

ANALYSIS OF THE REPORT OF THE HOUSE OF REPRESENTATIVES COMMITTEE ON FUEL SUBSIDY REGIME IN NIGERIA

By

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1. INTRODUCTION

Corruption is undoubtedly one of the greatest challenges of our time, a challenge that is not only leading to impoverishment, poor service delivery, underdevelopment, and loss of lives but also threatening the stability of society. The problem of corruption is as old as society itself and cuts across nations, cultures, races and classes of people. Corruption has a lot of negative consequences on every sphere of societal development whether social, economic or political.

Corruption is pervasive in Nigeria with serious negative consequences. Despite the plethora of legislations and agencies fighting corruption in the country, corruption has remained widespread and pervasive because of failure to utilize universally accepted and tested strategies; disconnect between posturing of leaders and their conduct; lack of concrete sustainable anti-corruption programming and failure to locate the anti-corruption crusade within a broader struggle to transform society.

However one defines corruption, it is generally regarded as a dishonest act, wicked and bad. As a result, it will be expected that good people will not be involved in it. Corruption can also be seen as immoral and antithetical to the positive virtues of society. This implies that there should be social disapproval of anyone who engages in corrupt practices. It is an abuse or misuse of position and authority. Any of such abuse is expected to be met with sanction. Unfortunately, the situation we have in Nigeria is that of unbridled corruption and impunity.

In this presentation, we focus on the analysis of the report of the House of Representatives Ad-Hoc Committee on Fuel Subsidy.

2. COMMITTEE ON FUEL SUBSIDY REPORT

The House of Representatives set up an Ad-Hoc Committee to verify and determine the actual subsidy requirements and monitor the implementation of the subsidy regime in Nigeria on 8th January, 2012. The scope of the investigations was from 2009-2011. The decision to focus on those years was because according to the committee the actual budget expenditure on subsidy for both petrol and kerosene for the years 2006-2008 were tolerable (N261.1 billion in 2006; N278.8 billion in 2007 and N346.7 billion in 2008). In addition, only 5 companies (including NNPC) were involved in 2006; 10 in 2007 and 19 in 2008 but 140 in 2011.

The Ad-Hoc Committee held public hearings from 16th January, 2012 to 9th February, 2012 and took testimonies from 130 witnesses. It also received over 3,000 volumes of documents.

The Committee established that contrary to statutory requirements and other guidelines under the Petroleum Support Fund (PSF) Scheme mandating agencies in the industry to keep reliable information data base, the agencies deliberately refused to do so. The committee also discovered that the fuel subsidy regime was “fraught with endemic corruption and entrenched inefficiency. Much of the amount claimed to have been paid as subsidy was actually not for consumed Premium Motor Spirit (or Petrol).” (p.5). The committee reported that “contrary to the earlier official figure of subsidy payment of N1.3 Trillion, the Accountant General of the Federation put forward a figure of N1.6 Trillion, the CBN N1.7 Trillion, while the committee established subsidy payment of N2,587.087 Trillion as at 31st December, 2011, amounting to more than 900 percent over the appropriated sum of N245 Billion.” (p.5). In addition, there are “outstanding claims by NNPC and the marketers in excess of N270 Billion as subsidy payments for 2011.” (p.6).

The committee in its report established that “NNPC was found not to be accountable to any body or authority. The corporation, in 2011 processed payment of N310.4 Billion as 2009-2011 arrears of subsidy on kerosene, contrary to a Presidential Directive which removed subsidy on Kerosene in 2009. The corporation also processed for itself, direct deduction of subsidy payments from amounts it received from other operations such as joint venture before paying the balance to the Federation Account, thereby depleting the shares of states and local governments from the distributable pool. Worse still, the direct deduction in 2011 alone, which amounted to N847.942 Billion was effected without any provision in the Appropriation Act.” (p.6).

The Committee also found out that “some of the marketers were involved in claiming subsidy on products not supplied.” (p.7). Between 12th and 13th January, 2009 within 24 hours, the Accountant General made payments of equal installments of N999 million for a record 128 times totaling N127.872 Billion.

The Committee estimated that the probable daily consumption of Petrol from the record of marketers and NNPC comes to an average of 31.5 litres. The committee proposed the continuation of subsidy for

Petrol and Kerosene and suggested a budget of N806.766 Billion for the 2012 fiscal year. The Committee believes that the 445,000 bpd allocation to NNPC is sufficient to provide the nation with its needs in Petrol and kerosene with proper management and efficiency.

The Committee recommended the refund to the treasury of the sum of N1,067,040,456,171.31 Trillion for various violations:

I.	NNPC (Kerosene Subsidy)	-N310,414,963,613.00
II.	NNPC (Above PPRA Recommendations)	-N285,098,000,000.00
III.	NNPC (self discount)	-N108,648,000,000.00
IV.	Marketers (Total violations of PSF)	-N8,664,352,554.00
V.	Companies that refused to appear	-N41,936,140,005.31
VI.	PPRA excess payment to self	-N312,279,000,000.00
	TOTAL	N1,067,040,456,171.31

The committee recommends further investigation by relevant anti-corruption agencies.

From the report of the House of Representatives Ad-Hoc Committee on fuel subsidy, it has been established that the fuel subsidy regime is characterised by monumental corruption. The statutory guidelines and financial regulations guiding the regime were completely ignored. It also showed clearly that there was a lot of deceit by government officials on the actual amount of money paid out as subsidy.

It is instructive that although the House of Representatives probe covered the period 2009-2011, corruption in the fuel subsidy regime dates back to the commencement of the regime. It shows clearly that there is a cabal in Nigeria less than 1 percent of the population that is holding the country hostage and to ransom.

The report from the House shows the high level of irresponsibility of the political elite and businessmen in this country. It is clear that their behaviour and conduct is not even in their enlightened self interest because the level of looting that is going on is not sustainable.

From the analysis above, it is clear to us that the fuel subsidy corruption has introduced a new trend to corruption in Nigeria. In the past corruptible transactions was mainly through contract inflation, over invoicing and receiving of kickbacks. But the fuel subsidy corruption witnessed situations where people collect subsidy payments without making any supplies. Therefore, as we map out strategies to fight the fuel subsidy corruption, we must be aware that corruption is going on in other sectors of the economy. This fight must therefore be a part of a larger fight to rid our country of corruption.

In any case, the fuel subsidy probe and the matters arising from it present a great opportunity for the people of Nigeria to be united to rescue our country from the stranglehold of thieves and charlatans. Interestingly, there appears to be unity among the Nigerian people and government that the looting of the treasury must stop. The House of Representatives has demonstrated commitment. The Presidency

through a Presidential Adviser (Senator Joy Emordi) has stated that the President is on the same page with the National Assembly. All stakeholders must rise up to be counted to bring the looting of the treasury to a stop.

3. THE WAY FORWARD

It is clear to us that there is a lot of anger in the land as a result of monumental corruption, poor service delivery, poor leadership and bad governance. We must re-direct this anger towards positive and revolutionary change. The middle class can no longer “stand aside and look”. Even if you can run as a local government in your house (and generate your electricity, water, private school, private security), the massive looting going on will so impoverish the vast majority and create an insecure and terrorist prone environment that your government and all your subjects (wife and children) will be in jeopardy.

We must act as citizens and not subjects. The country belongs to us all and we can no longer leave the political space and bureaucracy for shenanigans, common thieves and crooks.

The fight against corruption must be comprehensive. It must be guided by legislative framework for transparent and accountable government; public ownership, political will and commitment to fight corruption; comprehensive strategy that is systematic, comprehensive, consistent, focused, publicized, non-selective and non-partisan; protection of Whistle blowers; political reform to curb political corruption especially election rigging; reform of substantive programmes and administrative procedures; mobilisation for social re-orientation; independent media; adequate remuneration for workers to reflect the responsibilities of their post and a living wage; code of ethics for Political office holders, business people and CSOs; independent institutions especially electoral, human rights and gender commissions and a movement for Anti-corruption. We have no doubt in our mind that if these recommendations are faithfully and meticulously implemented, then we are on the path to significantly reducing corruption in Nigeria.

The implementation of the report will require concerted effort of all and sundry otherwise the report will be swept under the carpet like previous reports. In order to make a difference, the following is suggested:

Legislators: The legislators must insist on the implementation of the report through their oversight activities. The recommendations on the report must be followed up by the legislators. They must not consider their work done until the report is implemented.

Civil Society: The must society must continue with advocacy and campaigns on the implementation of the report. It must go beyond organizing a one-off workshop. The report should be printed and circulated. Social media should consistently broadcast sections of the report. Policy brief should be prepared on the report. Consistent campaign must be mounted. Civil society action can be grouped around the following:

- **Awareness Creation and Consciousness raising:** Workshop such as this one is important in raising awareness on the dire consequences of corruption and the destructive effect if citizens

fail to act. This should be followed with publication of the report, sharing parts of the report consistently on facebook, twitter and other social media sites.

- **Research:** There are a lot of unanswered questions that the civil society can conduct researches on including the actual cost of imported petroleum products and the actual needs of Nigerians for petroleum products.
- **Capacity Building:** Civil society should build capacity of its members and other stakeholders on the operations of the oil sector and what can be done to make it more transparent and accountable. Lessons from the experience of other countries will be very useful in this regard.
- **Advocacy for the implementation of the report:** Civil society should mount consistent advocacy for the implementation of the report. Change agents should be identified among policy makers and implementers for targeted advocacy.
- **Campaigns:** Civil society should mount rigorous campaign for implementation of the report and against corruption. It can take various forms including sending of sms, production and distribution of leaflets, airing of radio jingles and peaceful protest.

Executive: The executive should respect the compact between the people and government and implement the report of the committee.

The Judiciary: The judiciary must ensure that justice is done, seen to be done and done expeditiously. Any matter concerning the fuel subsidy brought to the judiciary must be treated with dispatch and justice that sees no person or class.

Media: The media must maintain a long term attention on this issue. Even when other newsworthy items crop up, the media should continue focus on this issue. We hardly hear now about Siemens and Halliburton scandals.

The Citizens: The citizens should continue the pressure and maintain their anger and indignation. We are citizens and not subjects. Citizens must take politics more seriously. People of integrity must be encouraged and supported to participate in politics while ensuring that the process of leadership selection is not corrupted or monetized.

Let me end this analysis with the following quotes:

“Every generation out of relative obscurity must discover its mission, fulfill it or betray it.”-
Frantz Fanon

“The future will have no pity for those men and women who having possessed the exceptional privilege of being able to speak the words of truth to their oppressors have taken refuge in attitude of passivity, of mute indifference and in some cases of cold complicity.”- Frantz Fanon

“All that is necessary for evil to triumph is for good men to do nothing.”-Edmund Burke

“The heaviest penalty for declining to rule is to be ruled by someone inferior to yourself.”-Plato,
The Republic