

International Journal of Arts and Humanities (IJAH)
Bahir Dar- Ethiopia

Vol. 5(3), S/No 18, June, 2016:150-160

ISSN: 2225-8590 (Print) ISSN 2227-5452 (Online)

DOI: <http://dx.doi.org/10.4314/ijah.v5i3.13>

**An Appraisal of the State Fund and Empowerment
Programme in Nigeria**

Uhunmwuango, S. O., Ph.D.

Institute of Public Administration and Extension Services
University of Benin
Benin City, Nigeria

&

Akintoye, E. O., Ph.D.

Department of Sociology and Anthropology
Benson Idahosa University,
Benin City, Nigeria
E-mail: eakintoye@biu.edu.ng

Abstract

This paper presents an appraisal of the Goodluck Jonathan's policy on Subsidy Re-investment and Empowerment Programme (SURE-P). Distributive politics is one of the most important and controversial aspects of the policy chain. In the Nigerian nation, more than anything else, the greatest obstacle to the nascent democracy is the pervasive insecurity of lives and property as evidenced by the spate of armed robbery attacks, political assassinations, and poor power distribution coupled with the seeming helplessness of security agencies to handle criminal acts. The situation is worsened by the increasing number of unemployed Nigerians some of whom are ready recruits for criminal activities. The above statement from an editorial comment by a national daily in Nigeria indeed epitomizes the central focus of this paper, the aim of which is to analyze the nexus between democratic nurturing, sustenance and eventually

consolidation via-a-vis the battles with one of the major ills of the Nigerian nation. Fifty-two years after independence, Nigeria still battles with one of the major fall-outs of democratic dispensation: the politics of trying to appease all sectors of the polity. This paper highlights and assesses the nature, quality and value of particular issues and matters that have dominated the Nigerian federal polity and which have created untold unpleasant experiences and pains at one point or the other since independence. The SURE-P programme is aimed at alleviating the suffering of the teeming youths in Nigeria, especially those that was affected by the oil-spillage and jobless youths. However, the research employed as a focal point, a unique data to explain the implementation of the SURE-P programme. The paper painstakingly appraises many of these issues and concludes that all stakeholders in the federal polity should thread softly, be objective, rational, altruistic and magnanimous in order not to make the existence of true federalism (social, political and economic cohesive existence of the people, peace and tranquility) a fleeting illusion and a mirage. It also focuses on critical analysis of the SURE-P programme of the immediate past President of the Federal Republic of Nigeria.

Key words: Political, Democracy, Corruption, Society, Nigeria, State.

Introduction

Governments all over the world play very important roles in the distribution of goods and services to the citizens. This role performance comes in form of decisions taken to give direction to the day to day running of state affairs. When seen as policy, a government decision could be distributive, re-distributive, regulatory or even symbolic depending on the effects it has on the lives of the citizens. These effects are particularly pronounced in Africa where small changes in resource allocation by the central government affect the ability of other levels of government to provide public services (Idahosa, 2014).

In Nigeria, both the state and local governments largely depend on the federally collected revenue to meet their socio-economic obligations. In the event that the Federal Government diverts funds disproportionately to pursue its political agenda, opposition controlled states and local governments are short changed to the extent that they cannot discharge their duties effectively. This development has the ability to harm economic growth and development. The same is true of the state and local government, depending on their political character and content. It is therefore, instructive to understand how governments choose to distribute resources in order to identify potential issues that could affect distributive politics in Nigeria.

Since the beginning of the Fourth Republic in 1999, different administrations in Nigeria have come up with quite a number of policies and programmes either as interventionist measures through apparent policy somersault or outright innovations

meant to address societal needs. One of such is the Subsidy Re-investment and Empowerment Programme (SURE-P); set up to utilize the funds accruing to the increased amount paid by consumers for the pump price of petroleum products in the country (SURE-P, 2013). Gradual fuel subsidy removal is one of the many issues that have generated a lot of controversy in the political history of Nigeria.

The Goodluck Jonathan's Administration on 1st January, 2012 announced the total removal of petroleum subsidy. By this singular act, the pump price of fuel increased from sixty-five naira (₦65 per litre) to one hundred and forty-five naira (₦145 per litre). The resultant effect of this policy option by the Government led to a one-week nation-wide strike with grave consequences for the Nigerian state. The strike and its aftermath prompted a series of negotiations between the Government on the one hand, and the organized labour (Nigerian Labour Congress), Civil Society Groups (such as Trade Union Congress) and other stakeholders on the other. By January 15, 2012, the Nigerian government announced a reduction in the pump price of petroleum products (for example fuel to ninety – seven naira (₦97) and introduced a new programme called the Subsidy Re-investment and Empowerment Programme (SURE-P). Like other intervention measures before it (Abacha Administration's Petroleum Trust Fund (PTF), Obasanjo Administration's National Economic Empowerment and Development Strategy (NEEDS), Yar A'dua Administration's 7 – Points Agenda), SURE-P was meant to cushion the effects of a government policy option and improve the quality of lives of ordinary Nigerians (SURE-P, 2013).

SURE-P was created by the Nigerian government as a response to the public demand for a judicious utilization of the savings from the partial removal of petroleum subsidy. The call was predicated on the perceived integrity deficits of the government (as with others before it) as well as the need to cushion the negative effects of economic fallout of the new policy. Thus, the programme is a 3–4year programme designed to mitigate the immediate impact of the removal of fuel subsidy and accelerate economic growth through investments in critically needed infrastructure.

The objectives of SURE-P are to mitigate the immediate impact of the petrol subsidy removal on the population; to accelerate economic transformation and to lay a foundation for the successful development of a national safety net programme that is better targeted at the poor and most vulnerable in the country on a continuous basis. (Sun Post, 2014). The programme has committees, a steering sub-committee and other sub- committee on Material and Child Health, Roads Mass Transit; Public Works and Vocational Training, Community Services, Women and Youth Employment. The committee's mandate includes determining, in collaboration with other stakeholders, subsidy estimates for each preceding month and ensuring the funds are transferred to the Central Bank of Nigeria, ensuring orderly disbursements of funds to the programme, as well as monitoring and evaluating the execution of projects.

The issue of Petroleum Subsidy is familiar to Nigerians. Over the years, subsidy on petroleum products (petrol, diesel, and kerosene) has been subjected to progressive reduction as a matter of socio-economic necessity. The Nigerian governments with each withdrawal, came up with different interventionist measures. While it is true that SURE-P efforts may have been well intentioned, Nigerians are worried whether it is a credible platform for delivering goods and services. (Daily Independence, 2014).

Problems

Nigeria has had a chequered past in the management of its natural resources. The production and distribution of goods and services, which ordinarily, would have been a blessing to the nation, have suffered from cumulative administrative deficits. Much of this resonates in all sectors of the economy. The net effect is that poverty is on the rise as critical infrastructure remains overlooked and social service development sidelining; owing to lack of accountability in government.

Distributive politics is at the heart of the political economy of the Nigerian state. The issue of the continuous maintenance or removal of fuel subsidy has become turgid in the country as it pits one section of it against the other. Successive administrations have focused on the gradual removal of fuel subsidy from petroleum products as a means of raising additional revenue for development. Before every increase in the pump price of fuel, the Nigerian government would promise life in abundance for all citizens and would go ahead to tabulate projects and programmes where the savings from each exercise would be invested.

The Goodluck's Administration in January 2012 launched the Subsidy Re-investment and Empowerment Programme (SURE-P), as a response to the fuel protest in the same month. The mandate of the programme was to use the funds accruing to the partial removal of subsidy from petroleum products to assuage the pains of Nigerians. So far, the political distribution of SURE-P goods has been controversial. While some Nigerians see it as an attempt by the federal government to divert funds disproportionately to its supporters, others believe it is meant to lure supporters of opposition parties into its camp. However, there is a broad agreement (though not consensus) that SURE-P, if accountably implemented, could distribute the saved funds across the board in terms of projects. Agreement about the redistribution of SURE-P projects is also broad, though far from universal. The central issue is whether SURE-P is one of the political strategies of the administration to maximize electoral returns and hold on to office, after the general elections.

Research Questions

This research work intends to provide answers to the following questions:

1. Is the distribution of SURE-P goods directed at members of the ruling party?
2. How do non-party members benefit from such distribution?
3. Is there a shift away from party members and what causes this shift?
4. What kind of distributive pattern is consistent with the policy of the present administration?

Objectives

The implementation of the objectives of the Subsidy Re-investment and Empowerment Programme (SURE-P) is currently going on in Nigeria. To this effect, a committee was set up to work out modalities on how to utilize and manage the anticipated saved funds. Consequently, this research work sets out to achieve the following objectives:

1. To examine how the nature of SURE-P projects affects the logic of their distribution.
2. To assess whether members of the then ruling party benefitted more from SURE-P than members of the opposition parties.
3. To examine whether SURE-P goods were meant to buy over members of the opposition parties.
4. To examine whether the then ruling party used SURE-P initiative to target both members and opposition parties alike.

Hypotheses

In order to achieve the above objectives, the following hypotheses were formulated:

1. States/Local government areas with the most needs benefitted the most from SURE-P
2. States/Local government areas controlled by the ruling party are the targets of SURE-P initiative.
3. States/Local government areas controlled by opposition party (ies) benefitted less from SURE-P.
4. States/Local government areas whose citizens protested the lack of government services received more support from SURE-P than others.

Methodology

This study intends to analyze the budget allocation to SURE-P projects at the federal, states and local government levels from 2012 – 2013 to test the hypotheses formulated. It will consider three dependent variables: (a) total government spending per-capita on SURE-P, (b) total spending other than direct transfers to individual (beneficiaries), per-capita and (c) government grants per-capita. The second variable will allow the research procedure to isolate the most manipulable items in the SURE-

P budget, since it removes the largest of the ‘non-discretionary’ or ‘entitlement’ programmes, such as Vocational Training, Maternal and Child Health, Women and Youth Employment and Community Services for Nigerians. The third variable is arguably the most targetable; and while it is much smaller than (a) or (b), it still constitutes an important part of state finances.

Of the 36 States in Nigeria, the then ruling - Peoples Democratic Party (PDP) had 18 States, All Progressives Congress (APC) had 16 States, All Progressives Grand Alliance (APGA) had 1 State and the Labour Party (LP) had 1 State. Therefore, one of the main independent variables to be measured is the percentage of swing voters in each state. The study will use the survey method to generate data in order to measure the share of the ‘independents’ (and also the share of the parties listed above). Respondents will be interviewed on the impact of SURE-P projects in their immediate locality. They will be asked to provide their party identifications. Using this information, a state-level variables report based on the percentage of respondents will be constructed. The concern here is how these data will capture the distribution of partisanship within states.

Literature Review

The literature on distributive politics is vast and varied. Nonetheless, much of the controversies over distributive politics are most evident when members of the majority party do considerably better than equally situated members of the minority in a democracy. This is often the case when a sitting government uses its privileged position to target electorally vulnerable members of the society. Thus, the allocation of limited benefits across political terrain becomes disproportionately representational of political affiliations. Not surprisingly therefore, scholars have devoted considerable attention to understanding the factors that shape distributive policies and the possible outcome in given democracies. While some explanations stress incentives of universalism in distributions (Weingast, 1979), others suggest strong partisan effects (Levitt and Snyder, 1995). The comparative advantage of those holding official positions could also influence the allocation of resources (FereJohn, 1974). However, more recent studies have shown that strategic and institutional effects could induce a government in power to use distribute goods to target both partisan and opposition electorates (Shepsie, 2009).

Theoretical Framework

Although there are significant number of theories to explain the pattern of distributive goods in a democracy, three variables form the basis of this analysis: (a) Swing voters (b) Core Voters (c) Opposition voters.

Core, Swing and Opposition Voters

Like most models of vote buying, the core and swing voters' perspective seeks to determine the conditions under which competing political parties offer material incentives to voters in exchange for their votes. The essence is to find out whether parties tend to distribute particularistic benefits to core or swing voters (Calvo and Murillo, 2004). While Cox and McCubbins (1986) argue that politicians will invest more resources in core groups than in swing and opposition, Lindbeck and Weibull (1987) believe that politicians will invest more in swing voters. The underlying assumption in both cases is that swing voters are more responsive than either core or opposition voters. This implies that a small amount of distributive goods can convince swing voters to vote for a given party, whereas both core and opposition votes are assumed to have strong party attachments that go beyond any promise of distributive benefits.

On the other hand, if a political party has an advantage at swaying a particular set of voters because it can more accurately predict its reactions to specific transfers, then it will target these core voters. This is true especially if it is difficult to monitor the choices of swing voters or they require large transfers relative to the core (Cox and McCubbins, 1986). Stokes (2007) by contrast, argues that parties will tend to target swing voters because those who are already predisposed to one party cannot credibly threaten to vote against that party, making it a waste for a party to target that group.

Dixit and Londregan (1998) build a special case to explain how political parties target transfers. They argue that if parties are equal in their abilities to target benefits to all groups, then they will target swing voters. To this perspective, core voters are not necessarily those who have a strong affinity for the party based on issues or other factors, rather, they are those groups to whom a party can easily distribute benefits and whom the party is assured of allegiance. Thus, if a party has a clear core group, it will distribute benefits to that group, but if otherwise (there is no clear group), the party will choose to distribute to those voters whose votes it can (and cheaply) buy.

During the President Goodluck's administration, the dominant party was the Peoples' Democratic Party (PDP). Using the models enumerated above to explain the distributive decisions the PDP led government made in terms of SURE –P is only part of the big picture. While it is true that the political party in question attempted to maximize votes, other variables further explains the distributive patterns of goods and services in the country. This study instead turns to the model of state predation for further insight.

The Political Economy of State Predation

Since the second half of the twentieth century, political scientists and economists have produced a rich pool of literature that bears on state predation. There

is presently enough evidence to prove that states with abundant resource wealth perform less well than their resource-poor counterparts, though there is little agreement on why this occurs (Ross, 1999). The predatory state has a long history as it is a recurring phenomenon with age-old historical antecedents. The literature on the predatory state has always incorporated a broad typology necessary for the understanding of societal dynamics. The politics of distribution and the management of the distributive process is at the heart of state predation.

The phenomenon of state predation is closely associated with a rentier state. In Political Science and indeed, International Relations theory, the term rentier state is used to classify those states which derive all or a substantial portion of their national revenues from the rent of indigenous resources to external rent. Mahdavy (1970) uses it to qualify states rich in highly valued natural resources such as petroleum but can also include states rich in financial instruments such as a reserve currency. However, most rentier states (especially developing ones) are also fragile ones. A fragile state is one where the structures of power and authority fail to deliver basic goods and services. The interconnectedness amongst the three concepts stated above is one that has proven extremely resonant in the patterns and problems of development in resource dependent Third World nations. Furthermore, despite the fact that the predatory state has assumed various differentiable forms, its ultimate function remains unchanged: to maintain a continuous flow of Income meant for the maintenance of the ruling political elite. To fulfill this agenda, the ruling elite continuously monopolize not only political power but also accruing economic benefit as well. Although much of the problems of the African economy have been attributed to its colonial creation, as many post-colonial societies on the continent have witnessed the hegemonic takeover of the majority by the minority, the facts exist to prove that in those decades after independence, Africa governments hardly fared better. In most cases, flawed governance and poorly performing institutions are a central component of state failure. Anten, and Mezzera (2012) argue that “it is [the] issues of politics and governance, including the architecture of the political system, the make-up of parties, the distribution of power between classes and groups that determine state-society relations”. Hence, political variables and the interests and incentives of power-holders who compete and collude in a political market place, [that] are crucial to determining the path that (most of these) states take.

Again, state predation hinges on ‘neo-patrimonialism’, a contemporary outgrowth of the systems of kinship power and loyalty originally espoused by Weber (1968). This system involves a mixture of rational bureaucratic power and the more personal style of control exercised by a traditional patron. Nonetheless, the penetration of neo-patrimonialism in predatory states within supposedly modern governance systems brings with it ironic corruption and the capture of the public sector by interest groups. In most cases, the provision of public goods based on social needs or

development priorities (the nominal goal of the formal state structure) is sacrificed. Thus, state provision is bought and offered in order to secure allegiances and favours as public sentiment is mobilized by populist, ethnic or exclusionary appeals (Collier, 2009). In other cases, the formal state structure may conceal beneath it, a parallel or shadow set of institutions that held real power (Briscoe, 2008). Consequently, there exists a wide gap between state capability and the reality of everyday political management. As such, public disaffection and division mount, and in the most extreme cases, degenerate into armed conflict.

Conclusion

In order to fully appraise the relatively slow pace of Nigeria's development, there is a need to discern the correlation between the prevailing political order and the nature of statecraft. Equally important is the impact of the political elite on resource control and allocation of revenues on core democratic mechanisms. These relationships are based primarily on the informal characteristics built into formal political order. In Nigeria as well as in most African countries, formal political systems are often transfigured by the infiltration of social group interest, which more often than not, violate the official procedures of the state in order to scurry political favour, form clandestine public-private partnerships, discriminate against particular social or ethnic groups and distort public policy. State development thus, becomes a façade concealing shadow, parallel or patronage – based system of rule (Bayart, 2009). Beblawi and Luciani (1990) argue therefore, that this could create a “rentier mentality”. While it is true that this state of affairs stalls development, the response of the Nigerian government(s) had been such that tended towards elaborate welfare programmes, thus, becoming an allocative or distributive state. State budget, therefore becomes a mere expenditure programme. Moreover, because the government is the sole beneficiary of the nation's wealth, it uses it alternatively to coerce or co-opt the populace. As a result, the distinction between public service and private interest has become increasingly blurred.

In a distributive state, the government could decide to invest in overall state capacity and provision of public goods, but the revenues from taxation and other state activities are largely redistributed to specific groups. In the absence of taxes, citizens have less incentive to place pressure on the government to become responsive to their needs. Instead government targets transfer essentially to seek to buy or maintain the support of loyal groups by showing the ethnic preference of political leaders. Recent policies in Nigeria such as Vision 20: 2020 and the Transformation Agenda have redistributive tendencies. Also, judging by its objectives, the Subsidy Reinvestment and Empowerment Programme of the Goodluck Administration re-emphasizes the logic of this argument.

References

- Aghedo, O. (2012). The politics of economic reform: Evidence from the 2012 fuel subsidy removal in Nigeria. Unpublished.
- Arten, I. and Mezzera, M. (2012). The political economy of state – building in situations of fragility and conflict: From analysis to strategy. C. L. Ingendael Institute, Netherlands Institute of International Relations.
- Bayart, J. (2009). *The state in Africa: The politics of the belly* (second edition). Cambridge: Polity Press.
- Beblawi, H. A. and Luciani, G. (1990). *The rentier state in the Arab World*. London: Routledge.
- Calvo, E. & Murillo, M. (2004). Who delivers? Partisan clients in the Argentine electoral market. *American Journal of Political Science*, Vol 48, pp. 747 – 57.
- Collier, P. (2009). *Wars, guns & votes: Democracy in dangerous Places*. London: Bodley Head.
- Cox, G & McCubbins, M. (1986). Electoral politics as a redistributive game. *Journal of Politics*, Vol. 48, No. 2
- Daily Independent (2014). South East Yet to feel impact of SURE-P says CD Available at <http://www.dailyindependentnig.com>. Accessed 17/02/2014 06:30am
- Dixit, A. & Landregan, J. (1995). Redistributive politics and economic Efficiency. *The American Political Science Review*, vol. 89, No. 4, pp 856 – 66.
- Ferejohn, J. (1974). *Pork barrel politics*. Palo Alto, CA: Stanford University Press
- Idahosa O. (2014). Foreign policy, Nigeria and its external environment. *African Journal of Stability and Development*, Vol.4 No. 1, Ondo State, Nigeria
- Levit, T. & Snyder, J. (1995). *Map-making and analysis of the main international initiatives on developing indicators of democracy and good governance*. Colchester: Human Rights Centre, University of Essex.
- Lindbeeck, A. & Weibule, J.W. (1987). Balanced – budget redistribution game. *Journal of Politics*, Vol. 53 p. 3.
- Mahdavy, H. (1970). The patterns and problems of economic development in rentier states: The case of Iran. In Cook, M. A. (Ed). *Studies in the economic history of the Middle East*. Oxford: Oxford University Press.
- Priscoe, I. (2008). *The Proliferation of the parallel state*. Working Paper. Madrid: FRIDE.

- Ross, M.L. (1999). The political economy of the resource curse. *World Politics*, Vol. 51, No. 2, Cambridge University Press. Available at <http://www.jstor.org/stable/25054077>. accessed: 16/09/2011 09.43pm
- Shepsle, C. (2009). The senate electoral cycle and bicameral appropriations politics. *American Journal of Political Science*, Vol. 53, pp. 343 – 359.
- Stokes, S. (2007). Political clvenselism. In Box, C. and Stokes, S. C. (Eds), *The oxford handbook of comparative politics*. Oxford: Oxford University Press.
- SURE-P (2013). The Presidency, Federal Republic of Nigeria. Available at <http://www.sundiatapost.com/sure-p-70lawyers-to-pro>. Accessed 18/02/2014. 02.09pm.
- Weber, M. (1968). *Economy and society*. New York, Bedminister Press.
- Wemgast, B. (1979). A rational choice perspective on congressional norms. *American Journal of Political Science*, Vol. 23, pp. 245 – 262.