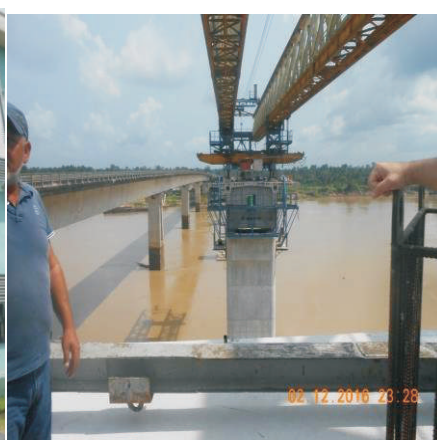




## 2016 THIRD QUARTER



# BUDGET

## IMPLEMENTATION REPORT



**BUDGET OFFICE OF THE FEDERATION**  
Federal Ministry of Budget and National Planning

## FOREWORD

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It gives me great pleasure to present this third Quarter Budget Implementation Report for 2016, which gives detailed information on the distribution of public resources among contending socio-economic needs. The Report serve as mechanisms through which the Ministries, Departments and Agencies (MDAs) of Government can be held accountable for the expenditure and revenues they control, and the realization of objectives of government as contained in the Six Pillars of the 2016 Budget's Strategic Implementation Plan (SIP). The 2016 Budget was prepared with the theme “Budget of Change”. It is the first full year spending plan by this Administration, which aims to transform an economy that is facing difficulties due to the sharp decline in crude oil prices and output. This year's budget is therefore expected to provide a stimulus to the economy, create jobs for our teeming youths and extend support to the very poor and vulnerable segments of our society.

The publication of this report is mandated by Section 30 and 50 of the Fiscal Responsibility Act, 2007 which requires the Honourable Minister of Finance to submit to the Joint Finance Committee of the National Assembly and the Fiscal Responsibility Commission, Quarterly Budget Implementation Reports. These reports are also circulated to the wider public through electronic and print media. The 2016 First and Second Quarters Budget Implementation Reports were duly published earlier in the year, and the Third Quarter Report continues this tradition.

The Third Quarter Budget Implementation Report is the product of meticulous planning, monitoring, evaluation and analytical work conducted by the Budget Office of the Federation in collaboration with National Monitoring and Evaluation Department of the Ministry of Budget and National Planning as well as the MDAs. I commend the team for their hard work and also wish to recognize the active roles of the National Assembly's Joint Finance Committee and the Fiscal Responsibility Commission in adhering to best practices in public financial management through their collaborative efforts. Lastly, I recommend to all readers of this Report to carry on with the display of active interest in government's ability to live up to its promises. This will serve as the necessary impetus for the efficient and effective management of government finances.

**Sen. Udoma Udo Udoma**

Honourable Minister of Budget and National Planning

## PREFACE

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Pursuant to Section 30 of the Fiscal Responsibility Act, 2007, the Budget Office of the Federation produces Budget Implementation Reports on a quarterly basis. This Report which is the third series for the 2016 fiscal year fulfils this obligation and also provides a means of demonstrating Government's commitment to the transparent and prudent management of public finances.

Any budget is only as good as the quality of its implementation. As such, the Government is placing a great deal of emphasis on budget monitoring and evaluation for enhanced performance. In view of this, the Monitoring and Evaluation Department of the Budget Office of the Federation is being reinforced to enable it effectively monitor compliance with the objectives and achievements of specific targets set out in the Budget. It must be emphasized that in preparing the 2016 Budget, special care was taken to ensure that there is coherence between the Budget and our long-term developmental objectives. In summary, the successful implementation of our budgets and plans is a first and very important step in the accomplishment of the strategic adjustment of the Nigerian economy, to which this administration is irreversibly committed.

The implementation of the 2016 Budget in the third quarter of the year was very challenging on numerous fronts, as revenue receipts from both the oil and non-oil sources were drastically below their anticipated estimates. On the expenditure side, the recurrent expenditures were on track. But, due to the late passage of the 2016 Budget, capital releases and the execution of capital project/programmes by the MDAs did not proceed at the pace that would have been expected. However, it is expected that this position will improve in the last quarter of the year.

This Report is an outcome of the joint efforts of financial and statistical agencies of government which provided necessary macro-economic data, and the combined efforts of various departments of the Budget Office of the Federation, particularly Budget Monitoring and Evaluation Department. I applaud their efforts as they continue to perform this vital function.

**Ben Akabueze**

Director General (Budget Office of the Federation)

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<b>A/C:</b> Account	<b>MPR:</b> Monetary Policy Rate
<b>AIE:</b> Authority to Incur Expenditure	<b>MTFF:</b> Medium Term Fiscal Framework
<b>AF:</b> Alternative Funding	<b>N:</b> Naira
<b>B:</b> Billion	<b>NBS:</b> National Bureau of Statistics
<b>BDC:</b> Bureau De-Change	<b>NDDC:</b> Niger Delta Development Commission
<b>BOF:</b> Budget Office of the Federation	<b>NHRC:</b> National Human Rights Commission
<b>BREXIT:</b> Britain Exist	<b>NJC:</b> National Judiciary Commission
<b>CBN:</b> Central Bank of Nigeria	<b>NNPC:</b> Nigerian National Petroleum Corporation
<b>CIT:</b> Company Income Tax	<b>NTB:</b> Nigerian Treasury Bills
<b>DMO:</b> Debt Management Office	<b>OAGF:</b> Office of the Account General of the Federation
<b>ECA:</b> Excess Crude Account	<b>ONSA:</b> Office of National Security Adviser
<b>EMDEs:</b> Emerging Markets and Developing Economies	<b>OTC-FMDQ-OTC:</b> Over the Counter Financial Market Dealer Quotation
<b>EMEs:</b> Emerging Markets Economies	<b>PCC:</b> Public Complaint Commission
<b>FAAC:</b> Federation Account Allocation Committee	<b>PPT:</b> Petroleum Profit Tax
<b>FGN:</b> Federal Government of Nigeria	<b>PSC:</b> Production Sharing Contracts
<b>FMF:</b> Federal Ministry of Finance	<b>SC:</b> Service Contracts
<b>GDP:</b> Gross Domestic Product	<b>SWF:</b> Sovereign Wealth Fund
<b>IMF:</b> International Monetary Fund	<b>TSA:</b> Treasury Single Account
<b>INEC:</b> Independent National Electoral Commission	<b>UBEC:</b> Universal Basic Education Commission
<b>JVC:</b> Joint Venture	<b>US:</b> United States
<b>LNG:</b> Liquefied Natural Gas	<b>VAT:</b> Value Added Tax
<b>M2:</b> Money Supply	<b>ZBB:</b> Zero Base Budgeting
<b>MB&amp;NP:</b> Ministry of Budget and National Planning	
<b>MBPD:</b> Million Barrels Per Day	
<b>MDAs:</b> Ministries, Departments and Agencies	

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## EXECUTIVE SUMMARY

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The 2016 Budget which has the theme "Budget of Change" was planned to create a diversified and sustainable economy. It was also intended to stimulate the economy, by making it more competitive through infrastructural development; delivering inclusive growth; and prioritizing the wellbeing of Nigerians. It has the primary objective of opening up the hidden capabilities of our people, communities and natural endowments that cuts across the country. While helping industries, trade and investments to pick up, the Budget will as a matter of importance, address the immediate problems of youth unemployment and the awful living conditions of the extremely poor and helpless Nigerians. Available data from the National Bureau of Statistics (NBS) showed that in the third quarter of 2016, the nation's Gross Domestic Product (GDP) contracted by -2.24% (year-on-year) in real terms. This performance was lower by 0.18% points from the growth recorded in the second quarter of 2016 and also 5.08% points lower than the growth reported in the third quarter of 2015.

All components of inflation in the third quarter of 2016 continued with its rising trend which started since January. Headline inflation (year-on-year) moved up to 17.85% in September from 17.61% in August, 17.13% in July and 16.48% in June 2016. The upsurge in headline inflation in the quarter replicated increases in both food and core components of inflation. Core inflation rose sharply to 17.67% in September from 17.21% in August, 16.93% in July and 16.22% in June 2016. Food inflation also rose in similar pattern, climbing up to 16.62% in September from 16.43% in August, 15.8% in July and 15.3% in June 2016. Figures from the CBN revealed that Nigeria's gross official (external) reserve dropped to US\$23.81 billion at the end of the third quarter of 2016.

Data from the Office of the Accountant General of the Federation (OAGF) indicated that a net sum of N987.17 billion was shared among the three tiers of government in the third quarter of 2016; signifying a shortfall of N442.73 billion in the quarter. A total of N517.14 billion, excluding revenue from other funding sources was also received to fund the Federal Budget in the third quarter of 2016 thereby presenting a shortfall of N446.79 billion (or 46.35%). This revenue shortfall likewise, affected the implementation of the 2016 Budget in the quarter.

The data also showed that as at 30th September, a total of N1,681.63 billion out of the

N1,984.79 billion projected for recurrent (non-debt) was expended while N396.29 billion out of the N1,190.55 billion projected for capital budget implementation for the three quarter part of the year was released to MDAs for major capital and social programmes. This also assisted in the area of infrastructural development.

An analysis of forty-six (46) MDAs reported upon by the Office of the Accountant General of the Federation (OAGF) indicated different levels of utilization among the MDAs. As at 30th September, 2016 only six (6) MDAs (Finance, Communication Technology, Office of the Head of Service, Power/Works & Housing, Transport/Aviation and Office of the National Security Adviser) recorded certain level of utilization from the funds released to them. Out of these, only Ministry of Power, Works and Housing had utilization rate of 62.56% which was above the overall average utilization rate of 31.5%. The other remaining five (5) MDAs had utilization rates which are below the overall average utilization rate of the total amount released and cash backed. The remaining forty (40) MDAs (86.96%) were yet to utilize anything from the funds released to them.

## 1.0 INTRODUCTION

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The 2016 Budget was designed to fasten Government's promise to create a more diversified and sustainable economy. It is planned to stimulate the economy, by making it more competitive through infrastructural development; delivering inclusive growth; and prioritizing the wellbeing of Nigerians. It has the objective of opening up the hidden potentials of our people, communities and natural endowments that cuts across the country. The Budget, while helping industries, trade and investments to pick up, will as a matter of importance, address the immediate problems of youth unemployment and the appalling living conditions of the extremely poor and helpless Nigerians. The Budget which was tagged “Budget of Change” focuses on three inter-related issues of improving security, tackling corruption and stimulating the national economy. It is the first full-year budget of the present Administration and was prepared against a backdrop of general slowdown in global economic growth and more extensively a significant decline in crude oil prices and outputs. In the short to longterm, the Budget will provide the groundwork for a robust economic diversification through import substitution and export promotion. It will also be a legacy for the next generations and an assurance that will make the present economic challenges a thing of the past.

2. As it was with the previous budgets, the 2016 Budget was formulated from the 2016 – 2018 Medium Term Fiscal Frameworks and the Change Agenda of the present Administration. The framework was prepared, while taking into cognizance all the happenings at both the global and local markets which are major determinants of the amount of revenues expected to fund the budget. At the international level, the interaction of industrial and economic activities determines the demand and supply of commodities like oil, our major revenue earner. While at the domestic front, factors such as the interruptions in oil production and security challenges affects planned sales volumes and therefore, defines the capacity of agencies of government to generate estimated revenues.

3. As a indication of the Government's developmental objectives, the capital expenditure portion of the 2016 Budget was augmented from N557.0 billion in the 2015 budget to N1,587.40 billion. For the first time in many years, capital expenditure was 26.19% of the total budget and this is likely to increase in succeeding budgetary provisions of this government. The massive capital budgetary allocation is a fulfilment

of the government's pledge to align expenditure to the Medium-Term National Development Plan as anchored on its Six Pillars (Economic Reforms, Social Development, Infrastructure, Governance & Security, Environment, and States & Regional Development). Consequently, substantial amount of the capital expenditure were dedicated to vital projects on Road & Bridges, Power, Railways, Aviation, Water, Housing, Education, Health and Special Interventions. These investments in infrastructure are meant to prop up the reforms in the Agriculture, Solid Minerals and other core job creating sectors of the economy.

4. The Appropriation Bill for 2016 Budget was presented late to the National Assembly due to the fact that it was the incoming of a new administration. Another reason for the delay was based on the fact that the new government was determined to ensure that all resources are prudently managed and utilized exclusively for public interest. So, right from inauguration, the government established the appropriate attitude by the implementation of a Zero Based Budgeting (ZBB) approach in the preparation of its budget. This is a means of ensuring that resources are aligned with government's priorities and also allocated efficiently. The ZBB requires Ministries, Departments & Agencies (MDAs) to defend every item of revenue and expenditure included in the budget. It is a complete withdrawal from the old and traditional Incremental Budgeting approach that merely modifies (usually upwards) amounts included in the prior period's budget.

5. This Report provides comprehensive information of 2016 third quarter budget implementation. The other parts of the Report are arranged as follows: a brief examination of the macroeconomic background under which the budget was executed, followed by a careful analysis of government's revenue receipts and expenditure in the quarter. A chapter on the results of the nationwide physical monitoring and evaluation of capital projects and programmes is presented, followed by a brief conclusion to the Report

## 2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

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### Economic Developments:

The negative growth performance of global output recorded in the previous quarters also continued in the third quarter of 2016. The factors responsible for this sluggish performance were due to inherited issues such as the Brexit, mistakes from emerging markets for not providing for the bad days, weak demand and diminishing productivity. Growth appears to be slowly recovering in advanced economies, especially the United States. Overall, economic outlook remains disturbed with uncertainties, as long-term government bonds have plunged to multi-year lows on prospects of slack monetary policy from advanced economies and the continued sub-optimal performance of the Euro Area, Japan and China. In view of this, the IMF had in July 2016, further downgraded its baseline forecast for global growth to 3.1% from 3.2% in April. The World Bank in its June 2016 Report on Global Economic Prospects showed even less affirmation with a global output growth projection of 2.4% for 2016 from the 2.9% in January. The subdued global growth forecasts is traced to obstinately weak fundamentals, mainly in emerging markets and developing economies (EMDEs), mostly due to soft commodity prices, diminished investment, contracting trade, weak demand and rising inflation. Real GDP in the Euro area expanded by 0.3%, a significant decline compared with the 0.6% recorded in Q1 2016.

7. While major EMDEs continue to be inhibited by low capital inflow, the inflexible macroeconomic environment encountered in 2015 and through to the first half of this year is slowly fading away. The calculations for near term full economic and financial recovery in the EMDEs remain subdued, with the IMF (WEO July 2016 Update) projected growth rate forecast for this group of countries at 4.1%, a downward review from 4.3% projected in April. However, the continuation of growth is likely to be driven by rising credits and a surge in government spending. The possible treaty between OPEC and non-OPEC members like Russia, to cut quota, in the face of disruptions to production in Nigeria, Libya and Iraq, have reinforced relative stability in the crude oil market. Globally, general price levels remained thin due to persistent low oil and other commodity prices. In the advanced economies, even with the uncertainties arising from the UK vote, accommodative monetary policy stance of the region's central Banks, negative interest rate in Japan and elsewhere, as well as various

economic incentives, global inflation has remained suppressed. As deviation in macroeconomic rudiments in the advanced economies and the EMDEs broadens, monetary policy could continue to swerve between the two in the short to medium term period.

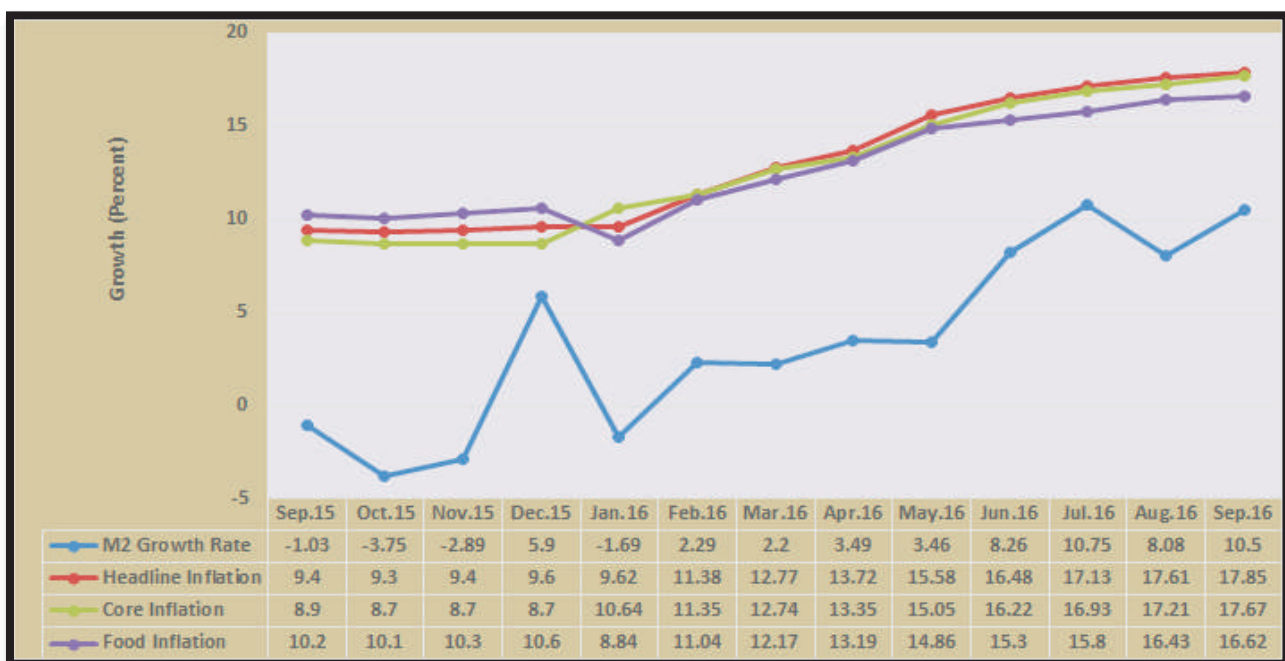
*Domestic Economy:*

8. The Nigerian economy continued to experience the incidence of negative growth which started in the first quarter of the year. Information from the National Bureau of Statistics (NBS) revealed that in the third quarter of 2016, the nation's Gross Domestic Product (GDP) contracted by -2.24% (year-on-year) in real terms. The third quarter performance was lower by 0.18% points from the growth recorded in the preceding quarter and also 5.08% points lower than the growth reported in the corresponding quarter of 2015. Real growth of the oil sector reduced by -22.01% (year-on-year) and contributed 8.19% of total real GDP in third quarter of 2016. On the other hand, the non-oil sector grew by 0.03% in real terms in the third quarter of 2016, reversing the negative growth recorded in the last two preceding quarters of the year. The non-oil sector also contributed 91.81% to the nation's GDP. The growth of the non-oil sector was largely driven by the activities of agriculture (crop production), information & communication and other services. The shocks associated with energy shortages and price hikes, scarcity of foreign exchange and depressed consumer demand, among others, apparently proved to be more harmful than expected. Knowing that the conditions which triggered the current economic downturn were not basically sensitive to monetary policy interventions, there was again a renewed call for urgent complementary fiscal policies to revive production and engineer aggregate consumption. In particular, diversification of the economy away from oil to agriculture, manufacturing and services was recommended. It was also suggested that more efforts be made towards payment of salaries and arrears of public sector employees particularly in states and local governments to stimulate aggregate consumption. On the supply side, efforts should be intensified to increase capital expenditure so as to redress infrastructural deficits, improve the business environment and spur growth.

9. All the inflation components in the third quarter continued with its upward trend which started since January, 2016. Headline inflation (year-on-year) climbed up to 17.85% in September from 17.61% in August, 17.13% in July and 16.48% in June 2016. The increase in headline inflation in the quarter replicated increases in both food

and core components of inflation. Core inflation rose sharply to 17.67% in September from 17.21% in August, 16.93% in July and 16.22% in June 2016. Food inflation also moved in the same pattern, rising to 16.62% in September from 16.43% in August, 15.8% in July and 15.3% in June 2016. The pressure on consumer prices continues to be linked with reform-related legacy and basic factors including high costs of electricity, transport, production inputs, as well as higher prices of both domestic and imported food products. It is anticipated that with the beginning of the harvest season, the restrictive stance of policy as well as the flexible foreign exchange regime, prices will begin to come down in the last quarter of the year.

**Chart 2.1:** Inflation and M2 Growth Rate (Sept. 2015 – Sept. 2016)



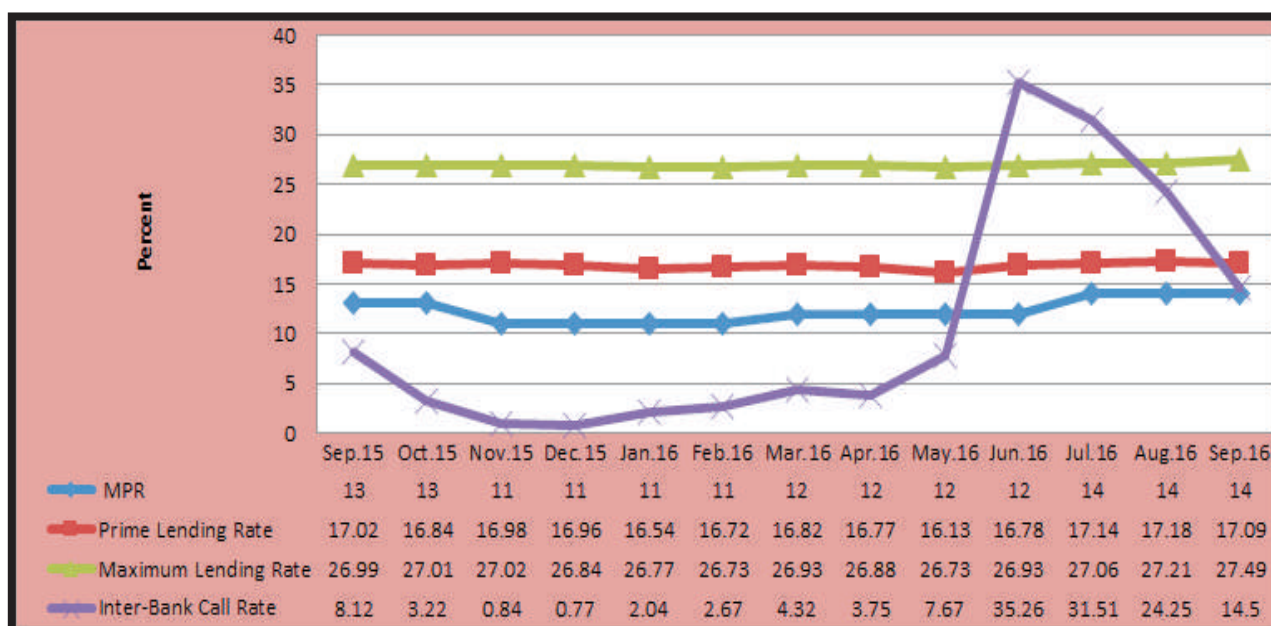
*Source:* Central Bank of Nigeria & National Bureau of Statistics, 2016

10. Provisional data from the Central Bank of Nigeria (CBN) discloses that broad money supply (M2) grew by N448.87 billion (or 2.07%) in September above the level in June 2016, that is, from N21,684.97 billion in June to N22,133.84 billion in September 2016. Equally, net domestic credit, credit to government and credit to private sector followed the same trend. Net domestic credit increased by N2,023.33 billion (or 8.32%) from N24,318.14 billion in June to N26,341.47 billion in September 2016. Credit to government moved up by N855.65 billion (or 29.57%) from N2,893.19 billion in June to N3,748.84 billion in September 2016. On the same note,

credit to private sector also rose by N1,167.68billion (or 5.45%) from N21,424.95 billion in June to N22,592.63 billion in September 2016. The average prime lending rate increased from 16.78% in June to 17.14%, 17.18% and 17.09% in July, August and September 2016 respectively. Likewise, the average maximum lending rate went up from 26.93% in June to 27.06%, 27.21% and 27.49% in July, August and September 2016 respectively.

11. In its pursuit of price stability the Central Bank of Nigeria (CBN) reviewed the Monetary Policy Rate (MPR) from 12% in the second quarter to 14% in the third quarter of 2016. The decision to increase the MPR is based on the fact that loosening monetary policy now is not advisable as real interest rates are negative; pressure exists on the foreign exchange market while inflation is trending upwards. The current stance of monetary policy is expected to continue to help lock-in expectations of inflation which, has started to improve with the gradual return of stability in the foreign exchange market. The interest rates in the interbank money market are reflections of the liquidity situation in the banking system. Thus the average interbank call rate decreased from 35.26% in June to 31.51%, 24.25% and 14.5% in July, August and September 2016 respectively. The calls to reduce this rates came mainly from the believe that reducing interest rates will spur credit growth, not only in the private sector but also by the public sector, which will help provide liquidity to stimulate consumption and investment spending. The trends in interest rates in the third quarter of 2016 are presented in Chart 2.2.

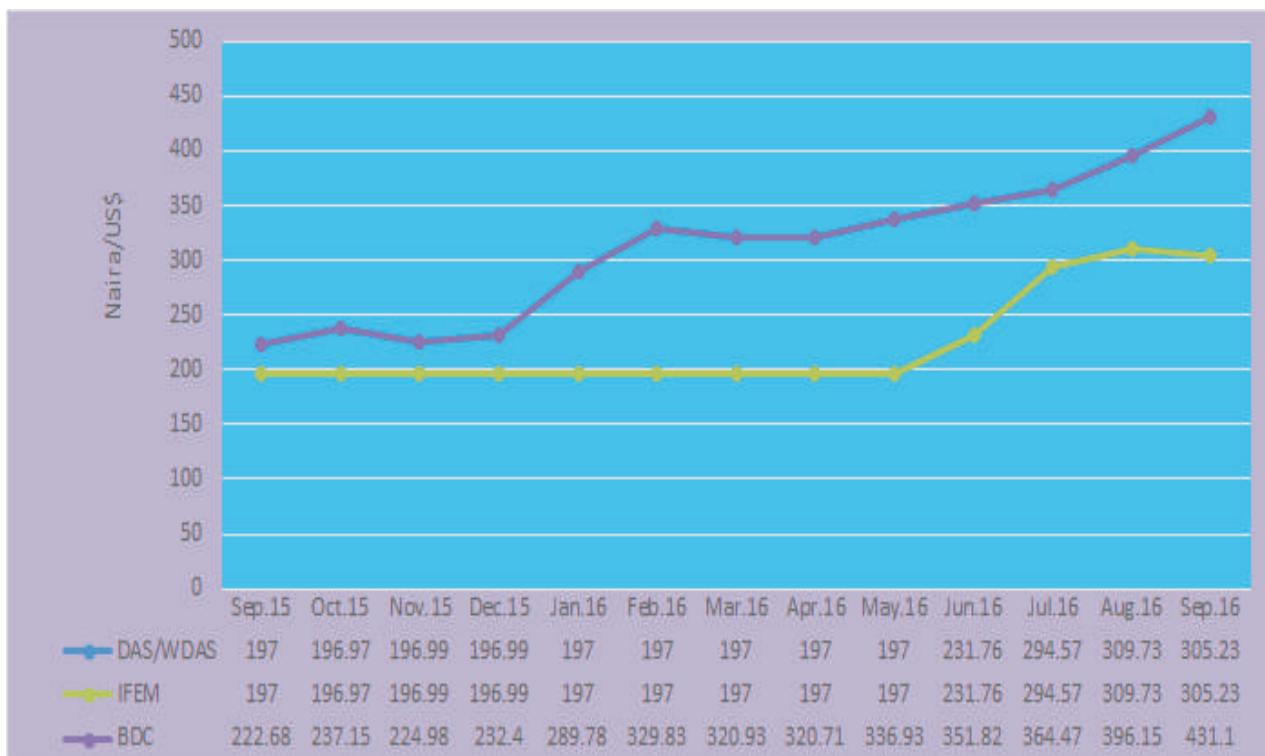
**Chart 2.2: Interest Rates Trend (September 2015 – September 2016)**



Source: Central Bank of Nigeria, 2016

12. The average exchange rate of the Naira/Dollar weakened at the Official/Inter-Bank segments of the foreign exchange market during the period under review. The Naira/Dollar exchange rate at the Official/Inter-Bank markets opened at an average of N231.76/US\$ in June and closed at an average of N294.57/US\$, N309.73/US\$ and N305.23/US\$ in July, August and September 2016 respectively. Similarly, the average exchange rate of the Naira/Dollar at the Bureau De-Change (BDC) also depreciated from N351.82/US\$ in June to N364.47/US\$, N396.15/US\$ and N431.10/US\$ in July, August and September 2016 respectively. In direct efforts to expand the foreign exchange market and stabilize the financial markets generally, a number of policy instruments were deployed by CBN. Some of these tools include; an increase in the benchmark interest rate, complementary administrative policies like the directives to International Money Transfer Operators (IMTOs) to sell forex directly to Bureau de Change operators. This instruction was given to improve liquidity in the Bureau de Change segment of the foreign exchange market. In spite of the challenges there is assurance that with the manifestation of current policy measures, noticeable improvements would soon be witnessed in the financial markets.

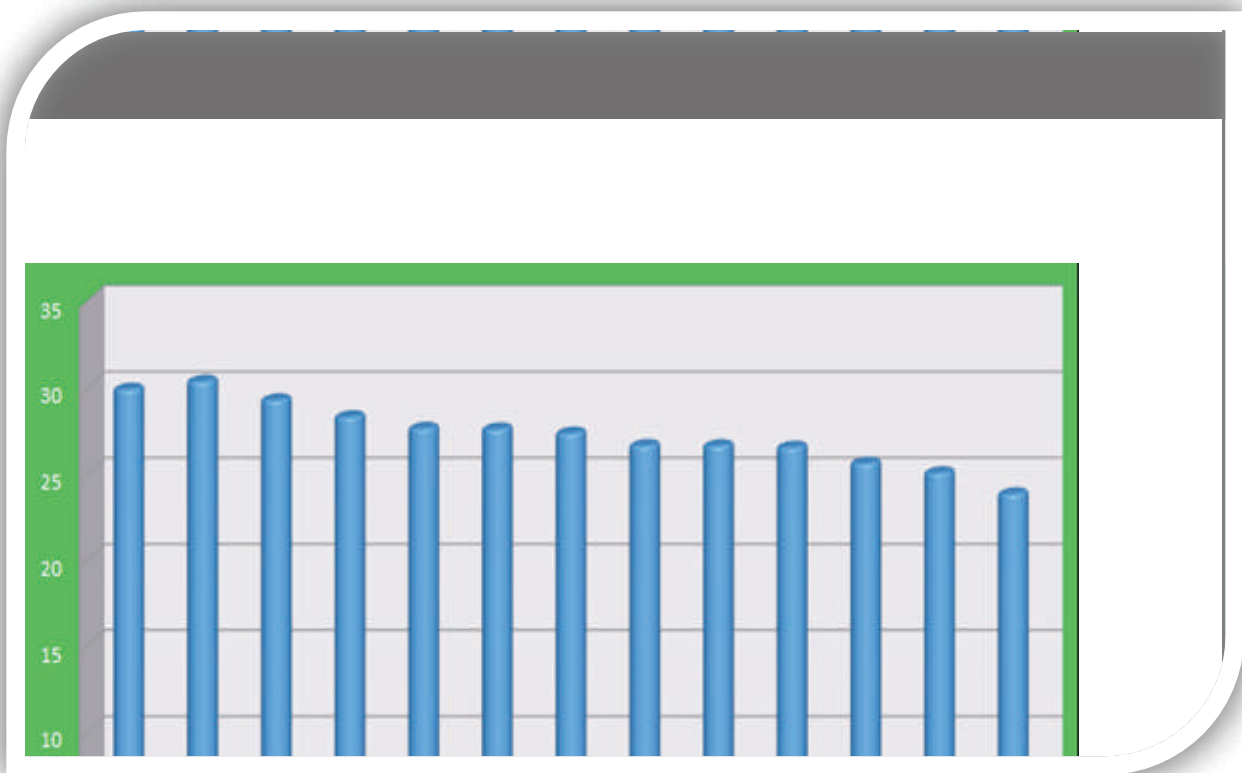
**Chart 2.3:** Naira/US\$ Exchange Rates Trend (Sept. 2015 – Sept. 2016)



*Source:* Central Bank of Nigeria, 2016

13. Figures from the CBN revealed that Nigeria's gross official (external) reserve dropped at the end of the third quarter of 2016. It fell from US\$26.51 billion in June to US\$23.81 billion as at the end of September 2016. Representing a reduction of US\$2.7 billion (or 10.18%) below the figure recorded at the end of June 2016. Comparative to the end of third quarter of 2015 level of US\$29.88 billion, the external reserves at the end of third quarter of 2016 fell by US\$6.07 billion (or 20.31%). The decreasing level of external reserves can be attributed to the interplay of demand and supply. On the supply side, the declining oil price had considerably reduced the growth to external reserves. On the demand side, the problem in the foreign exchange market which was supported mostly by the excess liquidity conditions in the banking system and speculative actions. These elements triggered an increased funding of the foreign exchange market by the CBN to stabilize the Naira. Based on the CBN report, the foreign reserves level as at the end of September 2016 could finance over six (6) months of imports which is well above the internationally endorsed minimum threshold of 3-months import cover.

**Chart 2.4:** Level of External Reserves in Billion Dollars (Sept. 2015 – Sept. 2016)



*Source:* Central Bank of Nigeria, 2016

14. Provisional data from the Debt Management Office (DMO) shows that as at 30th September, 2016 the Federal Government domestic debt stock stood at N10,845.22 billion representing an increase of N238.89 billion (or 2.25%) above the N10,606.33 billion reported in the second quarter of 2016. The 2016 third quarter debt figure was also N2,232.99 billion (or 25.93%) above the N8,612.23 billion recorded in the same period of 2015.

15. Nigeria's external debt stock (mostly low interest funds from multilateral financial institutions) as at 30th September, 2016, stood at US\$11,582.59 million representing an increase of US\$320.70 million (or 2.85%) above US\$11,261.89 million reported in the second quarter of 2016 and US\$965.24 million (or 9.09%) over US\$10,617.35 million documented in the third quarter of 2015.

16. The total public debt stock as at 30th September, 2016 stood at US\$59.82 billion (or N16,884.06 billion). The breakdown consists of US\$11.58 billion (or N3,535.59 billion or 19.36%) for external debt while the balance of US\$48.24 billion (or N13,348.47 billion or 79.06%) was for domestic debt stock. The net present value of total public Debt/GDP (external and domestic) ratio of 16.4% (using the rebased GDP figure of 2016 Budget) as at the end of September 2016 was significantly below the country specific threshold of 19.39%.

## 3.0 FINANCIAL ANALYSIS OF THE 2016 BUDGET IMPLEMENTATION

### 3.1 Key Assumptions and Projections:

The 2016 Budget is an outcome of 2016-2018 Medium Term Fiscal Framework (MTFF) which was prepared after series of consultations with all stakeholders. The happenings in the international market were also taken into consideration before arriving at some of the key assumptions in the framework.

**Table 3.1:** Key Assumptions and Targets for the 2016 Budget

KEY ASSUMPTION & TARGETS	2016
Projected Production (in mbpd)	2.20
Budget Benchmark Price (per barrel in US)	38
<b>Technical Cost of JVC Pbl to Oil Companies</b>	
Operating Expenses (T1) in US \$	10.29
Capital Expenses (T2) in US \$	11.12
<b>Technical Cost of PSC Pbl to Oil Companies</b>	
Operating Expenses (T1) in US \$	8.22
Capital Expenses (T2) in US \$	19.62
Investment Tax Credit	4.94
<b>Technical Costs of SC pbl to Oil Company</b>	
Operating Expenses (T1) in US \$	18.62
Capital Expenses (T2) in US \$	2.44
Investment Allowances	2.996
<b>Weighted Average Contribution Rates</b>	
Weighted Average Rate of PPT - JV Oil	85%
Weighted Average Rate of PPT - PSC Oil	50.17%
Weighted Average Rate of PPT - SC Oil	85%
Weighted Average Rate of PPT - Independent (Indigenous)	85%
Weighted Average Rate of PPT - Marginal	51.6%
<b>Royalty Rates</b>	
Weighted Average Rate of Royalties - JV Oil	19.1%
Weighted Average Rate of Royalties - PSC	4.5%
Weighted Average Rate of Royalties - SC Oil	18.5%
Weighted Average Rate of Royalties -Independent	19.3%
Weighted Average Rate of Royalties - Marginal	9.3%
Average Exchange Rate (NGN/US\$)	197
VAT Rate	5%
CIT Rate	30%

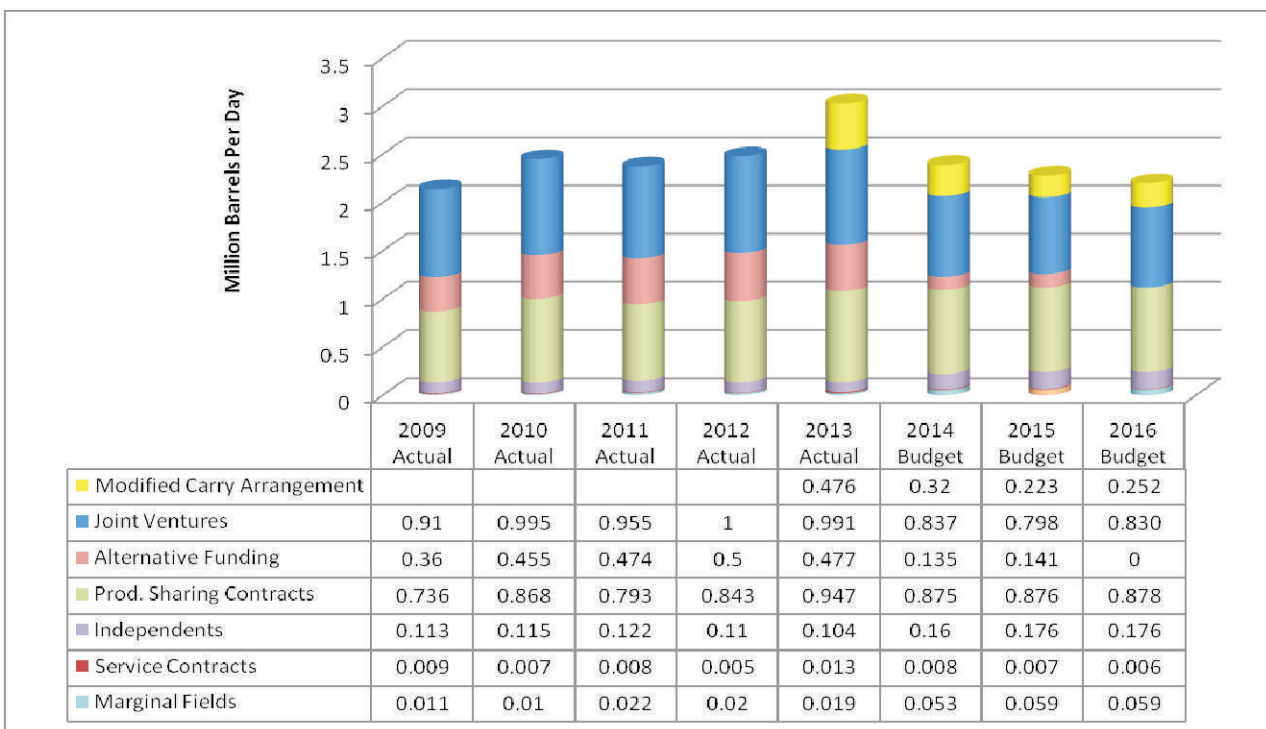
Source: BOF, NNPC, FIRS and NCS, 2016

### Budget Benchmark Oil Price and Production

18. Due to the volatile nature of oil prices in the world market, Government since the past few years had devised a coherent technique of determining the benchmark price of oil for its yearly budgets. As a result of this, budget expenditures were cut off from the uncertainties in the prices of oil in the international market. In view of this, the budget benchmark price of oil for the 2016 Budget was pegged at US\$38.00/barrel while oil production was fixed at 2.2million barrels per day (mbpd). The estimated oil production for 2016 budget indicates a decrease of 0.08mbpd (or 3.51%) below the 2.28mbpd projected for the 2015 Budget.

19. Details of anticipated contributions of oil production by business arrangements are presented in Chart 3.1 below while the breakdown of contributions and duties for key oil taxes that are projected to accrue to the Federal Government are also represented in Table 3.2.

**Chart 3.1: Budget Oil Production by Business Arrangements 2009 – 2016**



Source: NAPIMS/NNPC, 2016

**Table 3.2:** Detailed Assumptions for Oil Production and Taxes (2016)

<b>Share of Oil Production</b>	<b>Percentage</b>
Joint Ventures	0.83%
Alternative Funding	0.00%
Modified Carry Arrangement	0.25%
Production Sharing Contracts	0.88%
Independents	0.18%
Service Contracts	0.01%
Marginal	0.06%
Total Production	2.20%
<b>PPT Rates</b>	
Weighted Average -JV/AF/Independent/Marginal	85%
Weighted Average -PSC	50.17%
Weighted Average -SC	85%
<b>Royalties Rates</b>	
Weighted Average-JV/AF/Independent/Marginal	0.0%
Weighted Average-PSC	4.5%
Weighted Average-SC Oil	18.5%

*Source:* NNPC and BOF, 2016

### 3.2 Analysis of Revenue Performance:

#### Overview of Oil Revenue Parameters:

20. The price of crude oil in the world market averaged US\$45.86 per barrel in the third quarter of 2016, indicating an increase of US\$0.29 per barrel (or 0.64%) above the US\$45.57 per barrel recorded in the second quarter of 2016 and US\$4.4 per barrel (or 8.75%) below the US\$50.26 per barrel recorded in the third quarter of 2015. The drop in crude oil prices during the period could be ascribed to the fall in demand for oil in the world market and the discovery of oil and other alternatives to oil by more countries of the world.

21. Provisional data from the Nigerian National Petroleum Corporation (NNPC) shows that the average oil production and lifting (including Condensates) in the third quarter of 2016 was 1.60mbpd and 1.62mbpd respectively. The average oil lifting figure illustrates a shortfall of 0.58mbpd (or 26.36%) below the 2.2mbpd projected for the 2016 Budget. The volume of oil lifted in the period was also 0.18mbpd and 0.51mbpd below the 1.80mbpd and 2.13mbpd recorded in the second quarter of 2016 and third quarter of 2015 respectively. The drop in the quantity of oil lifted during the quarter as against the expected budget figure could be ascribed to the uncertainties in the demand and supply of oil in the international market and as well as other factors like crude oil theft, illegal bunkering, pipeline vandalism that occurred during the period under review.

22. The 2016 Fiscal Framework presents a gross Federally collectible revenue estimate of N9,715.19 billion, comprising of N3,534.83 billion (or 36.38%) oil revenue and N6,180.36 billion (or 63.62%) non-oil revenue. Below is an analysis of the real performance of the oil and non-oil revenue earnings in the third quarter of 2016.

### **Oil Revenue Performance**

23. An appraisal of the oil revenue performance in the third quarter of 2016 discloses that apart from Petroleum Profit and Gas Taxes of N305.44 billion and Other Oil and Gas Revenue of N2.33 billion which were above their respective quarterly estimates of N150.64 billion and N0.95 billion by N154.80 billion (or 102.76%) and N1.38 billion (or 145.9%). The other remaining oil revenue items fell below their respective quarterly projections. Crude Oil Sales of N387.80 billion, Gas Sales of N15.55 billion, Royalties (Oil & Gas) of N86.95 billion, Rent of N0.04 billion and Gas Flared Penalty of N0.40 billion fell below their quarterly estimates of N444.57 billion, N161.09 billion, N125.43 billion, N0.27 billion and N0.76 billion by N56.77 billion (or 12.77%), N145.54 billion (or 90.35%), N38.48 billion (or 30.68%), N0.23 billion (or 85.24%) and N0.37 billion (or 48.13%) respectively. Please see Table 3.3.

### **Net Oil Revenue:**

24. In the third quarter of 2016, the actual Net Oil Revenue that accrued into the Federation Account was N201.37 billion, representing a decrease of N168.51 billion (or 45.56%) below the estimated quarterly projection of N369.87 billion. Similarly, the

net oil revenue in the third quarter of 2016 was also lower than the N349.56 billion net oil revenue reported in the second quarter of 2016 by N148.19 billion (or 42.39%). The poor oil revenue performance in the third quarter of 2016 as against the figure reported in the second quarter of 2016 can be ascribed to the fall in oil prices in the world market and as well as other supply and demand challenges like crude oil theft, illegal bunkering and destruction of pipelines that took place during the period. These data are presented in Table 3.3.

### **Year-to-Date:**

25. As at end of September 2016, only Petroleum Profit & Gas Taxes of N639.12 billion and Other Oil & Gas Revenue of N4.63 billion surpassed their three quarter year estimates of N451.92 billion and N2.84 billion by N187.19 billion (or 41.42%) and N1.79 billion (or 63.05%) respectively. On the other hand, all the other remaining oil revenue items fell below their respective three quarter year projections. Crude Oil Sales of N1,085.64 billion, Gas Sales of N30.55 billion, Royalties (Oil & Gas) of N280.09 billion, Rent of N0.21 billion and Gas Flared Penalty of N1.09 billion, fell below their corresponding three quarter year estimates of N1,333.72 billion, N483.26 billion, N376.28 billion, N0.81 billion and N2.29 billion by N248.08 billion (or 18.6%), N452.71 billion (or 93.68%), N96.19 billion (or 25.56%), N0.60 billion (or 73.8%) and N1.20 billion (or 52.41%) respectively. These poor performances were due to the fall in prices and demand for Nigerian oil at the international market together with supply challenges due to the vandalisation of pipelines by the activities of the Niger Delta militants during the three quarters of the year.

### **Non-Oil Revenue Performance:**

26. Since the past few years, the Government, through the Budget Office of the Federation and the Federal Ministry of Finance had articulated a number of strategies and activities intended to increase the non-oil revenue collections and leakages to the treasury. The effect of these actions as well as the Budget Office's consistent meetings with all relevant revenue collecting agencies had given rise to the continuous increases in targets and actual revenues collected from the non-oil sector. This trend, as presented in Table 3.4 and Table 3.5, is likely to remain beyond 2017 period.

27. In the third quarter of 2016, the actual gross non-oil revenue of N814.24 billion was received. This signifies a shortfall of N239.37 billion (or 22.72%) below the quarterly estimate of N1,053.61 billion. A breakdown of the non-oil revenue items

shows that all the non-oil revenue items fell below their quarterly expected estimates. Value Added Tax of N210.35 billion, Company Income Tax of N453.74 billion, Customs & Excise Duties of N141.96 billion and Special Levies of N8.19 billion were below their quarterly projections of N368.76 billion, N469.25 billion, N180.93 billion and N34.67 billion by N158.41 billion (or 42.96%), N15.51 billion (or 3.31%), N38.97 billion (or 21.54%) and N26.49 billion (or 76.39%) respectively. On the other hand, Solid Minerals and Other Mining Revenue of N9.92 billion surpassed its quarterly projection of N4.09 billion by N5.83 billion (or 142.69%). While Revenue Dividend by Companies / Investments Funded by FAAC which had a quarterly projected estimate of N49.25 billion yielded nothing in the quarter. When compared with their corresponding second quarter performances, Value Added Tax, Company Income Tax, Customs & Excise Duties and Special Levies exceeded by N15.74 billion (or 8.09%), N282.04 billion (or 164.25%), N39.78 billion (or 38.93%) and N3.83 billion (or 87.88%) respectively. The improved performances of the non-oil revenue items in the third quarter of 2016 can be accredited to the increase in pace of economic activities during the period and the efforts of both the revenue generating and collecting agencies to collect and remit there venues on time. Nonetheless, it is expected that this trend will get better in the last quarter of 2016 following the anticipated releases and extended implementation of the 2016 capital budget.

### **Year-to-Date:**

28. The gross non-oil revenues in the three quarter period of the year amounted to N1,795.15 billion, portraying a shortfall of N1,365.69 billion (or 43.21%) below the three quarter period of the year estimate of N3,160.84 billion. The outcome also shows that receipts from all the non-oil revenue items were below their corresponding estimates. Value Added Tax of N601.53 billion, Company Income Tax of N801.71 billion, Customs & Excise Duties of N369.08 billion and Special Levies of N22.83 billion respectively fell short by N504.74 billion (or 45.63%), N606.06 billion (or 43.05%), N173.71 billion (or 32%) and N81.19 billion (or 78.05%) when compared with their projections for the three quarter period of the year of 2016. Similarly, Solid Minerals and Other Mining Revenues of N9.92 billion fell below its three quarter period of the year estimate of N12.27 billion by N2.34 billion (or 19.1%). On the other hand, Dividend by Companies / Investments Funded by FAAC yielded nothing in the same period of the year.

**Table 3.3: Net Distributable Revenue as at September, 2016 (Oil Revenue at Benchmark Assumptions)**

S/N	DESCRIPTION	2016 BUDGET			2016 ACTUAL			VARIANCE						
		Annual	Quarterly Budget	3QRTS	First Quarter	Second Quarter	Third Quarter	3rd Quarter Actual Vs Quarterly Budget	3rd Quarter Vs 2nd Quarter (Actual)	Actual Vs Budget (3QRTS)				
		N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%		
<b>A</b>	<b>OIL REVENUE</b>													
1	Crude Oil Sales Export	1,778.30	444.57	1,333.72	402.18	295.66	387.80	1,085.64	(56.77)	(12.77)	92.15	31.17	(248.08)	(18.60)
2	Crude Oil Sales Domestic	644.34	161.09	483.26	6.37	8.64	15.55	30.55	(145.54)	(90.35)	6.91	79.92	(452.71)	(93.68)
3	Gas Sales (NLNG Feedstock Sales & Upstream Liquid Gas)	501.71	125.43	376.28	100.69	92.46	86.95	280.09	(38.48)	(30.68)	(5.51)	(5.96)	(96.19)	(25.56)
4	Oil Royalties & Gas Royalties	3.08	0.76	0.81	0.16	0.02	0.04	0.21	(0.23)	(85.24)	0.03	166.67	(0.60)	(73.80)
5	Rent	1.05	0.27	0.29	0.37	0.32	0.40	1.09	(0.37)	(48.13)	0.08	23.75	(1.20)	(52.41)
6	Gas Flared Penalty	602.56	150.64	451.92	213.35	120.33	305.44	639.12	154.80	102.76	185.11	153.84	187.19	41.42
7	PPT & Gas Income @ 30% CITA	3.78	0.95	2.84	1.52	0.78	2.33	4.63	1.38	145.90	1.54	196.56	1.79	63.05
8	Other Oil and Gas Revenue	3,534.83	883.71	2,651.12	724.64	518.20	798.49	2,041.33	(85.21)	(9.64)	280.30	54.09	(609.80)	(23.00)
9	Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-	-
10	DEDUCTIONS													
11	DPR Cost of Collection	-	-	-	4.23	3.86	5.43	13.51	(2.92)	(1.07)	158.11	140.49	(277.61)	(33.82)
12	Joint Venture Cash Calls	1,094.32	273.58	820.74	159.93	112.54	270.66	543.12	(70.24)	(100.00)	-	-	(210.71)	(100.00)
13	National Domestic Gas Development	280.94	70.24	210.71	-	-	-	-	(76.27)	(100.00)	-	-	(228.80)	(100.00)
14	Gas Infrastructure Development & Other Gas Expenses	305.07	76.27	228.80	-	-	-	-	-	-	-	-	-	-
15	Under Remittance of Funds by NNPC	150.00	37.50	112.50	-	-	-	-	(37.50)	(100.00)	-	-	(112.50)	(100.00)
16	Arrears of 2015 Subsidy on Domestic Consumption	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Transfer to Excess Crude Oil on PPT from Oil	3.94	0.99	2.96	-	-	-	145.48	145.48	(100.00)	145.48	-	145.48	(100.00)
18	Crude Oil Pre-Export Inspection Agency Expense	1,700.57	425.14	1,275.42	560.49	401.79	376.93	1,339.21	(46.21)	(11.34)	(24.86)	(6.19)	(2.96)	(100.00)
19	Sub - Total	1,700.57	425.14	1,275.42	560.49	401.79	376.93	1,339.21	(46.21)	(11.34)	(24.86)	(6.19)	(2.96)	(100.00)
20	Transfer to Excess Crude Oil on PPT from Oil	1,700.57	425.14	1,275.42	560.49	401.79	376.93	1,339.21	(46.21)	(11.34)	(24.86)	(6.19)	(2.96)	(100.00)
21	Balance of Oil Revenue	221.07	55.27	165.81	72.86	52.23	30.09	155.19	(25.18)	(45.56)	(22.14)	(42.39)	(10.62)	(6.40)
22	13% Derivation of Net Oil Revenue	1,479.49	369.87	1,109.62	487.62	349.56	201.37	1,038.55	(168.51)	(45.56)	(148.19)	(42.39)	(71.07)	(6.40)
<b>23</b>	<b>TO FEDERATION ACCOUNT (OIL)</b>													
<b>B</b>	<b>DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC</b>													
24	Total Dividend Payment	197.00	49.25	147.75	-	-	-	-	(49.25)	(100.00)	-	-	(147.75)	(100.00)
<b>25</b>	<b>TO FEDERATION ACCOUNT (DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC)</b>													
26	Total Solid Mineral Revenue	16.36	4.09	12.27	-	-	-	9.92	5.83	142.69	9.92	8.09	(2.34)	(19.10)
27	13% Derivation of Solid Minerals Revenue	2.13	0.53	1.59	1.29	1.29	1.29	1.29	0.76	142.69	1.29	8.09	(0.30)	(19.10)
<b>28</b>	<b>TO FEDERATION ACCOUNT (SOLID MINERALS)</b>													
<b>D</b>	<b>NON-OIL REVENUE</b>													
29	Value Added Tax (VAT)	1,475.03	368.76	1,106.27	196.57	194.61	210.35	601.53	(158.41)	(42.96)	15.74	8.09	(504.74)	(45.63)
30	Corporate Tax (CIT, Stamp Duties & CGT)	1,877.02	469.25	1,407.76	176.26	171.71	453.74	801.71	(15.51)	(3.31)	282.04	164.25	(606.06)	(43.05)
31	Customs: Import, Excise & Fees	723.72	180.93	542.79	124.94	102.18	141.96	369.08	(38.97)	(21.54)	39.78	38.93	(173.71)	(32.00)
32	Special Levies (Federation Account)	138.69	34.67	104.02	10.29	4.36	8.19	22.83	(26.49)	(76.39)	3.83	87.88	(81.19)	(78.05)
33	Sub-Total	4,214.46	1,053.61	3,160.84	508.05	472.86	814.24	1,795.15	(239.37)	(22.72)	341.39	72.20	(1,365.69)	(43.21)
34	Cost of Collection and Other Deductions	207.81	51.95	155.86	24.38	22.11	37.07	83.56	(14.88)	(28.64)	14.96	67.68	(72.30)	(46.39)
35	4% Cost of Collection (VAT)	59.00	14.75	44.25	7.86	7.78	8.41	24.06	(6.34)	(42.96)	0.63	8.09	(20.19)	(45.63)
36	4% Cost of Collection (CIT)	63.44	15.86	47.58	7.05	6.87	18.15	32.07	2.29	14.43	11.28	164.25	(15.51)	(32.60)
37	7% Cost of Collection (Customs and Special Levies)	60.37	15.09	45.28	9.47	7.46	10.51	27.43	(4.58)	(30.36)	3.05	40.94	(17.84)	(39.41)
38	FIRS Tax Refunds	25.00	6.25	18.75	-	-	-	-	(6.25)	(100.00)	-	-	(18.75)	(100.00)
<b>39</b>	<b>TO FEDERATION ACCOUNT (NON-OIL)</b>													
40	Total VAT Pool	1,416.03	354.01	1,062.02	188.71	186.82	201.94	577.47	(152.07)	(42.96)	15.11	8.09	(484.55)	(45.63)
41	Net Non-Oil Revenue	4,006.65	1,001.66	3,004.98	483.67	450.74	777.17	1,711.59	(224.49)	(22.41)	326.42	72.42	(1,293.40)	(43.04)
42	Sub-Total: FEDERATION ACCOUNT	4,214.46	1,053.61	3,160.84	508.05	472.86	814.24	1,795.15	(239.37)	(22.72)	341.39	72.20	(1,365.69)	(43.21)
43	Actual Balances in Special Accounts	22.25	5.56	16.68	-	-	-	-	(5.56)	(100.00)	-	-	(16.68)	(100.00)
<b>44</b>	<b>TOTAL FEDERATION ACCOUNT</b>													
44	TOTAL FEDERATION ACCOUNT	4,303.58	1,075.90	3,227.69	782.59	613.48	785.23	2,181.30	(290.66)	(27.02)	171.75	28.00	(1,046.39)	(32.42)
<b>E</b>	<b>TOTAL DISTRIBUTION</b>													
1	Federation Account	4,303.58	1,075.90	3,227.69	782.59	613.48	785.23	2,181.30	(290.66)	(27.02)	171.75	28.00	(1,046.39)	(32.42)
2	VAT Pool Account	1,416.03	354.01	1,062.02	188.71	186.82	201.94	577.47	(152.07)	(42.96)	15.11	8.09	(484.55)	(45.63)
<b>3</b>	<b>GRAND TOTAL</b>	<b>5,719.61</b>	<b>1,429.90</b>	<b>4,289.71</b>	<b>971.30</b>	<b>800.31</b>	<b>987.17</b>	<b>2,758.77</b>	<b>(442.73)</b>	<b>(30.96)</b>	<b>186.86</b>	<b>23.35</b>	<b>(1,530.94)</b>	<b>(35.69)</b>

Source: OAGF and Budget Office of the Federation, 2016

**Table 3.4:** Actual Performance of Non-Oil Revenue Category (2006-2015)

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10 - Year Average
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Customs Duties & Excise	176,297.90	248,941.30	274,407.60	278,940.00	309,193.00	422,090.00	474,917.60	432,368.00	566,241.00	231,995.76	341,539.22
Company Income Tax	244,807.80	327,040.20	416,825.50	564,950.00	657,278.00	716,920.00	848,566.00	985,520.00	1,207,283.00	473,320.00	644,251.05
Value Added Tax	230,370.30	301,709.60	404,527.80	468,388.90	562,857.00	649,500.00	710,146.00	795,598.00	794,220.00	104,660.64	502,197.82
Education Tax	23,950.00	50,650.00	59,387.00	61,058.20	.	.	.	.	.	.	19,504.52
FGN Independent Revenue	106,600.00	152,290.00	198,234.20	64,114.70	153,551.90	182,490.00	206,766.00	274,368.00	295,326.00	323,369.00	195,710.98

Source: OAGF and BOF, 2016

**Table 3.5:** Percentage Growth in Non-Oil Revenues (2007-2015)

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	9 - Year Average
Customs Duties & Excise	41.20%	10.23%	1.65%	10.85%	36.51%	12.52%	-8.96%	30.96%	-59.03%	8.44%
Company Income Tax	33.59%	27.45%	35.54%	16.34%	9.07%	18.36%	16.14%	22.50%	-60.79%	13.13%
Value Added Tax	30.97%	34.08%	15.79%	20.17%	15.39%	9.34%	12.03%	-0.17%	-86.82%	5.64%
FGN Independent Revenue	42.86%	30.17%	-67.66%	139.50%	18.85%	13.30%	32.69%	7.64%	9.50%	25.21%

Source: OAGF and BOF, 2016

### Comparative Revenue Performance Analysis:

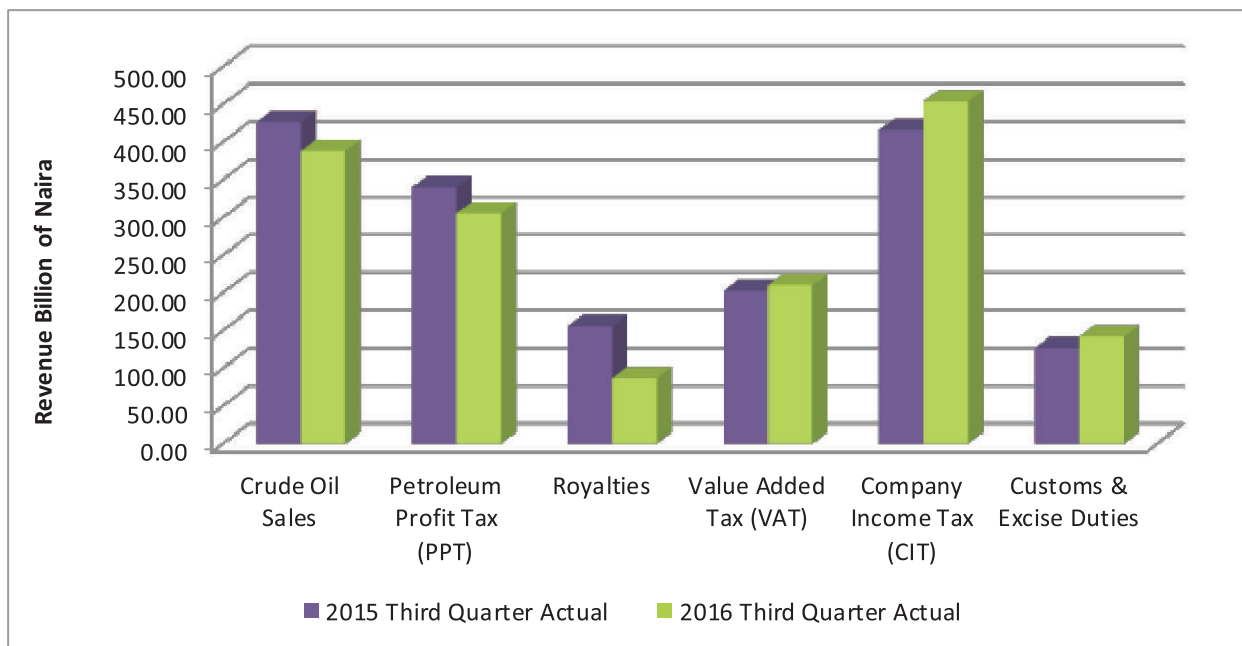
29. A comparative analysis of the data further suggests that the aggregate gross oil receipts in the third quarter of 2016 were not only lower than their corresponding estimates for the period, but were also below the equivalent levels in the same period of 2015. The low performance can be attributed to the fall in the price of oil in the world market and the drop in oil lifting figures due to cut in demand, incessant crude oil theft and vandalism of pipelines in the Niger Delta region during the period. On the other hand, the aggregate gross non-oil revenues for the same period revealed an increase of N57.87billion (or 7.65%) above the corresponding figures reported in 2015. Please see data in Table 3.6.

**Table 3.6:** Performance of Revenue in the Third Quarter of 2016 Vs 2015

Revenue Items	2015	2016	Variance	
	3rd Quarter Actual	3rd Quarter Actual	3rd Quarter 2016 Vs 3rd Quarter 2015	
Oil Revenue	N'bns	N'bns	N'bns	%
Crude Oil Sales	426.15	387.8	-38.35	-9.00
Petroleum Profit Tax (PPT)	339.78	305.44	-34.341	-10.11
Royalties	155.61	86.95	-68.66	-44.12
Gross Oil Revenue	930.46	798.49	-131.97	-14.18
<b>Net Oil Receipts</b>	<b>603.53</b>	<b>201.37</b>	<b>-402.16</b>	<b>-66.63</b>
Non-Oil Revenue	-	-		
Value Added Tax (VAT)	202.11	210.35	8.24	4.08
Company Income Tax (CIT)	415.67	453.74	38.07	9.16
Customs & Excise Duties	126.6	141.96	15.36	12.13
Gross Non-Oil Revenue	756.37	814.24	57.87	7.65
<b>Net Non-Oil Receipts</b>	<b>709.96</b>	<b>777.17</b>	<b>67.21</b>	<b>9.47</b>

*Source:* OAGF and Budget Office of the Federation, 2016

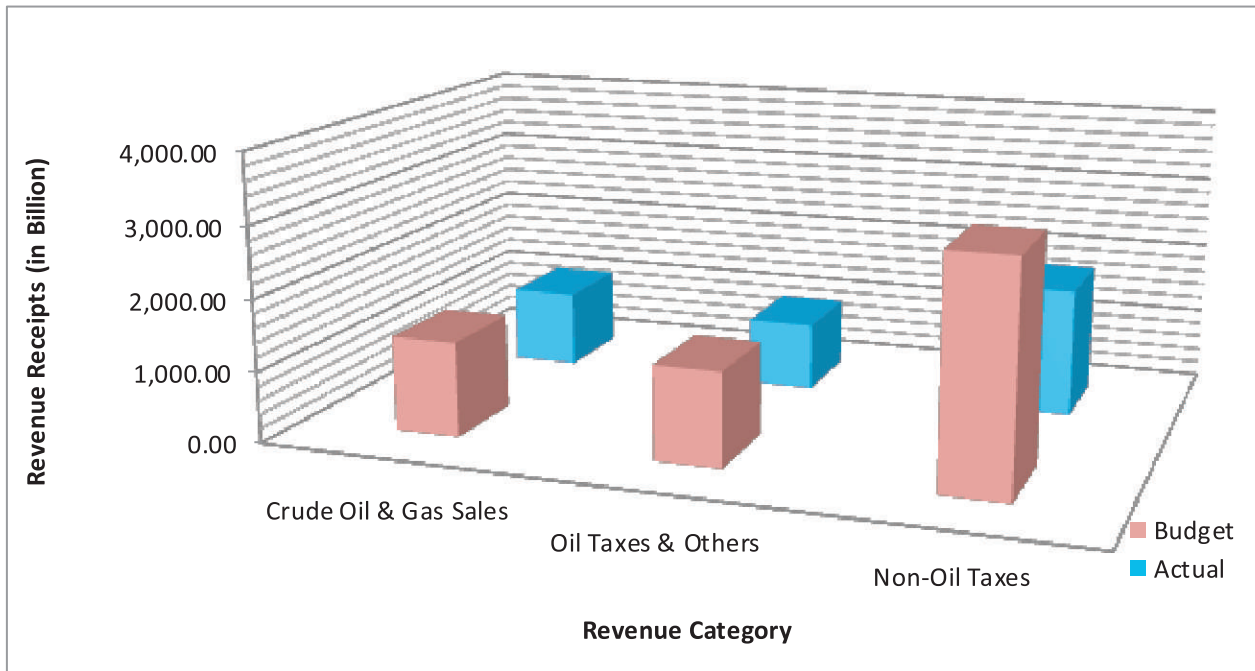
**Chart 3.2:** 2015 Vs 2016 Revenue Performance (Third Quarter)



*Source:* OAGF and Budget Office of the Federation, 2016

30. Chart 3.3 below is a graphical illustration of the actual performance of revenue categories compared with their budgeted estimates as at September 2016.

**Chart 3.3:** Projected Vs Actual FAAC Revenue Receipts (as at September 2016)



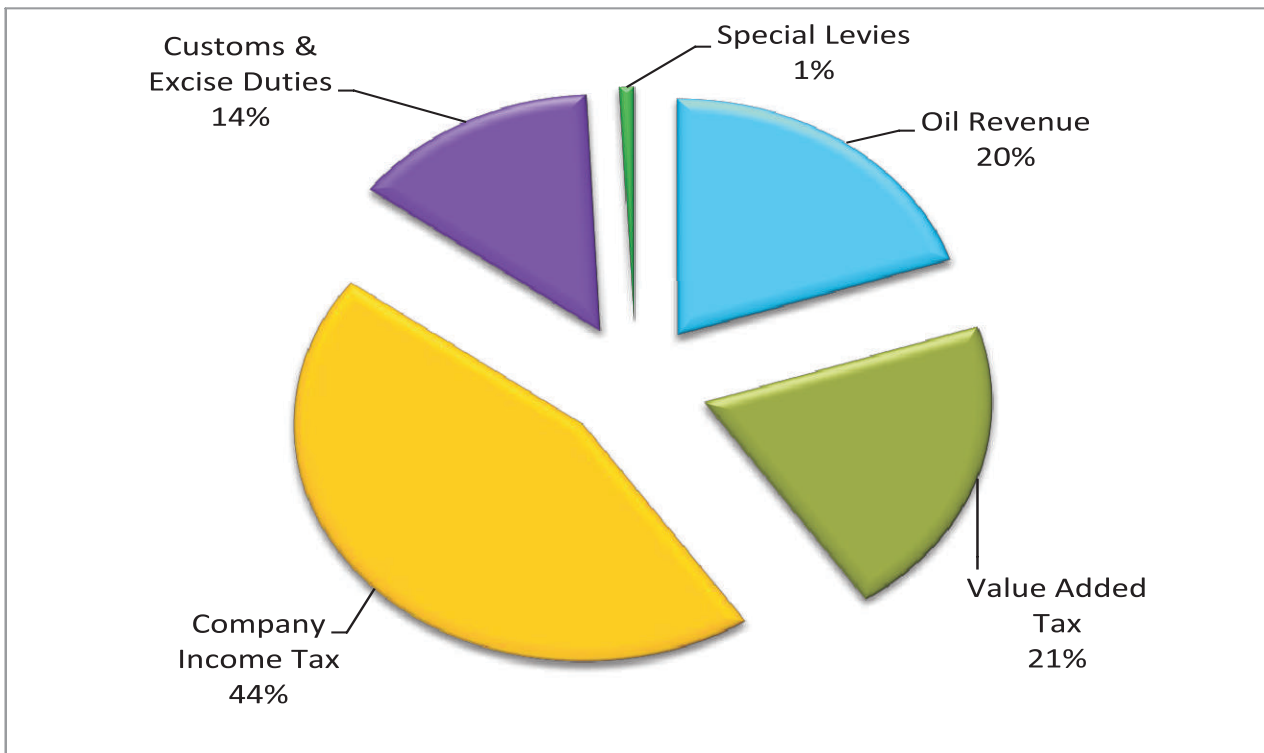
*Source:* Budget Office of the Federation, 2016

**Distributable Revenue:**

31. The net distributable revenue is the balance of funds in the Federation Account available for sharing among the three tiers of government after the deduction of all costs. A net sum of N987.17 billion was available for distribution in the third quarter of 2016. This implies a shortfall of N442.73 billion (or 30.96%).

32. Chart 3.4 below gives the percentage contribution of the various revenue categories to distributable revenue in the third quarter of 2016.

**Chart 3.4:** Contributions to Distributable Revenue (in the 3rdQuarter of 2016)



*Source:* Budget Office of the Federation, 2016

### 3.3 Excess Crude Account:

33. The Excess Crude Account (ECA) was put in place to serve as a stabilization and savings account for the excess oil revenue accruing from the sales of crude in the global market. But due to the fall in the price of oil in the world market and other supply challenges which resulted to a shortfall in oil revenue, nothing was transferred to the ECA in the first two quarters of the year. However, due to the improvement in the price of oil in the international market, the sum of N145.48 billion was transferred to the ECA in the third quarter of 2016. While a total of N85.17 billion was withdrawn from the account in the third quarter of 2016 for distribution among the three tiers of government. The ECA as at 1st January, 2016 had a balance brought forward of US\$2.23 billion and a closing balance of US\$2.89 billion as at 20th September, 2016. These data are presented in Table 3.7.

**Table 3.7: Net Excess Crude Account**

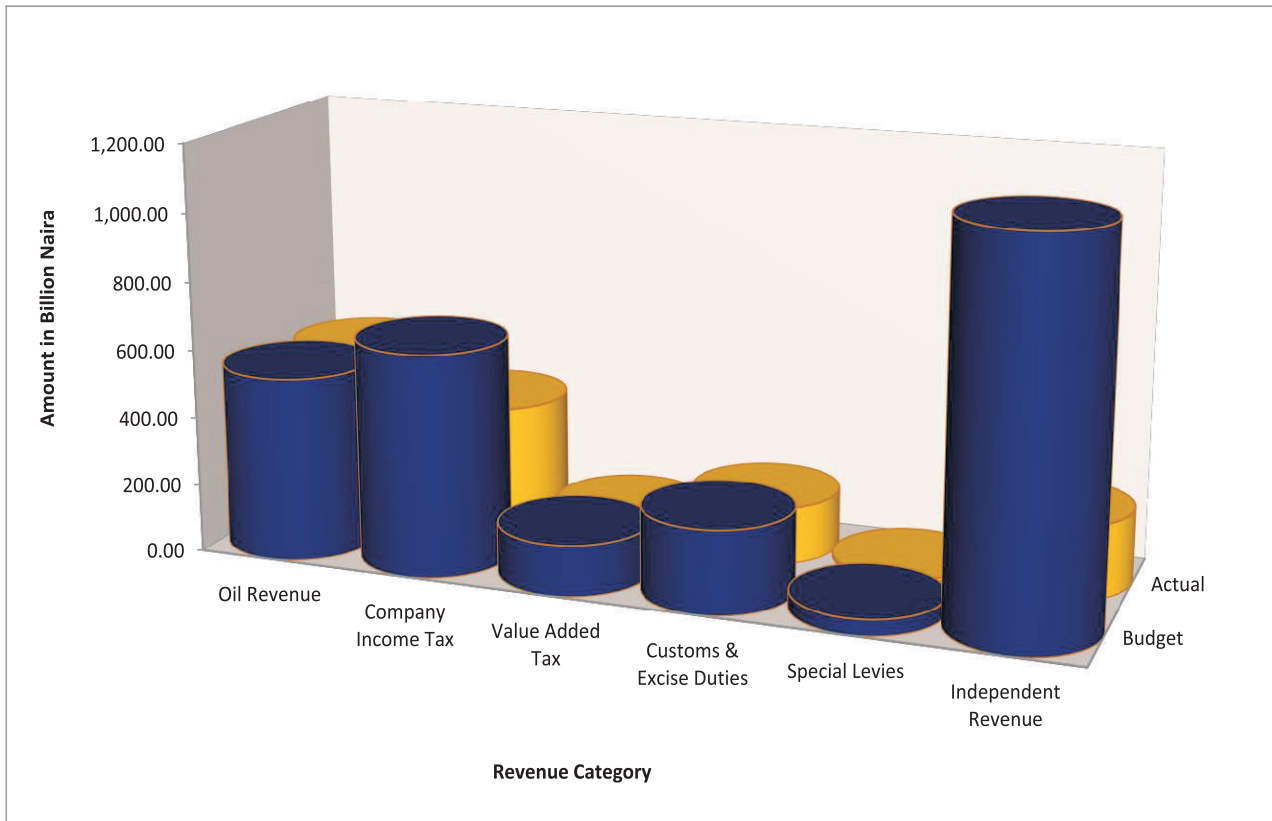
Description	2015 Actual (N'bn)			2016 Actual (N'bn)			
	First Quarter	Second Quarter	Third Quarter	First Quarter	Second Quarter	Third Quarter	Jan - Sept
<b>Inflows</b>							
Transfer to Excess Crude Oil Account	14.98	0.00	33.96	0.00	0.00	145.48	145.48
<b>Outflows</b>							
Payment for Petroleum Product Subsidy	197.05	162.34	0.00	0.00	0.00	0.00	0.00
Augmentation: Distribution among tiers of Govt.	15.63	0.00	82.56	0.00	0.00	85.17	85.17
Transfer for Special Intervention Fund	0.56	0.00	0.00	0.00	0.00	0	0
Transfers Int. trf - SWF	0.00	0.00	0.00	0.00	0.00	0	0
<b>Total Outflow</b>	<b>213.25</b>	<b>162.34</b>	<b>82.56</b>	<b>0.00</b>	<b>0.00</b>	<b>85.17</b>	<b>85.17</b>
<b>Net Excess Crude Account</b>	<b>-198.27</b>	<b>-162.34</b>	<b>-48.60</b>	<b>0.00</b>	<b>0.00</b>	<b>60.31</b>	<b>60.31</b>

*Source:* Office of the Accountant General of the Federation, 2016

### 3.4 FGN Budget Revenue:

34. As approved in the 2016 Budget framework, the sum of N3,855.74billion was proposed to fund the Federal Budget, representing a quarterly share of N963.93 billion. In the third quarter of 2016, the sum of N97.66 billion received from oil sources was lower than the quarterly estimate of N179.39 billion by N81.73 billion (or 45.56%). With the exception of FGN Share of Solid Minerals Revenue of N4.19 billion which was higher than its quarterly estimate of N1.73 billion by N2.46 billion (or 142.72%), all other non-oil revenue items fell below their quarterly budget estimates. FGN Share of VAT of N28.27 billion, Customs & Excise Duties of N64.03 billion, Special Levies of N3.69 billion and Company Income Tax of N211.26 billion were below their equivalent quarterly budget projections of N49.56 billion, N81.61 billion, N15.64 billion and N216.86 billion by N21.29 billion (or 42.96%), N17.58billion (or 21.54%), N11.95billion (or 76.39%) and N5.60 billion (or 2.58%). On the other hand, FGN Share of Company Investment by FAAC and Share of Actual Balances in Special Accounts yielded nothing in the quarter. The above mentioned, followed the same pattern of their respective performances at the Federation Account level. The data are presented in Table 3.8.

**Chart 3.5: FGN Revenue (Budget Vs Actual as at September 2016)**



*Source:* The OAGF and Budget Office of the Federation, 2016

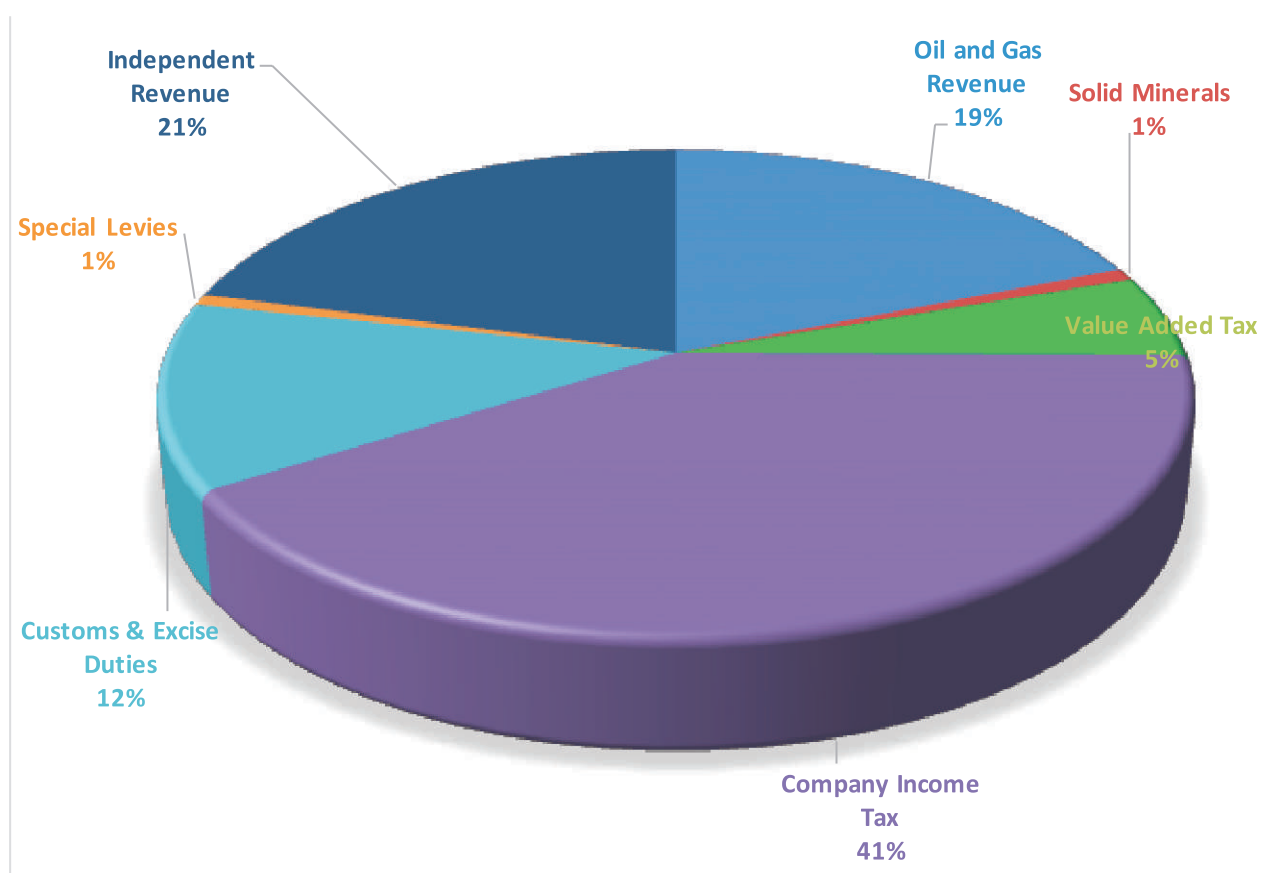
**Table 3.8: Inflows to the 2016 Federal Budget as at September 2016**

S/NO	ITEMS	2016 BUDGET			2016 ACTUAL			VARIANCE					
		Annual	Quarterly Budget	3QRTS	First Quarter	Second Quarter	Third Quarter	3QRTS	3rd Quarter Actual Vs Quarterly Budget	3rd Quarter Vs 2nd Quarter (Actual)	Actual Vs Budget (3QRTS)		
		N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%
1	Inflow for the Federal Budget (CRF)												
2	FGN Share of Oil Revenue	717.55	179.39	538.17	236.50	169.54	97.66	503.70	(81.73)	(71.87)	(42.39)	(34.47)	(6.40)
3	FGN Share of Non-Oil Revenue	1,567.93	391.98	1,175.95	169.48	154.16	311.44	635.08	(80.54)	157.29	102.03	(540.87)	(45.99)
4	FGN Share of Company / Investment by FAAC	95.55	23.89	71.66	-	-	-	-	(23.89)	-	-	(71.66)	(100.00)
5	FGN Share of Solid Minerals Revenue	6.90	1.73	5.18	-	-	4.19	4.19	2.46	4.19	142.72	(0.99)	(19.11)
6	FGN Share of Value Added Tax (VAT)	198.24	49.56	148.68	26.42	26.16	28.27	80.85	(21.29)	2.12	8.09	(67.84)	(45.63)
7	FGN Share of Customs	326.44	81.61	244.83	56.35	46.09	64.03	166.47	(17.58)	17.94	38.93	(78.35)	(32.00)
8	FGN Share of Special Levies (Federation Account)	62.56	15.64	46.92	4.64	1.97	3.69	10.30	(11.95)	1.73	87.89	(36.62)	(78.05)
9	FGN Share of Company Income Tax	867.46	216.86	650.59	82.06	79.95	211.26	373.27	(5.60)	131.32	164.25	(277.32)	(42.63)
10	FGN Share of Actual Balances in Special Accounts	10.79	2.70	8.09	-	-	-	-	(2.70)	-	-	(8.09)	(100.00)
11	FGN Independent Revenue	1,505.88	376.47	1,129.41	47.52	59.10	108.03	214.66	(268.44)	48.93	82.79	(914.76)	(80.99)
12	FGN Balance of Special Accounts as at 31/12/15:	14.38	3.59	10.78	-	-	-	-	(3.59)	-	-	(10.78)	(100.00)
13	Unspent Balance from Previous Fiscal Year	50.00	12.50	37.50	-	-	-	-	(12.50)	-	-	(37.50)	(100.00)
14	Sub-Total	3,855.74	963.93	2,891.80	453.49	382.79	517.14	1,353.43	(446.79)	134.35	35.10	(1,538.38)	(53.20)
15	Other Financing Sources	-	-	-	36.56	78.73	339.98	455.26	339.98	261.26	331.85	455.26	-
16	NNPC Refund to FGN	-	-	-	17.48	17.48	17.48	52.45	17.48	-	-	52.45	-
17	Share from Excess PPT	-	-	-	-	-	21.17	21.17	21.17	21.17	-	21.17	-
18	Receipts from LNG	-	-	-	14.26	-	-	14.26	-	-	-	14.26	-
19	Exchange Rate Difference	-	-	-	4.81	3.39	120.22	128.43	120.22	116.83	3,446.43	128.43	-
20	Refund of First Quarter Capital Allocations to CRF	-	-	-	-	57.85	-	57.85	-	(57.85)	(100.00)	57.85	-
21	Settlement of State Component of Coupon	-	-	-	-	-	41.11	41.11	41.11	41.11	-	41.11	-
22	Transfer from Capital Development Account to CRF	-	-	-	-	-	140.00	140.00	140.00	140.00	-	140.00	-
23	TOTAL RETAINED REVENUE	3,855.74	963.93	2,891.80	490.05	461.52	857.12	1,808.69	(106.81)	395.60	85.72	(1,083.11)	(37.45)
24	TSA/Pool A/C	-	-	-	45.93	21.15	17.91	84.99	17.91	(3.25)	(15.34)	84.99	-
25	Mopped Up Capital	-	-	-	-	195.14	-	195.14	-	(195.14)	(100.00)	195.14	-
26	Total Revenue Available for Implementation	3,855.74	963.93	2,891.80	535.98	677.81	875.03	2,088.82	(88.90)	197.22	29.10	(802.98)	(27.77)

Source: Budget Office of the Federation and the OAGF, 2016

35. A total of N517.14 billion, excluding other funding sources, was received in the third quarter of 2016. This amount was N446.79 billion (or 46.35%) lower than the quarterly projection of N963.93 billion and N134.35 billion (or 35.1%) higher than the actual receipt of N382.79 billion reported in the second quarter of 2016. The aggregate revenue in the third quarter of 2016 was also N76.43 billion (or 12.88%) below the N593.57 billion recorded in the third quarter of 2015.

**Chart 3.6:** Contributions to the FGN Budget Revenue in the Third Quarter of 2016 (Excluding FGN's Unspent Balances and FGN's Balances in Special Accounts)



*Source:* The OAGF and Budget Office of the Federation, 2016

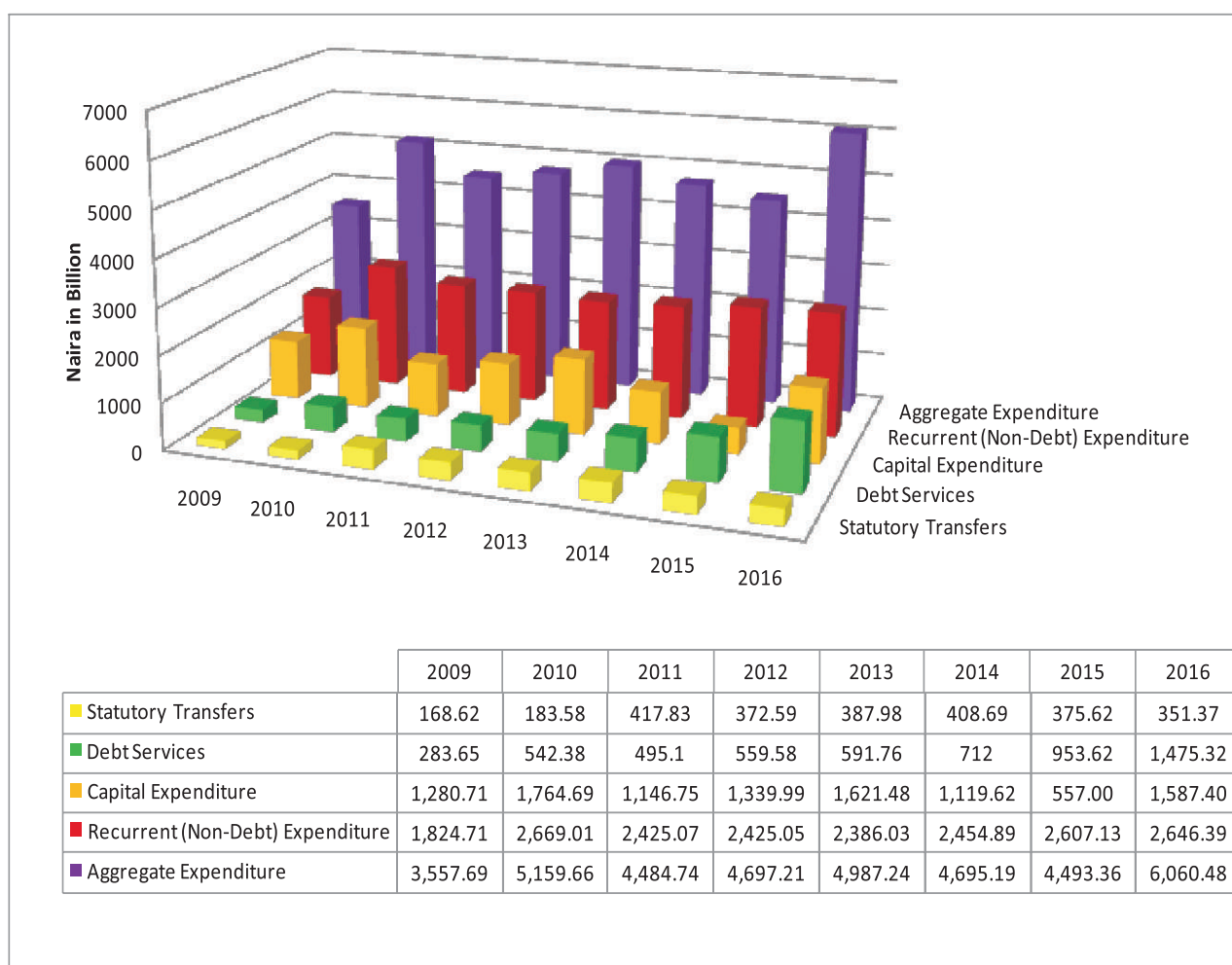
### 3.5 Expenditure Developments:

36. A total of N6,060.48 billion was appropriated for expenditure in the 2016 Budget. Of this amount, N2,646.39 billion (or 43.67%) was for Recurrent (Non-Debt) Expenditure, N1,475.32 billion (or 24.34%) was for Debt Services, N351.37 billion (or 5.8%) was for Statutory Transfers and N1,587.40 billion (or 26.19%) was for Capital Expenditure.

### 3.5.1 Non-Debt Recurrent Expenditure:

37. In preparing the 2016 Budget, Government was discrete on its plan to determinedly cut down the growth in recurrent expenditures as confirmed in the 2016-2018 Fiscal Framework and Fiscal Strategy Paper. But, there is a limit to how far these efforts can go because of the unrelenting demands for wage increases by various labour unions. Moreover, government does not want to embark on rationalization of workers which would have reduced the huge wage bill. Since the government was resolute in cutting down the cost of governance it had introduced other measures such as the cutting down of overhead cost and the continued roll-out of the Integrated Payroll and Personnel Information System (IPPIS) across MDAs which is anticipated to bring about some savings in personnel costs.

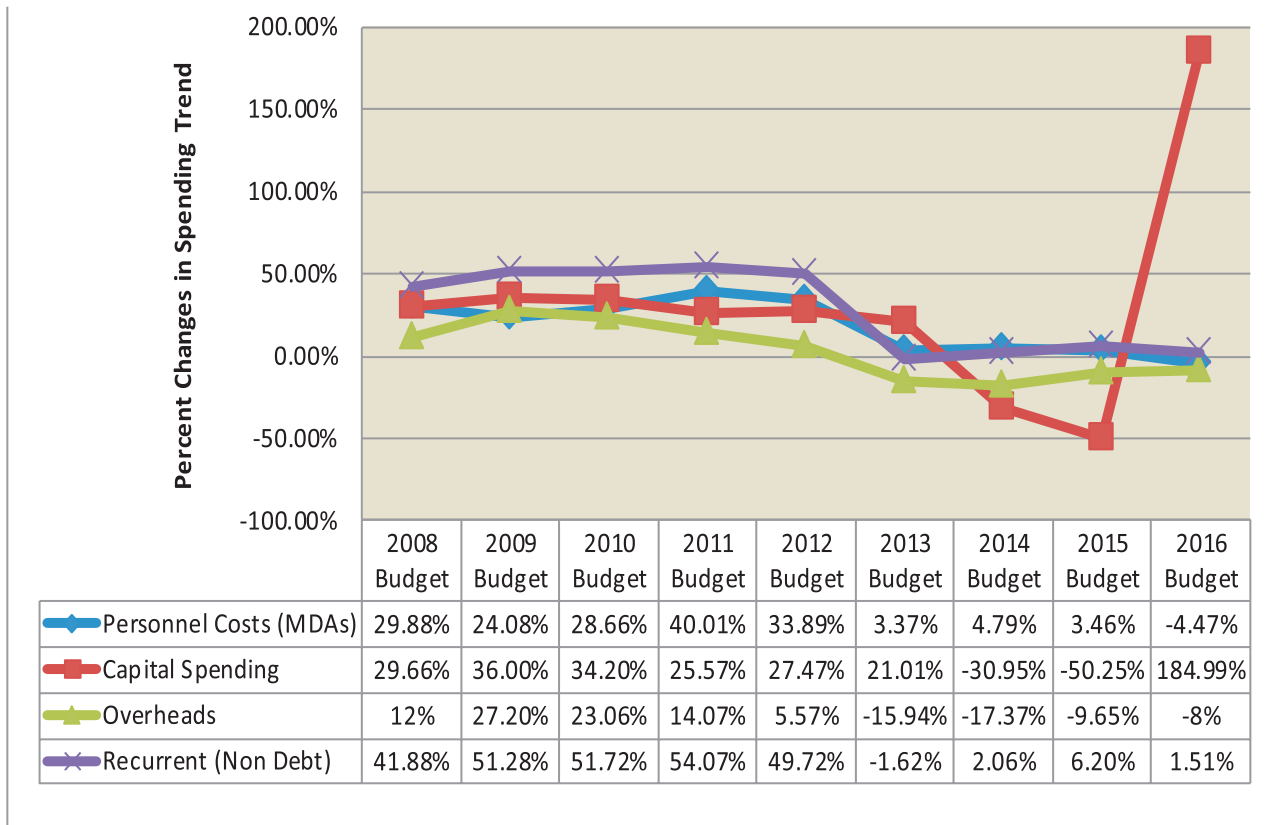
Chart 3.7: 2009 – 2016 Budget Expenditure Profile



Source: Budget Office of the Federation, 2016

38. Data from the OAGF indicates that a total of N586.24 billion was spent on non-debt recurrent expenditure in the third quarter of 2016. This amount entails a decrease of N75.36 billion (or 11.39%) below the quarterly estimate of N661.60 billion.

**Chart 3.8: Personnel, Overhead and Capital Expenditure Trends (2008 – 2016)**



*Source:* BOF and OAGF, 2016

39. A total of N980.55 billion was proposed for domestic debt servicing within the period but N1,044.0 billion was actually used for the servicing of the debts. This means a difference of N63.45 billion (or 6.47%) above the three quarter of the year projection. These figures are expected to be reconciled at the end of the year.

40. The sum of N40.86 billion was proposed for the servicing of external debt during the period. But the actual external debt service payment amounted to N50.22 billion, thereby indicating a difference of N9.36 billion (or 22.91%) above the budgeted estimate for the time period.

Table 3.9: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at September 2016

S/NO	ITEMS	2016 BUDGET			2016 ACTUAL			3rd Quarter Actual Vs Quarterly Budget			VARIANCE		
		Annual	Quarterly	3QRTS	First Quarter	Second Quarter	Third Quarter	3QRTS	N'bn	%	3rd Quarter Actual	3rd Quarter Vs 2nd Quarter (Actual)	Actual Vs Budget (3QRTS)
		N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn
A	TOTAL RETAINED REVENUE	3,855.74	963.94	2,891.81	490.05	461.52	857.12	1,808.69	(106.82)	(11.08)	395.60	85.72	(1,083.12)
B	TSA/Pool A/C	-	45.93	-	21.15	17.91	84.99	17.91	(3.25)	(3.25)	(15.34)	84.99	(37.45)
C	Mopped Up Capital	-	-	-	195.14	-	-	2,088.82	(88.91)	(9.22)	197.21	29.10	(802.99)
D	TOTAL INFLOW	3,855.74	963.94	2,891.81	535.98	677.81	875.03	2,088.82	-	-	-	-	(27.77)
E	EXPENDITURE	-	-	-	-	-	-	-	-	-	-	-	-
F	RECURRENT NON DEBT:	-	-	-	-	-	-	-	-	-	-	-	-
1	Personnel Cost	1,748.33	437.08	1,311.25	364.25	526.56	417.94	1,308.75	(19.14)	(4.38)	(108.62)	(20.63)	(2.50)
2	Pension & Gratuities Including Service Wide	298.11	74.53	223.58	31.95	47.23	59.10	138.28	(15.42)	(20.69)	11.87	25.14	(85.30)
3	Overhead Cost	163.39	40.85	122.54	27.04	28.38	56.54	111.96	15.69	38.41	28.16	99.22	(10.59)
4	Other Service Wide Vote Including Presidential Amnesty	136.56	34.14	102.42	25.83	44.16	52.65	122.64	18.51	54.23	8.50	19.25	20.22
5	Special Intervention (Recurrent)	300.00	75.00	225.00	-	-	-	-	(75.00)	(100.00)	-	-	(225.00)
6	Sub-Total (Non-Debt)	2,646.39	661.60	1,984.79	449.07	646.32	586.24	1,681.63	(75.36)	(11.39)	(60.09)	(9.30)	(303.16)
7	Domestic Debts & Int. on Ways & Means	1,307.40	326.85	980.55	349.36	218.56	449.59	1,017.51	122.74	37.55	231.03	105.71	36.96
8	Foreign Debts	54.48	13.62	40.86	15.45	15.26	19.29	50.00	5.67	41.64	4.03	26.38	9.14
9	Sub-Total (Debt Services)	1,361.88	340.47	1,021.41	364.81	233.82	468.88	1,067.51	128.41	37.72	235.06	100.53	46.10
10	States Deferred Loan Deducd IFO DMO April '16	-	-	-	-	10.89	10.97	21.86	10.97	0.08	0.08	0.73	21.86
11	Sinking Fund to Retire Maturing Loans	113.44	28.36	85.08	-	-	27.03	27.03	(1.33)	(4.69)	27.03	(58.05)	(68.23)
12	Sub-Total (Recurrent Debt)	1,475.32	368.83	1,106.49	364.81	244.71	506.88	1,116.40	138.05	37.43	262.17	107.13	9.91
13	Sub-Total (Recurrent Debt)	1,475.32	368.83	1,106.49	364.81	244.71	506.88	1,116.40	138.05	37.43	262.17	107.13	9.91
14	Sub-Total Recurrent 2016	4,121.71	1,030.43	3,091.28	813.88	891.04	1,093.12	2,798.03	62.69	6.08	202.08	22.68	(293.25)
15	Recurrent Expenditure 2015	-	-	-	82.09	0.52	-	82.61	-	-	(0.52)	(100.00)	82.61
16	TOTAL RECURRENT	4,121.71	1,030.43	3,091.28	895.97	891.56	1,093.12	2,880.64	62.69	6.08	201.56	22.61	(210.64)
17	CAPITAL EXPENDITURE:	-	-	-	-	-	-	-	-	-	-	-	-
18	Capital Releases 2015	1,587.40	396.85	1,190.55	59.19	9.09	90.79	68.28	(396.85)	(100.00)	(9.09)	(100.00)	68.28
19	Capital Releases 2016	1,587.40	396.85	1,190.55	12.65	78.13	90.79	90.79	(396.85)	(100.00)	(78.13)	(100.00)	(1,099.77)
20	Sub-Total (Capital)	1,587.40	396.85	1,190.55	71.84	87.22	-	159.06	(396.85)	(100.00)	(87.22)	(100.00)	(1,031.49)
21	TRANSFERS:	-	-	-	-	-	-	-	-	-	-	-	-
22	Niger Delta Development Commission (NDDC)	41.05	10.26	30.79	6.84	13.68	10.26	30.79	0.00	0.00	(3.42)	(25.00)	0.00
23	National Judicial Council (NJC)	70.00	17.50	52.50	11.67	23.33	17.50	52.50	(0.00)	(0.01)	(6.43)	(25.00)	(0.01)
24	Universal Basic Education Commission (UBEC)	77.11	19.28	57.83	12.85	25.70	19.28	57.83	0.00	0.00	(6.43)	(25.00)	0.00
25	Independent National Electoral Commission (INEC)	45.00	11.25	33.75	3.50	11.25	30.00	30.00	(0.00)	(0.00)	(9.58)	(25.00)	(11.11)
26	National Assembly (NASS)	119.00	28.75	86.25	19.77	38.53	28.75	86.25	(0.00)	0.20	-	-	(0.00)
27	Public Complaint Commission (PCC)	2.00	0.50	1.50	0.50	0.50	1.50	1.50	0.00	0.20	-	-	0.00
28	National Human Right Commission (NHRC)	1.21	0.30	0.91	0.20	0.20	0.30	0.71	0.00	0.17	0.10	50.00	(0.20)
29	Sub-Total (Transfers)	351.37	87.84	263.53	58.73	113.01	87.84	259.58	0.00	0.00	(25.16)	(22.27)	(3.95)
30	TOTAL ACTUAL EXPENDITURE	6,060.48	1,515.12	4,545.36	1,026.54	1,091.78	1,180.96	3,299.28	(334.16)	(22.06)	89.18	8.17	(1,246.08)
31	Refund to MDAs and Banks	-	-	-	55.90	58.04	9.90	123.84	-	-	(48.14)	(82.94)	123.84
32	Excess PPT Account	-	-	-	-	-	-	-	-	-	-	-	-
33	Settlement of State Component of Coupon Payment	-	-	-	-	-	41.11	41.11	41.11	100.00	41.11	100.00	41.11
34	Mopped Up Capital Refunded	-	-	-	-	187.12	187.12	187.12	-	-	(187.12)	(100.00)	187.12
35	ECA Loan Deduction May 2016	-	-	-	-	3.54	3.54	3.54	3.54	100.00	3.54	100.00	3.54
36	TOTAL OUTFLOW	6,060.48	1,515.12	4,545.36	1,082.44	1,336.94	1,235.50	3,654.88	(279.62)	(18.46)	(101.43)	(7.59)	(890.48)
37	Fiscal Deficit	(2,204.74)	(551.19)	(1,653.56)	(546.46)	(659.13)	(360.48)	(1,566.06)	190.71	(34.60)	298.65	(45.31)	87.49
F	FINANCING ITEMS	-	-	-	-	-	-	-	-	-	-	-	-
1	Privatization Proceeds	10.00	2.50	7.50	5.92	-	-	5.92	(2.50)	(100.00)	-	-	(1.58)
2	Signature Bonus	0.74	0.19	0.56	-	-	-	0.19	(0.19)	(100.00)	-	-	(0.56)
3	Borrowing from Special Accounts	-	-	-	(3.49)	-	-	-	380.00	100.00	380.00	100.00	376.51
4	Securitization of Balance of 2015 Borrowing	-	-	-	-	224.60	224.60	224.60	(224.60)	(100.00)	(224.60)	(100.00)	224.60
5	Foreign Borrowing	635.88	158.97	476.91	300.00	-	-	300.00	(158.97)	(100.00)	-	-	(476.91)
6	Domestic Borrowing (FGN Bond)	1,182.80	295.70	887.10	300.00	-	-	300.00	(295.70)	(100.00)	-	-	(587.10)
7	Deficit Funding for 2015 Supplementary	-	-	-	300.00	-	-	300.00	(40.00)	(100.00)	(40.00)	(100.00)	300.00
8	Refund to Excess Crude Account	-	-	-	-	-	(40.00)	(40.00)	(40.00)	(100.00)	(40.00)	(100.00)	40.00
9	Refunds/Recoveries from Strategic Alliance	137.90	34.48	103.43	-	-	-	-	(34.48)	(100.00)	-	-	(103.43)
10	Contracts	-	-	-	-	-	-	-	-	-	-	-	-
11	FGN share of JV Assets Transferred to NDPC (NNPC/CBN)	162.43	40.61	121.82	-	-	-	-	(40.61)	(100.00)	-	-	(121.82)
12	Recoveries of Other Misappropriated Funds	50.00	12.50	37.50	-	-	-	-	(12.50)	(100.00)	-	-	(37.50)
13	Proceeds of Sale of Government Properties	2,204.74	551.19	1,653.56	602.44	224.60	340.00	1,167.04	(211.19)	(38.31)	115.40	51.38	(18.75)
14	Sub-Total	2,204.74	551.19	1,653.56	602.44	224.60	340.00	1,167.04	(211.19)	(38.31)	115.40	51.38	(18.75)
15	Net Deficit / Surplus	-	-	-	55.90	(434.52)	(20.48)	(399.03)	(20.48)	(100.00)	414.05	(95.29)	(399.03)

Source: OAGF and Budget Office of the Federation, 2016

### 5.3 Statutory Transfers:

41. In the third quarter of 2016, a total of N87.84 billion was released as statutory transfers. A breakdown of the actual transfers in the third quarter shows that N10.26 billion was to Niger Delta Development Commission (NDDC), N17.50 billion was to National Judicial Council (NJC), N19.28 billion was to Universal Basic Education Commission (UBEC), N11.25 billion was to Independent Electoral Commission (INEC), N28.75 billion was to National Assembly (NAS), N0.50 billion was to Public Complaint Commission (PCC) and N0.30 billion was to the National Human Right Commission (NHRC). It is worthy to note that quarterly releases under this subhead are made on demand by the beneficiaries subject to budgetary provisions and availability of funds.

#### 3.5.4 Capital Expenditure Performance

42. Government like in the previous budgets continued in 2016 to direct the better part of its resources to structural reform of the economy and provision of critical infrastructure in the roads, power, housing, rail and aviation sectors as well as the provision of physical and food security. With this in mind, a total of N1, 587.40 billion was allocated to capital spending in the 2016 Budget.

#### MDAs' Capital Vote Utilization:

43. The late passage of the 2016 Appropriation Act and the shortfall in projected revenue inflow as well as the numerous demands for the available resources, affected the releases by the Government of the First & Second Quarters Capital Development Warrants and Authority to Incur Expenditure (AIEs) to MDAs. In fact, the processing and approval for the Second Quarter Capital Development Warrant were all carried out and documented in September but was not finalized until the beginning of October 2016. In view of this, approval was given to capture the data from OAGF on 2016 capital performance for MDAs as at 19th October as part of the third quarter transactions. An analysis of the data revealed that based on the available resources and Government's priorities, a total of N753.63 billion was released and cash backed to specific MDAs for their 2016 capital projects and programmes. The sum of N436.22 billion was released in the First Quarter General Capital Development Warrant, N239.48 billion in the Second Quarter General Capital Development Warrant and Authority to Incur Expenditure (AIEs) of N77.93 billion. It is expected that more funds will be sourced and released for capital projects and programmes before the end of the

financial year.

#### Performance as at 19th October, 2016

44. The data also showed that N403.44 billion (or 53.53%) of the total amount released and cash-backed was utilized by MDAs as at 19th October, 2016. Appendix 1 to this Report shows the funds released to and utilized by MDAs in the period. A breakdown of forty-six (46) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) indicated different levels of utilization among the MDAs. Ten (or 21.74%) of the MDAs including: Presidency, FCTA, Health, Head of Service, Transport, National Wages & Salaries, Budget & National Planning, ONSA, Code of Conduct Tribunal and RMA&FC had utilized more than the overall average utilization rate of 53.53% of the amount cash-backed. Five out of these, including Presidency, FCTA, National Wages & Salaries, ONSA and RMA&FC had above 75% of their respective cash-backed funds utilized.

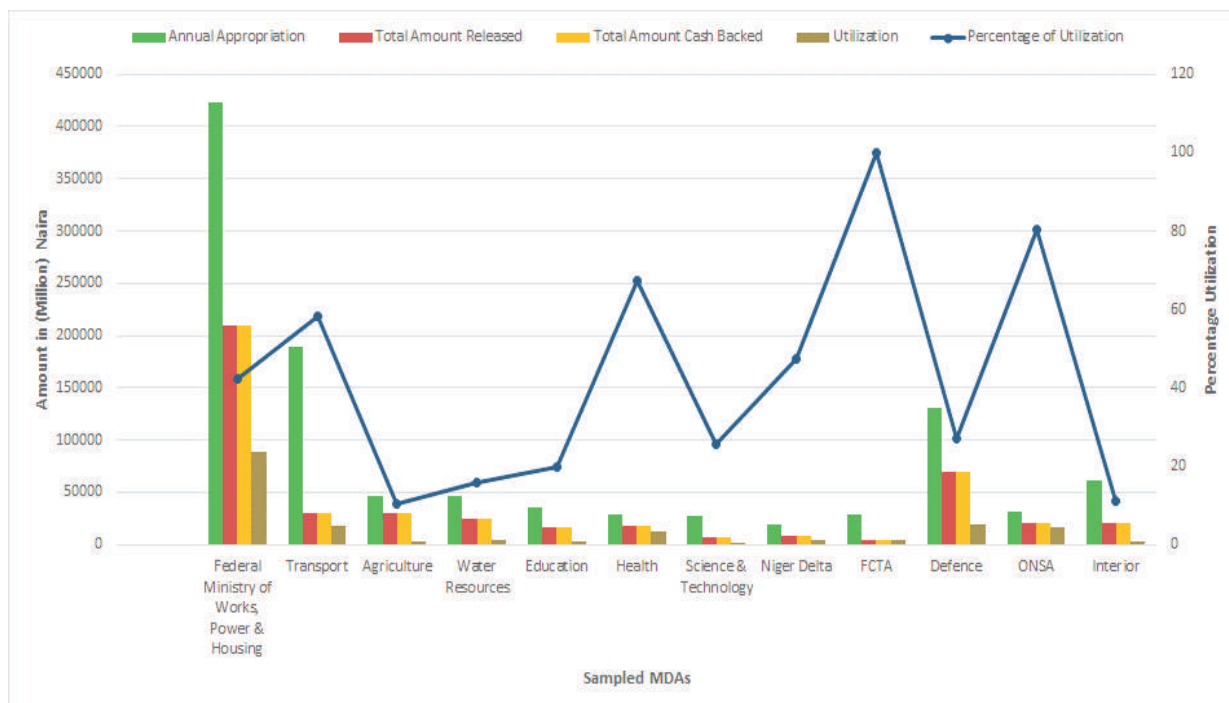
45. The utilization report also revealed that 23 MDAs (or 50%) which included: OSGF, Water Resources, Agriculture, Defence, Education, Trade & Investment, Information, Communication Technology, Power & Works, Interior, Science & Technology, Environment, Mines & Steel and Niger Delta utilized below 50% of their cash-backed funds. While 5 (or 10.87%) of MDAs including Auditor General, Fiscal Responsibility Commission, ICRC, Code of Conduct Bureau and FCSC were yet to utilize anything from the funds released to them as at the time of this report. Table 3.8 below is an extract from Appendix 1 highlighting the utilization rates of twelve MDAs considered to be key to the actualization of the Federal Government's objectives.

**Table 3.10: Capital Budget Utilization by MDAs (as at 19th October, 2016)**

MDA	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization			
	N	N	N	N	As % of Annual Capital Appropriation	As % of Cash-Backed Funds	As % of Budgetary Releases
Federal Ministry of Works, Power & Housing	422,964,928,495	209,246,760,165	209,246,760,165	88,324,861,419	20.88	42.21	42.21
Transport	188,674,679,674	30,540,042,428	30,540,042,428	17,803,575,156	9.44	58.30	58.30
Agriculture	46,173,963,859	29,578,929,050	29,578,929,050	3,111,632,618	6.74	10.52	10.52
Water Resources	46,081,121,423	25,201,857,951	25,201,857,951	4,021,557,343	8.73	15.96	15.96
Education	35,433,487,466	16,743,672,981	16,743,672,981	3,300,840,914	9.32	19.71	19.71
Health	28,650,342,987	18,472,539,524	18,472,539,524	12,428,907,597	43.38	67.28	67.28
Science & Technology	27,081,179,073	6,681,349,721	6,681,349,721	1,714,132,383	6.33	25.66	25.66
Niger Delta	19,440,328,551	8,161,196,486	8,161,196,486	3,859,552,697	19.85	47.29	47.29
FCTA	29,297,122,872	5,000,000,000	5,000,000,000	5,000,000,000	17.07	100.00	100.00
Defence	130,864,439,542	69,512,363,730	69,512,363,730	18,729,704,619	14.31	26.94	26.94
ONSA	32,084,085,624	20,984,301,122	20,984,301,122	16,834,904,350	52.47	80.23	80.23
Interior	61,713,279,496	21,210,059,596	21,210,059,596	2,342,028,501	3.80	11.04	11.04
<b>Total Average Utilization by All MDAs (Inclusive of Capital Supplementation)</b>	<b>1,744,824,622,028</b>	<b>753,633,667,464</b>	<b>753,633,667,464</b>	<b>403,443,465,569</b>	<b>23.12</b>	<b>53.53</b>	<b>53.53</b>

Source: OAGF and BOF, 2016

**Chart 3.9: Pictorial Representation of Selected MDAs Utilization**



Source: BOF and OAGF, 2016

### 3.5.5 Performance of the Financing Items:

46. The 2016 Fiscal Frame work unveils a quarterly deficit of N551.19 billion to be financed through earnings from Privatization Proceeds of N2.50 billion, FGN's Share of Signature Bonus of N0.19 billion, Recovery of Misappropriated Funds of N87.58 billion, Foreign Borrowing of N158.97 billion, Domestic Borrowing (FGN Bond) of N295.70 billion and Sale of Government Properties of N6.25 billion.

47. In the third quarter of 2016, none of the projected financing items (Earnings of Privatization Proceeds, FGN's Share of Signature Bonus, Recovery of Misappropriated Funds, Foreign Borrowing, Domestic Borrowing (FGN Bond) and Sale of Government Properties) yielded anything. However, a total of N380.0 billion was realized from Borrowing from Special Accounts while Refund to Excess Crude Account of N40.0 billion was deducted under the financing items.

#### **4.0 PHYSICAL MONITORING AND EVALUATION**

The Ministry of Budget and National Planning embarked on the physical inspection of selected capital projects and programmes across the six (6) geo-political zones of the country from 28th November to 9th December, 2016. This is further to the Administration's commitment to deliver on its promises, promote transparency and accountability. The objective of the exercise is to track projects performances and assess their levels of completion vis-à-vis funds expended. This is to ensure that funds released for projects are efficiently utilised and expected outcomes delivered to the Nigerian citizenry.

Emphasis was also placed on assessing the financial commitment of the selected projects and programmes, their status of implementation, the socio-economic impact on the immediate communities and challenges hindering the prompt delivery of the projects.

The monitoring teams covered various projects in thirteen (13) sectors namely: Agriculture, Transport and Aviation, Power, Works and Housing, Interior, Defence and Water Resources. Others are: Health, Education, FCTA, Niger Delta, Science & Technology, Solid Minerals and Women Affairs.

#### **1.0 TRANSPORTATION SECTOR**

The ministry is charged with the responsibility of formulating effective policy co-ordination that will bring about an intermodal system that will provide for affordable, easy and effective air, rail and water sub-sectors. To achieve this objectives, a total of N188.67 million was allocated to this sector in the 2016 budget, of this amount, N30.54 billion was released and cash backed while N17.80 billion (58.30%) was utilised for the implementation of its capital projects/programmes as at the end of the third quarter of the fiscal year.

#### **1.1 TRANSPORT SUB-SECTOR**

##### *i. Completion of Abuja (Idu) – Kaduna Rail Line Project*

The project involves the completion of the construction of 187km single track rail line from Abuja (Idu) to Kaduna. The scope of works include: design and construction of 1.186.5km standard gauge railway line, 9nos. stations (5 passengers and 4 shunting stations), railway bridges, box culverts and overpass bridges. Others are: power supply, signaling and telecommunication, rolling stock workshop, and protective works, etc.

It was awarded to Messrs. CCECC Nig. Ltd at an initial total cost of

US\$849.75million, in October 2009 (comprising US\$500million concessionary loan from China Exim Bank plus FGN US\$349.75million) with a consultancy fee of US\$24.56million. The initial completion date was February 2014. However, the project cost and completion date were reviewed upward to US\$1.040billion and June 2017 respectively due to additional works such as fencing of the entire rail corridor, power supply (Hybrid System), relocation of Badoko shunting station to Jere passenger station, and Security surveillance at Living Faith Foundation.

The sum of N19.81billion was appropriated in the 2016 Budget out of which N13.06billion was released and same utilized in the year. A total of US\$727.461million had so far been committed to the project since inception to achieve cumulative performance of 98%. The team gathered that the timely execution of the project was facilitated by Sure-P and PIU interventions, and that the outstanding certificates on the projects had been fully approved and undergoing processes for payment to the contractor.

**Findings:**

At the time of this report, the project had been substantially completed and commissioned by Mr. President on the 26th July 2016. The rail line which is first of its kind in West Africa is currently being operated by the Nigerian Railway Corporation (NRC). However, preparation of site for freight yard and fencing of the rail corridor were in progress based on the additional works. The team suggests need for government to concession the facilities to private consultants for effective management and maintenance in order to ensure its sustainability.



Photo 1: Completed Idu station of the Abuja – Kaduna rail line project

**Socio-economic impact:**

Presently, four (4) trips of trains with a capacity of 319 passengers each are already

running on daily basis to and fro Abuja to Kaduna. A total of 1,276 passengers are being conveyed daily. The presence of the rail transport will tremendously help to reduce the proliferation of heavy duty vehicles and pressure on the roads thereby enhancing their life span. In addition, it has attracted the development of settlements, industries and boosted other socio-economic activities along the rail corridor.

**ii. Development of the Boat/Ship Building Yard**

The project entails the construction of a workshop for boat building and maintenance, the training of cadets and students, provision of fire station, shipway for boat yard, shore protection/sand filling, supply of gantry crane and external lighting at the boat building yard. Others includes: the construction of a windlass, storage tanks for fuel and lubricants, overhead/underground water tanks and a borehole.

The contract for the various components of the project were awarded to eight different contractors at a total cost of N1.14 billion on 30th October, 2011 and a completion date of December 2015 which was later extended to December 2017. The sum of N42.70 million was appropriated in the 2016 Budget and same amount was released and utilized. A total of N939.14 million had so far been committed to the project so far to achieve 85.13% cumulative performance.

**Findings:**

At the time of monitoring the team was informed by the officials of the institution that the money released in the 2016 Budget was used to offset part of the outstanding liabilities owed the contractors. However, the team noted that the boat building and maintenance workshop, lighting and furniture refectory, slipway, generator house, overhead water tanks, two bore holes and the supply of gantry crane, storage tanks for fuel and lubricants had been completed, while pipes for the protection of erosion were still ongoing.



Picture 2: Ongoing Boat/Ship Building Yard and Storage Tanks for Fuel and Lubricants at Maritime Academy, Oron

**Socio- economic impact:**

When completed it will help to reduce capital flight and upgrade indigenous man power in the maritime sub-sector. It will also boost indigenous boat building capacity in the maritime allied industry.

**1.2. AVIATION SUB-SECTOR**

*i. Expansion of Apron at Sam Mbakwe International Airport, Owerri–Imo State*

The contract for the expansion works was awarded to Messrs. Mesh Project (Nig.) Ltd in June 2013 at a cost of N677.15million with completion period of twenty-four (24) months. It covers a total length of 110m/105m to the run way along the access road to provide additional space for parking of aircrafts at the terminal building.

In the 2016 Budget, the sum of N273.02million was appropriated while N156.93million was released and utilised as at the time of this report. A total of N458.07million has so far been committed to the project since inception to achieve 57.30% level of completion.

**Findings:**

At the time of visit, there was no activity at the site due to funding issues. The team was informed that the contractor had abandoned the site since 2014 but that efforts were being made to make the contractor remobilize following the release of funds to the project. However, site clearance, earthworks, compaction and sub-base, partitioning and parts of the slabs had so far been achieved. Outstanding works include completion of the remaining main slabs and filling of sealants to the expansion joints, etc. On completion, the project will facilitate increase in space for landing and parking of aircrafts at the airport thereby boosting operations and revenue generation.



Picture 3: Construction of partitions and parts of slabs laid at the Apron expansion site of the Airport

## Observations

### The team observed that:

- The airport is strategically located serving as a nodal airport with very good facilities and advantageously free from weather issues as experienced by other airports in the country;
- There is no landing and taking off of aircrafts at night due to absence of Air Field Lightings. However, the contract has been awarded and is currently being executed in that regards;
- There is no effective control and supervision of contract execution by the airport management due to lack of involvement in the preparation and award of contracts for the airport.

### Recommendation:

The team therefore recommends as follows:

- The Apron expansion and AFL projects should be properly funded for early completion in order to facilitate effective operations (day and night). This will tremendously enhance operations and revenue generation for the Airport.
- There is need for end users to be involved in project execution, supervision and certification for payments to ensure value for money spent for contracts at the airports;
- The need to expand the access road and perimeter fencing to enhance easy access and check against encroachments at the airport.

#### *ii. Upgrade and Refurbishment of Maiduguri Airport Terminal Building, Maiduguri*

The project entails the reconstruction of terminal building of the Airport involving: 15meters expansion of the terminal and replacement works such as windows, tiles, and ceiling, doors, and toilets facilities. It was awarded to Messrs Newcastle Nig. Ltd at a cost of N35.20million in March 2012 with an expected completion date of December 2012 which could not be realized due to funding constraints and insurgency activities in the area.

The sum of N79.08million was appropriated for the project in the 2016 Budget, out of which N19.12million was released and utilized to bring the total commitment to N387.15million. The project had achieved a cumulative performance of 75% to date.

Findings:

At the time of visit, expansion works on the terminal had had completed while hanging of ceiling linings and floor/wall tiling were in progress. Painting and completion of interior decoration were still outstanding



Picture 4: The on-going renovation, upgrading and refurbishment of Maiduguri Airport Terminal Building

### **Socio-economic impact:**

Although, the airport upgrade is yet to be completed, it is currently providing skeletal air flight services for the military, humanitarians and other emergency groups for relief materials to IDPs camps in Maiduguri and other neighbouring communities. In addition, the project has empowered youths and local suppliers of the area who were engaged in the renovation works. When completed, the airport will help to enhance easy flights passage to and from Maiduguri for VIPs, commercial passengers, security personnel and tourists, etc.

### **Challenges:**

The absence of perimeter road in the airport is hampering smooth surveillance by various security detachments securing the airport and its vicinity from insurgents. Therefore, government needs to provide adequate funds to facilitate early completion of the project to properly secure the airport facilities owing to the prevailing insurgency activities in these areas.

#### *iii. Expansion and Upgrading of MMIA Terminal Building at Lagos Airport*

The project entails expansion and upgrading of Wings D and E of the Arrival and Departure sections of Murtala Mohammed International Airport Terminal building, Lagos. Major contract works included expansion, partitioning and upgrade of facilities at the Airport to meet up with the international standards required for an airport. It was awarded to MessrsOgbsite International Limited in December 2012 at a cost of

N991.5million and was expected to have been completed by December, 2014. This was however not achieved due to lean budgetary provisions and releases over the years by the Federal Ministry of Aviation.

The sum of N249.7million was appropriated on the 2016 budget, of which N152 was released and utilized as at the third quarter of the year. A total of N801.70 million had so far been committed to the project since inception to achieve 80% level of completion.

**Findings:**

At the time of monitoring, the expansion and partitioning works were substantially achieved while fixing of glass panel, doors, ceiling and painting were in progress at different stages of completion.

**Socio-economic impact:**

Though the project is still ongoing, the aesthetic value of the airport and its environment has increased immensely in line with the international standards. On final completion, the terminal facility will facilitate a more reliable airline operations and increase in patronage by air travelers thereby enhancing the revenue generating capacity of the airport (FAAN). This will tremendously restore the lost image or glory of the airport and the nation's aviation industry in general.



Picture 6: Ongoing Expansion and Upgrading of MM1A Terminal Building at Lagos Airport

*iii(b) Rehabilitation and Asphalt Resurfacing at GAT Apron at MMIA, Lagos*

This project entails rehabilitation and upgrades of the existing asphalt at General Aviation Terminal Apron to provide more parking spaces of aircrafts. It is aimed at providing safety for aircrafts, decongest the fingers and to avoid accidents at the airport. The contract was awarded to MessrsDeux Project Nig. Ltd in 2013 at a cost of

N586.55million and was expected to have been completed in 2014. However, this was not achieved due to funding challenges. A new completion date is being proposed for approval.

In 2016 Budget; N216.25million was appropriated for the project, while N85.67million was released and utilised to offset part of the outstandings liabilities. This brings total financial commitment to N173.67million since inception to achieve 40% performance to date.

**Findings:**

At the time of visit, the contractor was not on site due to lack of release from the Ministry's Headquarters. However, work done included: clearing and filling of the site, and lying of stone base, etc. Laying of 300mm concrete is yet to commence.



Picture 7: Ongoing rehabilitate and upgrading work at General Aviation Terminal Apron for parking aircrafts at Lagos Airport

**Socio-economic impact:**

When completed, the project will facilitate smooth landing and taking-off of aircrafts, improves safety standards by reducing congestion, and consequently will facilitate increase revenue generation at the Airport.

*iv. Upgrade and Remodeling of Terminal Building at Kaduna Airport*

The project was awarded to MessrsDarl Investment Ltd in 2011 at a cost of N684.2 million and it was expected to have been completed by December 2012. In the 2016 budget, N12.9 million was released and utilised on the project. However, a total of N650.06 million had so far been committed to the project since inception to achieve it 5.8% level of completion.

**Findings:**

At the time of inspection, contractor had demobilised from site. The FAAN staff

informed the team that they have no knowledge of what is happening on the project. The complex was occupied by rodents and a Fulani man and his family.



Picture 8: Abandoned Terminal Building at Kaduna Airport

## Recommendation

Given that the financial commitment on the project stood at N650 million and performance only 5.8%, there is need for the Ministry to investigate how the N12.9 million released and utilised in the 2016 Budget was handled. Obviously, what had been expected on the project does not justify its present status.

## 2.0 POWER, WORKS AND HOUSING SECTOR

The Ministry is saddled with the responsibility of power generation, distribution and transmission as well as the construction and rehabilitation of road networks across the country. In order to achieve this objective, a total of N422.96 billion was released in the 2016 Budget, of which N209.25 billion was released and cash backed while N88.32 billion (or 42.21%) was utilized for the implementation of its capital projects/programmes as at the third quarter of the fiscal year. The following projects were monitored:

### 2.1 WORKS SUB-SECTOR

#### *I. Rehabilitation of Outstanding Section of Onitsha – Enugu Expressway, Amansea – Enugu Road = C/No. 6266*

The project entails rehabilitation of an outstanding section of Onitsha – Enugu dual carriageway including 2nos. bridges of 160m and 60m length respectively. It covers 18km on Enugu bound starting from Amansea by Ezuriver, and 40km Onitsha bound carriageway making a total length of 58km single carriage. The scope of works include: site clearance, excavation and construction of culverts and drains, provision and placement of cement stabilization on the carriageway. Others are: provision of

stone pitching, kerbs and chutes, 60mm and 40mm asphaltic concrete binder and wearing courses respectively, etc.

The contract was awarded to Messrs. Reynolds Construction Company (Nig.) Ltd. in October 2014 at a cost of N24.24billion. Work commenced in February 2015 and is scheduled for completion in February 2018. In the 2016 Budget, the sum of N5.47billion was appropriated, while N2.65billion was released and same utilized as at the end of the third quarter. However, a total of N3.3billion had so far been committed to the project since inception to achieve 2.75% level of completion.

### Findings:

At the time of this report, palliative measures such as drainage/erosion control at km16 including re-statement of washed out (failed) portion at km19, Onitsha bound (right hand side) had been achieved. Filling and basement work was in progress up to the level of cement stabilization on Enugu bound between km30 – 35. The team gathered that work at the site commenced effectively in June 2016 due to late passage of the budget.



Picture 9: Ongoing cement stabilization works at the Enugu – Onitsha road

### Socio-economic impact:

Prior to the construction works, vehicle accidents and prolonged travel time was a recurrent decimal due to the dilapidated nature of the road. However, the restatement of the failed portions of the road and other partial works had so far facilitated free flow of traffic. In addition, the project, though still at infancy stage has generated employment for more than one hundred and fifty (150) skilled and unskilled youths of the immediate communities thereby enhancing their standards of living. On completion, the project will help to promote seamless flow of goods and services, reduce rate of accidents, vehicular maintenance cost by motorists, saves travelling time and other traffic related issues associated with road. The road connects the entire south-south and

parts of north-central and north-eastern states of the country.

**ii. Dualization of Kano-Maiduguri Road Section I: Kano-Wudil-Shuarin**

The project involves the construction of 202.13 km of new standard carriage way from Kano through Wudil to Gaya and Shuarin road. The scope of works include: dualization and reconstruction of 101.365km of new/existing dual carriage way with drains, culverts, bridges and interchanges in Kano and Jigawa states respectively.

The contract was awarded to Messrs Dantata & Sawoe Construction Nigerian Limited in September 2006 at an initial contract sum of N37.047billion and was expected to have been completed by February 2010. This was however extended to December 2015 owing to the augmentation of the contract sum to N18.075billion, thus bringing the total amount to N55.12billion. Presently the contractor had put up another request for variation and new completion date to the Federal Ministry of Power, Works & Housing and is awaiting approval.

The sum of N2.6billion was appropriated in the 2016 Budget, of which N219.79million was released and utilized as at the third quarter of the year. A total of N28.94 billion had so far been committed to the project from inception to date to achieve 50.79 % level of completion.

**Findings:**

At the time of monitoring, the following works had been achieved: site clearance, removal of top soil 94.76km, earth works 130.31km, scarification of the existing road 40.55km, and sub-base at 127.15km. Others are: prime coat on the main carriageway and shoulders 114.27km, surface dressing 173.72km, binder and wearing courses 58.17km. The team was made to understand that work on site was slow because the amount paid to the contractor this fiscal year only took care of the previous year's outstanding certificates.

**Socio-economic impact:**

Although the project is midway to completion, it had created employment opportunities to the citizens of the host communities , opened up access to the adjoining communities and promoted the movement of goods and services in the road corridors of Kano, Jigawa, Bauchi, Yobe, Maiduguri and the neighbouring border towns.

### iii. Kano Western ByPass

The project involves the construction of 26.6km dual carriage way from Naibawa on the Kano-Kaduna road to Dawanau village on the Kano-Katsina road. The road links the Kano –Maiduguri dual carriage way to form part of the Trans- Sahara route. The scope of works include; the construction of clover interchange, 3-nos. river bridges, an overpass bridge over the rail line, 200mm laterite sub-base and stone base, 60mm asphaltic concrete binder and wearing course. Others are: provision of 2.75m surface dressing and outer shoulders (main alignment) and 1.5m surface dressed inner shoulders (slip roads), pipe and box culverts, concrete line drains, stone pitching, chutes and kerbs.

The contract was awarded to MessrsDantata&Sawoe Construction Nigeria Ltd on the 20th May, 2007 at an initial cost of N13.23 billion which was later reviewed to N22.77 billion with completion period scheduled for October 2017. The sum of N3.47billion was appropriated in the 2016 Budget, of which N2.14 billion was released and same utilized as at third quarter of the fiscal year. A total of N8.98 billion had so far been committed to the project from inception to achieve 34.86% level of completion.

#### Findings:

At the time of monitoring, the contractor was not on site due to funding issues. However works completed include; demolition and clearing of affected structures, payment for compensation of farm lands, relocation of street lights and PHCN lines at Kumbotso, Dala and Sharada districts and the construction of clover leaf interchange. Other works such as site clearance, earth works, sub-base, stone base, priming, binder course, surface dressing, wearing course, culverts and drains, river bridge, 2ons.over pass bridges were at various stages of completion.



Picture 10: Ongoing road construction works at Kano Western By-Pass

**Socio- economic impact:**

The project though not completed had created job opportunities for the host communities, attracted more settlements along the road corridor, improved the value of land and open up access to agro allied village communities, thereby boosting the income generation.

**iv. Dualization of Ibadan – Ilorin Road (Route A2) Section II: Oyo – Ogbomoso Road, Contract No. 1793a**

This project involves the construction of 52.0km length of four lane highway in Oyo State starting from Ibadan town and terminates at Ogbomoso in Oyo state. It is a major highway that links the South Western and the Northern part of Nigeria and also serves as a Trans-Saharan highway because of its connectivity to other African countries. The road originates from Lagos through Oyo – Kwara – Niger – Kano – Katsina – Algiers and Tunisia.

The scope of the work includes construction of 7.30m wide two-lane carriage way in each direction (i.e. north bound and south bound) separated by a 26.0 wide median; and 2.75m and 1.80 wide outer and inner shoulders respectively in both directions. Others are laterine sub-base, asphalt binder and wearing course, 2nos. interchange bridges, drainage/reinforced concrete box and pipe culverts, stone pitching, road signs and markings, and concrete median barriers, etc.

The contract was awarded to Messrs RCC Nigeria Limited in June, 2010 at a cost of N47.5 billion with an initial completion date of October, 2013. This was however extended to December, 2017 due to funding issues. The sum of N6.0 billion was appropriated in the 2016 Budget, of which N4.0 billion was released and utilized as at the end of the third quarter. A total of N22.2 billion has so far been committed to the project achieved 45.9% level of completion.

**Findings:**

At the time of visit, the following works had been achieved: site clearance 53.26%, earth works 54.67%, pavement 12.14%, stone base 8.80% and priming 6.88%, culverts and drains, underpasses, 29nos each of 900mm diameter pipe and box culverts. It was revealed on discussions that the contractor had abandoned site some months back due to lack of funding and this had affect the progress of work at site. The observed the need to upgrade the road by the provision of macadam into the design to meet up with modern standards and as well ensures its durability.



Picture 12: On-going Road Construction Work at Ibadan - Ilorin Dual-Carriage Way: Section II

### **Socio – economic impact:**

The contractor had graded the linkage roads to the surrounding communities and also sunk five (5) bore holes for different communities along the highway as part of its corporate social responsibility. The project has employed about five hundred and sixteen (516) skilled and unskilled workers. On completion, it will facilitate easy conveyance of goods and services to and fro the neighboring countries hence a boost in revenue generation for the people of the area.

#### ***v. Reconstruction, Rehabilitation and Expansion of Lagos – Ibadan Expressway, Section 1 (Lagos – Shagamu) Contract No. 6204***

The project involves the construction of 43.78km 3-lane dual carriageway from the old toll gate I Oregun/Ikosi to Ketu, Lagos State and terminates at Shagamu Interchange in Ogun State. The scope of work includes: site clearance, scarification of existing bituminous surface, provision and laying of 200mm crushed stone base, 150mm thick asphaltic macadam, 60mm binder course and 40mm wearing course. Others include: stone pitching of high embankment, culverts inlets/outlets, construction of interchange structure at redemption camp, 5-no pedestrian bridges, 3km service lane, maintenance of 10-no existing bridges etc.

The contract was awarded to Messrs Julius Berger (Nig.) PLC in July 2013 at a cost of N70.75 Billion with completion date schedule for July 2017. The sum of N40 billion was appropriated in the 2016 budget, of which N10.75 billion was released and utilised as at third quarter of the year. A total of N28.29 billion had so far been committed to the project from inception to date to achieve 32.6% cumulative performance.

### **Findings:**

At the time of this report, the contractor had remobilised to site and work had started in earnest. The physical progress achieved so far includes: construction of trapezoidal and rectangular drain of about 119/63m stretch, asphaltic base and macadam, installation of pipe culverts and catch pit. Other works include: 16 km (LHS) and 13.1 km (RHS) binder course with underlying crushed rock sub-base and 4.4 km of wearing course on the concrete deck on pile.



Picture 23: Ongoing work at Lagos – Ibadan Expressway, Section 1 (Lagos – Shagamu)

### **Socio – economic impact:**

Although the project is still on-going, it had created job opportunities for over 500 skilled and unskilled labour. It has also improved the movement of vehicles along the road corridor. On completion, it will reduce travel time, accident rate and cost of vehicle maintenance

#### **vi. Dualization of Obajana Junction to Benin Section IV, Ehor – Benin Road**

This project entails the dualization of 47km stretch of road within Benin City to Ehor in Edo State. The scope of work includes site clearance, scarification of an existing road, provision of lateritic sub-base on the width and shoulder of the road, laying of crush stone base, binder and wearing course. Others include: provision/reconstruction of concrete side drains, construction of 2nos. roundabout and u-turn at 4km intervals with 2 pedestrian bridges, laying of new underground concrete pipe culvert and construction of crash barrier, etc.

The contract was awarded to Messrs. Reynolds Construction Company (Nig) Ltd in December 2012 at an initial cost of N 11.67billion. However, this was revised by N23.57billion in November 2014 thus bringing total contract sum to N35.25billion and expected to be completed in December, 2018. The revision was due to increase in the scope of work from 16km to 47km length of the road. The sum of N3.28billion was

appropriated in the 2016 Budget while N3.021billion was released and utilized as at end of the third quarter. A total of N12.12billion had so far been committed to the project from inception to date to achieve a cumulative performance of 22%. In 2015, the base line figure was 17.24% while the target for 2016 was 31.4km, thus giving a difference of 5.24%.

**Findings:**

At the time of this report, the following works had been achieved: site clearance at 19.67km of Benin bound, scarification at Ehor bound (13.38km), wearing and binder courses at Benin bound was 8.7km and 13.24km respectively, stone base 13.38km at Benin bound and 7.88km at Ehor bound. In addition, the NEPA line poles and NNPC pipelines were relocated from KM 0+00 to KM14. This was said have aided the free construction works by the contractor, etc.



Picture 14: On-going works on dualization of Obajana Junction to Benin Section IV, Ehor –Benin road

**Socio-economic impact:**

Prior to the construction of the road, there were serious road congestions experienced on the road thereby leading to prolong travel time and vehicular maintenances. The completed portions have aided free movement of goods and people. On completion, it will facilitate free movement of persons and agricultural products and as well boost economic activities along the road corridor.

**2.2 POWER SUB-SECTOR**

***i. Generation of 10MW from Katsina Wind Farm***

The project is located on 200 hectares of land in the LambaRimi local government area of Katsina state which is about 18km from Katsina city centre. The scope of work consists; supply and installation of 37GEVMP (275KW) Wind turbine and generator,

step up transformer for each turbine, scanda system, supply and installation of 2x7.5 MVA and accessories.

The contract was awarded to Messrs Vergmet S.A of France in June 2009 at a cost of €18.5 million plus N494.02 million local components. The project commenced in June 2010 with completion date scheduled for December 2012. However, it had a set back because of the abduction of one of the French commissioning engineers by some armed bandits. This necessitated the Bureau off Public Procurement to give the Ministry an approval to engage a local contractor (Messrs Credco Nigeria Limited) who was trained by Messrs Vergmet S.A after completing the technical Audit of the main equipment supplied. The revised contract sum is now €20.85 million offshore plus N573.90 million onshore with completion date scheduled for December 2017.

The sum of N770 million was appropriated in the 2016 budget, of which N316 million was released while N61 million was utilized as at the third quarter of the fiscal year. A total of €16.12 million offshore plus N320.24 million onshore had so far been committed to the project from inception to date to achieve 95% level of completion.

**Findings:**

At the time of monitoring, works completed include: the delivery of 2x7.5MVA transformer, restoration of 33KV vandalized by hoodlums, 6KM perimeter fencing, foundation work and installation of towers and turbines. Others were construction of medium voltage rooms and Installation of suitable gears where all the 37 turbines were connected to. The outstanding works include; the supply of customized gear bus and pump oil, construction of over head line that will link the 33KV from the wind farm and the construction of injection substation at Liyafa round about where it will be stepped down for local consumption.



Picture 15: The Installed Medium Voltage Equipment and Commissioned Turbines at Katsina Wind Farm

**Socio- economic impact:**

The project had created employment opportunities for about 40 skilled and unskilled workers. Six indigenous engineers were trained in France to take over the management and control of the project. In addition, it has boosted the business activities of the host community.

**Challenges:**

The main challenges to the timely delivery of the project were; delay in the implementation of the audit report and granting of waivers for the importation of customised oil and grease, and the supply of 33KV switch gear.

**Observation:**

The monitoring team observed that the delay in the commissioning of the remaining 33 turbines will be a colossal loss to the economy if the menace of rodents on the electric cabinets is not checked. There is the need for a quick response via adequate and urgent funding so that the project will not be rendered ineffective, consequently resulting to wastage of government resources.

**ii. Construction of Ishiagu 33kv and 11kv Electricity Distribution Network in Ebonyi State**

The project entails construction of 33kv Ishiagu and Ivo Feeders, supply and installation of 10nos. 300KVA 33/0.415kv and 5nos. 300kv 11/0.415kv transformers and a transformer at the injection substation. The objective is to provide rural electrification in Ishiagu and its environs. It was contracted to Messrs Nathan Christopher Construction Company Limited in December 2014 at a cost of N302.32million and is expected to be completed in December 2016.

In 2016 Budget, the sum of N203.12 million was appropriated to the project out of which N149.23million was released and N90.35million utilised. A total of N149.23million had so far been committed since inception to achieve 90% level of completion. However, it was gathered that the sum of N153.09million was outstanding for payment to the contractor.

**Findings:**

At the time of this report, the following works had been achieved: construction of

Ishiagu and Ivo feeder lines and the supply and installation of 1no. 2.5MVA at the 33/11kv injection substation with fencing. In addition, the supply and installation of 10nos. 300KVA 33/0.415kv and 5nos. KVA 11/0.415kv transformers were also substantially completed and same tested in collaboration with Enugu Electricity Distribution Company. The team was informed by the site Engineer that the 1no. 300KVA 33/0.415KV and 300KVA 11/0.415KV transformers which were installed at Ivo Development Centre and Obeagu were vandalized (stolen) but had been recovered and awaiting reinstallation.



Picture 16: Completed Ishiagu Substation & stolen transformers at the Police station

**Socio-economic impact:**

Prior to the award of this contract, the communities around the area had suffered acute blackout of electricity which adversely affect their businesses and social life. However, the availability of these transformers has tremendously attracted and boosted social and economic activities as small scale businesses are already springing up in the areas thereby improving the standard of living of beneficiaries in those communities. When fully operational, it will facilitate sustainable development in the area and a reduction in rural urban migration.

***iii. Construction of 33KV Transmission Line, Installation and Commissioning of 2x2.5MVA, 33/11KV Substation at Federal University, Otuoke***

The project involves the Provision of 33KV Dedicated Feeder Transmission Line and Installation and Commission of 2x2.5MVA, 33/11KV Sub-Station from Glory Land Power Station to Federal University at Otuoke and other strategic institutions. The contract for the project was awarded to Messrs Income Electrix Nigeria Limited at a cost of N725.95 million in December, 2013 with an expected completion date of February 2015 which was later revised to December 2015 due to paucity of funds.

The sum of N457.46 million was appropriated in 2016 Budget for the project out of which N228.20 million was released while N198.95 million was utilised in the third

quarter of the year. A total of N441.41million had been committed to the project since inception to achieve 95% cumulative level of completion.

**Findings:**

At the time of this visit, the project had been completed but was yet to be energized. It was observed that the Federal University, Otuoke was yet to benefit from the project due to their inability to connect the female student hostel to the step down transformer which was just a stone throw.



Picture 17: Construction of 33KV Transmission Line and Installation of 2x2.5 MVA, 33/11KV Substation at Federal University, Otuoke

**Socio-economic impact:**

When the project is energized, it will provide more reliable and steady power supply to the University. It will also connect the Area to the National Grid and also save the huge amount of resources spent on diesel for alternative power supply.

**Challenges:**

The challenges faced by the project are the failure of the contractor and all other relevant authorities to energize the line and the inability of the University to connect to the dedicated power line.

***iv. Construction and Installation of 1 x 15 MVA 33/11 KV and 11KV Panel Injection Substation in Edo State***

This project is located at Ogba road – Oredo Local Government Area of Edo State, it was initiated to improve power supply in all the 20 communities such as Ogba, Ewudia, Ulemo, Uwolo, Ewowie, Ewowie Oba, Umegba, Igbipe, Ogiza, Odogogi, Okuwa, Ekpebo, Eworomi, Uleri, Ugbena, Iruwe, Iruwe-nuperu, Efenai and

Dedemise . It entails the construction of 33/11 KV line from Igo community to Umegba in Ogba road and the construction of 1 X 15 MVA injection sub-station in Umegba. Other components include: one hundred and twenty-one (121) nos. poles, 100mm strings, control house, aluminium wire, mounting and assembling of transformer, gantry work, the earthing, street lights, thunder arrestor, current transformer [CT], voltage transformer [VT], 100KV transformer, bore hole and fencing with strong gate. The contract was awarded to M/S Barbeach Phin Nigeria Limited at the cost of N165.73 million in December 24th 2013 with an expected completion date of December, 2017. In 2016 budgetary allocation, the sum of N140.11million was appropriated out of which N 100.66million was released and utilised. A total of N 100.66million had been committed to achieve cumulative performance of 70% completion.

**Findings:**

As at the time of monitoring, Work done included: Gantry work, earthing, mounting and assembling of transformer had been completed while the installation of thunder arrestor, erection of street light were ongoing. The outstanding works are the mounting and assembling of current transformer [CT], voltage transformer [VT] and 100KV transformer which will give light to the substation, incoming and outgoing of panels, landscaping and commissioning.

The team gathered that aside vandalised of accessories, the crane that was supposed to be used in installing transformer and some other heavy equipment got sunk at Eguhe community for eight (8) days while moving it to the site due to the swamping nature of the road which attracted demurrage



Picture 18: The Gantry work and installed Transformer, Poles and Strings

### **Socio – economic impact:**

On completion of the project, power supply will be improved as it will boost the entire economy of the people especially those whose livelihood is based on the use of power. It has also provided employment for skilled and unskilled workers around the communities.

### **Challenges:**

The terrain of the project site is isolated with swamping road and the insecurity issues. In addition, the contractor incurred some expenses that were not in the contract sum which need to be refunded.

#### **v. *Construction of 215MW LPFO/Gas Power Plant***

The project involves the construction of 215 MV dual fired power plant (LPFO/GAS) that utilises low pour fuel oil or natural gas fuel. It was conceived to provide power supply to kaduna industrial zone and its environs. It comprises of the procurement of 8 gas turbines and their accessories, 3-no transformers, 8 generators, 40,000 reservoir tank and a batching machine. Others include: the provision of a substation, warehouse, workshop, control room, admin block and fencing of the power plant.

The contract was awarded to Messrs General Electric /RocksonEngineering Ltd in October, 2009 at a cost of Euro €135.8 million plus N6.066 billion (inclusive of N3.0 billion). This was later reviewed upward to Euro €144.2 million plus N8.961 billion due to relocation of the project from Brownfield to Greenfield location with final completion date scheduled for December, 2016.

In the 2016 budget, the sum of N5. 5 billion was appropriated While N1.30 billion was released and N192.19 million utilised as at the third quarter of the year. However, a total of Euro 114.72 million plus N.5.12 billion (inclusive of N3.0 billion provisional sum) had so far been committed to the project since inception to achieve 94% level of completion.

### **Findings:**

At the time of visit, the substation, the construction of the administrative block, warehouse, supply of 8-no gas turbines, batching machine, 3-no transformers, fencing of the power plant and 8-no generators with 128 BOP's (Balance of Plant) had been completed. However, the associated civil and mechanical works were on going. The

outstanding works include; Central control building, Drainages, flooring of the entire power block area, construction of the workshop building and procurement and installation of fire fighting instrument



Picture 28: Fully installed turbine and tank at the power station, Kaduna

### **Socio economic impact:**

The project had created job opportunities for over 140 skilled and unskilled labour. On completion, it is expected to generate 215mw of Power; out of which 120MW will be transmitted to the industrial cluster in Kaduna and the balance of 95MW will be evacuated to Mando substation for transmission to the national grid. It is also expected to resuscitate the comatose textile and cottage industries in the state.

### **Challenges:**

The team gathered that delay in the settlement of outstanding certificates as well as the approval of Federal Executive Council for the additional cost of €11.37 million plus N2.89 billion being variation order request. Also payment of demourage at the port on the imported items such as Black Start Generator and cables to connect the turbines is another bottleneck to the timely completion of the project.

#### **vi. NATIONAL RURAL ELECTRIFICATION AGENCY**

The Agency is charged with the responsibility of electrification and distribution across the six (6) geo-political zones of the country. To achieve this mandate, the sum of N11.11billion was allocated to the Agency in the 2016 Budget to implement its capital projects/programmes. Of this amount, N3.50billion was released while N1.37billion (39.29%) was utilized as at end of the third quarter to execute amongst others the following projects:

##### *i) Completion of rural electrification in six (6) Abia State communities*

The project involves construction of transmission injection substations and feeder lines, supply and installation transformers and electrification of six (6) communities in

Abia state. They are Amapu Ntigha, Umuikaa, Ovungwu, Ohuhu Nsulu and Umogo of Isala Ngwa North and South LGAs; and Umuogaji Obeaja of Ukwa east LGAs respectively.

The contract was awarded to a consortium of contractors (Messrs. W. E. Marshal Nig. Ltd. & 5 others) at a total cost of N355.18million in January 2003 and October 2014 respectively. In the 2016 Budget, the sum of N300.90million was appropriated while N89.98million was released and utilised to the project as at the end of the third quarter of the year. A total of N330.68million had so far been committed since inception to achieve 95% cumulative performance.

**Findings:**

At the time of this report, the construction of feeder lines, 30MVA transformer injection sub-station and 5nos 1.5MVA transformers at Umuikaa, Umuogo and Ovungwu of Isala Ngwa North LGAs and Umuogazi Obeaja Ukwu East had all been completed and test runned in collaboration with Enugu electricity Distribution Company. However, partial finishing works were ongoing at the substation for final commissioning.



Picture 33: Some of the procured/installed transformer and electrification project at AmapuNtigha and Ovungwu communities of IsalaNgwa LGAs

**Socio-economic impact:**

The substantial completion of the project has helped to improve supply and distribution of electricity in these communities thereby enhancing the socio-economic life of the people in line with government objective. When fully operational it will greatly improve income generation for the rural communities and as well reduce the high cost of procuring and maintaining of generators.

### 3.0 WATER RESOURCES SECTOR.

The major thrust of this ministry is to provide potable water, transform the irrigation system and provide productive employment to the teeming youths of Nigeria in the agricultural sector of the economy. To achieve this objective, a total of N46.081 billion was allocated to the ministry in the 2016 budget, of this amount N125.20 billion was released while N4.021 billion (or 15.36%) was utilized as at the third quarter of the fiscal year for the implementation of its capital projects/programmes. The following projects were monitored:

#### 3.1 ANAMBRA/IMO RIVER BASIN DEVELOPMENT AUTHORITY, (AIRBDA) OWERRI

The sum of N1.68 billion was appropriated to the River Basin in the 2016 Budget out of which N473.12 million was released and same utilized as at the time of monitoring to implement amongst others the following projects:

##### *I. Revitalization of RBDA Agricultural services (Headquarters and Lower Anambra irrigation project)*

The project entails the reintroduction/rehabilitation of non-water related agricultural services for use by farmers within the Headquarters and Lower Anambra irrigation project. They include: development of 2ha each of cucumber sweet corn farms, 1ha of okro and pawpaw farms, cassava, plantain, 6" borehole and 10,000 gallon pressed steel overhead tank, drip and sprinkler irrigation for 6ha market garden farm, etc.

This project is being executed directly by the River Basin Authority based on annual budgetary provisions and releases. In the 2016 Budget, the sum of N64.90 million was appropriated to the project while N51.92 million was released and N26.43 million utilised to achieve 45% performance at the end of the third quarter.

#### **Findings:**

At the time of visit, varieties of agricultural crops (such as okro, pawpaw, sweet corn, moringa, cassava, plantain and cucumber, etc) have been planted and borehole completed at the headquarters' Songhai integrated farms. In addition, dripping and sprinkler were all installed at the various farm locations.

The team noted that the programme was re-introduced at the instance of Mr. President with the objective of boosting agriculture for increased food production in the country. This project if well replicated nationwide will help in promoting self sustenance,

increase food production, and as well reduce overdependence on the nation's oil.



Picture 20: Part of the revitalized agricultural services at the Songhai Integrated Farm of the River Basin

***ii. Construction of Kashimbilla/Gamovo Multipurpose Buffer Earth Dam Project***

The project located at Takum Local Government Area in Taraba State was initially conceived to check the threat of flood from the structurally weak volcanic lake Nyos(Cameroun). The scope of works consists: construction of dam and related structures, water treatment plant, 11 km access road from Takun junction to the Dam and rehabilitation of 21 km access road from Jato – Aka to Kashimbila. Others include: construction of 40MW hydropower plant, development of 2000 Ha of irrigation scheme, construction of 1.2 km airstrip for emergency evacuation of people and 40 km access roads to the resettlement camps.

The contract was awarded to Messrs SCC (Nig) limited in May 2007 at an initial cost of N42.94 billion and was expected to be completed by April 2010. However, the contract sum was revised to N60.63 billion in September 2011 due to the upgrading of the hydropower component of the project from 6MW to 40MW. In September, there was a further review of the contract sum to N104.36 billion (N36.53 billion plus €412.38 million) by the Federal Executive Council with a current completion date of December 2016.

The sum of N1.5billion was appropriated in the 2016 budget but there was no release to the project as at the time of visit by the Federal Ministry of Water Resources. However, a total of N100.18billion (N31.59 billion plus €335.35 million) had so far been committed since inception (through a combined counterpart funding by Federal Ministry of Power and Ecological Funds, amongst others) to achieve a cumulative performance of 98% as at December, 2016.

**Findings:**

At the time of this report, the following works had been completed: embankment, spillway and diversion channel, floor directing structures, intake and outlet works, staff housing unit, Stream Bridge, airstrip and access road. Others are: installation of 4-nos. turbines and generators, control valves, installation gates, hydraulic pumps, instrumentation and switch yard substation, etc.

However, the construction of 40km access road to the resettlement camp, aeration and filtration blocks, piping and balancing of reservoir, laying of pipeline to the water treatment plant and irrigation of 2000ha of farmlands were all in progress. The major outstanding work is impounding of the Dam. The team observed that the revised contract had been exhausted and yet the contractor was seen proceeding with execution without approval.



Picture 38: The Completed Right Embankment with the Intake Structures and the On-going clearance of the Access Road to the New Resettlement Birama Community

**Socio-economic impact:**

The project has reduced the threat of flood experience in the past by Taraba, Adamawa, Benue and Kogi States. It had created employment opportunities for over 1000 youths in the community while providing for a police post, law court and aerospace. On completion, it will impound 500 million cubic meters and 60,000 cubic meters per day of water supply to Takum Town and adjoining communities' thereby boosting tourism, fishery development and irrigation activities in the state.

**iii. Construction of Jare Earth Dam, Katsina State**

The project involves the construction of a 3km length of dam embankment of 25m height above the seabed. It also comprises of inlet and outlet structures, 2.9km crest length, 100m spillway length, 26.30m<sup>3</sup> reservoirs and 11km access road.

The contract was awarded to Messrs Abuhalawa International Ltd in May 2007 at a cost of N3.18 billion and was expected to be completed by March, 2009. This was not achieved because of the paucity of fund. The sum of N1.2 billion was appropriated in the 2016 budget, of which N700 million was released and N495 million was utilized as at third quarter of the year under review. A total of N1.88 billion had so far been expended on the project from inception to date.

**Findings:**

At the time of this report, the contractor had just remobilized to site after three (3) years of non-activity. However, earth work for the construction of the 11km access road to the dam site and the contractors yard had been completed while the fencing of the yard and site clearance for the project were on – going. The project manager informed the monitoring team that all the work that had hitherto been achieved in the previous years (excavation of the co- trench, construction of the embankment and spillway) have been washed away by the rains. In the other words, it's like starting afresh.



Picture 23: Ongoing construction of embankment at Jare Earth Dam, Katsina State

**Challenges:**

The major challenge of the project is community related issues. The Katsina-Ala and Bakori local governments have not been able to settle the issue of compensation of farmlands and resettlement of communities with the right of way of the project. Even those that were previously compensated had returned to their farmlands because the activities on site were put on hold for a long time.

**Recommendation:**

The Ministry of Water Resources had to brace up and investigate the delay behind the completion of this dam. There is also the need to redirect the dams department to

prioritize their activities instead putting resources where the impact can hardly be achieved within the next few years.

**iv. HADEJIA JAMA'ARE RIVER BASIN DEVELOPMENT AUTHORITY, KANO**

The agency had an appropriation of N2.89 billion in the 2016 budget for the implementation of its capital projects/programmes. Of this amount N1 billion was released and cash backed as at the end of third quarter of the fiscal year. The following projects were monitored:

**i. Operation and Maintenance of Hadejia Barrage**

The project located in Hadejia local government area of Jigawa is a multi-purpose dam designed to support crop production, livestock and fisheries development. The water supply is released from the upstream Challawa and Tiga dams into the Hadejia River where it is impounded in a barrage/storage pond from where it is diverted through the feeder canals and field canals.

The contract for the routine operation and maintenance of the reservoir and associated structures was awarded to Messrs Century trades Limited in August 2016 at a cost of N26.19million with completion date scheduled for December 2017. The sum of N26.22 million was appropriated in the 2016 budget, of which N9.058 million was released and utilized as at the third quarter of the fiscal year to achieve 34.59% level of completion.

**Findings:**

At the time of monitoring, the servicing of radial off take/scour gates, filling and regrading of the down crest, repair of upstream slope protection and upkeep of dam access road had been completed. Outstanding works include; construction of vertical drains along the downstream slope on the barrage embankment to drain all the run offs.



Picture 36: Serviced radial off take/ scour gates at Hadejia Barrage, Jigawa State

### **Socio economic impact:**

The Dam releases water to 5,300 hectares of net irrigable area, where farmers produce about 200 metric tonnes of food and cash crops annually. More importantly, the project provides all year round direct and indirect employment and stable source of income to over 6,000 households within the area.

### **Challenges:**

The major operational problems of managing the dam has to do with the growth of the aquatic weeds which often times block the conveyance and drainage systems. Besides, the constant erosion of canal embankment, access roads, and inadequate operational and extension staff affects effective service delivery.

#### ***ii. Tiga Dam, Kano State***

The project located in Bebeji local government area of Kano state is one of the largest dams in the country and was designed and built between 1970 and 1974. This dam is the cornerstone of water resources development in the Kano river valley in Kano state and Hadejia river valley in Jigawa state. The dam sustains irrigated agriculture for thousands of hectares under the Kano river irrigation project and the Hadejia valley irrigation project located in the Kano and Jigawa states respectively.

The contract for the routine operation and maintenance of the dam was awarded to MessrsKago Nigeria Ltd. in 2016 at a cost of N46.21 million with a completion date scheduled for December 2019. The sum of N46.2 million was appropriated in the 2016 budget, of which N15.97million was released and N12.30 million was utilized as at the third quarter of the fiscal year.

### **Findings:**

At the time of monitoring, 35.975m<sup>2</sup> of dam upstream and downstream was cleared of weeds, 0.5km of upstream slope was protected with 300mm riprap stones, 6km of the dam crest filled and graded with laterite, Anti termite chemicals had been applied and also the instrumentation of the dam gates serviced.



Picture 37: upstream and downstream dam cleared of weeds at Tiga Dam, Kano

### **Socio economic impact:**

Water supply from the dam into the river system has helped a lot of farmers along the river course in Kano, Jigawa, Yobe and Borno states for the production of a wide variety of food and cash crops. The dam is also the major source of drinking water for Kano metropolis as well as other towns and villages along the river course within the riparian states.

### **3.5 Middle Rima Valley Irrigation Project, Phase II, Sokoto State**

The Middle Rima Valley Irrigation Project (MRVIP) consists of the Left Bank Scheme (LBS) (phase1-Falaha sector) and the Right Bank Scheme (RBS) which is now the on-going phase II. It entails the construction of branch, lateral, field canals and drains for the provision of irrigation facilities of about 4,333 hectares for 5 villages namely Takakume, Maiyali, Salihu, Tsite and Tuluski. The Rima main canal will be fed by water from the Goronyo dam reservoir through the head works.

The contract was awarded to Messrs. Gilmor Engineering Ltd in June, 2007 and was expected to have been completed by June, 2012 at a cost of N21.2billion. The sum of N340.88million was appropriated in the 2016 budget but there was no released in the year so far. A total of N21.2billion had so far been committed to the project to achieve 67% level of completion.

### **Findings:**

The team was unable to access the site due to insecurity and the bad condition of road. We were also informed by the management of the River Basin that the project is funded and supervised directly by the Ministry's Headquarter, Abuja. Therefore, there is need for effective synergy between the Ministry of Water Resources and the management of

River Basin Development Authority for enhanced projects execution and supervision to ensure value for money spent.

**Socio-economic impact:**

The phase I of the project had already been completed and handed over to the farmers for agricultural cultivation with encouraging production yields. The completion of Phase II of the project will facilitate more utilization of Goronyo dam reservoir to boost all-year round production and create employment opportunities for the youths of the host communities thereby facilitating poverty reduction and food security in the country.

**4.0 AGRICULTURAL SECTOR**

**4.1 FEDERAL COLLEGE OF AGRICULTURE, ISHIAGU – EBONYI STATE**

The College is a training wing of National Root Crops Research Institute, Umudike in Abia State. It was established in October 1955 to train agricultural extension agents who are to educate the farmers and to man the various Government Agricultural Development Projects. This is achieved through the development and organisation of high quality practically oriented training to produce self reliance technicians and technologists; and provision of extension and consultancy services and refresher courses, etc.

In the 2016 Budget, government allocated a total of N661.43million to the College to execute thirteen (13) capital projects and programmes. Of this amount, N547.52 was released and same utilised as at the time of monitoring. The following projects were visited:

**a). Training of Unemployed Youths, Farmers and Women**

The project involves the training of 350 unemployed youths, farmers and women in the South Eastern states of the country in rice, cassava, snail, fish and honey production. The basic objective is to reposition agriculture for empowerment and sustainable change in line with the policy objective of the Federal government. It was directly being handled by the college at a cost of N20million. In the 2016 Budget, the whole contract sum (N20million) was appropriated, and same was released and utilised to the project to achieve 100% completion.

**Findings:**

At the time of this report, the training had been successfully conducted at Ogadinma hall, Ishiagu in Ebonyi state; and Isuochi town hall, NgodoIsuochi in Abia state respectively. The college authority informed the team that a report on the training programme was being prepared in that regards.

**Socio-economic impact:**

The project has empowered/enhanced the knowledge and skills of the rural farmers, youths and women participants on rice, cassava, snail, fish and honey farming/productions. Consequently, there will be increase in rural income generation and employment, thereby improving the standard of living of the beneficiaries in these areas. A boost in agricultural production will also facilitate the achievement of government objectives of increased food production and sustainability, and self reliance in the country.

**b). Construction of Water Treatment Plant and Reticulation**

The project entails the installation of a Water Treatment Plant and reticulation of water to the entire college in order to provide potable water to both staff and students of the college. It was awarded to Messrs. Strazbourg Investment Nigeria Limited in September 2016 at a cost of N55.77million and is expected to be completed in December 2016. In the 2016 Budget, the whole contract sum was appropriated and released while N35.77million was utilised for the project to achieve 80% level of completion.

**Findings:**

At the time of this report, the installation of the water treatment plant and a reservoir had been completed and test runned. The reticulation works which was ongoing was at the stage of completion.



Picture 24: Completed Water Treatment Plant and Reservoir at the project site

**Socio-economic impact:**

Prior to the installation works, the college has been faced with acute shortage of water thereby causing serious hardship and inconveniences for both staff and students. This affects the morale and productivity of staff and students as they have to engage in long distance search for water. Upon completion, water would be made readily available for both domestic and academic purposes thereby reducing the hardship hitherto experienced. Research and other academic works will also be tremendously enhanced.

**c). Asphaltting of the College 4km road network**

The project involves asphaltting of 4km road radius/network including drainages to facilitate easy movement of staff, students and products of the college. It starts from the college gate and connects the General Studies department, Agric Science Technology, Pest Management and Crop Science departments, Engineering department, and the college farms, etc.

It was awarded to Messrs. Chanto Engineering Limited in September 2016 at a cost of N330.24million and was scheduled to be completed within four (4) months. The entire contract sum was appropriated in the 2016 Budget out of which N216.33million was released and N116.33million utilised as at the time of this report. The project had so far achieved 68% level of completion.

**Findings:**

When the monitoring team visited the site, earthworks, laying of kerbs and drainages had been achieved up to 2km, and awaiting asphaltting. Supply and filling of laterites, and other drainage works were concurrently in progress at the remaining 2km portion of the road network. The team observed that the contractor possesses the capacity and can deliver as scheduled as the pace (progress) of work was satisfactory.



Picture 25: A portion of the completed earthworks and kerbs around the college entrance gate

**Socio-economic impact:**

Though the project has not been completed, the partial completion of the 2km portion had aided easy movement of people and products in and around the college. On final completion, the project will enhance the beauty of the college; aid erosion control and also facilitate better connectivity within the college as it links the various departments and sections of the college.

**4.2 CHAD BASIN DEVELOPMENT AUTHORITY, MAIDUGURI**

The Authority had an appropriation of N353.18million in the 2016 Budget for the execution of its capital projects and projects. Of this amount, N203.46million was released, while N38.73million was utilized to achieve 19% cumulative performance. The following projects, amongst other, were monitored:

**a). Rehabilitation/Replacement of Heavy Duty Earthmoving Machinery, Farm Machinery & Equipment**

The project involves the procurement of heavy duty earth moving 1no motor grader PY19 and repairs of other machineries. The Authority currently has 172nos. of earthmoving machines/plants, equipment and farm machinery in the fleet of this project, out of which 105 has lasted for 38 years. Others were burnt, vandalized or carted away by insurgents thus the need for replacements.

The contract was awarded to Messrs. Sinostar International Nig. Ltd at a cost of N80million in September 2016 with an expected completion date of March 2017. The sum of N80million was appropriated in the 2016 Budget, out of which N40million was released while N38.42million was utilized to achieve a cumulative performance of 48%.

**Findings:**

At the time of visit, Heavy Duty Earth Moving and Motor Grader had been procured and awaiting commissioning, while the supply of 60tons lowbed, payloador and repairs of 6nos farm equipment and machineries were in progress



Picture 26: Procured Heavy Duty Earth Moving & Motor Grader PY19 at Chad Basin Development Authority, Maiduguri.

**Socio-economic impact:**

The project had engaged more than thirty-six (36) skilled and unskilled labour and 5 nos. local contractors. The availability of the carted grader aided the construction of feeder roads and irrigable farmlands to provide for enhanced food production/food security in the crisis pruned states of the country.

**5.0 FEDERAL MINISTRY OF INTERIOR**

The ministry is saddled with the responsibility of security of lives and properties of citizens and the maintenance of the territorial integrity of the country. To achieve this objective, a total of N61.71 billion was allocated to this sector in the 2016 budget. Of this amount, N21.21 billion was released and cash backed while N2.34 billion (or 11.04%) was utilized for the implementation of its capital projects/programmes as at the third quarter of the fiscal year.

**5.1 FEDERAL FIRE SERVICE (FFS), ABUJA**

The Agency was established to prevent, control and extinguish fire; save and protect lives and properties and render humanitarian service, etc. To achieve this, a total of N6.81 billion was allocated in the 2016 Budget to execute twelve (12) capital projects and programmes. Out of this amount, N4.31 billion was released and N4.02 billion utilised as at the end of the third quarter of the year. The following projects were visited by the team:

**a) Design and Construction of Fire House**

The project entails the completion of the construction of a fire house at the National Fire Academy, Sheda Abuja, for fire simulation, fire fighting and drilling. It comprises the construction of a tower house, a residence at the middle with flat and gable roof; and

2nos. burn rooms with a flat roof and smoke control pipes/dictator.

It was awarded to Messrs. Kenny Nig. Services Enterprises Limited in December 2012 at an initial cost of N180.81million but later revised to N244.89million. The project was expected to have been completed by December 2014, but this could not be achieved due to lean budgetary provisions and releases over the years. The new completion date is December 2016. The sum of N261.51million was appropriated in the 2016 Budget out of which N128.83million was released and N70.15million utilised at the end of the third quarter of the year. A total of N193.94million had been committed since inception to achieve 54% level of completion.

**Findings:**

At the time of visit, the installation of distanction and building elements such as the floor, columns, walls, roof and internal staircase, etc had been completed. Also, handrail at Balcony and beside the staircase had achieved 90% completion. Installation of doors and wall panels at tower side were in progress at the site. In addition, materials such as wall panels and studs, external staircase amongst others were on ground to complete the project.

Outstanding works include parapet walls and fixing of windows and external staircase. Further discussions with the contractor revealed that all materials are specialized in nature (fire proof) and are fabricated from fire facilities Incorporation, New York - USA. This was said to have delayed construction beyond the agreed timeline.



Picture 27: Ongoing Construction of Fire House at Fire Service Academy, Sheda– Abuja

**Socio-economic impact:**

Employment for the local people are already visible at the site as more than twenty (20) were being engaged. On completion of the project which is first in Africa will help to develop human resources of International standards required for security of fire and

properties. It will also increase fire awareness and reduce loss of lives and properties in the country as many participants will be trained on how to fight and protect fire incidences being currently experienced.

### **Observation/Recommendation:**

The team observed that though the project was designed and pre-fabricated in USA, it is being executed by a local Nigerian engineer. It is therefore recommended that, going forward, the composition of such projects from the scratch should be handled by our local engineers as this will save the Nation a lot of foreign exchange.

#### **b) Rehabilitation of firefighting equipment**

This project involves the rehabilitation of 42.nos. dilapidated firefighting equipments/appliances, rapid intervention and utility vehicles in the headquarters, Abuja and other outstations nationwide. It includes: 23nos. truck (water tenders) of different capacities, 2nos. heavy duty lorry of 10tonns carrying capacity, a mobile mechanical workshop and 15nos. water tankers of 1000 liters water capacity equipped with pumps. The rehabilitation works involves replacement/overhaul of engines, water tanks and pumps, brake pads and tyres. Others are: seats, windscreen and mirrors, light pumps and general body works, painting, etc for most of the equipment.

The contract was awarded to Messrs. Pama Nig. Ltd in August 2016 at a cost of N215.95million and expected to be completed within four (4) months. In the 2016 Budget, the entire contract sum of N215.95million was appropriated and released to the project. However, a total of N141.63million had so far committed to the project as at the time of this report to achieve 65% % level of completion.

### **Findings:**

At the time of this report, rehabilitation works had been completed for sixteen (16) out of the twenty-seven (27) equipment listed for the Headquarters, Abuja; while repairs works on remaining twenty-six (26) equipment at the headquarters (Abuja), Lagos and Enugu stations were in progress at different stages of completion. The transport officer informed the team that arrangement had been concluded for inspections of the rehabilitation works at Lagos and Enugu stations to ensure their completion and delivery on schedule.



Picture 28: Some of the Firefighting equipment Federal Fire Service, Abuja

### **Expected benefits of the project:**

Prior to the award of this project, these vehicles were reported to have crashed down and this has limited their rates of responses to emergency fire situations. The completion and availability of the rapid intervention, high pressure tankers and other utility vehicles has facilitated quick responses to fire incidences thereby reducing the rate of loss of lives and properties being experienced in the country. In addition, a huge capital outlay which could be expended on the procurement of new equipment (vehicles) is avoided for the government.

## **5.2 NIGERIA IMMIGRATION SERVICE**

The Immigration Service was allocated a total of N9.83 billion in the 2016 budget for the implementation of its capital projects/programmes. Of this amount, N1.97 billion was released and cash backed while N252.23 million (or 12.84%) was utilised for the implementation amongst others the following projects:

### **a). Kano State Command Office Complex**

The project involves the construction of a storey building with 34-no offices and 28-no toilets comprising: a car porch, reception, the comptroller's office and waiting room, the deputy comptroller's office and waiting room, the registry, provost marshals' office, armory etc. The armory is to be casted by reinforced concrete walls.

The contract was awarded to MessrsFamad Jal Nigeria Limited in October 2008 at a cost of N72.49 million and was expected to be have been completed by December 2009. However, there was an improved review of the contract cost in September 2014 to N83.37 million due to inflation with completion date scheduled for December 2016. The sum of N10.87 million was appropriated in the 2016 budget, of which same

amount was released and utilized as at the end of the third quarter of the year. A total of N77.48 million had so far been committed to the project from inception to date to achieve 85% level of completion.

**Findings:**

At the time of monitoring, works completed include: the superstructure, car porch, roofing, burglaries, metallic balustrade, staircase rails and fixing of doors and window frames. However, POP, piping and wiring of CCTV satellite cables, screeding, plastering and tiling were all in progress at various stages of completion.



Picture 29: Ongoing construction of Kano state Command

**Socio-economic impact:**

Prior to the project, the command had insufficient office accommodation as they had to put up with the Nigerian Prisons Service to perform their daily chores. On completion, the building will solve the personnel problems of accommodation and give the service a sense of recognition.

**b) Katsina State Command Office Complex**

The project involves the contract of a storey building with 34-no offices and 28 toilets, car porch and reception hall also comprises; the comptroller's office , deputy comptroller's office , waiting rooms, the registry, provost marshals' office, armoury etc. the armoury is to be casted by reinforced concrete walls while there will be metallic balustrade all round the building.

The contract was awarded to MessrsFamad/Jal Nigeria Limited in October 2008 at a cost of N72.49 million and it was expected to be completed by December 2009.

However, there was an upward review of the contract cost to N83.37 million in September 2014 with completion date scheduled for December 2016. The sum N10.87 million was appropriated in the 2016 budget, of which same amount was released but the contractor is yet to access the money. A total of N67.48 million had so far been committed to the project to achieve 75% level of completion.



Picture 30: Ongoing construction of Katsina state Command

### **Findings:**

At the time of monitoring, the superstructure had been completed, roofed and plastered, but the contractor had demobilised from site due to paucity of funds. The project manager informed the team that work will resume as soon as they access the 2016 budget releases. It was further gathered that the office complex was vandalized by the DSS officers on suspicion that the building was been used as a base by Boko Haram insurgents. This has slowed down the pace of work at the site as it took the contractor over one year to get the security released from DSS custody.

### **5.3 POLICE FORMATIONS AND COMMAND**

The Command was allocated the sum of N16.99billion in the 2016 Budget to implement its projects/programmes, of this amount, N4.18billion was released, cash backed and fully utilized. The following projects among others were monitored.

#### **a) Intelligence Data Centre at Police Headquarters**

The project entails the establishment of a fibre optics intelligence data centre platform to fight server crimes related matters with a view of creating conducive atmosphere for live and properties-free society. The project centered its' command and control at the Force Headquarters with the proposal of establishing more stations in 12 police zones in the country. It involves building of the Intelligence Data Centre platform and additional two (2) stations in Lagos and Abia States in 2016.

The contract was awarded to Messrs Ontrac Technologies Nigeria Limited in January, 2016 at a cost of N1.20 billion. In the 2016 Budget, the sum of N1.2 billion was appropriated, while N210 million was released, cash backed and utilized to achieve 70% level of completion.

**Findings:**

At the time of visit, the project at the force Headquarters, Abuja had been completed and put to use; while installation work at Lagos and Abia State commands were yet to commence.



Picture 31: The Intelligence Data Centre platform installed the at Police Headquarters, Abuja

**Socio-economic impact:**

The completion of the Headquarters project component has aided the global fight against server crimes in the country. It has further helped to reduce crimes rates, built national goodwill, and increase security/confidence of foreign and domestic investors in Nigeria, thereby enhancing investment activities in the country.

**b) Purchase of specialized operational vehicles**

The project entails the purchase of 6nos anti riot cannon and accessories as captured in the 2016 Appropriation Act. However, the scope of the contract was changed to the purchase of 29nos. buses based on urgent necessity for them by the Command. This request was approved by the Presidency. Contract for the award of buses was awarded to Messrs JBS and CO. Nig. Ltd in January, 2016 at a cost of N666.2million. In 2016 the Budget, the sum of N666.2million was appropriated, of this amount, N116.2 million was released, cash backed and utilized. This brings total financial commitment to N173.67 million to achieve 26%.

## Findings:

At the time of the visit, 14nos. buses had been procured out of the twenty-nine (29) buses and ready for disbursement/use.



Picture 32: 14nos operational busses supplied for the NPF special squads operators at force Headquarters.

## 7.0 DEFENCE SECTOR

In the 2016 Budget, the Sector was allocated a total of N130.86billion to execute its capital projects and programmes. Of this amount, N69.51billion was released while N18.73billion (26.94%) was utilised as at the end of the third of the year. The following Agencies/projects were monitored by the teams:

### 7.1 NIGERIAN ARMY (NA), ABUJA

The Nigerian Army was allocated a total of N19.12billion in the 2016 Appropriation out of which N7.32billion was released and N5.06billion utilised to execute its capital projects and programmes. The following project was visited by the team:

#### *i. Construction of Guards Battalion at Gwagwalada-Abuja*

This project entails the construction of Guard's battalion at the 176 Special Forces Guards Battalion headquarters, Gwagwalada-Abuja. It comprises of the construction of a unit magazine, Search and Rescue (Standby) Company, a Mechanical Transport (MT) Yard, and a Soldiers' club. Others are completion of construction of 11nos. blocks of senior NCO quarters, Warrant Officers and Sergeants' Messes, 4nos. watch towers (observation posts), and perimeter fencing.

The contract was executed under direct labour by the Nigerian Engineers (Post Service Housing Development Limited - PHD) in March 2016, at total cost of N350.85million

and was expected to be completed in July 2016. In the 2016 Budget, the sum of N600million was appropriated while the entire contract sum of N350.85million was released and fully utilised to the project to achieve 100% completion.

**Findings:**

At the time of visit, all the components of the project had been completed and ready for use. The MD/CEO (PHD) informed the team that the various components were concurrently executed and this had facilitated its delivery within the scheduled completion time. The team also observed a high level capacity of the PHD Directorate as their performance was satisfactory, and therefore, recommend for proper use of local Nigerian engineers. This will facilitate competition and also help to save the Nation a lot of foreign exchange.



Picture 33: Completed Search & Rescue Company and Staff quarters at the Guards Batallion, Gwagwalada – Abuja.

**Socio-economic impact:**

Prior to the completion of this project, majority of the soldiers at the barrack were said to be squatting/sharing accommodation and also scattered in towns for relaxations. This jeopardizes the good image of the Nigerian Army. Therefore, the completion of the residential quarters and soldiers' club has tremendously reduced the problem of accommodation thereby increasing their family value and promotes their image as they are now being kept within the barracks. In addition, the search and rescue company which accommodates sixty (60) soldiers at a time facilitates their quick response to emergency situations within Gwagwalada, Kwali, Abaji and Kuje Area Councils of the FCT; thus a reduction in the security challenges hitherto experienced in these areas.

**Observations/Recommendation:**

The team observed the absence of worship centers (church and mosque), schools for the children, and good access road to and fro the barrack. Therefore, there is need for

urgent award of contracts for these amenities to assuage the stress of soldiers conveying their wards to and fro the town schools on daily basis. This will help in securing the lives of the children and their exposures to negative societal vices. It was further noticed that the Nigerian Army Engineers possesses the requisite skills and competence to carry out the execution of projects (contracts) locally, hence the need for Government to encourage and make adequate use of them rather than relying on foreign engineers. This will eventually save the Nation a lot of foreign exchange.

## **7.2 MILITARY PENSION BOARD**

The Pension Board had a total allocation of N305.01million in the 2016 Budget. Of this amount, N120.14million was released and N76.25 million utilized as at the end of the third quarter to implement its capital projects and programme. The following project was monitored:

### **a) Construction of Sporting Facilities Complex**

The project comprises the construction of a Multipurpose Games hall, Swimming pool and Ancillary facilities. The contract was awarded to Messrs Amal Engineering & Construction Ltd in September 2015 at a cost of N297.21 million with a planned completion date of May, 2017. The entire contract sum was appropriated in the 2016 Budget out of which N 73.34 million was released and same utilized to achieve 50% level of completion.

### **Findings:**

At the time of inspection, site clearance and excavation of foundation trench had been completed while placement of hard-core/casting of concrete block work and reinforcement work in the swimming pool, etc were all concurrently in progress at the site.

### **Socio-economic impact:**

Although the project is yet to be completed, it has created employment opportunities for the local artisans and engineers of the neighbouring communities, thus enhancing their standards of living. This has facilitated the employment generation objective of the federal government. On completion, the project is expected to provide all-encompassing recreational facilities for the staff of the Military Pension Board's headquarters, Abuja thereby boosting their morale and productivity.



Picture 34: Ongoing Construction work of Sporting Facilities Complex at the Military Pension Board, Abuja

### 7.3 DEFENCE INTELLIGENCE SCHOOL

The school had an appropriation of N2.28billion in the 2016 Budget for the execution of its capital projects and projects. Of this amount, N850.41million was released, while N570.44million was utilized to achieve 63.47% cumulative performance. The following projects, amongst other, were monitored:

#### a) Construction of Perimeter Fence at DIC, Karu

The project consists of construction of perimeter fence around the college premises to protect it from encroachment and trespass. The scope of work involves erecting new fence in most areas and increasing the height of the limited areas covering plastering, screeding, painting and installation of concertina wire.

The contract was awarded to Messrs. Climax Const & Engineering Nig Ltd in November 2016 with an expected completion date of March 2017 at a cost of N146.82million, which was appropriated for the project in the 2016 Budget and totally released and utilized to achieve 50% level of completion.

#### Findings:

At the time of monitoring, block and concrete perimeter fencing works were in progress, while, painting and installation of concertina wire were outstanding.

#### Socio-economic impacts:

The project though not completed had engaged skilled and unskilled youths in the area and also reduced the incidence of encroachment in the college premises thereby securing the college personnel and properties. Upon completion, the fence will forestall unauthorized entry into the college.

## 7.0 THE MINISTRY OF NIGER DELTA

The Ministry was allocated a total of N19.44 billion in the 2016 Budget. Of this amount, N8.16 billion was released while N3.85 billion was utilized for the implementation of its capital projects/programmes. The following projects were monitored:

### **Dualisation of East West Road**

The road is a Federal arterial route which runs from Warri through Kaima, Port-Harcourt, Eket to Oron. The road links Lagos through Benin, Ore, Sagamu and influences all socio-economic activities in the South–South geo-political zone of the country. The road is also a major trunk outlet for the transportation of petroleum products from Port-Harcourt and Warri Refineries to other parts of the country. Oil exploration and industrial activities in the coastal Niger Delta Region also depend heavily on the East West road for movement of equipment, personnel, goods and services.

#### ***i. Dualization of East-West Road Section 1: Warri-Kaiama Contract No. 5867***

The East-West road traverses Delta, Bayelsa, Rivers, Abia, Akwa-Ibom and Cross River states in Niger Delta region of the country. The road was redesigned from existing single road to a dual carriage way, in view of its socio-economic relevance for the movement of vehicles transporting men and goods, easing the large volume of traffic that ply the route in the region. The scope of works involves sand filling the existing embankment of the single carriage way, pavement layers and provision of a new asphaltic concrete course where necessary. 250mm sub-base material, 250mm crushed stone base and 60mm asphaltic concrete binder with 40mm wearing course respectively.

The new carriage way consists of clearing of bush, trees, shrubs of the mangrove, removal of the top soil, importing new fill materials of dredged sand to provide high embankment, provision of quarry dust, 250mm sub-base, 250mm crush base overlaid with 60mm and 40mm asphaltic concrete binder and wearing course, Construction of new bridges, box and pipes culverts across various rivers, streams and canals, adding of inner shoulder of 250mm sub-base and crushed stone. Relocation of petroleum and gas pipe lines installation.

The contract was awarded to Messrs. Setraco Nig. Ltd in August 3rd 2006, at a cost of

N120.89billion with completion date of December 2016. In 2016 budget, the sum of N1.20billion was appropriated, out of which N400 million was released and utilised in the third quarter of the year. A total of N118.86billion had been committed to the project since inception to achieve 100% cumulative performance.

**Findings:**

At the time of this report, the project had been completed since June 2015 and waiting handing over. The only work done in 2016 was completion of the marking of the road. The Engineer's Representative informed the monitoring team that a retention fee of N1.4 billion is outstanding for payment to the contractor. The project was co-funded by SURE-P intervention and African Development Bank.



Picture 37: Completed Dualization of East-West Road Section 1: Warri - Kaiama

**Socio-economic impact:**

Before the completion of the road, it had over 1500 of both skilled and unskilled workers. This has assisted in training of the indigenes in iron bending and welding works. Since the completion of the road, there has been hitch-free driving. It has boosted the socio-economic activities along the road, such as transportation of petroleum product, oil exploration and other industrial activities.

**Challenges:**

In the course of construction works, there were security issues which led to the kidnapping of three staff of the company, between November and December 2012, which resulted to the killing of one military guard. There was also major setback in October 2012, as the menace of flood activities damaged some positions of the new road during between CH4 5+000 and CH64+000.

**ii. Dualization of East West Road Section II**

This project involves the construction of 101.6km, 2-lane dual carriageway road from Kaiama in Bayelsa State and passes through Ahoada and ends in Port-Harcourt (Eleme Junction) in Rivers State. This section of the project was initially awarded by the Federal Government in August, 2006 to Messrs Julius Berger (Nig) PLC but was later terminated out of convenience some months after commencement. However, it was subsequently re-awarded in May 2009 to Messrs Setraco Nigeria Limited in two sub-sections namely:

**Sub Section I:** Port Harcourt – Ahoada (47km) for a contract starting from 4th May, 2009 to 31st July, 2015 which had expired but was awaiting approval for extension of a new completion date. **Sub Section II:** Ahoada – Kaima (54.6km). The contract period spans 11th June, 2009 to 31st July, 2015 which had expired but was awaiting approval for extension of a new completion date.

**a). Dualization of East West Road Section II Sub-Section I: Port Harcourt-(Eleme Junction) to Ahoada in Rivers States, Contract No. ID/09/003:**

The scope of work for this project involves the expansion of the existing 47km length of road into a standard dual 2-lane carriageway with asphaltic concrete surfacing divided highway, 7.3m wide for each carriageway. The construction of a new dual carriageway road with 2.75m width asphalt concrete outer shoulders and 1m width asphalt concrete inner shoulders for the 20km (Ch. 0+000 to Ch. 20+000) in built-up areas and raised concrete paved median of 4m wide.

For the rural area, the new dual carriageway will have 2.75m width asphalt concrete outer shoulders and 1.5m width asphalt concrete inner shoulders for the 27km (Ch. 20+000 to Ch. 47+000). Other works to be carried out includes bush clearing, removal of unsuitable top soil, importation of new fill materials, sub-base material, 60mm asphaltic concrete binder course and 40mm asphaltic wearing course, a new bridge over Choba River, concrete lined drains, concrete median barrier, box pipe culverts, median drain and roadway furniture on the road alignment.

The contract was awarded to Messrs Setraco Nigeria Limited on 4th of May 2009 at an original cost of N29.92 billion but was later revised to N55.07 billion with expected completion date of 31st October, 2016. The sum of N3.13 billion was appropriated to the project in the 2016 Budget, out of which N1.31 billion was released and utilized in the third quarter. A total of N37.41 billion had so far been committed to the project since inception to achieve 75.55% cumulative level of completion.

## Findings:

At the time of visit, site clearing, removal of unsuitable materials, earthworks and filling operations, construction of concrete pipe culvert, extension of existing box culvert, construction of u-drain, median drain, median crash barrier, bridge works, road markings, stone base, asphaltic binder, and asphaltic wearing course had been completed in some portion of the road while the laying of wearing course from Ch.17+000 – Ch.15+600 was ongoing. The monitoring team was informed by the officials of the Ministry that the contractor has an outstanding liability of N5.73 billion owed him as a result, the contractor maintains skeletal works. A new revised project completion date of 31st July, 2017 had also been submitted by the contractor for approval



Picture 35: Ongoing wearing course at East West Road Section I, Sub-Section II

## Socio-economic impact:

Although, the project is yet to be fully completed, it had created employment opportunities to over 300 skilled and unskilled workers. The completed portions of the road had improved the movement of goods and services, reduced travelling time and had also boosted the level of economic and social activities within the road corridor.

## Challenges:

The major constraint facing this project was the great increase in vehicular traffic on the completed portion of the road. Engineer's representative informed the team that the Ministry has been holding series of discussions with the officials of the affected Local Government Areas on the possibilities of relocating some of the markets at Oil Mill, Rumukrushu, Rumuokoro and Rumuji that are obstructing vehicular traffic and other socio-economic activities. The non-payment of some of the certified works was also affecting the progress of work on site.

**b). Dualization of East West Road Section II, Sub-Section II Ahoada– Kaiama Rivers States, Contract No. ID/09/002:**

The scope of work for the project includes the expansion of the existing 54.50km length of road into a standard dual 2-lane with asphaltic concrete surfacing divided highway, 7.3m wide for each carriageway. The construction of a new dual carriageway road with 2.75m width asphalt concrete outer shoulders and 1.5m width asphalt concrete inner shoulders for the 54.50km (Ch. 47+000 to Ch. 101+500) 13m median with central trapezoidal line drain and jersey barrier. Other works to be carried out involves bush clearing, removal of unsuitable top soil, importation of new fill materials, sub-base material, 60mm asphaltic concrete binder course and 40mm asphaltic wearing course, 11 Nos. new bridge, concrete lined drains, concrete median barrier, box pipe culverts, median drain and roadway furniture on the road alignment.

The contract was awarded to Messrs Setraco Nigeria Limited in June 2009 at an initial cost of N44.88 billion and was later revised to N93.41 billion with a new completion date of 31st March, 2017. The sum of N3.65 billion was appropriated to the project in the 2016 Budget, out of which N1.53 billion was released and utilized in the third quarter. A total of N57.69 billion had so far been committed to the project from inception to date to achieve 63.53% cumulative performance.

**Findings:**

At the time of the visit, site clearing, earthworks and filling operations, stone base course, prime coat, asphaltic binder course, wearing course, road marking, median barriers and some bridges had been completed in some portion of the road while work was ongoing on Kaiama Bridge. The monitoring team was informed by the officials of the Ministry that the contractor had an outstanding liability of N5.9 billion owed to him as a result the contractor was only carrying out minimal work on the new Kaiama Bridge.



Picture 36: Ongoing works on Kaiama Bridge of the East West Road Section II Sub-Section II

**Socio-economic impact:**

Although, the project is yet to be fully completed, it had created employment opportunities to over 200 skilled and unskilled workers. The completed portions of the road had improved the movement of goods and services, reduced travelling time and had boosted the level of socio-economic activities within the road corridor.

**Challenges:**

The market that holds in various communities (Elele, Alimini, Mbiama and Zarama) pose serious blockage to traffic flow as the number of road users along the route were increasing owing to the road improvement. The Ministry had written to the various Local Government Areas and the Ministry of Environment in Rivers State to consider the urgent need for the relocation of these markets to safer places. The progress of work was low due to no-payment of some of the certified works.

**7.0 HEALTH SECTOR**

The mandate of this ministry is to provide accessible, qualitative and affordable health care facilities as well as prevent maternal and infant mortality rate. To achieve this objective, a total of N28.65 billion was allocated in the 2016 Budget. Of this amount, N18.47 billion was released and cash backed while N12.43 billion (or 67.65%) was utilized for the implementation of its capital projects/programmes as at the end of third quarter of the fiscal year. The following health institutions were monitored:

**8.1 ABUBAKAR TAFAWA BALEWA UNIVERSITY TEACHING HOSPITAL, BAUCHI**

The institution had an appropriation of N144.54million in the 2016 Budget for the execution of its capital projects and projects. Of this amount, N60.54million was released, while N30.90million was utilized to achieve 48% cumulative performance. The following projects, among others, were monitored:

***i. Construction of Trauma Centre, ATBUTH, Bauchi Main Campus:***

The project was planned to provide a centre for emergency medical services to patients of trauma injuries like burns, assaults, falls, and accidents. It involves the construction of a 2-storey building comprising: 6 offices, 13 toilets, 5 wards, 3 stores, 1 reception (Ground floor); 7 offices, 15 toilets, 1 bathroom, 1 alcove, 4 wards, 1 reception (First Floor) as well as N6.07 consultancy.

The contract was awarded to Messrs. Aswad Investment Resources Nig. Ltd at a cost of N156.88million in October 2013 with an expected completion date of October 2018. The sum of N62.20million was appropriated in the 2016 Budget, out of which N43.52million was released and utilized, while a total of N92.55million had so far been committed to the project to achieve a cumulative performance of 62%.

**Findings:**

At the time of visit, the first floor slab/decking, block work, tiling, lintel and columns and internal plastering work at the first floor and roofing had been completed. Outstanding work include completion of external plastering, ramp, painting, hanging of doors/windows and installation of mechanical/electrical fittings.



Picture 38: The On-going Construction of Trauma Centre, ATBUTH, Bauchi Main Campus.

**Socio-economic impact:**

The project had empowered indigenous contractors and created employment opportunities for 62 skilled and 140 unskilled labour from the area. Prior to the conception of the trauma centre, the hospital had no facility to cater for emergency and referral cases. When completed, the project will motivate the medical personnel and students and leapfrog the accreditation of some of the clinical courses.

**8.2 AHMADU BELLO UNIVERSITY TEACHING HOSPITAL (ABUTH), ZARIA**

The institution had an appropriation of N145.47 million in the 2016 Budget for the implementation of its capital projects/programmes. Out of this amount, N60.93 million was released and cash backed while N26.50 million (or 43.5%) was utilized as at the third quarter of the year. The following projects were monitored:

**a) Extension of Nuclear Medicine Building**

The project involves the construction of four (4) doctor's offices, two (2) bunkers (18 inches thick walls) for radioactive machines, Gama camera room (ultra sound) and CT scan machine (diagnosis of cancer). The contract was awarded to MessrsFastrack Nigeria Limited in December 2014 at a cost of N60.47 million and was expected to have been completed by March 2015. This was however not achieved due to paucity of funds.

The sum of N34.65 million was appropriated in the 2016 budget, of which N20million was released and utilized as at the end of third quarter of the year. A total of N29.070 had so far been expended on the project from inception to date to achieve 40% level of completion.

**Findings:**

At the time of this report, block work had been completed up to lintel level while concrete work and plastering were in progress simultaneously. Outstanding works include; roofing, ceiling, plumbing and electrical work, fixing of doors and windows, floor finishing and external works. The project engineer informed the monitoring team that the contractor mobilised in 2014 but that there was no budgetary provision ad release to the project in 2015, thus is delaying the timely completion of the project.



Picture 39: ongoing construction of Nuclear medicine phase II

**Socio-economic impact:**

Although the project has not been completed, it has created employment opportunities for engineers, artisans and laborers from the host community. On completion, the project will provide for additional facilities in the hospital thereby reducing the stress hitherto experienced by patients with the inadequate facility currently in use.

### 8.3 OBAFEMIAWOLOWO UNIVERSITY TEACHING HOSPITAL (OAU)

The hospital was allocated the sum of N102.45million in the 2016 budget to implement its projects/programmes which include: completion and equipping of 75 bed Orthopedic ward with one theatre suite, completion and equipping of cardiac Centre among others. Out of this amount, N42.76 million was released, cash backed and fully utilized. The following projects were monitored:

*i. Completion and Equipping of 75 Beds Orthopedic ward with one Theatre Suite*

The project involves the completion and equipping of a 75-bedded capacity orthopedic ward and a theatre suite in the hospital. The contract was awarded to Messrs C.P Tech. Nigeria Limited in October 2011 at a cost of N244.036 million and to be completed within 24 weeks. However, the project is still ongoing due to paucity of funds. In the 2016 Budget, N50million was appropriated, of this amount, N19.16million was released and utilised bringing financial commitment to N238.6 million to achieve 100% level of completion. However, the sum of N17.020 million is outstanding.

**Findings:**

At the time of this report, the 75 bedded orthopedic ward had been completed and part of it in use. The other part is awaiting furnishing. However, the theatre suite is waiting to be equipped. The team gathered that though the orthopedic ward had partially been put to use, the sum of N17.020 million was still outstanding for payment to the contractor.



Picture 42: Completed and equipped 75 bedded orthopedic ward

**Socio-economic impact:**

With the completion of this project, the acute shortage of accommodation at the orthopedic ward would be address.

## 10.0 EDUCATION SECTOR

The major focus of this ministry is human capital development. In order to promote poverty eradication and productive employment, the sector was allocated a total of N35.43 billion in the 2016 budget. Of this amount, N16.74 billion was released and cash backed while N3.3 billion (or 19.71%) was utilized for the implementation of its capital projects/ programmes as at the end of the third quarter of the fiscal year. The following institutions were monitored:

### 10.1 UNIVERSITY OF UYO

The University was allocated a total of N43.69 million in the 2016 Budget for the implementation of its capital projects. The same amount was released while N43.0 million was utilized for the implementation of the following projects:

***i. Construction of Central Administrative Building:***

The project entails builders work, mechanical and electrical installation works. It was also meant to provide office accommodation for principal officers and staff of the institution. The contract was awarded to Messrs Ebom Brothers Limited and Sosay Nigeria Limited in February, 2009 at a cost of N689.79 million with a completion date of December 2016. The sum of N43.69 million was appropriated in the 2016 Budget, out of which N29.86 million was released and utilized in the third quarter. A total of N622.55 million had been committed to the project since inception to achieve cumulative performance of 95%.

**Findings:**

At the time of monitoring, the building, water reticulation and external works had been completed and were in use while the installation of the lift was ongoing. The final testing of CCTV, telecom, lift equipment and training of the end users were still outstanding on the project.



Picture 46: Completed Central Administrative Building at University of Uyo

### **Socio-economic impact:**

The completed building had improved the efficiency and effectiveness of administration in the university through the availability of adequate office spaces for the principal officers and other staff of the institution.

#### ***ii. Construction of Faculty of Science Building***

The project involves builders work, mechanical and electrical installation works. It is also meant to provide laboratories, lecture halls for students and offices for staff of the university.

The contract was awarded to MessrsSunex Nigeria Limited, Jackiejoy Engineering Works Limited and Kenjohnson Limited on 1stJanuary, 2009 at a cost of N624.05 million with an expected completion date of December 2016. The sum of N43.69 million was appropriated to the project in the 2016 Budget, out of which N13.14 million was released and utilized in the third quarter. A total of N614.35 million had so far been committed to the project.

### **Findings:**

At the time of monitoring, the building had been completed and in use. However, the team was informed by the officials of the university that the funds released for the project in 2016 was utilized for the completion of ducts, provision of three phase power supply to all the laboratories in the building, table sockets, cutlets/correction of defects as well as testing of gas and water lines at the laboratories.



Pictures 47: Construction of Faculty of Science Building at University of Uyo

### **Socio-economic impact:**

The completed building had improved the quality of research, teaching and learning in the university through the provision of additional office spaces, lecture halls and laboratories. This is in line with the educational policy objectives of the Federal government.

### **Observations:**

In the course of the exercise, the monitoring team observed that the number of students in each of the laboratories were overwhelming and crowded. This condition is hindering the students, university and government to actualize the expected objective of the project. The team was of the opinion that the university authorities should be advised to propose more of such facilities in future.

## **10.2 BAYERO UNIVERSITY, KANO**

The institution had an allocation of N551.008 million in the 2016 budget for the implementation of its capital projects/programmes. Of this amount, N225.50 million was released, cash backed and utilized as at the third quarter of the fiscal year. The following project was monitored.

### ***i. Completion of International Conference Centre***

The project involves the construction of 1500 seat auditorium and a storey building containing 40 chalets. Other components comprises: a banquet hall of 250 capacity, 6 syndicate rooms for conferences, gymnasium, and catering and leisure facilities.

The contract was awarded to MessrsSaigwa Global Services Limited in March 2015 at a cost of N702 million with completion period scheduled for December 2016. The sum

of N241.008 million was appropriated in the 2016 budget, of which N104.50 million was released and utilized as at the third quarter of the fiscal year. A total of N514.45 million had so far been committed to the project from inception to date to achieve 60% level of completion.

**Findings:**

At the time of monitoring, the super structure for the 40 chalets have been completed, plastered and roofed while the international conference centre is at lintel level. Work in progress includes; Aluminum works, casting of roof structure, screening and plastering, while other hand , the outstanding works for the chalets include; ceiling, fixing of doors and windows, floor finishing , tiling, plumbing , electrical fittings, sanitary wares and external works.



Picture 49: Ongoing completion of International Conference Centre & 40 no chalets

**Socio economic impact:**

The project had created employment opportunities for local engineers, artisans and labourers from host communities. On completion, the project is expected to increase the IGR of the institution.

**10.3 MICHEAL OKPARA UNIVERSITY OF AGRICULTURE, UMUDIKE**

The Institution had an appropriation of N43.69million in the 2016 Budget for the execution of its capital projects/programmes. Of this amount, N43.69million or (81.37%) was released and cash backed while N19.04million or (43.57%) was utilized. The following projects were monitored.

***i. Construction of the Chancellors Lodge.***

The project involves the construction of a storey building comprising of 4 bed rooms duplex with boys quarter. The contract was awarded to MessrsObioma Enterprises Ltd.

in March 2015 at a cost of N54.75million with completion date scheduled for August 2015. This was however not achieved due to lean budgetary provision and releases with a rescheduled completion date in March 2017. The sum of N7.38million was appropriated in 2016 budget. Of this amount, N4.58million was released and utilised bringing total financial commitment of the project to N4.58million to achieve 88% level of completion.

**Findings:**

At the time of visit, the contractor was not on site due to funding challenges. The team was informed that the 2016 releases was used to offset part of the outstanding liabilities owed the contractor. However, the superstructure had been completed, roofed and tiled. In addition, windows, burglary fittings, doors and plastering had all been completed. Outstanding works includes: electrical fittings, mechanical works, painting, landscaping and interlocks.



Picture 50: Ongoing construction of the Vice Chancellor’s lodge at the University

**Socio-economic impact:**

The team noted that though the project had not been completed, it has generated employment for forty-five (45) skilled and unskilled workers for the indigenes of the area. It also boosts socio-economic activities ranging from petty trading to local supplies. Upon completion, the project will provide a more conducive atmosphere as well as accommodate the principal officer of the institution thereby saving the institute the cost of payment for hotel accommodation.

**10.4 UNIVERSITY OF MAIDUGURI**

The University had an appropriation of N73.69million in the 2016 Budget for the execution of its capital projects and projects. Of this amount, N43.69million was

released, while N10.05million was utilized to achieve 23% cumulative performance. The following projects, amongst others, were monitored:

***i. Rehabilitation of 7nos Staff Quarters***

The project initially involves the complete rehabilitation of seven (7) staff houses/quarters including 2nos 3-bedroom duplex, a 2-bedroom and 4-bedroom bungalows, 3nos of 3-bedroom bungalow. Works include the replacement of old asbestos roof with 0.7mm of modern aluminum roofing sheets. Others are: floor tilling, doors, windows, kitchen sink/cabinet, plumbing, electrical wiring, fittings, decoration and painting.

The contract was awarded to Messrs. Elegance Construction Nig. Ltd and 3 others in November 2016 with an expected completion date of January 2017 at a cost of N43.69million. Of which same was appropriated in the 2016 Budget released and utilized to achieve a cumulative performance of 35%.

**Findings:**

At the time of monitoring, work on six (6) out of the seven (7) quarters were at roofing levels. In addition, 87nos casement windows, 96nos steel security doors, electrical fittings/fixtures and PVC ceiling lining, toilet/kitchen fittings and floor/wall tiling materials were on ground for the work. However, painting and decoration were yet to commence.



Picture 48: On-going rehabilitation/renovation of Staff quarters at University of Maiduguri

**Socio-economic impact:**

The project has created job opportunities to various artisans and technicians as well as businessmen in the neighbouring communities thus an improvement their living

conditions. When completed, the project will create more conducive environment and security of the staff thereby boosting their morale, productivity and service delivery.

## **11.0 MINISTRY OF FEDERAL CAPITAL TERRITORY ADMINISTRATION (FCTA)**

The Ministry was allocated a total of N29.29 billion in the 2016 Budget for the implementation of its capital Projects/Programmes. Of this amount, N5 billion was released, cash backed and utilised as at 19th October 2016 to achieve 100% performance. The following projects were monitored:

### **11.1 Rehabilitation and Expansion of the Outer Southern Expressway (Osex), including Four Interchange Structures, Phase I**

The project involves the construction of left and right service carriage ways with additional lane of main carriage way and the rehabilitation of 6.7km length of the existing carriage ways from villa roundabout to Apo roundabout including four interchange structures. The scope of works comprises: site clearance, earth works, stone base, sub-base, macadam, binder and wearing courses. Others include: 2nos full cloverleaf interchange, drainage and trumpet interchange structures, kerbstone, concrete barriers etc.

The contract was awarded to Messrs CGC (Nig) Ltd. in December 2013 at a cost of N39.83 billion with completion date scheduled for December 2017. The sum of N2.56 billion was appropriated in the 2016 budget, of which N1 billion was released and utilised as at third quarter of the year. A total of N3.5 billion had so far been committed to the project from inception to date to achieve 9.5% level of completion.

#### **Findings:**

At the time of this report, site clearance, top soil removal and sub-soil investigation has been completed on OSEX/RRI, OSEX/Shehu-Shagari Way and OSEX/Muhammadu Buhari interchange location. However, work in progress includes: extension and construction of new culverts, bridges works at various locations, soil replacement and rock blasting at OSEX/Shehu-Shagari interchange.



Picture: On-going bridge work at Villa roundabout (OSEX)

### **Socio-economic impact:**

Although the project is still in progress, it had created job opportunities for artisans, craftsmen, engineers and labourers. On completion, the traffic gridlock experienced on the Northern axis of the road will be eliminated; while, the interchange structures will provide easy links to other adjoining roads in the city.

## **12.0 MINISTRY OF WOMEN AFFAIRS AND SOCIAL DEVELOPMENT**

The Ministry of Women Affairs and Social Development was created in response to the United Nations agreement to establish Institutional Mechanisms for the advancement of women in Nigeria. To achieve this dream especially to help promote gender equality and mainstreaming at both the national and international levels, a total of N1.63billion was allocated to the sector in the 2016 Budget to execute its capital projects and programmes. Of this amount, N436.18million was released while N120.07million (or 27.53%) was utilized as at the end of the third quarter. The following projects were monitored:

### ***I. Construction of Skill Acquisition Centre, Oye-Uga, Anambra State.***

The project involves renovation, construction of fence, landscaping, parking lots, access road, drive way, drainage and equipping of the skill acquisition centre. The Contract was awarded to Messrs Vivid and Valid Ventures Limited in December, 2009 at a cost of N17.86million with a completion date scheduled for December 2013. In the 2016 Budget, the sum of N20million was appropriated, released but yet to be utilized as at the time of this report. However, a total of N17.42million has so far been committed to the project since inception to achieve 86% level of completion.

**Findings:**

At the time of visit, the contractor was not on site. However, the building had been completed but yet to be occupied. Landscaping, fixing of windows, constructions of access road and parking lots/drive way were to be concluded. The team observed the need for the Ministry to speed up the completion of this project to facilitate grassroots' development and empowerment of women of these rural communities.



Picture 122: Ongoing renovation/construction of skill acquisition centre, Oye-Uga – Anambra state

**Socio-economic impact:**

The project, when operational, will help to empower rural women and youths on different entrepreneurial skills such as tailoring, beads making, (snail, fish and honey farming), production of soap and detergent among others. Consequently, it will enhance rural income generation and employment, thereby improving the standard of living of the beneficiaries in these communities.

**ii. Skills Acquisition Centre Lere, Kaduna.**

The project which involves, construction of main building, generator house, gate house and borehole was awarded in 2009 to Messrs Kiseh & Co. Ltd at a cost of N45.013 million and is expected to be completed within three (3) months. In the 2016 Budget, the sum of N20 million was appropriated for the project but there was no released as at the end of the third quarter. However N33.4 million had so far been committed to the project since inception to achieve 89% cumulative performance.

**Findings:**

At the time of visit, the project was substantially completed. However, due to funding

issues, the contractor could not finalise the project for use as intended. It was observed that the roof and the ceiling of the main building were blown off by rain/wind storm. The contractor reported that this incident had occurred for the third time and that he had written to the Ministry of Women Affairs for intervention but there was no response to date. The continual neglect of this building may led to its total collapse and therefore a waste of government resources.



Picture 123: Part of the skill acquisition center at Lere-Kaduna which was blown off by rain/wind storm

### **Recommendation:**

The Federal Ministry of Women Affairs & Social Development should engage the Ministry of works on how best to redesign or reinforce the building to withstand weather situations/wind storm in that area. Also, the contractor should be paid the outstanding certificate to facilitate renovation of the damaged structures to prevent further destructions or total collapse of the entire building and to avoid waste of resources already committed to the project.

## **13.0 FEDERAL MINISTRY OF SOLID MINERALS DEVELOPMENT**

The Ministry which was established in 1985 to spur the rapid and beneficial development of the country's solid mineral resources was set up to unlock the economic potentials of the solid minerals sub-sector. A total of N7.33billion was allocated to this sector in the 2016 Budget. Of this amount, N3.36billion was released while N789.17million (or 23.49%) was utilized for the implementation of its capital projects/programmes in the year.

### 13.1 METALLURGICAL TRAINING INSTITUTES (MTI), ONITSHA

The Institute was established in 1980 to develop skilled technical manpower to maintain and run the heavy mechanical and electrical equipment in the Iron/Steel as well as Oil & Gas in the country. It is also mandated to create a pool of indigenous technical workforce that can erect, operate and maintain the steel and allied industries thereby reducing Nigeria's dependence on foreign technical workforce.

To achieve this mandate, a total of N230.90million was allocated in the 2016 Budget for its capital projects/programmes. Of this amount, the sum of N105.80million was released and utilized as at the end of the third quarter. The following projects were monitored.

*i. Refurbishing and Repairs of Training Equipment/Machines.*

The project involves the repairs & refurbishing of machines and equipment in Electrical, Instrumentation & Control Systems, Mechanical Maintenance, Industrial Metallurgy & Foundry and Steel Fabrication & Welding Departments. Others are the reconstruction of 40nos workshop benches in Basic Engineering Course (BEC) Department for training of students in the institute, etc.

The Contract was awarded to Messrs Vuco Consults Limited in July 2016 at a cost of N40.99million and to be completed in December 2016. In the 2016 Budget, the entire contract sum was appropriated while N25.70million was released and committed to achieve 60% level of completion.

**Findings:**

At the time of visit, repairs and refurbishing works had been concluded on 16nos panel trouble shooting, 10nos refrigerator gas recycle, 41nos power console and 20nos oscilloscopes machines/equipment. Others include: 5nos drilling and grinding machines, a cylindrical/surface grinding machine, and computerized numerical control machine. In addition, reconstruction of 40nos workshop benches in BEC department was also successfully carried out by the institute.



Picture 117: Some of the refurbished cylindrical and surface grinding machines at the institute, Onitsha.

**Socio-economic impact:**

The project though not fully completed has improved the institute facilities thereby aiding technical skills training of the youths in metal and allied profession in Nigeria. This is expected to reduce Nigeria's independence on foreign technical workforce.

**ii. Rehabilitation of Erosion-Ravaged Internal Roads.**

The project entails rehabilitation of 2.3km internal access road to curb the menace of erosion which ravaged the existing road in the Institute. The contract was awarded to Messrs Blue Fortune Limited in July 2016 at a cost of N42.26million with a completion date scheduled for December 2016. The sum of N42.26million was appropriated in the 2016 Budget out of which N16.16million was released and utilized to achieve 40% level of completion.

**Findings:**

At the time of visit, site clearance, excavation/scarification of existing road surface, earth-filling and rolling, priming works has been achieved up to 1.5km of the road. Also, construction of culverts and others were concurrently in progress at the site. Outstanding work includes: spraying of S125 (bitumen), 2nd layer S125, 3/8 inch size chipping, rolling and additional 1nos culvert etc.



Picture 118: Part of the erosion ravaged road and the on-going earthworks/sand filling at the project site.

**Socio-economic impact:**

Though the project not yet completed, it has facilitated easy movement as the road connects the various departments of the institute. On completion, it will enhance the image of the institute and provide smooth and better connectivity thereby enhancing productivity of both staff and trainees.

**iii. Purchase of Training Equipment.**

The project was design to provide various training equipment at the institute to improve on the practical skills of fresh Technologists and Engineers students desiring to deepen their practical skills. The contract was awarded to MessrsUgolanson Nig. Ltd. at a cost of N77.21million in July 2016 and expected to be completed in December 2016. The sum of N77.21million was appropriated in the 2016 Budget, out of which N47.28million was released and committed to achieve 55% level of completion.

**Findings:**

At the time of this report, 2nos Computerized Numerical Controlled (CNC) Universal Milling, a Lathes Machine, and 5nos Oscilloscopes (D1414) Machine had been procured and in use. Others are: Electric Guillotine Cutting, Tensile Strength Measuring (Digital), Shaping and Cellular Cutting Machines, etc.



Picture 119: A Computerized Numerical Controlled (CNC) Lathe and Tensile Strength Measuring Machines procured at the Institute.

### **Socio-economic impact:**

The availability of these equipments/machines has provided for improved training in the institute. On completion, the project will facilitate increase in the number of expertise in cutting edge technology at the institute.

### **3.2 NATIONAL STEEL RAW MATERIALS EXPLORATION AGENCY, KADUNA**

The Agency was established as the exploration and mining division of the defunct Nigerian Steel Development Authority (NSDA) by Decree 19 of 1971 and became a corporate body through the enactment of Decree 49 of 1992. Its mandate includes carrying out the exploration of steel raw materials in all parts of Nigeria and elsewhere for the iron and steel industry and to establish and execute a steel raw materials base for the country.

In the 2016 budget, a total of N1.49 billion was allocated to the agency for the implementation of its capital project/ programmes. Of this amount, N683.2 million was released and cash backed while N145.62 million was utilised amongst which the following projects were monitored:

#### ***i. Procurement of Operational Vehicles:***

This project involves the supply of a water tanker, 3nos. Double Axle Nissan Pickup and 6nos. 18-seaters Nissan Buses. The contract was awarded to Messrs Von Automobile Nig. Ltd and Messrs ASD Nissan Nigeria Ltd in April, 2016 at a cost of N54.0 million and was expected to have been completed by September, 2016. In the 2016 budget, the whole contract sum was appropriated, released and utilised for the

project to achieve 100% level of completion.

**Findings:**

At the time of visit, all the vehicles had been supplied and being put to use. However, the team was informed that only five (5) out of the six (6) buses were procured due to inflationary /exchange rates issues.



Picture 121: Some of the newly purchased operational vehicles at NSRMEA, Kaduna

**Socio economic impact:**

The availability of these vehicles will help to improve operational services and productivity at the Agency as staff, crew and materials can now be conveniently conveyed to and from the project sites.

**5.0 OBSERVATIONS, RECOMMENDATIONS & CONCLUSIONS:**

**5.1 OBSERVATIONS**

- Amidst the shocks generated from the global macroeconomic environment, the Nigerian domestic economy recorded a negative growth of -2.24% in the third quarter of 2016. This negative trend was largely caused by reduction in crude oil production as a result of the resurgence of the Niger Delta militancy and the impact of reduced foreign exchange earnings in the economy. However, it is expected that the diversification of the economy, the post harvest season, the anti graft fight and flexible foreign exchange regime will bring improvement in the economy at the fourth quarter of the year.

- Short fall in revenue: the revenue generating agencies were unable to meet up with the targets set for them. This could be attributable to a number of factors; such as slow down in the general economic activities, over ambitious target and possible leakages in the process of collection and remittance of revenue by the generating agencies.
- Performance of the financing items. The 2016 fiscal framework projected a quarterly deficit of N551.19 billion to be financed through earnings from privatization proceeds, FGN's share of signature bonus, recovery of misappropriated funds, foreign borrowing, domestic borrowing and sale of Government properties. In the first and second quarters of 2016, none of these financing items yielded anything. This creates a huge gap in the implementation of the budget.
- Exchange rate fluctuation. The exchange rate of the Naira/Dollar continued to depreciate both at the official and inter-bank segments of the foreign exchange market. The exchange rate was pegged at N231.76/USD in June but as at September 2016, it shot up to N305.23/USD while at the Bureau De Change (BDC) the Naira further depreciated from N351.82/USD in June to N431.10/USD in September 2016.

For capital projects and programmes implementation, the monitoring teams while conducting the physical inspection of the selected MDAs projects/programmes observed (discovered) several challenges in the implementation of projects for which fund have been appropriated. These include the following:

- The implementation of the 2016 capital budget was slowed down due to late passage of the budget by the National Assembly, revenue shocks, uncertainty in the international market and fall in oil production as a result of the resurgence of militancy in the Niger Delta region; Some MDAs were found to have warehouse their releases due to delay in their procurement processes or failure to access the funds. In most of the MDAs, pre-qualifications were just been concluded and awaiting the award of contracts. This can be seen in the table below;

S/N	MDAs	2016 APPROPRIATION	RELEASES	UTILISATION
1.	Ahmadu Bello University, Zaria	N273.69million	N273.69million	Nil
2.	Sokoto Rima River Basin Development Authority, Sokoto	N1.76billion	N1.22billion	N242.23million
3.	Nigeria Immigration Service	N9.83billion	N1.96billion	N252.23million
4.	National Bio-Technological Dev't Agency, Abuja	N823.02million	N739.68million	Nil
5.	National Agric. Extension and Research Liaison Services (NAERLS), Zaria	N147.58million	N71.09million	Nil
6.	HadeijaJama'areRiver Basin Development Authority,, Kano	N2.89billion	N1.0billion	N10.36million
7.	Scientific Equipment Dev't Institute (SEDI), Enugu	N481.73million	N18.88million	Nil
8.	Defence Headquarters, Abuja	N3.64billion	N1.43billion	Nil
9.	Project Dev't Institute, Enugu	N1.18billion	N46.41million	Nil

- Some field offices (end users) are not being carried along by their MDAs in projects conceptualization, contract awards, implementation and control thereby resulting in lack of ownership by them. For example Aviation and Water Resources projects.
- Most of the Nigerian engineers possesses the requisite skills and competence to carry out the execution of projects (contracts) locally, but are not given the opportunity to do so. Rather, priority is given to foreign contractors/engineers in the award of contracts without recourse to the high cost involvement. Good examples are the projects executed directly by the Nigerian Army Engineers, etc;
- There is wide spread practice by MDAs to execute non- core projects and programmes (although captured in the Appropriate Act) but outside their vision and mission which leaves little resources left for the pursuit of organizational goals eg DIA, DIS;
- MDAs resort to unauthorized virement or misappropriation of funds in the event of narrative error of omission or commission in the Appropriation Act emanating from the Expenditure Department of BOF or the NASS Appropriation/Finance

Committees;

- Recurrence of stalled projects at various implementation levels which are either awaiting release of funds or approval for revised costs. This has the potential of absolute loss in capital investments by the government. A number of these projects were observed in Water Resources, Power and Works sectors;
- Some MDAs are still fund of spreading releases too thinly among many projects with no meaningful impact. This often results to delay in their completion periods and as well attracts cost variations which could be possibly avoided. For example, River Basin Development Authorities, National Bio-Technological Development Agency, Nigeria Immigration Service (NIS), etc

## 5.2 RECOMMENDATIONS

- Government should ensure revenue generating agencies are properly monitored so as to block revenue leakages and enhance adequate remittance
- There is need for implementing agencies (end users) to be involved in projects conceptualization, contract awards, execution and certificate valuation for payments to ensure value for money. For examples: Aviation and Water resources projects;
- Government should intensify processes for zero based budgeting in which releases are tied to specific projects and programmes. This will reduce cases of MDAs spreading resources too thinly among many projects thereby dragging the completion dates and time value for projects;
- Government should empower some peculiar Agencies to enable them engage in complementary ventures to facilitate their IGR so as to increase the overall government revenue profile. This will also help in reducing overdependence on government for funding by Agencies/Institutions;
- There is need for Government to encourage and make adequate use of qualified Nigerian engineers in projects execution rather than depending on foreign engineers/contractors. This will help to reduce the huge capital outlay involved in contract awards, cost variations and delays in projects completion periods;
- Further release of funds to Agencies who are fund of warehousing their releases

under the pretext of pre-qualification processes should be suspended until appropriate utilizations are made for the fund disbursed to them. This is to ensure value for money and financial discipline;

- A circular should be written to all MDAs drawing their attention to the national governance framework as a coordinated approach for embarking on monitoring under the supervision of the HMSBNP who is the focal point of M&E in the public service;
- MDAs should be compelled to prioritise their capital projects and programmes in favour of core-mandate items rather spending on utilities and staff welfare; for example: Defence sector, UNIMAID, ATBU.
- Measures should be put in place to explore more sources of revenue Generation
- There is need for a flexible exchange regime to encourage investors into the country

### 5.3 CONCLUSIONS:

- Finally the MBNP will continue to foster openness, transparency and accountability in the delivery of its promises to its citizens. But this can only be achieved by strict compliance to the budget implementation guidelines and the governance framework to check mate abuses and conform to international best practice.
- We do however expect to report some achievements in the implementation of capital projects in the fourth quarter of 2016 when MDAs would have utilized the releases made to them as well as achieved results from other government interventions.

# APPENDIX I: MDAS' CAPITAL UTILIZATION REPORT

2016 CAPITAL PERFORMANCE FOR MDAS AS AT 19TH OCTOBER, 2016										
S/N	MINISTRY	2016 APPROPRIATION	1ST QUARTER WARRANT (ONLINE - BATCH 1) =N=	1ST QUARTER WARRANT (ONLINE - BATCH 2) =N=	1ST, 2ND, 3RD & 4TH QUARTER AIES =N=	1ST, 2ND, 3RD, 4TH QUARTER & AIES WARRANTED/CAS HBACKED =N=	BALANCE @ 19TH OCTOBER, 2016 =N=	UTILISATION =N=	RELEASES	CASHB ACK
1	PRESIDENCY	23,004,199,699	4,823,907,063	-	-	5,194,782,000	10,018,689,063	2,353,133,142	7,665,555,921	76.51
2	SECRETARY TO GOVT. OF THE FEDERATION (SGF)	20,319,288,049	5,579,200,616	7,728,000	-	82,890,500	5,669,819,116	4,245,828,600	1,423,990,516	25.12
3	YOUTH DEVELOPMENT	3,497,043,000	-	1,627,097,829	-	835,799,900	2,462,897,729	1,628,079,736	834,817,993	33.90
4	WOMEN AFFAIRS	2,293,528,977	436,184,142	220,569,266	-	-	656,753,408	527,705,143	129,048,265	19.65
5	AGRICULTURE	46,173,963,859	25,166,663,187	4,412,265,863	-	-	29,578,929,050	26,467,296,432	3,111,632,618	10.52
6	WATER RESOURCES	46,081,121,423	23,156,742,082	2,045,115,869	-	-	25,201,857,951	21,180,300,608	4,021,557,343	15.96
7	AUDITOR-GEN.	317,509,819	-	158,754,909	-	-	158,754,909	158,754,909	-	-
8	DEFENCE	130,864,439,542	32,716,109,887	36,796,253,843	-	-	69,512,363,730	50,782,659,111	18,729,704,619	26.94
9	ICPC	799,680,570	282,281,231	-	-	-	282,281,231	281,994,431	286,800	0.10
10	EDUCATION	35,433,487,466	11,940,747,132	4,802,925,849	-	-	16,743,672,981	13,421,724,767	3,300,840,914	19.71
11	FCTA	29,297,122,872	-	-	-	5,000,000,000	5,000,000,000	-	5,000,000,000	100.00
12	FOREIGN & INTER GOVT. AFFAIRS	7,076,226,760	5,603,719,898	-	-	-	5,603,719,898	3,170,181,141	2,433,538,757	43.43
13	FINANCE	667,842,500	150,618,750	301,810,517	-	13,550,700	465,959,967	402,372,182	63,587,785	13.65
14	HEALTH	28,650,342,987	12,000,000,000	372,539,524	-	6,100,000,000	18,472,539,524	6,043,631,927	12,428,907,597	67.28
15	TRADE & INVESTMENT	5,886,327,845	603,709,194	65,620,000	-	-	669,329,194	617,121,558	52,207,636	7.80
16	INFORMATION TECHNOLOGY	6,071,503,956	2,500,000,000	-	-	-	2,500,000,000	2,005,121,027	494,878,973	19.80
17	COMMUNICATION TECHNOLOGY	5,992,735,230	3,675,437,916	-	-	750,000,000	4,425,437,916	3,385,932,453	1,039,505,463	23.49
18	INTERIOR	61,713,279,496	14,380,449,797	6,719,609,799	-	110,000,000	21,210,059,596	18,868,031,095	2,342,028,501	11.04
19	HEAD OF SERVICE	1,429,176,735	583,585,302	258,479,162	-	200,910,338	1,042,974,802	479,918,182	563,056,659	53.99
20	JUSTICE	879,736,744	32,696,483	419,019,344	-	-	451,715,827	440,946,795	10,769,032	2.38
21	LABOUR & PRODUCTIVITY	5,542,655,626	218,456,512	-	-	-	218,456,512	104,982,704	113,473,808	51.94
22	POWER	422,964,928,495	109,448,997,651	89,797,762,514	-	10,000,000,000	209,246,760,165	120,921,898,746	88,324,861,419	42.21
23	SCIENCE AND TECH.	27,081,179,073	4,539,902,840	2,141,446,881	-	-	6,681,349,721	4,967,217,338	1,714,132,383	25.66
24	TRANSPORT	188,674,679,674	25,918,126,928	3,023,635,883	-	1,598,279,617	30,540,042,428	12,736,467,272	17,803,575,156	58.30
25	PETROLEUM	6,304,900,570	1,956,580,050	457,266,994	-	-	2,413,847,044	2,298,502,675	115,344,369	4.78
26	MINES & STEEL	7,332,623,257	3,360,000,000	-	-	-	3,360,000,000	2,570,823,212	789,176,788	23.49
27	NATIONAL WAGES & SALARIES	169,871,885	82,856,885	65,765,000	-	-	148,621,885	29,025,152	119,596,733	80.47
28	ENVIRONMENT	4,957,964,638	1,768,995,422	50,431,423	-	256,688,000	2,076,114,845	1,215,415,295	860,699,550	41.46
29	MINISTRY OF BUDGET AND FINANCE	2,322,144,778	653,866,472	661,582,549	-	-	1,315,449,021	527,343,840	788,105,181	59.91
30	OFFICE OF NATIONAL SECURITY ADVISER	32,084,085,624	16,984,301,122	-	-	4,000,000,000	20,984,301,122	4,149,396,772	16,834,904,350	80.23
31	NIGER DELTA	19,440,328,551	8,161,196,486	-	-	-	8,161,196,486	4,301,643,789	3,859,552,697	47.29
32	FISCAL RESPONSIBILITY COMMISSION	123,044,650	-	61,461,360	-	-	61,461,360	61,461,360	-	-
33	ICRC	35,730,000	-	16,650,000	-	-	16,650,000	16,650,000	-	-
34	NAT. POPULATION	4,411,606,590	817,000,000	1,388,803,295	-	-	2,205,803,295	1,415,924,915	789,878,380	35.81
35	BUREAU	4,889,127,358	192,000,000	73,393,575	-	-	265,393,575	265,393,575	-	-
36	TRIBUNAL	1,055,560,066	551,100,973	6,883,417	-	-	551,100,973	180,795,853	370,305,120	67.19
37	REV. MOB. ALL.	19,883,417	6,883,417	13,000,000	-	250,000,000	269,883,417	31,770,917	238,112,500	88.23
38	FCSC	16,841,017	-	10,451,017	-	-	10,451,017	10,451,017	-	-
39	POLICE SERVICE COMMISSION	269,629,000	-	80,888,700	-	-	80,888,700	80,888,700	-	-
40	FED. CHARACT. COMM. CAPITAL	984,780,230	62,643,939	800,107,040	-	-	862,750,979	660,125,917	202,625,062	23.49
41	SUPPLEMENTATION	559,694,499,999	117,863,024,999	82,632,655,826	-	43,539,708,203	244,035,389,028	37,162,182,348	206,873,206,680	84.77
	Grand Total	1,744,824,622,028	436,217,986,376	239,483,091,831	-	77,932,589,257	753,633,667,464	350,169,094,595	403,443,465,569	53.53