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Dear Coordinating Minister of Economy,

**Nigeria Desperately Needs Another Iweala Magic As She Celebrates Huge Public Debts Of Approximately \$100Billion (N15trillion), Outrageous Recurrent Expenditures, Corruption And Under-development At 52: A Document For Records & Socio-economic Revolution**

Above subject matter refers.

**(Onitsha-Nigeria, 1<sup>st</sup> October 2012)**-On 3<sup>rd</sup> of September 2012, the leadership of International Society for Civil Liberties & the Rule of Law, Onitsha, Nigeria, released the first part of this topic; titled: How Nigeria's Trillions & \$44Billion Public Debts Are Pocketed By Her 17,500 Top Public Officers And Criminals (ref: intersociety-ng.org).

**Main Summary:**

The summary of this topic, which is a follow up to the first topic is that Nigeria, again, is a leading global indebted country and has gone back to the highly indebted poor country status (HIPC) which she exited via "Iweala Magic" in 2006; that the country's current total public debts are approximated at \$100billion or N15.5trillion; that by the end of the 2013 fiscal year, the country's federal civilian governments would have made total budgets of N37.665trillion or \$240billion from 1999, a period of fourteen years, out of which N21.7trillion would have gone for recurrent, N4.5trillion or \$28billion for domestic and foreign debts servicing (excluding \$12billion paid to liquidate \$18billion foreign debts in 2006) and N11.3trillion for capital development; that Nigeria runs one of the most expensive public governances in the world far beyond her financial limits; that Nigeria borrows hugely and fraudulently too, to offset her huge overhead costs and service the country's 17,500 top public officers and their approximately 24,165 inferior subordinates, thereby starving and impoverishing her approximately 160million citizens; that cabalistic criminals still dominate Nigeria's public affairs; that corruption and social deprivations are entrenched and customized in the country's polity; that Nigeria's public wealth is controlled by less than one percent of the population; that approximately 60 million employable Nigerians including over 25 million higher education graduates are unemployed; that the state of public infrastructures including critical infrastructures in Nigeria is shockingly horrible; over 90% of the huge public spendings on personnel costs goes into the payment of allowances; that public governance in Nigeria has become a private enterprise with profit maximization as the end-product; that Nigeria has disastrously maintained a steady culture of budget deficit in place of balanced or surplus budget since 1999; that the last time Nigeria recorded a budget surplus was in 1997 under Abacha's maximum rulership when N37billion was returned as surplus; and that Nigeria spends an average of 11.5% of her total federal revenues annually on domestic and foreign debts servicing, with the said debts remaining alarmingly high at all times.

## **Full Details:**

### **Debts:**

In the first part of this topic, the \$44billion debts figure quoted was solely obtained from the official website of the Nigeria's Debt Management Office. But our further investigations have revealed that the totality of public debts in Nigeria is much higher than the figures given by the DMO. Besides, the DMO has updated its records on public debts in Nigeria as at end of June 2012, from end of March 2012. Also, the DMO's public debts records grossly omitted other versions of public debts in Nigeria. For example, its records did not include the domestic debts profiles of the 36 States, the Federal Capital Territory of Abuja and the 774 LGAs (local government areas), which can "borrow and lend" for public interests under the law. The records also did not include court judgment debts owed by the Federal and State governments and their MDAs, arrears owed contractors at Federal and States' levels on jobs certified "done and completed". The arrears owed serving and retired public workforce by Nigeria's three tiers of government was not included in the DMO's calculations. Contestably, informed independent sources strongly believe that the local and foreign debts figures disclosed by the DMO as Nigeria's total public debts are grossly under-quoted. In other words, the actual figures are higher than the quoted.

For instance, the CIA World Fact Book 2012, one of the world's most credible sources of information believes that Nigeria's total foreign debts, as at December 31<sup>st</sup> 2011 was \$12.06billion. This excludes the foreign borrowings of 2012. It also states that Nigeria generated \$24.54billion (N3.63 trillion) in 2011 and spent \$32.65billion (N4.9trillion), leaving a whopping deficit of \$8.1billion (N1.24trillion). The Newswatch Magazine of June 15, 2012 similarly quoted informed independent sources as insisting that the Nigeria's total domestic debts stock should be in the region of N9.1trillion if the Asset Management Corporation of Nigeria, AMCON's bond of N3trillion and the DMO's bonds issued in the months of April and May 2012 were included. The Federal Government of Nigeria, according to the respected Magazine, has also concluded arrangements to borrow in the next three years a total of \$7.9billion (N1.2trillion). The loan, said to attract 2.5% interest, will be borrowed from World Bank, African Development Bank, Islamic Development Bank, Agence Franciase de Development and Exim Bank of China. Out of this huge sum, \$3billion (N465billion) is be borrowed from China. Already, \$1.1billion (N170billion) has been secured from the Exim Bank of China. Another whopping sum of about \$1billion loan has been secured from external sources including the Eurobond of \$500million and another \$370million reportedly secured from the Islamic Development Bank, with an outstanding balance of \$600million to be taken from the same bank before the end of this fiscal year (Newswatch June 2012).

Further, according to the Debt Management Office, Nigeria's total domestic debts as at 30<sup>th</sup> day of June 2012 stood at N6.15trillion, from N5.96trillion (\$38.3billion) in March 2012, while the country's total foreign debts within the period stood at \$6.035billion from \$5.9billion in March 2012. In other words, Nigeria's domestic debts increased to N190billion while foreign debts recorded an increase of \$135million within three months (April to June 2012). But the foregoing may most likely not be the true picture of Nigeria's domestic and foreign debts profile even as at June 2012. Apart from domestic and foreign borrowings that took place between July and September 2012 and those to be borrowed before the end of the current fiscal year, informed independent sources

including the CIA World Fact Book 2012 strongly believe that Nigeria's domestic and foreign debts are much higher than figures given by the DMO. For instance, in 2005, Nigeria's foreign debts were \$36billion, out of which \$30billion was liquidated leaving the balance of \$6billion. Between 2007 and 2011, Nigeria has borrowed externally over \$6billion, bringing the total to over \$12billion. And between December 2011 and September 2012, Nigeria borrowed extra \$3billion, thereby bringing the current total foreign debts of Nigeria to over \$15billion (N2.3trillion).

Nigeria's total domestic public debts are also wrongly calculated. For instance, apart from N9.1trillion believed by informed independent sources to be the actual total figure of domestic debts in Nigeria, other legitimate versions of domestic public debts are utterly excluded in the calculations. At the Federal level alone, approximately N1trillion is owed by the Federal Government and its MDAs to contractors, suppliers, consultants, etc on jobs certified **done and completed**. For instance, N88.38billion is owed as "judgment debts" by the Federal Government and its MDAs (Daily Trust Newspaper September 12, 2012). The Power Holding Company of Nigeria owes its contractors, suppliers and consultants a whopping sum of N400billion (Punch June 1, 2012). The Nigeria Police Force owed its contractors N7.4billion since 2008 and 2009. The contractors in the public construction sector are owed over N100billion by the Federal Government for jobs done and completed (This Day August 18, 2012), out of which the Federal Ministry of Works owes N60billion. Over N1trillion is still owed the serving and retired federal civil servants in Nigeria.

At the level of the 36 States of Nigeria, which substantially control the 774 LGAs in the country, over N3trillion debts may have arisen from reckless domestic borrowings, judgment debts and arrears owed contractors, suppliers, consultants, and serving and retired workforce. It is widely believed that an average of N50billion is domestically owed by every State in Nigeria including the FCT, Abuja. For instance, between 2011 and 2012, between N20billion and N50billion bond had been floated by many States in the local capital markets. Rivers and Delta States reportedly floated N100 billion each from local capital markets. Also Cross Rivers State maintains a domestic debt of N80billion; Akwa Ibom State obtained a bond of N50billion excluding other inherited domestic debts. Rivers State confirmed it only borrowed N30billion in October 2010 and another N20billion in July 2011. Ekiti and Osun States borrowed N20billion each within the said period (Punch August 9, 2012). Imo State owed over N100billion locally as at May 2011(Okorochoa 2011). Also, Abia State owes approximately N100billion, out of which N29billion was inherited from the former regime of Orji Uzor Kalu(T.A. Orji 2010); and Bayelsa State owes locally a whopping sum of N207billion (Punch, August 9, 2012).

While Anambra State's current foreign debt is \$25.3million (N3.8billion), its domestic debts profile including arrears owed serving and retired workforce of some State parastatals such as Anambra State Broadcasting Service, Anambra State Water Corporation, Anambra State Newspaper Company, publishers of the National Light Newspaper, etc run into billions of naira as at September 2012. Though the State is one of the least locally and externally indebted States in Nigeria, its current local loan profile is largely shrouded in secrecy. Before the 2006 external debt forgiveness ably spearheaded by you, Madam Coordinating Minister of Economy, Anambra's domestic and foreign debts stocks were over N40billion. These included \$120million foreign debt and over N25billion local debt; out of which over N8billion was owed pensioners and serving

workforce. Also part of the two sets of loan was the 2001 N2.9billion local bond for "Sir Louis Ojukwu Industrial Estate Project" (abandoned), a \$10million loan for "Oba International Market Project" (abandoned) and an N650million loan for "Awka Stadium Project" (abandoned). While the \$120million external loan has been brought down to \$25million, thanks to the said 2006 external debt forgiveness, the present government of Anambra State has also liquidated some of the arrears so owed. It has commendably maintained a low loan policy and brought down budget deficits since 2008 except unpaid arrears above mentioned, which include unpaid local debts inherited from former regimes and the benevolent loans called "credit facilities with little or zero interest rates", which it indisputably secures for strategic health, agricultural and educational projects. The present Government of Anambra State also does well in meeting its obligations to contractors, suppliers and consultants, with perhaps, the exception of judgment debts. In 2008, a whopping sum of N12.6billion was approved for local borrowing, but in 2009, it returned a surplus of N10billion to the State coffers without borrowing a dime. The State is an exception when it comes to reckless and fraudulent borrowings, but we wish to see it as a total debt-free State in Nigeria. This is more so when the said State Government has threatened to borrow if it is the only way to take care of the recent flood victims ravaged by floods in its river-line areas.

As you may have known Madam Minister, out of an estimated \$15billion (N2.3trillion) owed externally by Nigeria as of date, the 36 States and the Federal Capital territory of Abuja owe a total of \$2.214billion (N343billion). Geopolitically, Southwest zone owes the lion's share of \$840.9million (N131.8billion); followed by Northwest \$473.3million (N77.5billion); South-south \$289.9million (N45billion); Southeast \$197.7million (N30.06billion), North-central \$189.1million (N29.3billion); and Northeast \$186.3million (N28.8billion). At the level of States, Lagos State owes the lion's share of \$517.6million (N80.15billion); followed by Kaduna \$197.1million, Cross River \$109.3million; Ogun \$96.2million; and Oyo \$78.8million. Borno is the least externally indebted State with 12.7million (N1.9billion); followed by Delta \$15.7million; Plateau \$20.1million; Taraba \$20.6million; and Anambra \$25.3million (DMO June 2012). The official exchange rate of N155.00 per USD is used by **Intersociety** in all its calculations in this topic.

Therefore Madam Coordinating Minister of Economy, it may be an indisputable fact to say that Nigeria's current total domestic and external public debts are in the neighborhood of \$100billion or N15.5trillion comprising the external loans of \$15billion (N2.3trillion), judgment debts and Federal Government's contractors' debts of over N1trillion and local capital markets' debts of N9.1trillion as well as its staffers' arrears of over N1trillion. It also includes the States and the FCT's local capital markets' debts, contractors' debts and workforce (serving and retired) arrears of over N3trillion, all amounting to over \$100billion or N15.5trillion. As a result, Nigeria has again fallen back to the disastrous category of the "highly indebted poor country" status as well as one of the poorest countries in the world despite the abundance of human and highly profitable natural resources.

As you may have known Madam Coordinating Minister of Economy, Nigeria's disastrous journey into hellish indebtedness started in 1965. By 1970, the country's foreign debts substantially owed to the IMF stood at \$970million, from which it rose to a whopping sum of \$32.5billion in 2000. Through debt forgiveness of 2006, it was brought down to \$6billion in December 2006, from its all time high of \$36billion. But between June 2007

and September 2012, during Yar'Adua and Goodluck Jonathan's eras, it increased to about \$15billion and by the end of the 2013 and 2014 fiscal years; it would be over \$20billion or N3.1trillion. For domestic debts, their increase is alarming and shocking too. As at December 2006, the Federal Government's domestic borrowings stood at N1.8trillion (about \$13billion), from N28.44billion in 1986 (Igamu Joseph Augustus (Yusuf) (2012). But between June 2007 and September 2012 they increased to N9.1trillion, an increased of 500%, thereby making the President Jonathan's regime, under whom you are the Coordinating Minister of Economy, the most indebted regime in the history of Nigeria because under him the increase was and still is astronomical.

Also, the productivity of these borrowings is totally questionable. Apart from their provocative use for servicing the country's 17,500 top public officers and their 24,165 inferior aides and associated profligacy, the amount being spent annually in servicing them and the high interests at which they are borrowed, in addition to their non-judicious utilization, are alarming and deafening. For instance, Nigeria borrowed from the Paris Club of Creditors as at December 2001 a total of \$13.5billion and spent a total of \$41.2billion within the same period on its servicing. Yet as at December 2001, Nigeria owed the same Paris Club a total of \$22.092billion. Between 2007 and 2012, a period of six years, Nigeria had spent a total of \$19.52billion (N3.05trillion) on domestic and foreign debts servicing, yet the borrowings have alarmingly continued with associated steady increases in interests and penalties. The branch of the public debts that attracted this huge spending is the local capital market borrowings of N9.1trillion, which belongs to the Federal Government of Nigeria (FGN) and the external capital market borrowings of \$15billion shared by the FGN, States and the FCT. Despite the whopping sum of N560billion or \$3.7billion provided for debts servicing in the 2012 budget, official increases of N190billion and \$135million have been recorded in three months (April to June 2012) for local and foreign debts respectively. In 2011, N445billion or \$2.9billion was spent on both domestic and foreign debts servicing; in 2010, N517billion or \$3.35billion was spent; in 2009, N357billion or \$2.34billion was spent; in 2008, N620billion or \$4.05billion was spent; and in 2007, N492 or \$3.18billion was spent (Appropriation Acts of the affected fiscal years).

Further, when a loan is borrowed, it carries three modes of repayment; that is to say principal, interests and penalties. According to the Newswatch Magazine of June 15, 2012, Nigeria's local borrowings are obtained at an average interest rate of 10.5% with long unhealthy years of repayment. In 2010 for instance, Nigeria borrowed locally three major loans with twenty, five and three years' repayment periods. Under the 20 years bond, Nigeria borrowed N412.30 with 20years interests of N1.18trillion. In other words, the country will repay a total of N1.59trillion in twenty years time in a loan of N412.30billion. For the \$1.1billion (N165billion) recently obtained from the Exim Bank of China at the official interest of 2.5% with 30 years repayment period, it will cost Nigeria a whopping sum of \$810million to service it excluding principal and penalties.

### **Nigeria's Budgets Of The Few By The Few And For The Few:**

Budget is realistic when it touches positively the lives of the generality of the people, tangibly and intangibly. Sadly, Nigeria's budgets over the years (since 1999) have been oligarchic and anti-people's driven. They are also loan-driven, corruption-ridden and anti-development. The greatest threat to Nigeria's socio-economic and technological advancement is no longer her long years of military dictatorships but her years of "public

machinery” budgets, which concentrate heavily on personnel and overhead spendings at the gross expense of capital developments. These reckless and outrageous spendings are also clothed in the layers of official criminality whereby substantial part of such spending is done outside the living law. Another major impediment to Nigeria’s growth and development is huge and reckless spending on allowances and overheads as well as profligacy.

Budget, as you know Madam Coordinating Minister of Economy is traditionally divided into capital and recurrent expenditures and recurrent is sub-divided into personnel and overheads. While overheads take care of maintenance of government machinery, personnel take care of the salaries and allowances of government appointees, electees and those hired to make government machinery work. Capital budget is the most productive component part of any budget and a country without dominant capital budget is doomed. Disastrously speaking, Nigeria’s capital budgets have been relegated to the third fiddle since 1999, steadily surpassed by personnel and overhead spendings.

Other organized and focused countries rarely borrow and even if they do, they borrow to enhance development and good living standards of their countries and nationals, but Nigeria borrows to pay salaries and allowances as well as to offset her huge overheads costs. Also budget has three performance indexes; that is to say: surplus, balanced and deficit. A budget surplus means excellent performance; balanced budget means good performance; and budget deficit means failure performance. Sadly, other than in 1997 when the Abacha’s maximum rulership returned a budget surplus of N37billion without borrowing a dime and after faithful implementation of the year’s budget, the successive civilian governments since 1999 have consistently run huge budget deficits. What they called “statutory transfers” at the beginning of every fiscal year are usually the remainders from non-capital releases and unspent loans, particularly the portion allocated to capital sub-sector. Sadly, recurrent expenditures usually attract over 100% implementation while capital expenditures with minute allocations attract less than 70% at the end of each fiscal year. This is despite the fact that allocations to capital development are less than 30% of the total budget. For example, as at July 2012, only N404billion (27%) had been released for capital expenditures, whereas the recurrent expenditures attracted over 70% releases.

By the end of the 2013 fiscal year, the Federal civilian Governments of Nigeria would have recorded a total budget of N37, 665trillion(\$240billion), that is to say from June 1999 to December 2013. Out of this huge figure, only N11.3trillion (30%) would have been spent on capital development; N21.7trillion (\$145billion) representing 58.5% would have been spent on recurrent expenditures; while N4.5trillion (\$28billion) representing an average of 11.5% (for each of the budgets) would have gone for domestic and external debts servicing. If the \$12billion paid in 2006 for debt forgiveness is added, then Nigeria’s federal civilian governments would have spent a whopping sum of \$40billion (N3.6trillion) in servicing and repaying her domestic and external debts since 1999, a period of 14 years. Yet Nigeria’s total public debts as of September 2012 including sundry arrears have remained at an alarming estimated rate of \$100billion or N15.5trillion.

Also, in the six years of the military regime in Nigeria, 1994 to May 1999, a total budget of N1.305trillion was spent, whereas in the six years of the civilian rule, 2000 to 2005, a

total budget of N7.22trillion including the 1999 supplementary budget of N165billion was spent. The frugal military budgets of N1.305trillion were far more public oriented than the bloated civilian budgets of N7.22trillion especially considering the fact that most of the public corporations privatized today were under the payroll of the military regime. The following breakdown of the military budgets shows that in 1994, N110billion was spent; it was N155billion in 1995; N174billion in 1996; N247billion in 1997; N200billion in 1998; and N419.5billion in 1999. In the area of the civilian regime's budgets, 2000 to 2005, N165billion was spent in 1999 as supplementary budget; N667billion was spent in 2000; N894billion in 2001; N1.064trillion in 2002; N1.446trillion in 2003; N1.189trillion in 2004; and N1.8trillion in 2005. Also, in 2006, N1.9trillion was spent; N2.3trillion in 2007; N3.58trillion in 2008; N3.76trillion in 2009; N4.61trillion in 2010; N4.484trillion in 2011; N4.877trillion in 2012; and N4.929trillion has been proposed for 2013, totaling N37.665trillion in fourteen fiscal years, June 1999 to December 2013.

### **Bloated Allowances & Overhead Costs:**

In 2002, the Nigeria's Salaries & Allowances for Top Public Office Holders' Act was enacted. The Act contained about 17,500 top appointive and elective public offices in Nigeria with majority of them located in the country's 774 LGAs. About 13,500 of the offices are elective and 4000 others are appointive. The 17,500 top public offices include 12,788 LGAs top offices comprises 8,692 councilors and 3,096 executives; 1,152 State lawmakers and 2,664 State executives; 469 federal lawmakers and 472 federal executives, and 142 federal and 792 State judges bringing the total to approximately 17,500 top public officers in Nigeria. Their total annual salaries and allowances as at 2002 was N755billion. The passage of the said Act was done in a "commando style". As if that was not enough, the Act was unilaterally reviewed upwards by 50% in 2008 and their total annual pay became N1.13trillion. In clear violation of the Act and the Constitution, these 17,500 top public officers also recruited approximately 24,165 inferior aides who are annually serviced with a whopping sum of approximately N20billion. The Act in line with the amended Constitution of Nigeria 1999 only recognizes special advisers and above for first class top public officers like the president and governors. The Act fragrantly allows the inclusion of **personal assistance allowance** clause into the motley of allowances paid to the said 17,500 top public officers.

While payment of salaries constitutes only 10% of the total annual pay for these 17,500 top public officers, payment of allowances alarmingly takes 90%. The N20billion spent annually on the 24,165 inferior aides is illegitimately sourced from both the Act and the allowances provided illegitimately in the Appropriation Acts called "quarterly allowances". For instance, out of N592.8billion spent annually on 12,788 LGAs top officers in Nigeria, allowances account for N550.9billion while salaries account for only N41.8billion; out of N300.5billion spent on 2.664 State executives, allowances account for N272.1billion while salaries account for only N28.3billion. Out of N40.9billion spent on 1,152 State lawmakers N35.8billion is spent on allowances and salaries account for N5.09billion. Out of N98.3billion spent on 472 federal executives, N89.7billion is spent on allowances and salaries account for N8.6billion. Also, out of N60.4billion spent on 469 federal lawmakers, N54.2billion is spent on allowances and salaries account for only N6.1billion. Out of N18.5billion spent on 792 State judges, N15.4billion is spent on allowances and salaries account for only N3.1billion; and out of N14.8billion spent on 142 federal judges annually, N13.1billion is spent on allowances and salaries account for only N1.7billion.

In an investigation carried out by the Punch Newspaper of September 20, 2012, a Nigerian Senator earns an annual basic salary of N2.484million and enjoys fifteen categories of allowances, which are as follows: 1. Hardship allowance at 5% of his or her annual basic salary or N1.24million; 2. Furniture allowance at 300% BS (basic salary) or N7.452million; 3. Constituency allowance at 200% of BS or N4.96 million; 4. Newspaper allowance at 50% of BS or N1.242million; 5. Wardrobe allowance at 25% of BS or N0.621million; 6. Recess allowance at 10% of BS or N0.248million; 7. Accommodation allowance at 200% of BS or N4.968million; 8. Utilities allowance at 30% of BS or N0.828million; 9. Domestic staff allowance at 35% of BS or N0.868million.

Others are: 10. Entertainment allowance at 30% of BS or N0.828million; 11. Personal assistance allowance at 25% of BS or N0.621million; 12. Vehicle maintenance allowance at 75% of BS or N1.863million, 13. Leave allowance at 10% of BS or N0.248million; 14. Severance allowance at 300% of BS or N7.452million; and 15. Motor vehicle allowance at 400% of BS or N9.936million, totaling N45.5million, out of which N18.1million is collected monthly, which translates to about N216million yearly. In other words, a Nigerian Senator collects a total of N498.7million in four years as salaries and allowances in accordance with the 2008 amended Salaries and Allowances Act of the Federal Republic of Nigeria, comprising monthly allowances of N216million per annum for four years, annual basic salaries of N9.93million for four years and N24.8million once in four years for motor vehicle, severance, furniture and accommodation allowances. In similar premise, each House of Reps Member in Nigeria goes home statutorily at the end of every four years with about N400million.

There are also illegitimate huge collections and allowances being pocketed by federal lawmakers and executives called "duty tour, estacodes, travel and quarterly allowances". For instance, the Punch Newspaper of September 20, 2012 reported that each Senator is paid a whopping sum of N38million quarterly and N152million annually in the form of "quarterly allowance". Each House of Reps Member is paid N27million quarterly and N108million annually. The Senate President is paid N250million quarterly and N1billion yearly. The Deputy Senate President is paid N150million quarterly and N600million yearly.

Using this benchmark, it may be correct to say that the Speaker of the House of Reps and the Deputy Speaker are paid N1.4billion yearly as "quarterly allowance". The various standing committees and other principal leaderships in the Senate and the House of Reps may be collecting approximately N12billion per annum as quarterly allowance on average of N200million each per quarter. There may be over 60 standing committees and leaderships in the two houses. In all, there may be extra N60billion spent annually on the 469 federal lawmakers and their leaderships in the form of "quarterly allowances". This huge sum is totally unknown to the Salaries & Allowances amended Act of 2008. Further breakdown shows that the 360 members of the House of Reps are paid extra N38.88billion annually (N27million each). The 109 Senators are paid N16.7billion (N38million each). The sum of about N3billion goes to the Senate President, Deputy Senate President, Speaker and Deputy Speaker of the House of Reps, while N12billion goes to their standing committees and others.

As if these were not enough, it was also reported in the said Punch Newspaper edition that the House members were agitating for further increase of N7million in the so-called

"quarterly allowance" of N27million per member. The federal executive arm is also not left out in this official thievery legitimatised through criminal appropriations. It may be correct to say that the origin of the so-called "constituency projects" of N100billion in the federal budget initiated by the federal lawmakers is traced to the so-called "presidential safety net" of N100billion reportedly initiated by the federal executives, which has remained fiscally inexplicable to Nigerians for years. The conspiracy of the highest order between the federal lawmakers and the executives in this respect abounds. It may most likely be correct to say that two sets of salaries and allowances codes clearly exist in Nigeria today; the ones contained in the 2008 amended Salaries & Allowances Act and ones smuggled into the Appropriation Acts. It is no longer news that a Nigerian Federal lawmaker earns much more than each of the leaders of US, UK, Japan, France, South Africa, Germany, Belgium, South Korea, Russia, Portugal, the Council of Europe, Austria, Denmark and Mexico. In spite of these outrageous earnings and official thievery, Nigeria's federal lawmakers' legislative performance index is one of the lowest in the world. Their oversight duties, which are lowest in the standard legislative duties' calendar globally, have taken over their core legislative duties because of their reported juicy nature. They no longer legislate for social change and welfare of the society but for their private pockets.

### **Observations & Demands:**

Judging from the foregoing therefore, Nigeria has continued to wobble and fumble at 52 in spite of abundance of human and material resources. When a country is not envisioned in leadership, criminality and other social vices become the norm. Sadly, positive and democratic forces in the country such as the Nigerian Labour Congress/Trade Union Congress, Academic Staff Union of Universities, National Association of Nigerian Students, media, civil society organizations (rights & pro-good governance groups) and other socio-cultural groups have derailed from their social responsibilities of social re-engineering, constructive and developmental advocacy.

Nigeria features prominently and ceaselessly in all known negative social indexes globally and parades very corrupt, unpatriotic, criminal and visionless political leadership and very lazy, corrupt and unproductive public workforce. The country parades at least 25,000 modern medical specialists in USA alone yet her public health system remains killer-delivery. In the infant mortality, life expectancy, religious and global higher education performance, poverty reduction, security and crime, trade and investment, indebtedness and debt management, human rights records, sporting and youth development, global brain drain, foreign exchange reserves, job productivity and satisfaction, industrialization and economic development, employment and social benefits, corruption and abuse of office indexes, Nigeria has dangerously and perpetually remained in the red or danger list.

In the 1960s, China was busy destroying its cultural heritage (Cultural Revolution); today China has come from cave to become the world second largest economy with \$3trillion in its foreign exchange reserves in 2012, from \$700billion in 2006 and \$2.3trillion in 2010. It still exports 40% of the world coal production. Japan, South Korea and Taiwan paid back their last foreign debts between 1972 and 1992, today, apart from having intimidating foreign exchange reserves, there are over 2,300 universities in China, 980 in Japan, 432 in South Korea and 172 in Taiwan including nine security and intelligence universities. In Nigeria, with the UN estimated population of 158million (2011), only 124

universities exist and none of them is research-based. Japan still sources 40% of its electricity from coal, while Nigerians spend N95.16trillion annually on powering their generating sets. Companies spend N93.6trillion; while individuals who own 60million generating sets in their homes spend N1.56trillion annually (CBN via Nigerian Compass Newspaper, August 20, 2010).

While India has 816million workforce as at 2010, Nigeria still maintains 57million workforce out of her 160million population. Most of the workers in Nigeria's private sector are under-employed. The country still imports 98% of her human basic needs from overseas and an average Nigerian rich businessperson still engages in importation with at least N200million capital; a sum capable of building a medium scale industry with direct and indirect employment opportunities for hundreds of Nigerians. The \$6.5billion (N1.04trillion) reportedly spent on 130 private jets mostly by criminally rich Nigerians has the capacity of building at least 105 large scale industries at N1billion each with direct and indirect employment capacity of 110.000 on average of 1000 jobs each. There are also over 25million unemployed higher education graduates in Nigeria. In 2000, the Federal Office of Statistics gave the total number of unemployed graduates in Nigeria as at then as 5.6million. Less than 5% of graduates from Nigeria's 194 universities and university colleges secure employment annually. Organized crime (advance fee fraud and kidnapping), victimless crime (prostitution) and marriage are three leading alternatives to the country's teeming unemployed graduates.

Our writing you, Madam Coordinating Minister of Economy at this year's 52nd independence statehood of the Federal Republic of Nigeria, is expressly predicated on the foregoing. **It is time to think home and domesticate Nigeria.** At 52, despite the privatization of the leading and critical public corporations in the country, things have gone to worst. There is no national carrier in Nigeria; jets land in Nigeria and refuel in Ghana; the country's 445,000 barrels of crude oil meant for local consumption cannot be refined locally; FGN's 30,000 kilometers of **trunk A** roads country-wide is only better than Somalian roads; insecurity and flood disaster have become an avenue for federal legislators and executives to enrich their pockets through bloated budget and call for supplementary budget instead of an avenue for remorseful national concern and proactive action. Defence budget for 2012 is N921billion; more than monies allocated to education, health and agriculture put together.

Illicit arms are available in Nigeria from left, right and center. 371,000 persons presently people the Nigeria Police Force and plans are underway to recruit additional 280,000 persons, yet the country's security, particularly the security of lives and property of Nigerians remains porous. When other countries are busy embracing proactive, preventive and intelligence policing, Nigeria is busy staking her neck on reactive, manual and militarized policing. Our writing you is also to remind you of your 2006 magic in the area of economy and zero debt management, which saw Nigeria bouncing back economically and exiting the club of impoverish nations within one fiscal year including raising and payment in six months of a whopping sum of \$12billion to the Paris Club of Creditors. Overseeing an economy of estimated \$100billion debts; a declined foreign exchange reserves of \$39billion and zero rainy day savings, is a big minus to your revered international reputation.

Therefore, we prayerfully urge you to recommend and push for the **following**: Amendment of all existing Acts of the Federation as they concern allowances paid to 17,500 top Nigeria's public officers and other senior public /civil servants from level 13 and above, with a view to cutting down their allowances by 60% for 17,500 top public officers and 40% for other senior public/civil servants. One of those Acts to be amended is the Salaries & Allowances for Top Public Office Holders Act of 2002 as amended (2008). For instance, our express calculation is that if the N550billion spent annually on 12,788 LGAs top officers' allowances is cut by 60%, then N330billion will be saved and channeled into capital development. Also all duplicated allowances like "furniture allowance" and "accommodation allowance" contained in the federal lawmakers' allowances should be identified and deleted alongside those considered irrelevant and utterly wasteful.

1. Abolition of quarterly allowances to the federal and State lawmakers and their executive counterparts (if any), under whatever names called and reduction of those allowances spent quarterly on the offices of the Senate President, Deputy Senate President, Speaker and Deputy Speaker of the House of Reps and their standing committees, etc by 60%. This should also be extended to State Assemblies and members of the Federal and State Executive Councils including president, vice president, governors and deputy governors.
2. Strict adherence to the provisions of the Salaries & Allowances for Top Public Office Holders Act 2008 (amended) and abolition of dual allowances provided under whatever names called in the appropriation Acts, etc.
3. Discontinuation of indiscriminate and outrageous hikes in the appropriation bills of the Federation especially by the National Assembly and MDAs and strict scrutiny of budget proposals of the National Assembly, especially its recurrent and overhead costs.
4. Reversion of the Federal Appropriation Bills to 60% for capital development, 40% for recurrent expenditures including 5% for debt servicing.
5. Under recurrent expenditures: reduction of all overheads by 40% including the security votes and other relevant overheads of the presidency, the governors and leaderships of the federal and State legislative chambers.
6. Cutting down the overhead and personnel spending on defence and increasing its capital spending for renovation of barracks, construction of new ones, procurement of security vehicles and modern policing tools and building of security intelligence universities. Also, the planned recruitment of 280,000 more persons into the NPF should be put on hold and serving ones re-trained on modern and scientific policing. A situation where the huge sum of N921billion (2012 defence budget) is spent to track down young physicists from some northern universities and polytechnics who make and use local explosive devices made and corked in used "coca cola and fanta" cans, with Libyan and Somalia-bound AK-47s, speaks volume of political leaders in Nigeria replicating "blood diamond" saga in Sierra Leone and Liberia, akin to **merchants of death**.

7. Placing a national moratorium on local and foreign borrowings and proactive management (repayment and reduction) by federal and State governments of the existing debts.
8. Merging federal ministries, parastatals and departments and cutting down the number of ministers and special advisers as well as reducing the present number of inferior public aides (approximately 24,165) in Nigeria by 60%. Huge expenditures associated with official foreign travels by the executives and the legislators in the country should be drastically cut down.
9. Exposing Nigeria's enormous investment potentials to the outside world, not by globetrotting, but by addressing frontally problems of insecurity, awkward trade policy/legislation, and corruption and epileptic power failure.
10. Abolishing from the Appropriation Acts the so-called constituency projects that engulf N100billion annually and removing the so-called "presidential safety Net" if still found that also consumes N100billion annually.
11. Ensuring that the DMO keeps to its recent public promise of releasing the domestic debts profiles of the 36 States and the FCT by the end of October 2012, which have for years been shrouded in uttermost secrecy.
12. Amending the EFCC and the ICPC acts of the Federation to provide for stiffer sanctions especially to provide for longer years of jail sentence. A situation whereby an embezzler of N50billion is sentenced for six months imprisonment whereas a stealer of bush meat is sent to five years jail term is socially abominable and globally abhorrent.
13. Making the Chapter Two of the Constitution legally actionable or as "Fundamental Human Rights".
14. Passing the Social Security Bill into law and ensuring that it is fully implemented.
15. Granting full autonomy to the Nigerian Local Government System and abolishing the so-called "States and Local Government Joint Accounts".

**For: International Society for Civil Liberties & the Rule of Law, Nigeria**

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**Secretary to the Government of the Federation**