifying the percentages of funds utilized by the commission, funds received by the commission, projects

carried out by the commission and the distribution of the funds contributing stake holders which has helped in clearly specifying what projects were actually carried out and at what rate the projects were carried out too. These percentage differences in funds utilization for developmental projects completions shows that proper evaluation would help this establishment to identify areas of concentration during award of contracts and to be able to identify contractors lapses so as to have the capacity to hold the contractors liable for underutilization of project funds and incompleteness of project works awarded to them.

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