2016 FOURTH QUARTER AND CONSOLIDATED BUDGET IMPLEMENTATION REPORT

BUDGET OFFICE OF THE FEDERATION

Ministry of Budget and National Planning

FOREWORD

It is with great delight that I present to you this Fourth Quarter and Consolidated Budget Implementation Report (BIR) for 2016. The Report provides information on the allocation and utilization of public resources by Government Agencies during the fourth quarter as well as for the entire 2016 fiscal year. It therefore serves as an instrument for evaluating the accomplishment of the objectives of government as outlined in the *Six Pillars of the Strategic Implementation Plan (SIP) of the 2016 Budget.*

The 2016 Budget was themed “Budget of Change” and was designed to reflate and reposition the Nigerian economy on the path of sustainable growth. It is the first full year budget of the present administration and is geared towards the provision of stimulus for the economy, lifting of the very poor and vulnerable segments of our society and at the same time, laying the foundation for sustainable growth of the economy.

The publication of this report is in compliance with Sections 30 and 50 of the *Fiscal Responsibility Act, 2007,* which requires the Budget Office of the Federation (BOF) to prepare periodic Budget Implementation Reports to be submitted to the Joint Finance Committee of the National Assembly and the Fiscal Responsibility Council. These reports are also disseminated to the public through electronic and print media as required by the FRA 2007.

This Report is the product of meticulous work by a dedicated team of officers of the Budget Office of the Federation in close collaboration with the National Monitoring and Evaluation Department as well as officials of other MDAs. I praise the team for their hard work and dedication to duty. I also wish to recognize the active roles of the Joint Finance Committee of the National Assembly and the Fiscal Responsibility Commission in upholding best practices in public financial management through their collaborative efforts in ensuring consistent and timely production of these reports.

Lastly, I enjoin the general public and readers of this Report to maintain active interest in government’s management of the nation’s resources and therefore to track progress towards attainment of Government’s promises. I equally urge you to participate in the entire budget process.

Sen. Udoma Udo Udoma
Honourable Minister of Budget and National Planning

PREFACE

The Budget Office of the Federation is required to produce periodic Budget Implementation Reports detailing budget performance during the review period. This Report, which is the fourth in the series for the 2016 fiscal year, satisfies this requirement and therefore provides a basis for the objective assessment of Government's commitment to the transparent and judicious management of public finances towards the achievement of its objectives.

The level of exposure of the Nigerian economy to global economic developments remains high as the ratio of total trade to the Gross Domestic Product (GDP) of the country stood at 59.21% in 2016. Equally, the nation continues to depend heavily on commodity export for her foreign exchange and public revenues. Oil revenue still accounts for 51% of total revenues in 2016, while a decomposition of exports suggests high share of crude oil component which accounted for over 92% of Nigeria's export revenues from 2008 - 2015. The sharp fall in the prices of commodity, particularly the slump in the price of crude oil, as well as the oil production disruptions in the Niger Delta, have therefore impacted negatively on the country's socio-economic performance during the period. This exerted severe pressure on the nation's currency, output, and revenue and therefore budget implementation.

The implementation of the Budget in the review period was therefore given greater attention. Available resources were directed to priority sectors of the economy for greater and immediate impact and achievement of set targets while still meeting government's non-discretionary expenses. Government continued to place greater emphasis on budget monitoring and evaluation for better performance and results. The Monitoring and Evaluation Department of the Budget Office of the Federation is therefore being reinforced to enable effective monitoring of the achievement of Government objectives and attainment of specific targets as set out in the Budget.

This Report is a product of the joint efforts of financial and statistical agencies of government which provided necessary macro-economic data, other relevant MDAs, and the combined efforts of various departments of the Budget Office of the Federation, particularly Budget Monitoring and

Evaluation Department as well as the National Monitoring & Evaluation Department. I applaud their efforts and wish them every success as they continue to carry out this important function.

Ben Akabueze
Director General (Budget Office of the Federation)

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

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EXECUTIVE SUMMARY

The 2016 Budget was themed "Budget of Change" and focused on three inter-related issues of improving security, tackling corruption and stimulating the national economy. The budget was prepared taking cognizance of the prevailing global economic conditions especially the slump in oil prices and the negative impact on external balances of countries particularly for those of the oil-producing economies. It was therefore designed to engender a diversified and sustainable economy through infrastructural development; investment in real sector and social security provision for the very poor and vulnerable in Nigeria. The Budget, while aiding industries, trade and investments to pick up, will as a matter of importance, address the immediate problems of youth unemployment while equally addressing the deplorable living conditions of the extremely poor and helpless Nigerians.

The nation's real Gross Domestic Product (GDP) contracted by -1.30% (year-on-year) in the fourth quarter of 2016. This decline represents a moderation from the slide of -2.24% recorded in the third quarter of 2016 but was however lower than the 2.11% growth rate recorded in the fourth quarter of 2015. For the full year 2016 therefore, GDP contracted by -1.51%. This contraction reflects a decline in the oil and non-oil sectors by 13.65% and 0.22% in 2016, from -5.45 percent and 3.75 percent, respectively, in the preceding year. The oil sector experienced a number of challenges ranging from oil theft, price challenges and production shutdown arising from vandalism of oil and gas facilities in the Niger Delta region during the period under review. The non-oil sector, on the other hand, was negatively impacted by general decline in global economic activities, slump in public and private expenditure as well as security challenges, among others.

Inflation continued to rise, driven by exchange rate pass-through effect arising from imported goods; increases in electricity tariff and fuel prices as well as higher input costs which were occasioned by the shortage of FOREX and security challenges. Headline inflation (year-on-year) rose to 18.55% in December from 18.48% in November, 18.33% in October and 17.85% in

September 2016. The increase in the quarter was sustained through the year and mirrored increases in both food and core components of inflation. Food inflation rose steadily to 17.39% in December from 17.19% in November, 17.09% in October and 16.62% in September 2016. Core inflation equally climbed from 17.67% in September to 18.07% in October, and 18.24% in November before moderating slightly to 18.05% in December 2016. It is expected that inflationary pressures would begin to subside as soon as non-oil output improves and the naira exchange rate stabilizes.

Monetary policy in 2016 was influenced by key developments in the global economy including weak global growth, the outcome of the June 23, 2016 Brexit vote, and weak commodity prices. Continued weak demand in the emerging markets and contracting global productivity equally influenced monetary policy decisions during the period. Other factors were the continued normalization of US monetary policy which led to sustained capital flow reversals from EMDEs, and the depreciation of currencies of the EMDEs as commodity prices slumps, while financial conditions worsened.

Monetary aggregates generally performed above their indicative benchmarks during the review period as the Central Bank of Nigeria (CBN) adopted tight monetary policy stance. Aggregate credit expanded in the fourth quarter of 2016 as Broad Money (M2) grew by 5.73% to ₦23.39 trillion at end-December 2016 compared with the end-September 2016 level of ₦22.12 trillion while Narrow Money (M1) grew by 11.38% to ₦11.07 trillion as at end-December 2016 from ₦ 9.94 trillion as at end-September 2016. The growth in M2 reflects expansion in Net Foreign Assets (NFA), Net Domestic Credit (NDC) and Other Asset Net (OAN). NFA increased by 184.18% to ₦9.15 trillion as at end-December 2016 from ₦7.74 trillion as at end-September 2016 reflecting improved oil receipts. Net Domestic Credit (NDC), driven by 27.44% growth in credit to the government, mildly grew by 1.30% to ₦26.65 trillion as at end-December 2016 from ₦26.31 trillion as at end-September 2016. The growth in Cg was largely attributed to government borrowing to finance budget deficit in the face of dwindling fiscal receipts.

The tight monetary policy stance led to liquidity crunch resulting in overall increase in money rates. Average interbank call rate increased from 14.5% in September to 36.42% and 15.21% in October and November respectively before dropping to 10.39% in December 2016. Relative to the first half of 2016, the average term deposit rate equally rose by 1.58 percentage points to 6.96% in the second half of 2016. This outpaced the 6-month average prime and maximum lending rates which rose in the second half of 2016 by 0.48 percentage point to 17.11% and by 0.93 percentage point to 27.75% respectively, compared with their levels in the first half of 2016. Consequently, the spread between the average term deposit rates and the average maximum lending rates narrowed by 0.65 percentage point to 20.80% at the end of the second half of 2016. Real deposit and prime lending rates were however negative given the prevailing headline inflation rate of 18.55% as at end-December 2016 while real maximum lending rates remains positive.

Nigeria's external trade further deteriorated in 2016 but recorded significant improvements during the fourth quarter of the year. Total trade rose by ₦1,759.21 billion or 50.30% to ₦5,286.57 billion in the fourth quarter of 2016, from ₦3,517.36 billion in the corresponding period in 2015. The increase was driven by significant expansion in both imports and exports during the review period. Imports and exports, galloped by ₦731.25 billion or 46.39% and ₦1,037.96 billion or 53.48% to ₦2,307.64 billion and ₦2,978.94 billion respectively in the fourth quarter of 2016. The development led to the recovery of Nigeria's trade balance to ₦671.30 billion indicating a ₦306.71 billion or 84.12% growth in net trade from ₦364.59 billion recorded in the corresponding period in 2016.

On annual bass, total trade equally rose by ₦1.05 trillion or 6.5% to ₦17.34 trillion in 2016, from ₦16.29 trillion in the corresponding period in 2015. The increase was driven by import, which galloped by ₦2.12 trillion or 31.6% to ₦8.82 trillion in 2016 compared with a decline of ₦0.68 trillion or -9.2% in 2015. Export continued to decline during the review period, falling to ₦8.53 trillion in 2016 from ₦9.59 trillion in 2015. This indicates that export shed ₦1.07 trillion or 11.1% of its value slightly moderating from a decline by

₦6.71 trillion or 41.2% in the corresponding period in 2015. The above development led to the worsening of Nigeria's trade balance to ₦-0.29 trillion indicating a ₦3.19 trillion or 110.0% drop in net trade from ₦2.90 trillion in 2015.

The average exchange rate of the Naira/Dollar remained relatively stable at the Official/Inter-Bank segments at ₦305.21/US$, ₦305.18/US$ and ₦305.22/US$ in October, November and December 2016 respectively from ₦305.23/US$ in September 2016. On the other hand, the average exchange rate of the Naira/Dollar at the Bureau De-Change (BDC) depreciated from ₦431.10/US$ in September to ₦462.03/US$ in October. It however appreciated to ₦415.36/US$ in November before depreciating again to ₦455.26/US$ in December 2016. Given the above development, the gap between the official and Bureau De-Change rates widened by 19.22% from ₦125.85 in September 2016 to ₦150.04 in December 2016. In an effort to expand and stabilize the foreign exchange and the financial markets, the CBN injected more foreign exchange into the economy and broadened the number of items/businesses allowed to purchase foreign exchange at the official rate.

Nigeria's gross official (external) reserve increased at the end of the fourth quarter of 2016 from US$23.81 billion in September to US$26.99 billion as at the end of December 2016. This represents an increase of US$3.18 billion (or 13.36%) above the figure as at the end-September 2016. Relative to the end of fourth quarter of 2015 level of US$28.28 billion, the external reserves fell by US$1.29 billion (or 4.56%) at the end of fourth quarter of 2016. The decline in Nigeria's external reserves could be ascribed to the fall in oil price at the international market affecting FOREX supply as well as panic buying by speculators. Nigeria's foreign reserves however remained robust and could finance over 11.2 months of imports as at end-December 2016.

Domestic debt stock of the Nigerian Government stood at ₦11,058.20 billion as at 31st December, 2016, representing an increase of ₦212.98 billion (or 1.96%) above the ₦10,845.22 billion recorded at the end of third quarter of

2016. The 2016 fourth quarter debt figure was also ₦2,221.20 billion (or 25.14%) above the ₦8,837.00 billion reported in the same period of 2015. Nigeria's external debt stock however fell by US$176.31 million (or 1.52%) to US$11,406.28 million as at 31st December, 2016, from US$11,582.59 million recorded in the third quarter of 2016 but rose by US$687.85 million (or 6.42%) compared to US$10,718.43 million in the fourth quarter of 2015. This translates to a total public debt stock as at 31st December, 2016 of US$57,391.53 million (or ₦17,360.01 billion). The total public Debt/GDP ratio stood at 16.27% as at the end of December 2016 and was significantly below the country specific threshold of 19.39% and international threshold of 56%.

The implementation of the 2016 Budget was therefore greatly affected by the poor revenue outturn in the fourth quarter and indeed the entire 2016 fiscal year. The net sum of ₦798.89 billion was shared among the three tiers of government in the fourth quarter of 2016, indicating a significant shortfall of ₦631.01 billion in the quarter. A total of ₦341.18 billion, excluding revenue from other funding sources was also received to fund the Federal Budget in the fourth quarter of 2016 translating to a revenue shortfall of ₦622.76 billion (or 64.61%).

The above development reflects the revenue underperformance of the review period. Net Oil Revenue that accrued into the Federation Account in the fourth quarter of 2016 stood at ₦273.64 billion, representing a decrease of ₦96.23 billion (or 26.02%) from the estimated quarterly projection of ₦369.87 billion. It was also lower than the ₦327.93 billion net oil revenue collected in the third quarter of 2016 by ₦54.29 billion (or 16.55%). This could be attributed to the persistent low oil price in the international market which reached a 10-year low in April 2016. It could also be linked to lower oil production as a result of the vandalism of oil facilities in the Niger Delta region, which adversely impacted oil production. Average oil production and lifting in the fourth quarter of 2016 was 1.76mbpd indicating a shortfall of 0.37mbpd (or 16.82%) from the 2.2mbpd projected for the 2016 Budget.

Gross non-oil revenue of ₦552.81 billion was collected in the fourth quarter of 2016. This implies a shortfall of ₦500.80 billion (or 47.53%) from the quarterly estimate of ₦1,053.61 billion. This led to a net non-oil outturn of ₦525.25 billion representing a ₦476.42 billion or 47.36% shortfall from ₦1,001.66 billion projected in the 2016 Budget. This could be attributed to shortfall in all the non-oil revenue components while the Solid Mineral sector and the Dividend from Federation Investments yielded no revenue return during the quarter.

On annual basis, the Federal Government Revenue inflow moderated to ₦2.95 trillion in 2016, indicating a shortfall in revenue of ₦290.00 billion or 8.95% from the ₦3.24 trillion performances in 2015. Total actual expenditure in 2016 stood at ₦5.36 trillion, indicating an expenditure shortfall of ₦0.70 trillion or 11.57% of the budget estimate of ₦6.06 trillion for the period. This comprises among others total of ₦2,411.63 billion out of the ₦2,646.39 billion projected for recurrent (non-debt) and ₦1,219.47 billion out of the ₦1,587.40 billion projected for capital budget implementation. This translates to a deficit of ₦2.41 trillion or 45.00% of total expenditure. This indicates that budget deficit was ₦21.10 billion or 9.55% higher than the budget estimate of ₦2.20 trillion for the review period. This also translates to a budget deficit to GDP ratio of 2.37% in the review period, from 1.69% in 2015.

An analysis of the forty (40) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) reveled different levels of utilization among the MDAs. As at 5th May, 2017 only twenty four (or 60%) of the MDAs including: Water Resources, Agriculture, Women Affairs, Youth Development, FCTA, Communication Technology, Interior, Mines & Steel, ONSA, FCSC, Federal Character Commission, Fiscal Responsibility Commission, Code of Conduct Bureau and Code of Conduct Tribunal had utilized more than the overall average utilization rate of 97.75% of the amount cash-backed. Five out of these, including ICPC, National Salary & Wages, ONSA, Code of Conduct Tribunal and Federal Character Commission had 100% of their respective cash-backed funds utilized. The other remaining sixteen (16) MDAs had utilization rates which are below the overall average utilization rate of the total amount released and cash backed.

Overall, the Nigerian economy entered into a recession given the four consecutive negative growths culminating in a -1.51% growth in 2016. The poor performance was as a result of developments in international oil markets and more importantly, the slump in oil price. Supply bottleneck as a result of the renewed hostility in the oil producing region of the country as well as insecurity in the North East region also impacted economic performance in 2016. Performance of the economy is however expected to improve in the near to medium term with the expected recovery in non-oil revenue following improved performance of the economy and improved oil price in the international market. In the main time, Government is committed to reflate the economy to enhance domestic competitiveness and production and improve the general welfare of the citizenry.

1.0 INTRODUCTION

The 2016 Budget was themed “Budget of Change” and focuses on three inter-related issues of improving security, tackling corruption and stimulating the national economy. It was the first by the present Government, and seeks to make the Nigerian economy more competitive by focusing on infrastructural development; delivering inclusive growth; and prioritizing the welfare of Nigerians. The key objective of the budget was to open up the latent capabilities of our people and communities, while exploiting the natural endowments that abound across the country.

The Budget, while helping industries, trade and investments to pick up, would as a matter of importance, address the immediate problems of youth unemployment and the challenging living conditions of the extremely poor and vulnerable Nigerians. The budget was prepared against the background of general slowdown in global economic growth and more importantly a significant decline in crude oil prices and outputs. It was therefore designed to deliver the foundation for a robust economic diversification through import substitution and export promotion.

The 2016 Budget was guided by the 2016 – 2018 Medium Term Fiscal Frameworks and the Change Agenda of the present Administration. The framework was prepared taking into cognizance, key local and international developments critical to the successful implementation of the Budget. Specifically, expected global economic activities, the dynamics in the international oil market, and trade and financial policies of industrialized nations particularly for Nigeria’s key trading partners, where considered. Others include domestic factors such as the disruptions in oil production and security as well as revenue generation capabilities of relevant Agencies of Government.

To make the budget more the implementable, a conservative oil price benchmark was adopted after careful analysis of prevailing global economic condition. Efforts were therefore directed at ramping up the non-oil revenue of the economy through improvement in revenue collection efficiency and broadening of the tax net while upscaling compliance. Concerted and specific efforts were made to improve budget implementation results and value for money by ensuring that projects are linked with key objectives of government as specified in the SIP for the 2016 Budget and are prioritized. Special initiatives, including upscaling of the deployment of the Integrated Payroll and Personnel Information System (IPPIS) in the MDAs as well as the use of the Treasury Single Account, were implemented. This is expected to increase revenue collection as well as efficiency in government expenditure and therefore free-up resources for developmental projects.

To deliver Government's developmental objectives, the capital expenditure outlay of was increased from ₦557.0 billion in the 2015 budget to ₦1,587.40 billion the 2016 Budget. This translates to an increase of ₦1,030.40 billion or 184.99% over the period and a capital expenditure to total budget ratio of 26.19% in 2016. The ratio is expected to increase in subsequent budgets. The capital expenditure was equally allocated to critical projects in Road & Bridges, Power, Railways, Aviation, Water, Housing, Education, Health sector as well as in Special Interventions. These investments in infrastructure were meant to support reforms in the Agriculture, Solid Minerals and other core job creating sectors of the economy.

Implementation of the budget was however challenged by the delay in the presentation of the 2016 Appropriation Bill to the National Assembly. This was occasioned by the adoption of a new budget preparation system namely the Zero-Based Budgeting (ZBB) which required skill upgrade for relevant officials responsible for budget preparation across MDAs. The budget implementation was therefore negatively affected by its' late passage and commencement in May 2016 thereby adversely affecting capital project execution. To hasten implementation and also ensure maximum achievement of capital projects in the budget, government jettisoned quarterly capital budget releases and instead, funds capital projects requests of MDAs as money become available.

This Report provides detailed information on the 2016 fourth quarter budget implementation. The other parts of the Report are organized as follows: a brief analysis of the macroeconomic background under which the budget was executed was carried out in chapter two, followed by a careful examination of government’s revenue receipts and expenditure in the quarter in chapter three. Chapter four presents the outcome of the nationwide physical monitoring and evaluation of capital projects and programmes, followed by a summary of findings and recommendations in chapter six. Chapter seven concludes the Report.

2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

2.1 Global Economic Developments:

Global economic environment continued to be challenged by a combination of political and economic developments during the 2016 fiscal year. Global growth decelerated by 0.3 percentage point to 3.1% in 2016 from 3.4% recorded in 2015. This was largely driven by considerable slowdown in both the advanced economies and the Emerging Markets and Developing Economies (EMDE). Real GDP growth in EMDEs continued to decline as economies of large commodity-exporter countries within the block experience sustained strains and reinforced by continued capital flow deficits. GDP growth in EMDE stood at 4.1% in 2016, reflecting a drop from 4.2 percent and 4.6 percent in 2015 and 2014, respectively. This represents a six years moderation in growth and indicates a 2.2 percentage points drop in GDP growth from a peak of 6.3 percent in 2011.

Growth in the economic group recovered in the fourth quarter of 2016 and is expected to continue in the medium-term. The expected recovery, is however, being dragged by weaker growth expectation in several large economies especially in Latin America and the Middle East, reflecting continued adjustments to the decline in their terms of trade in recent years and oil production cuts.

The advanced economies experienced a decline in real GDP growth rate in 2016 to 1.7% relative to 2.1% in 2015. This was largely attributed to the slowdown in the United States, Europe and Asia. The United States posted a less than expected GDP growth rate of 1.6% in 2016, significantly lower than previously forecasted and equally lower than the 2.6% in 2015. Growth was adversely affected in the first three quarters of 2016 due to uncertainties in the election and the build-up of inventories constituting a drag on growth. Economic activities however recovered in the last quarter of 2016 as uncertainties surrounding the election wanes, while inventories started contributing positively to growth.

The Euro Area economies equally lost momentum in economic activities as it slipped from the recovery with growth declining to 1.7 percent in 2016, reflecting a 0.3 percentage points decrease from 2.0 percent in 2015. The performance reflects deceleration in growth in some of the major economies of the Euro Area. Notably, growth in France and the United Kingdom declined to 1.2 percent and 1.8 percent, respectively in 2016 from 1.3 percent and 2.2 percent in 2015. The Japanese economy expanded by a percent moderating slightly from the revised growth of 1.2 percent in 2015. This was supported by stronger-than-expected net exports in 2016 with the recovery expected to continue into 2017, with growth forecast at 1.2 percent.

Performance of global trade was divergence across major economic blocks in 2016 as trade indicators worsened in advanced economies, while trade recovery was experienced in the EMDEs. Correspondingly, consumer prices generally went up in advanced economies, but moderated slightly in the emerging markets and developing economies in 2016. The rising prices within the advanced economies was primarily driven by the recovery in commodity prices especially the rallying of oil prices since the third quarter of 2016. On the other hand, the recovering of exchange rate and terms of trade contributed to slowing inflation in EMDEs with commodity importer countries remaining largely neutral.

Financial markets were buoyant with policy support expected to continue in China, while fiscal expansion and deregulation continued in the US market as sentiments strengthened since August 2016, reflecting generally positive outlook. Financial conditions are divergent in EMDEs, while equity market within the group have strengthened since August, but generally remained below their post crisis peaks. Low oil price however persisted in 2016, but appears to be recovering alongside the pick-up in global economic activities especially from quarter three of the year. The trends in the prices of coal and natural gas followed with that of the oil prices.

Global growth is projected to improve from 3.1 percent in 2016 to 3.5 percent and 3.6 percent in 2017 and 2018, respectively, and would be driven by buoyant financial market and cyclical recovery in investment, manufacturing and trade. Marked pickup is expected in EMDEs driven by recovering conditions in commodity exporter countries as commodity prices partially recovers. Growth is also projected to remain strong in China and other commodity importers, while the AEs are projected pick-up primarily as a result of higher projected growth in the US. Upward revision of growth in US reflects expected fiscal policy easing and an uptick in confidence post November election. Outlook also improved for Europe and Japan as a result of cyclical recovery in global manufacturing and trade that started in 2016.

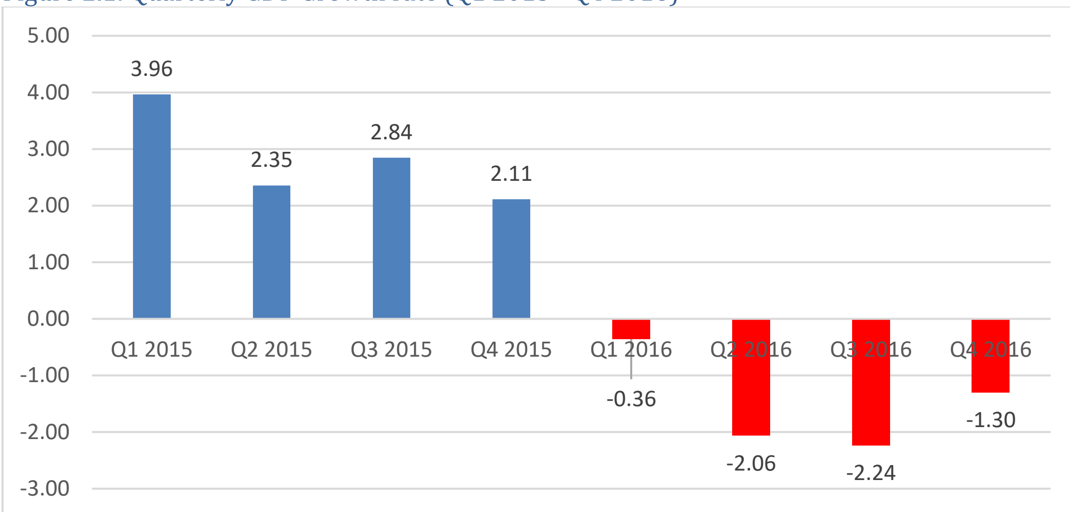
Some binding structural impediments including low productivity growth and high inequality, as well as pressure for inward looking policies in AEs, present risks to recovery, particularly in the medium-term. Critical downside risk includes inward policy shift, faster than expected interest rate hike in US, an aggressive roll back of financial regulation, financial tightening in EMDEs and impact of some downside risk from AEs operating with high levels of excess capacity. Non-economic factors, including geo-political tension, domestic political discord, risk from weak governance and corruption, extreme weather conditions, and terrorism and security concerns remain.

2.2 Domestic Economic Development in Quarter Four 2016

2.2.1 Trend in overall supply

Gross Domestic Product (GDP), in real terms, contracted by ₦0.24 trillion to ₦18.29 trillion in quarter four of 2016, from ₦18.53 trillion in the corresponding period of 2015. This translates slowdown of GDP by -1.30% to ₦18.29 trillion in quarter four of 2016, indicating a 3.52 percentage points decline when compared to 2.11% growth in quarter four of 2015.

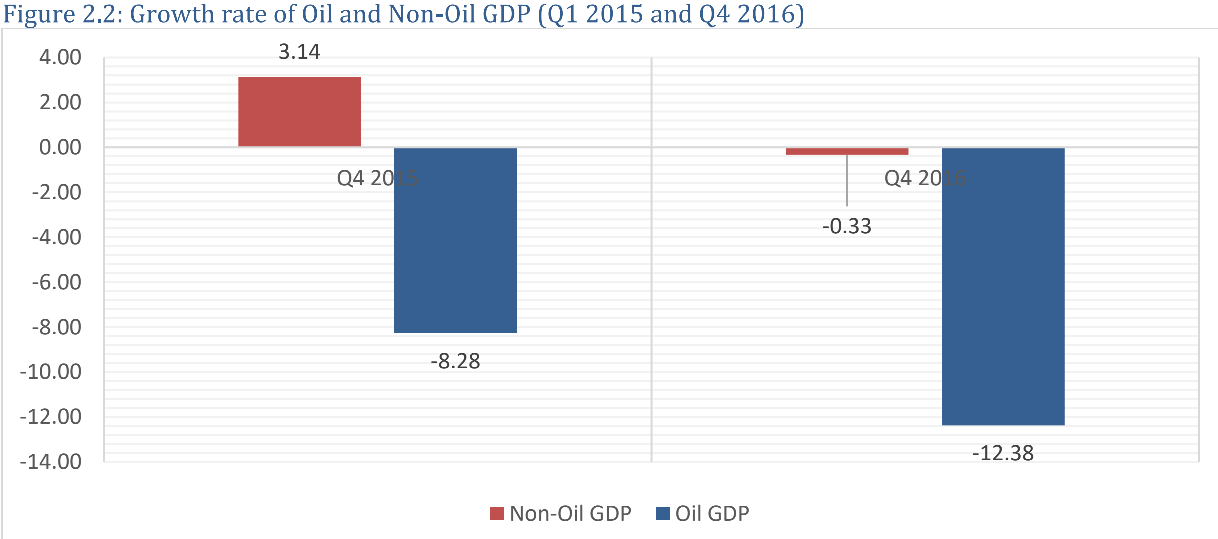
Figure 2.1: Quarterly GDP Growth rate (Q1 2015 - Q4 2016)



Source: NBS

Real oil and non-oil sectors GDP stood at ₦1.31 trillion and ₦16.98 trillion respectively in quarter four of 2016, as against ₦1.49 trillion and ₦17.04 trillion in quarter four of 2015. This shows that the oil sector real GDP contracted by ₦0.18 trillion or 12.38%, while the non-oil sector GDP equally declined by ₦0.56 trillion or 0.33% during the reviewed period.

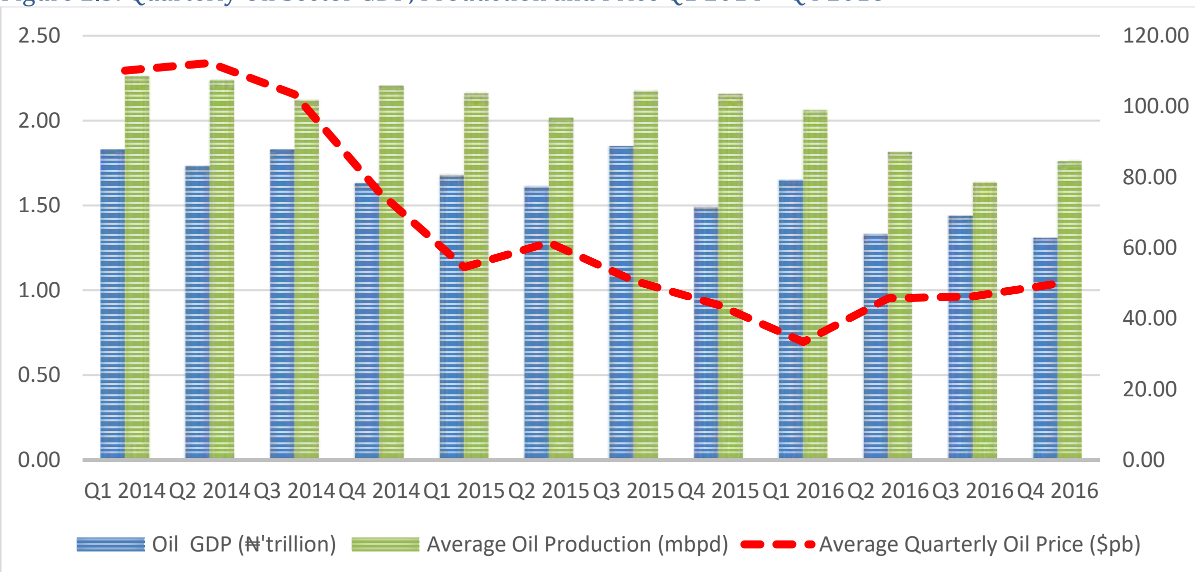
Figure 2.2: Growth rate of Oil and Non-Oil GDP (Q1 2015 and Q4 2016)



Source: NBS

Nominal GDP, on the other hand, stood at ₦22.29 trillion in the fourth quarter of 2016, translating to a 12.97% expansion and higher that the 7.13% growth it recorded in the corresponding period in 2015. This reflects a sharp rise in the GDP deflator during the review period. A breakdown of this performance into oil and non-oil sectors reveals that nominal non-oil sector GDP rose from ₦24.62 trillion in quarter four of 2015 to ₦27.25 trillion in quarter four of 2016. The nominal oil sector GDP, in contrast to trends during the 2016 fiscal year, expanded to ₦2.04 trillion in the fourth quarter of 2016 from ₦1.31 trillion in the corresponding period in 2015. The recovery started in the third quarter of the year and could largely be attributed to the rebound in oil prices.

Figure 2.3: Quarterly Oil Sector GDP, Production and Price Q1 2014 – Q4 2016



Source: CBN, NBS, NNPC

2.3 ANNUAL REAL SECTOR DEVELOPMENTS

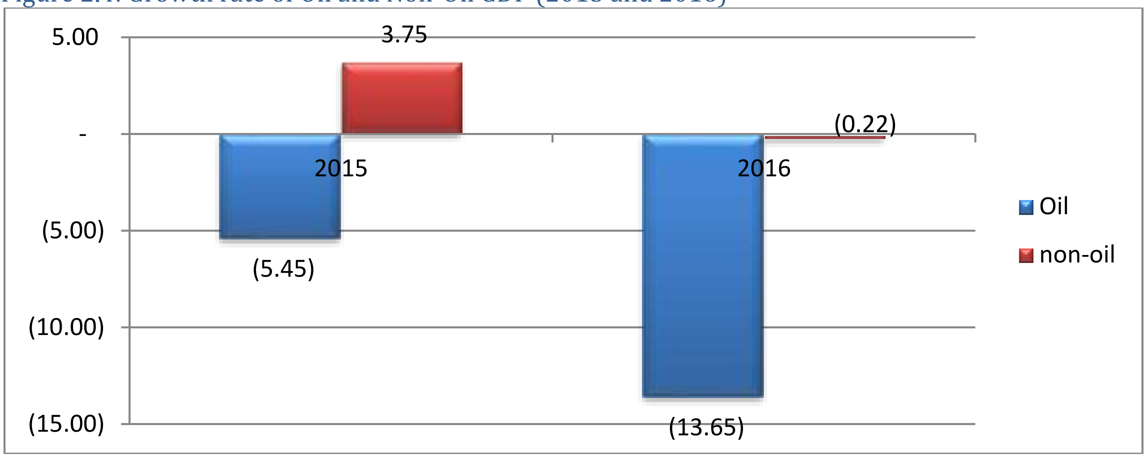
2.3.1 Trend in overall supply

On annual basis, Real GDP contracted by ₦1.04 trillion to ₦67.98 trillion in 2016, from ₦69.02 trillion in the corresponding period of 2015. This translates to a slowing of real Gross Domestic Product (GDP) at 2010 basic prices to -1.51% during 2016, compared to 2.79% in 2015.

2.3.2 Oil Sector

The real oil sector GDP was down from ₦6.63 trillion in the 2015 fiscal years to ₦5.73 trillion in 2016 translating to a decrease of ₦0.90 trillion for the period. This reflect a contraction of the sector by 13.6%; a more significant decline than that of 2015 decline of -5.45%. This reduced the oil sector's share of real GDP to 8.42% in 2016, compared to 9.61% in 2015. This contributed significantly to the decline in overall GDP for the period under review. It also impacted negatively on the growth rate of oil sector GDP, which slowed to -13.65% in 2016 from the previous negative growth rate of 5.45% in 2015. The declining growth of oil GDP is attributed to weaker daily production compared to the corresponding period.

Figure 2.4: Growth rate of Oil and Non-Oil GDP (2015 and 2016)



Source: NBS

2.3.3 Non-Oil Sector

The non-oil sector in 2016 fiscal year declined by -0.22% in real terms, compared to a growth rate of 3.75% in 2015, a difference of 3.9 percentage points. The depressed growth experienced in the non-oil sector during 2016 was as a result of declining economic activities on the agriculture, services, manufacturing, solid minerals and building and construction sectors.

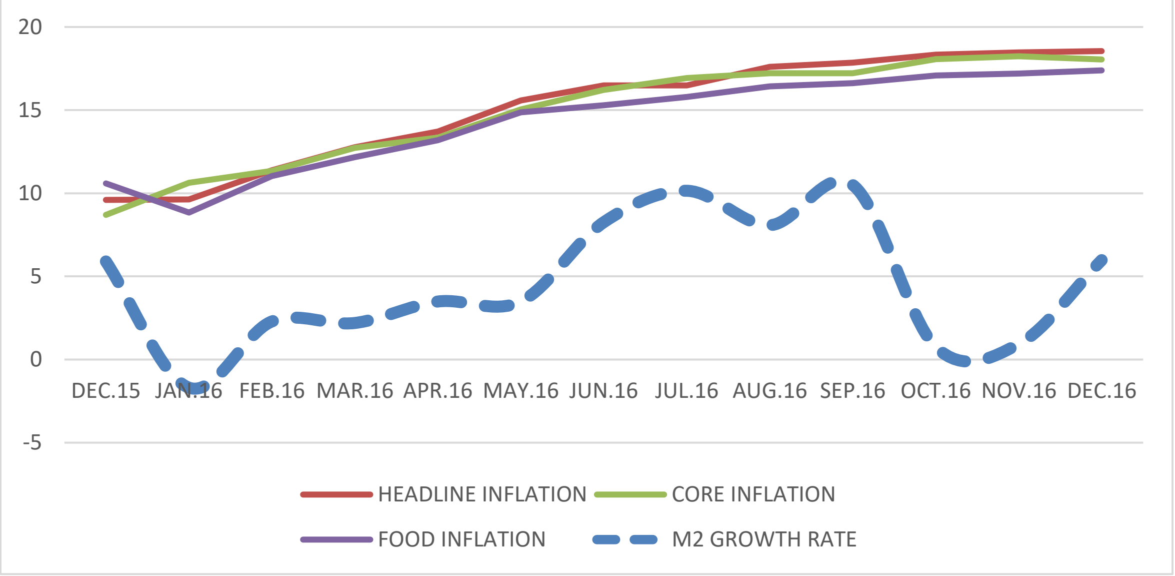
2.3.4 Nominal GDP

GDP at current basic prices stood at ₦101.60 trillion in 2016, translating to an expansion of ₦7.45 trillion from ₦94.14 trillion in 2015. A breakdown of this performance into oil and non-oil sectors reveals that nominal non-oil sector GDP rose from ₦88.16 trillion in 2015 to ₦96.12 trillion in 2016. In contrast, nominal oil sector GDP contracted to ₦5.48 trillion in 2016 from ₦5.99 trillion in 2015, due to the sizable drop in international oil price as well as production during the period. This shows that the non-oil GDP expanded by ₦7.97 trillion in the period.

2.4 Price Developments

Headline inflation (year-on-year) continued to rise, creeping up to 18.55% in December from 18.48% in November, 18.33% in October and 17.85% in September 2016. This follows the sustained upward momentum in inflation rates that started since January 2016.The increase in headline inflation in the quarter replicated increases in both food and core components of inflation. Food inflation rose sharply to 17.39% in December from 17.19% in November, 17.09% in October and 16.62% in September 2016. On the other hand, Core inflation climbed from 17.67% in September to 18.07% in October, 18.24% in November and moderated slightly to 18.05% in December 2016.

Figure 2.5: Inflation and M2 Growth Rate (December 2015–December 2016)



Source: CBN & NBS, 2016

Inflation trends in the review period were driven by the continued pressure on production costs, such as high cost of power and energy, transport, other production factors, as well as rising prices of imports. It is expected that inflationary pressures would begin to subside as soon as non-oil output recovers and the naira exchange rate stabilizes.

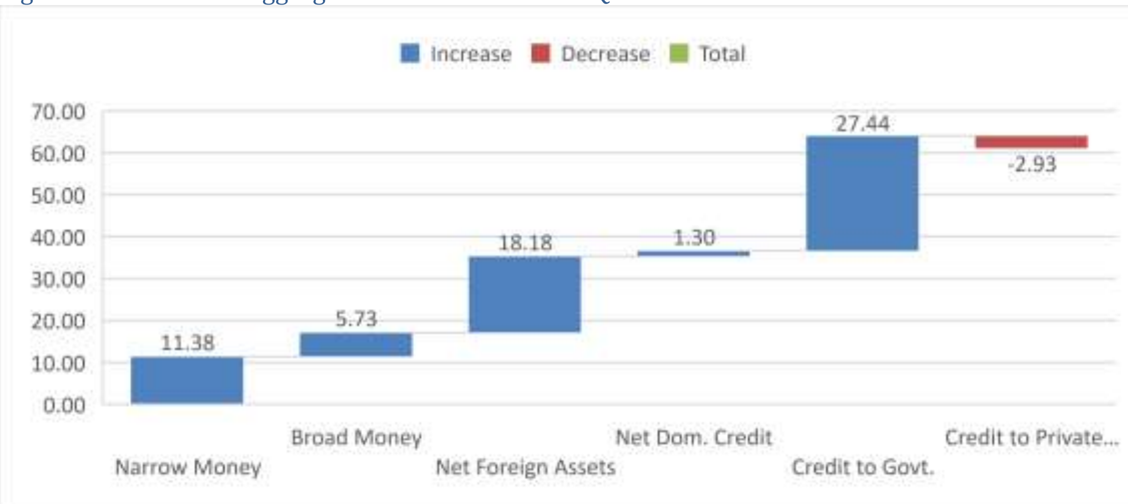
2.5 MONETARY SECTOR

Monetary policy in 2016 was influenced by key developments in the global economy including weak growth, Brexit vote, United State (US) general election, continuing weak demand in the emerging markets and contracting global productivity. Other factors were the continued normalization of US monetary policy which led to sustained capital flow reversals and the depreciation of currencies of the emerging market and developing economies. At the domestic level, the sustained pressure on the exchange rate due to the shortages of supply of foreign exchange as well as the disruptions to supply and distribution chain due to insurgency in some parts of the country, exerted pressure on the domestic price level. This combined with further worsening of domestic economic environment due largely to falling public and private consumption dampened growth in the domestic economy.

To mitigate the impact on the economy, Government pursued Tight Monetary Policies including raising the MPR from 11% as at February 2016 to 12% in March 2016 and further to 14% in July 2016; narrowing the Asymmetric corridor from +200 and -700 basis points to +200 and -500 basis points in March 2016; raising the CRR from 200% as at February 2016 to 22.5% in March 2016, a 250 basis points increment over the period; and retaining the liquidity ratio at 30% over the review period. In addition, the monetary authority introduced greater flexibility in the inter-bank foreign exchange market structure while retaining a small window for critical transactions.

Aggregate credit expanded in the fourth quarter of 2016 albeit at a slower pace when compared to developments in the fourth quarter of 2015. Broad Money (M2) grew by 5.73% to ₦23.39 trillion at end-December 2016 compared with the end-September 2016 level of ₦22.12 trillion. M2 grew by 7.01% in the fourth quarter of 2015. The year-on-year growth in M2 stood at 16.77% and was above the 2016 indicative growth target of 10.98%. Narrow Money (M1) grew by 11.38% to ₦11.07 trillion as at end-December 2016 from ₦ 9.94 trillion as at end-September 2016. This however compares favorably when compared to the 19.90% growth in the corresponding period in 2015. The year-on-year growth in M1 stood at 29.12% and was equally above the indicative growth target of 11.34%.

Figure 2.6: Growth in Aggregate Credit Indicators in Q4 2016



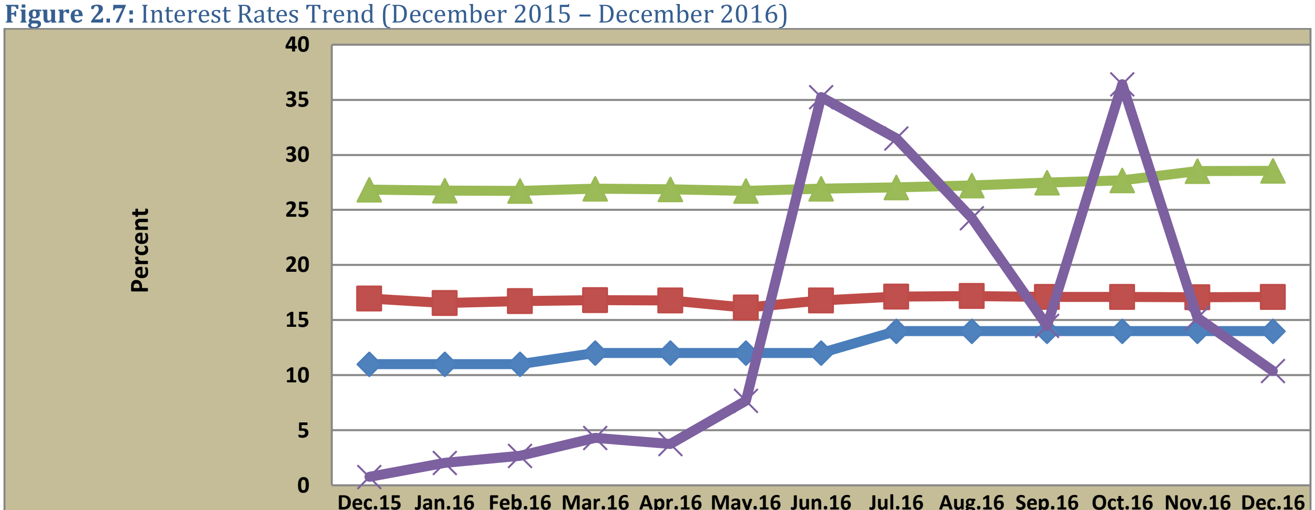
Source: CBN

The growth in M2 reflects expansion in Net Foreign Assets (NFA), Net Domestic Credit (NDC) and Other Asset Net (OAN). NFA increased by 184.18% to ₦9.15 trillion as at end-December 2016 from ₦7.74 trillion as at end-September 2016. The year-on-year increase in NFA stood at 61.85% in contrast to the indicative target of -40.58%. The observed performance of NFA in the review period was attributed to improved oil receipts. Net Domestic Credit (NDC), driven by substantial growth in credit to the government, mildly grew by 1.30% to ₦26.65 trillion as at end-December 2016 from ₦26.31 trillion as at end-September 2016. Compared with the end-December 2015 figure of ₦21.61 trillion, the year-on-year growth in NDC of 23.30% was above the indicative growth target of 17.94%.

Credit to government grew by 27.44%, when compared with the end-September 2016 figure of ₦3.66 trillion, which was significantly above the indicative benchmark growth of 48.07%. The development was largely attributed to government borrowing to finance budget deficit in the face of dwindling fiscal receipts. Credit to the private sector (Cp) however slumped by 2.93% to ₦21.98 trillion at end-December 2016 from ₦22.65 trillion at end-September 2016 indicating crowding out. This however reflect a growth of 19.37% compared to ₦18.72 trillion as at end-December 2015, which is above the indicative growth target of 13.28 percent for 2016.

The tight monetary policy stance led to liquidity crunch resulting in overall increase in money rates. Average interbank call rate increased from 14.5% in September to 36.42% and 15.21% in October and November respectively before dropping to 10.39% in December 2016. Relative to the first half of 2016, the average term deposit rate equally rose by 1.58 percentage points to 6.96% in the second half of 2016. This outpaced the 6-month average prime and maximum lending rates which rose in the second half of 2016 by 0.48 percentage point to 17.11% and by 0.93 percentage point to 27.75% respectively, compared with their levels in the first half of 2016. Consequently, the spread between the average term deposit rates and the average maximum lending rates narrowed by 0.65 percentage point to 20.80% at the end of the second half of 2016. Real deposit and prime lending rates were negative, while real maximum lending rate recorded positive trend given the prevailing headline inflation rate of 18.55% as at end-December 2016 Figure *2.7*.

Figure 2.7: Interest Rates Trend (December 2015 – December 2016)



	Dec.15	Jan.16	Feb.16	Mar.16	Apr.16	May.16	Jun.16	Jul.16	Aug.16	Sep.16	Oct.16	Nov.16	Dec.16
MPR	11	11	11	12	12	12	12	14	14	14	14	14	14
Prime Lending Rate	16.96	16.54	16.72	16.82	16.77	16.13	16.78	17.14	17.18	17.09	17.1	17.06	17.09
Maximum Lending Rate	26.84	26.77	26.73	26.93	26.88	26.73	26.93	27.06	27.21	27.49	27.69	28.53	28.55
Inter-Bank Call Rate	0.77	2.04	2.67	4.32	3.75	7.67	35.26	31.51	24.25	14.5	36.42	15.21	10.39

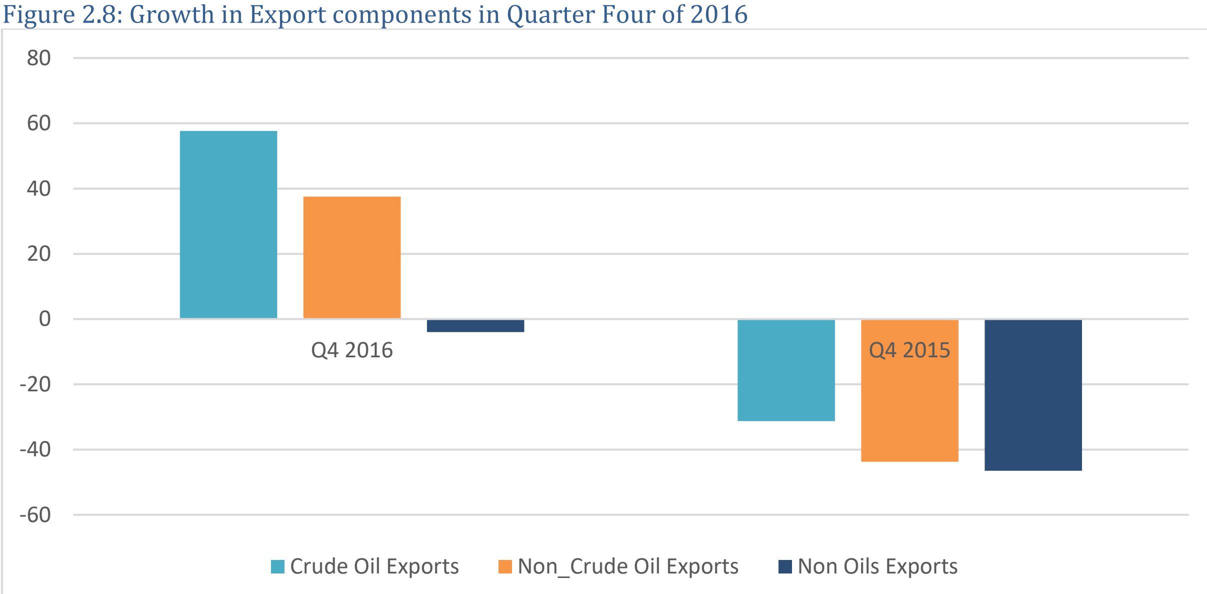
Source: Central Bank of Nigeria, 2016

2.6 EXTERNAL SECTOR

2.6.1 External Trade

Nigeria's external trade further deteriorated in 2016 but recorded significant improvements during the fourth quarter of the year. Total trade rose by ₦1,759.21 billion or 50.30% to ₦5,286.57 billion in the fourth quarter of 2016, from ₦3,517.36 billion in the corresponding period in 2015. The increase was driven by significant expansion in both imports and exports during the review period. Imports and exports, galloped by ₦731.25 billion or 46.39% and ₦1,037.96 billion or 53.48% to ₦2,307.64 billion and ₦2,978.94 billion respectively in the fourth quarter of 2016. This compare favourbly with a decline of ₦454.65 billion or -22.39% and ₦1,013.59 billion or -34.31% of import and export respectively in the corresponding period in 2015.

Figure 2.8: Growth in Export components in Quarter Four of 2016



Source: NBS

The above development led to the recovery of Nigeria's trade balance to ₦671.30 billion indicating a ₦306.71 billion or 84.12% growth in net trade from ₦364.59 billion recorded in the corresponding period in 2016. Trade balanced rebound was driven by the recovery in exports in the third and fourth quarters of 2016, as oil export prices improves.

Further analysis of export indicates similar trends in crude, and non-crude exports while non-oil exports continued to decline during the review period.

Crude oil export improved significantly by ₦886.82 billion or 57.64% to ₦2,425.36 billion in quarter four of 2016, from ₦1,538.55 billion in quarter four of 2015. This indicates a significant recovery from a drop of ₦700.94 billion or 31.30% in the fourth quarter of 2015. The performance of the non-crude export improved slightly by ₦151.14 billion or 37.56% while Non-oil export declined slightly by ₦5.43 billion or 4.02% during the review period.

Year-on-Year

Total trade rose by ₦1.05 trillion or 6.5% to ₦17.34 trillion in 2016, from ₦16.29 trillion in the corresponding period in 2015. The increase was driven by import, which galloped by ₦2.12 trillion or 31.6% to ₦8.82 trillion in 2016 compared with a decline of ₦0.68 trillion or -9.2% in 2015. Export continued to decline during the review period, falling to ₦8.53 trillion in 2016 from ₦9.59 trillion in 2015. This indicates that export shed ₦1.07 trillion or 11.1% of its value slightly moderating from a decline by ₦6.71 trillion or 41.2% in the corresponding period in 2015. The above development led to the worsening of Nigeria's trade balance to ₦-0.29 trillion indicating a ₦3.19 trillion or 110.0% drop in net trade from ₦2.90 trillion in 2016.

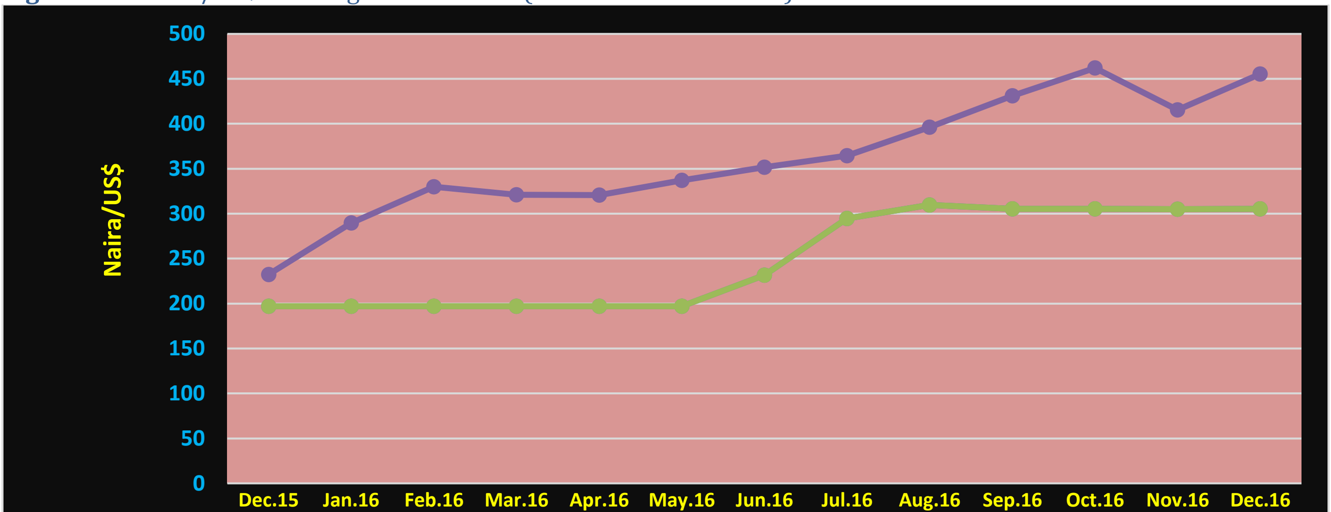
Further analysis of export indicates substantial decline in both non-crude and non-oil exports, while the value of crude exports recovers during the review period. Crude oil export improved slightly by ₦0.19 trillion or 2.7 percent to ₦6.99 trillion in 2016, from ₦6.81 trillion in 2015. This indicates a significant recovery from a drop of ₦5.08 trillion or 42.7 percent in 2015. The performance of the non-crude export worsened during the review period with a decline of ₦1.25 trillion or 45.0 percent in 2016, reflecting significant drop in non-oil export. Non-oil export was equally heavily affected during the review period crashing by ₦0.82 trillion or 70.4 percent to ₦0.34 trillion in 2016 from ₦1.16 trillion in 2015. This indicates the non-crude exports drove the poor performance of export during the review period contributing 120.00 percent to the decline in total export.

Nigeria's trade recovered across the key trading Regions apart from Asia where trade moderated slightly. Trade with the ECOWAS sub-region however continued to worsen during the review period. Total trade, with the

ECOWAS Region slightly dropped by ₦0.14 trillion or 16.60 percent to ₦0.68 trillion in 2016, from ₦0.81 trillion in 2015. The development was as a result of the dip in both import and export during the period. Export slightly dropped by ₦0.02 trillion or 3.9 percent to ₦0.58 trillion in 2016 from ₦0.59 trillion in 2015, while import dipped by ₦0.11 trillion or 52.3 percent to ₦0.10 trillion in 2016. Trade with the America improved by 56.63 percent to ₦2.73 trillion reflecting improvements in trade with USA and Canada by 89.45 and 93.91 percent respectively, while trade with Europe recovered with a growth of 13.79 percent during the period.

The average exchange rate of the Naira/Dollar remained relatively stable at the Official/Inter-Bank segments of the foreign exchange market during the quarter under review. The Naira/Dollar exchange rate at the Official/Inter-Bank market opened at an average of ₦305.23/US$ in September and closed at an average of ₦305.21/US$, ₦305.18/US$ and ₦305.22/US$ in October, November and December 2016 respectively. On the other hand, the average exchange rate of the Naira/Dollar at the Bureau De-Change (BDC) depreciated from ₦431.10/US$ in September to ₦462.03/US$ in October. It however appreciated to ₦415.36/US$ in November before depreciating again to ₦455.26/US$ in December 2016. Given the above development, the gap between the official and Bureau De-Change rates widened by 19.22% from ₦125.85 in September 2016 to ₦150.04 in December 2016.

Figure 2.9: Naira/US$ Exchange Rates Trend (Dec. 2015 – Dec. 2016)



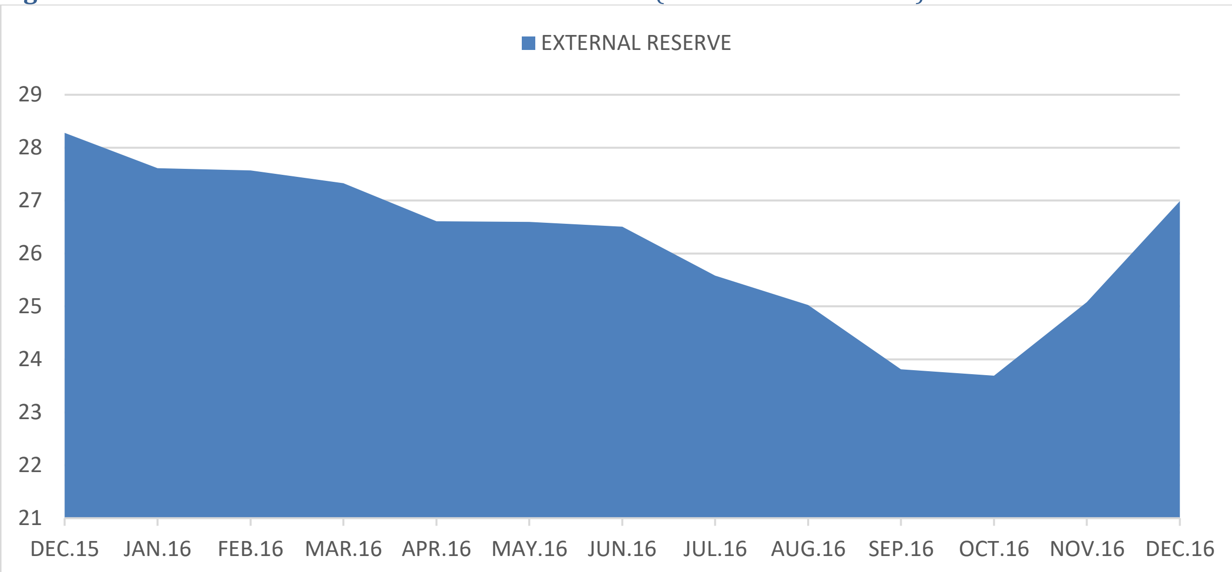
	Dec.15	Jan.16	Feb.16	Mar.16	Apr.16	May.16	Jun.16	Jul.16	Aug.16	Sep.16	Oct.16	Nov.16	Dec.16
DAS/WDAS	196.99	197	197	197	197	197	231.76	294.57	309.73	305.23	305.21	305.18	305.22
IFEM	196.99	197	197	197	197	197	231.76	294.57	309.73	305.23	305.21	305.18	305.22
BDC	232.4	289.78	329.83	320.93	320.71	336.93	351.82	364.47	396.15	431.1	462.03	415.36	455.26

Source: Central Bank of Nigeria, 2016

In an effort to expand and stabilize the foreign exchange and the financial markets, a number of policy instruments were deployed by the CBN. Some of the tools adopted included; the injection of more foreign exchange into the economy and broadening of the number of items/businesses allowed to purchase foreign exchange at the official rate from the CBN.

Nigeria's gross official (external) reserve increased at the end of the fourth quarter of 2016 from US$23.81 billion in September to US$26.99 billion as at the end of December 2016. This represents an increase of US$3.18 billion (or 13.36%) above the figure as at the end-September 2016. Relative to the end of fourth quarter of 2015 level of US$28.28 billion, the external reserves at the end of fourth quarter of 2016 fell by US$1.29 billion (or 4.56%) (figure 2.10).

Figure 2.10: Level of External Reserves in Billion Dollars (Dec. 2015 – Dec. 2016)



Source: Central Bank of Nigeria, 2016

The decline in Nigeria's external reserves could be ascribed to the interplay of demand and supply. On the supply side, the fall in oil price at the international market had substantially reduced the growth to external reserves. On the demand side, the panic as a result of the changes in foreign exchange market led to speculative actions that exerts further pressure on Naira. These elements prompted the CBN to increased funding of the foreign exchange market to stabilize the Naira. Nigeria's foreign reserves as at the end of December 2016 therefore remained robust and could finance over 11.2 months of imports which is well above the internationally endorsed minimum threshold of 3-months import cover.

Domestic debt stock of the Nigerian Government stood at ₦11,058.20 billion as at 31st December, 2016, representing an increase of ₦212.98 billion (or 1.96%) above the ₦10,845.22 billion recorded in the third quarter of 2016. The 2016 fourth quarter debt figure was also ₦2,221.20 billion (or 25.14%) above the ₦8,837.00 billion reported in the same period of 2015. Nigeria's external debt stock (mostly low interest funds from multilateral financial institutions) stood at US$11,406.28 million as at 31st December, 2016, representing a decrease of US$176.31 million (or 1.52%) from US$11,582.59 million recorded in the third quarter of 2016 and US$687.85 million (or 6.42%) above US$10,718.43 million in the fourth quarter of 2015.

The total public debt stock as at 31st December, 2016 stood at US$57,391.53 million (or ₦17,360.01 billion). The breakdown consists of US$11,406.28 million (or ₦3,478.92 billion or 20.04%) for external debt and the balance of US$45,985.25 million (or ₦13,881.09 billion or 79.96%) for domestic debt. The total public Debt/GDP ratio stood at 16.27% (using the rebased GDP figure of 2016 Budget) as at the end of December 2016 and was significantly below the country specific threshold of 19.39% and international threshold of 56%.

3.0 FINANCIAL ANALYSIS OF THE 2016 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections:

The 2016 Budget was guided by the 2016-2018 Medium Term Fiscal Framework (MTFF) which was prepared after series of meetings and consultations with relevant stakeholders. Developments in both the local and the international markets were also taken into consideration in arriving at some of the key assumptions in the framework. The key assumption in the Framework is highlighted as follows:

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
Technical Cost of JVC Pbl to Oil Companies	
Operating Expenses (T1) in US $	10.29
Capital Expenses (T2) in US $	11.12
Technical Cost of PSC Pbl to Oil Companies	
Operating Expenses (T1) in US $	8.22
Capital Expenses (T2) in US $	19.62
Investment Tax Credit	4.94
Technical Costs of SC pbl to Oil Company	
Operating Expenses (T1) in US $	18.62
Capital Expenses (T2) in US $	2.44
Investment Allowances	2.996
Weighted Average Contribution Rates	
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%
Royalty Rates	
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%

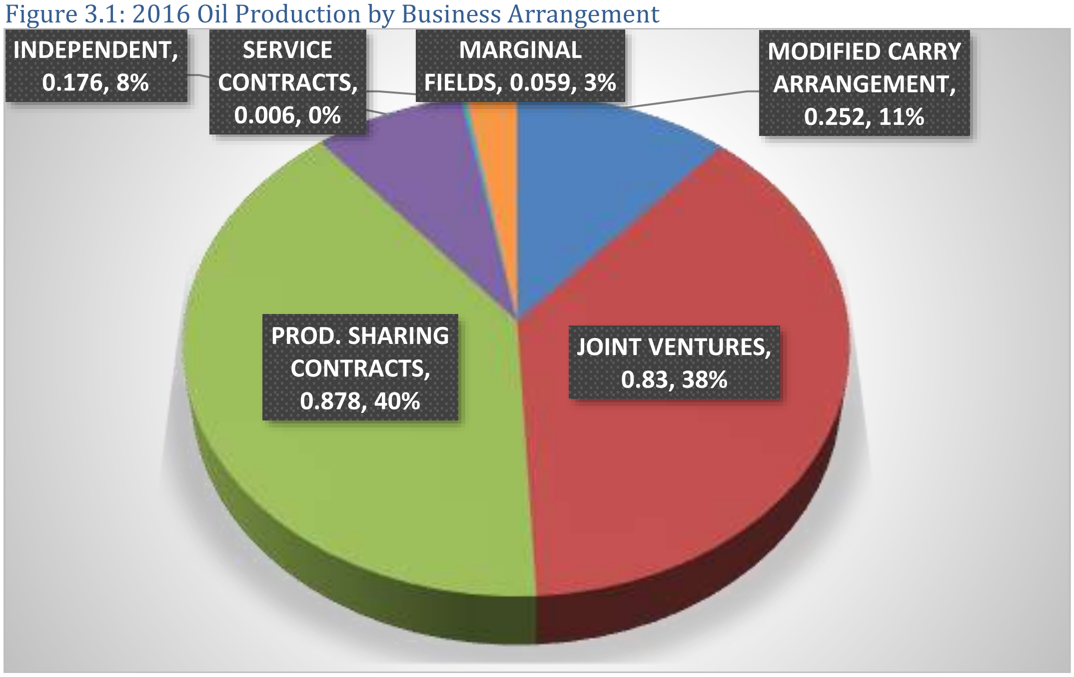
Source: BOF, NNPC, FIRS and NCS, 2016

3.2 Budget Benchmark Oil Price and Production

The budget benchmark price of oil for the 2016 Budget was fixed at US$38.00/barrel while oil production was pegged at 2.2 million barrels per day (mbpd). The projected oil production for 2016 budget reflect a reduction of 0.08mbpd (or 3.51%) from the 2.28mbpd estimated for the 2015 Budget. It also indicates a reduction of 0.3mbpd or 12% from the estimated production capacity of 2.5mbpd for the country. The oil price benchmark was equally brought down by US$5 per barrel or 9.43% from US$53 per barrel in the 2015 budget.

The Joint Venture and the Production Sharing Contracts continued to dominate the business arrangement for oil production in Nigeria. They accounted for 38% and 40% respectively in the projected production by business arrangement in 2016 fiscal year (Figure 3.1).

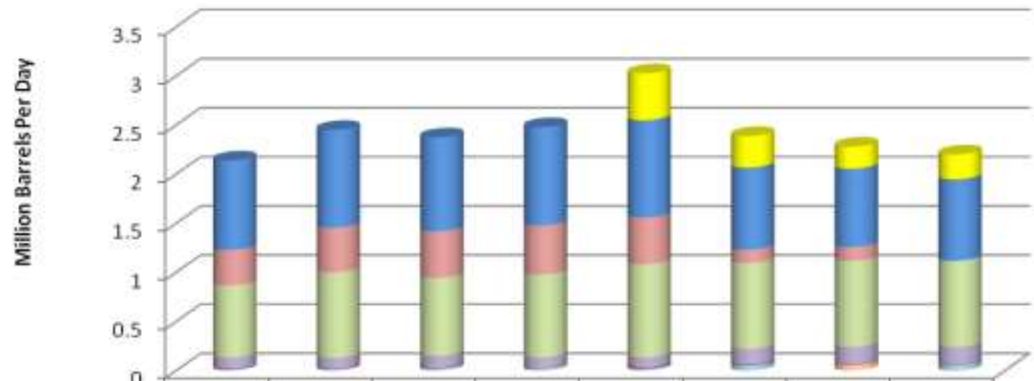
Figure 3.1: 2016 Oil Production by Business Arrangement



Source: NNPC

The business arrangement in 2016 is consistent with industry trends in recent past and is projected to continue in the near to medium term Figure 3.2.

Figure 3.2: Budget Oil Production by Business Arrangements 2009 – 2016



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget	2016 Budget
Modified Carry Arrangement					0.476	0.32	0.223	0.252
Joint Ventures	0.91	0.995	0.955	1	0.991	0.837	0.798	0.830
Alternative Funding	0.36	0.455	0.474	0.5	0.477	0.135	0.141	0
Prod. Sharing Contracts	0.736	0.868	0.793	0.843	0.947	0.875	0.876	0.878
Independents	0.113	0.115	0.122	0.11	0.104	0.16	0.176	0.176
Service Contracts	0.009	0.007	0.008	0.005	0.013	0.008	0.007	0.006
Marginal Fields	0.011	0.01	0.022	0.02	0.019	0.053	0.059	0.059

Source: NAPIMS/NNPC, 2016

The joint venture business arrangement would continue to be given greater preference by Government given its better fiscal terms for Nigeria (Table 3.2). Government would therefore continue to work towards improving the funding of the business arrangement to enhance its share of oil production in the country.

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

SHARE OF OIL PRODUCTION	PERCENTAGE
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	2.21
PPT RATES	
WEIGHTED AVERAGE - JV/AF/INDEPENDENT/MARGINAL	85%
WEIGHTED AVERAGE- PSC	50.17%
WEIGHTED AVERAGE -SC	85%
ROYALTIES RATES	
WEIGHTED AVERAGE- JV/AF/INDEPENDENT/MARGINAL	0.00%
WEIGHTED AVERAGE - PSC	4.50%
WEIGHTED AVERAGE- SC OIL	18.50%

Source: NNPC and BOF, 2016

3.3 Analysis of Revenue Performance:

3.3.1 Overview of Oil Revenue Parameters:

The price of crude oil at the international market averaged US$49.47 per barrel in the fourth quarter of 2016, indicating an increase of US$3.61 per barrel (or 7.87%) and US$5.78 per barrel (or 13.23%) above the US$45.86per barrel and US$43.69 per barrel recorded in the third quarter of 2016 and fourth quarter of 2015 respectively. The upswing in crude oil prices during the period could be credited to the OPEC's decision in the third quarter of 2016 to cut its production to 32.5mbpd starting from about 1.2 million barrels a day reduction in January 2017.

Average oil production and lifting (including Condensates) in the fourth quarter of 2016 was 1.76mbpd and 1.83mbpd respectively. The average oil lifting figure for the review period represent a shortfall of 0.37mbpd (or 16.82%) from the 2.2mbpd projected for the 2016 Budget. The volume also reflects a 0.21mbpd increase from the 1.62mbpd of oil lifted in the third quarter of 2016 and 0.36mbpd decline from the 2.19mbpd recorded in the fourth quarter of 2015. The decrease in the quantity of oil lifted during the quarter as against the anticipated budget figure could be attributed to the dynamics in the demand and supply of oil at the international market as well as other factors including crude oil theft, illegal bunkering, and pipeline vandalism that took place during the period under review.

Gross Federally collectible revenue is estimate in the 2016 Fiscal Framework at ₦9,715.19 billion, consisting of ₦3,534.83 billion (or 36.38%) oil revenue and ₦6,180.36 billion (or 63.62%) non-oil revenue. The breakdown of the actual performance of the oil and non-oil revenue earnings in the fourth quarter of 2016 is as follow:

3.3.2 Oil Revenue Performance

An assessment of the oil revenue performance in the fourth quarter of 2016 reveals underperformance of most of the sub-heads. The Petroleum Profit Tax and Gas Income of ₦218.42 billion and Other Oil and Gas Revenue of ₦1.33 billion surpassed their respective quarterly estimates of ₦150.64 billion and ₦0.95 billion by ₦67.78 billion (or 44.99%) and ₦0.38 billion (or 40.14%). The other oil revenue items however fell below their respective quarterly projections. Crude Oil Sales of ₦367.60 billion, Gas Sales of ₦11.64 billion, Royalties (Oil &Gas) of ₦54.71 billion, Rent of ₦0.09 billion and Gas Flared Penalty of ₦0.33 billion fell below their quarterly estimates of ₦444.57 billion, ₦161.09 billion, ₦125.43 billion, ₦0.27 billion and ₦0.76 billion by ₦76.98 billion (or 17.31%), ₦149.45 billion (or 92.78%), ₦70.72 billion (or 56.38%), ₦0.18 billion (or 66.05%) and ₦0.43 billion (or 56.91%) respectively *Table 3.3*.

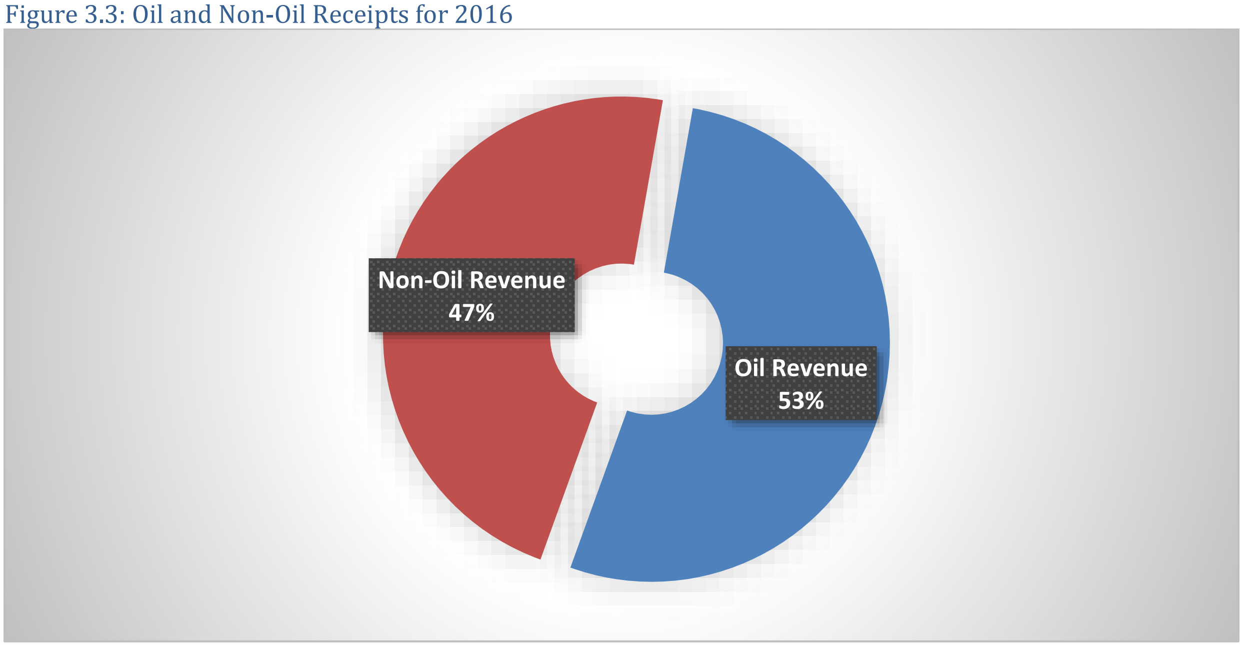
3.3.3 Net Oil Revenue:

Actual Net Oil Revenue that accrued into the Federation Account in the fourth quarter of 2016 stood at ₦273.64 billion, representing a decrease of ₦96.23 billion (or 26.02%) from the estimated quarterly projection of ₦369.87 billion. The net oil revenue in the fourth quarter of 2016 was also lower than the ₦327.93 billion net oil revenue recorded in the third quarter of 2016 by ₦54.29 billion (or 16.55%)*Table 3.3*.

Year-to-Date:

Gross oil revenue stood at ₦3.04 trillion, reflecting a below budget estimates performance by ₦489.91 billion or 13.86% in 2016. It also underperformed when compared with the oil revenue collection in 2015 by ₦709.91 billion or 18.91%. Oil revenue has however started improving as a result of the recovery of oil prices in the international market and the normalization of conditions in the Niger Delta region particularly from the third quarter of the year. This translates to an oil to total revenue ratio of 52.74 percent, as against 61.46 percent in 2015 (figure 3.8).

Figure 3.3: Oil and Non-Oil Receipts for 2016



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

A breakdown of oil revenue reveals that only Petroleum Profit & Gas Taxes of ₦857.54 billion and Other Oil & Gas Revenue of ₦5.95 billion exceeded their annual projections of ₦602.56 billion and ₦3.78 billion by ₦254.97 billion (or 42.31%) and ₦2.17 billion (or 57.32%) respectively as at end-December 2016. Other oil revenue sub-heads fell below their respective annual estimates. Crude Oil Sales of ₦1,453.24 billion, Gas Sales of ₦42.19 billion, Royalties (Oil & Gas) of ₦334.80 billion, Rent of ₦0.31 billion and Gas Flared Penalty of ₦1.42 billion, fell below their corresponding annual projections of ₦1,778.30 billion, ₦644.34 billion, ₦501.71 billion, ₦1.08 billion and ₦3.05 billion by ₦325.06 billion (or 18.28%), ₦602.15 billion (or 93.45%), ₦166.91 billion (or 33.27%), ₦0.78 billion (or 71.86%) and ₦1.64 billion (or 53.54%)respectively.

The general poor revenue performance especially as against the 2015 actual could be attributed to the persistent low oil price in the international market which reached a 10-year low in April 2016, as well as the vandalism of oil facilities in the Niger Delta region, which adversely impacted oil production.

3.3.4 Non-Oil Revenue Performance:

Given the enormous potential for enhanced non-oil revenue generation in the Nigerian economy, Government have redoubled its efforts towards optimization of non-oil revenue generation in the country. Specific initiatives include VAT Auto-collect, REMITA, E-Stamping Solution and e-tax payment, etc. The effect of these actions as well as the Budget Office's regular meetings with all relevant revenue collecting agencies is expected to enable collection of enhanced non-oil revenue in the medium to long-term.

Gross non-oil revenue of ₦552.81 billion was collected in the fourth quarter of 2016. This implies a shortfall of ₦500.80 billion (or 47.53%) from the quarterly estimate of ₦1,053.61 billion. An analysis of the non-oil revenue items indicates that all the non-oil revenue items fell below their quarterly expected projections. Value Added Tax of ₦209.47 billion, Company Income Tax of ₦186.73 billion, Customs & Excise Duties of ₦141.94billion and Special Levies of ₦14.68 billion were below their quarterly estimates of ₦368.76 billion, ₦469.25 billion, ₦180.93 billion and ₦34.67 billion by ₦159.29 billion (or 43.2%), ₦282.53

billion (or 60.21%), ₦38.99billion (or 21.55%) and ₦20.00 billion (or 57.67%) respectively.

Revenue Dividend by Companies / Investments Funded by FAAC and Solid Minerals & Other Mining Revenue which had quarterly projections of ₦49.25 billion and ₦4.09 billion respectively however recorded zero inflow in the quarter. Customs & Excise Duties and Special Levies surpassed their targets by ₦4.16 billion (or 3.02%) and ₦2.31 billion (or 18.65%) respectively while Value Added Tax and Company Income Tax fell by ₦0.88 billion (or 0.42%) and ₦267.01 billion (or 58.85%)respectively when compared with their corresponding third quarter performances. The improved performances of the Customs & Excise Duties and Special Levies in the fourth quarter of 2016 can be credited to the improvement in the performance of the Nigerian Customs during the period. Nevertheless, it is expected that this trend together with other remaining non-oil revenue items will get better in the first quarter of 2017 following the expected recovery of the economy.

Year-to-Date:

Gross non-oil revenues for the year amounted to ₦2,347.96 billion, depicting a shortfall of ₦1,866.50 billion (or 44.29%) below the annual projected estimate of ₦4,214.46 billion. The result also reveals that the receipts from all the non-oil revenue items fell below their corresponding estimates. Value Added Tax of ₦811.00 billion, Company Income Tax of ₦988.44 billion, Customs & Excise Duties of ₦506.84 billion and Special Levies of ₦41.69 billion respectively fell short by ₦664.04 billion (or 45.02%), ₦888.58 billion (or 47.34%), ₦216.88 billion (or 29.97%) and ₦97.00 billion (or 69.94%) when compared with their respective annual projections. Similarly, Solid Minerals and Other Mining Revenues of ₦9.92 billion fell below its annual estimate of ₦16.36 billion by ₦6.43 billion (or 39.33%). On the other hand, Dividend by Companies / Investments Funded by FAAC with an annual projection of ₦197.00 billion yielded nothing in the year under review.

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

DESCRIPTION	2016 BUDGET		2016 ACTUAL					2015	VARIANCE							
	Annual	Quarterly	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual	Annual Actual	4th Quarter Actual Vs Quarterly Budget		4th Quarter Vs 3rd Quarter (Actual)		Actual Vs Budget (Annual)		2016 Vs 2015 (Actual)	
OIL REVENUE	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%	N'bn	%
Crude Oil Sales Export	1,778.30	444.57	402.18	295.66	387.80	367.60	1,453.24	1,859.36	(76.98)	(17.31)	(20.21)	(5.21)	(325.06)	(18.28)	(406.12)	(21.84)
Crude Oil Sales Domestic																
Gas Sales (NLNG Feedstock sales & Upstream Liquid Gas)	644.34	161.09	6.37	8.64	15.55	11.64	42.19	89.93	(149.45)	(92.78)	(3.91)	(25.13)	(602.15)	(93.45)	(47.74)	(53.09)
Oil Royalties & Gas Royalties	501.71	125.43	100.69	92.46	86.95	54.71	334.80	536.51	(70.72)	(56.38)	(32.24)	(37.08)	(166.91)	(33.27)	(201.71)	(37.60)
Rent	1.08	0.27	0.16	0.02	0.04	0.09	0.31	0.20	(0.18)	(66.05)	0.05	130.00	(0.78)	(71.86)	0.11	52.50
Gas Flared Penalty	3.05	0.76	0.37	0.32	0.40	0.33	1.42	2.23	(0.43)	(56.91)	(0.07)	(16.92)	(1.64)	(53.54)	(0.81)	(36.37)
PPT & Gas Income @ 30% CITA	602.56	150.64	213.35	120.33	305.44	218.42	857.54	1,245.87	67.78	44.99	(87.02)	(28.49)	254.97	42.31	(388.33)	(31.17)
Other Oil and Gas Revenue	3.78	0.95	1.52	0.78	2.33	1.33	5.95	19.45	0.38	40.14	(1.00)	(43.01)	2.17	57.32	(13.50)	(69.41)
Sub-Total	3,534.83	883.71	724.64	518.20	798.49	654.11	2,695.43	3,753.55	(229.60)	(25.98)	(144.39)	(18.08)	(839.40)	(23.75)	(1,058.12)	(28.19)
DEDUCTIONS		-	-	-	-	-	-		-		-		-		-	
DPR Cost of Collection	-	-	4.23	3.86	5.43	3.47	16.98	24.70	3.47		(1.96)	(36.15)	16.98		(7.72)	(31.27)
Joint Venture Cash Calls	1,094.32	273.58	159.93	112.54	270.66	238.87	782.00	792.81	(34.71)	(12.69)	(31.78)	(11.74)	(312.32)	(28.54)	(10.81)	(1.36)
National Domestic Gas Development	280.94	70.24	-	-	-	-	-	-	(70.24)	(100.00)	-		(280.94)	(100.00)	-	
Gas Infrastructure Development & Other Gas Expenses	305.07	76.27	-	-	-	-	-	-	(76.27)	(100.00)	-		(305.07)	(100.00)	-	
Under Remittance of Funds by NNPC	-	-	-	-	-	-	-	-	-		-		-		-	
Consumption	150.00	37.50	-	-	-	-	-	-	(37.50)	(100.00)	-		(150.00)	(100.00)	-	
Crude Oil Pre-Export Inspection Agency Expense	3.94	0.99	-	-	-	-	-	-	(0.99)	(100.00)	-		(3.94)	(100.00)	-	
Sub-Total	1,700.57	425.14	560.49	401.79	522.41	411.77	1,896.46	2,936.04	(13.37)	(3.15)	(110.64)	(21.18)	195.89	11.52	(1,039.58)	(35.41)
Transfer to Excess Crude Oil on PPT from Oil		-	-	-	145.48	97.24	242.71	48.93	97.24		(48.24)	(33.16)	242.71		193.78	396.04
Balance of Oil Revenue	1,700.57	425.14	560.49	401.79	376.93	314.53	1,653.75	2,887.11	(110.61)	(26.02)	(62.40)	(16.55)	(46.82)	(2.75)	(1,233.36)	(42.72)
13% Derivation of Net Oil Revenue	221.07	55.27	72.86	52.23	49.00	40.89	214.99	375.32	(14.38)	(26.02)	(8.11)	(16.55)	(6.09)	(2.75)	(160.33)	(42.72)
TO FEDERATION ACCOUNT (OIL)	1,479.49	369.87	487.62	349.56	327.93	273.64	1,438.76	2,511.79	(96.23)	(26.02)	(54.29)	(16.55)	(40.73)	(2.75)	(1,073.03)	(42.72)
DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC		-	-	-	-	-	-		-		-		-		-	
Total Dividend Payment	197.00	49.25	-	-	-	-	-	-	(49.25)	(100.00)	-		(197.00)	(100.00)	-	
TO FEDERATION ACCOUNT (DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC)	197.00	49.25	-	-	-	-	-	-	(49.25)	(100.00)	-		(197.00)	(100.00)	-	
SOLID MINERALS AND OTHER MINNING		-	-	-	-	-	-		-		-		-		-	
Total Solid Mineral Revenue	16.36	4.09	-	-	9.92	-	9.92	-	(4.09)	(100.00)	(9.92)	(100.00)	(6.43)	(39.33)	9.92	
Less 13% Derivation	2.13	0.53	-	-	1.29	-	1.29	-	(0.53)	(100.00)	(1.29)	(100.00)	(0.84)	(39.32)	1.29	
TO FEDERATION ACCOUNT (SOLID MINERALS)	14.23	3.56	-	-	8.63	-	8.63	-	(3.56)	(100.00)	(8.63)	(100.00)	(5.60)	(39.33)	8.63	
NON-OIL REVENUE		-	-	-	-	-	-		-		-		-		-	
Value Added Tax (VAT)	1,475.03	368.76	196.57	194.61	210.35	209.47	811.00	778.72	(159.29)	(43.20)	(0.88)	(0.42)	(664.04)	(45.02)	32.27	4.14
Corporate Tax (CIT, Stamp Duties & CGT)	1,877.02	469.25	176.26	171.71	453.74	186.73	988.44	1,029.10	(282.53)	(60.21)	(267.01)	(58.85)	(888.58)	(47.34)	(40.66)	(3.95)
Customs: Import, Excise & Fees	723.72	180.93	124.94	102.18	137.78	141.94	506.84	514.35	(38.99)	(21.55)	4.16	3.02	(216.88)	(29.97)	(7.51)	(1.46)
Special Levies (Federation Account)	138.69	34.67	10.29	4.36	12.37	14.68	41.69	31.58	(20.00)	(57.67)	2.31	18.65	(97.00)	(69.94)	10.11	32.01
Sub-Total	4,214.46	1,053.61	508.05	472.86	814.24	552.81	2,347.96	2,353.75	(500.80)	(47.53)	(261.43)	(32.11)	(1,866.50)	(44.29)	(5.79)	(0.25)
Cost of Collection and Other Deductions	207.81	51.95	24.43	22.16	40.98	27.57	115.14	122.53	(24.39)	(46.94)	(13.41)	(32.73)	(92.68)	(44.60)	(7.40)	(6.04)
4% Cost of Collection (VAT)	59.00	14.75	7.86	7.78	8.41	8.38	32.44	31.15	(6.37)	(43.19)	(0.03)	(0.40)	(26.56)	(45.02)	1.29	4.14
4% Cost of Collection (CIT)	63.44	15.86	7.10	6.91	22.06	8.23	44.30	40.67	(7.63)	(48.14)	(13.83)	(62.71)	(19.14)	(30.17)	3.63	8.92
7% Cost of Collection (Customs and Special Levies)	60.37	15.09	9.47	7.46	10.51	10.96	38.40	38.21	(4.13)	(27.36)	0.45	4.30	(21.97)	(36.40)	0.19	0.49
FIRS Tax Refunds	25.00	6.25	-	-	-	-	-	12.50	(6.25)	(100.00)	-		(25.00)	(100.00)	(12.50)	(100.00)
TO FEDERATION ACCOUNT (NON-OIL)	2,590.62	647.65	294.92	263.88	571.32	324.16	1,454.27	1,483.64	(323.50)	(49.95)	(247.17)	(43.26)	(1,136.34)	(43.86)	(29.37)	(1.98)
Total VAT Pool	1,416.03	354.01	188.71	186.83	201.94	201.09	778.56	747.58	(152.92)	(43.20)	(0.85)	(0.42)	(637.47)	(45.02)	30.98	4.14
Net Non-Oil Revenue	4,006.65	1,001.66	483.62	450.70	773.26	525.25	2,232.83	2,231.22	(476.42)	(47.56)	(248.02)	(32.07)	(1,773.82)	(44.27)	1.61	0.07
Sub-Total: FEDERATION ACCOUNT	4,281.34	1,070.33	782.54	613.44	907.89	597.80	2,901.67	3,995.43	(472.53)	(44.15)	(310.09)	(34.15)	(1,379.67)	(32.23)	(1,093.76)	(27.38)
Actual Balances in Special Accounts	22.25	5.56	-	-	-	-	-	-	(5.56)	(100.00)	-		(22.25)	(100.00)	-	
TOTAL FEDERATION ACCOUNT	4,303.58	1,075.90	782.54	613.44	907.89	597.80	2,901.67	3,995.43	(478.09)	(44.44)	(310.09)	(34.15)	(1,401.92)	(32.58)	(1,093.76)	(27.38)
TOTAL DISTRIBUTION		-	-	-	-	-	-		-		-		-		-	
Federation Account	4,303.58	1,075.90	782.54	613.44	907.89	597.80	2,901.67	3,995.43	(478.09)	(44.44)	(310.09)	(34.15)	(1,401.92)	(32.58)	(1,093.76)	(27.38)
VAT Pool Account	1,416.03	354.01	188.71	186.83	201.94	201.09	778.56	747.58	(152.92)	(43.20)	(0.85)	(0.42)	(637.47)	(45.02)	30.98	4.14
GRAND TOTAL	5,719.61	1,429.90	971.24	800.26	1,109.83	798.89	3,680.22	4,743.01	(631.01)	(44.13)	(310.94)	(28.02)	(2,039.39)	(35.66)	(1,062.79)	(22.41)

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

Though non-oil revenue performed below target and corresponding period in 2015, the rate of slide has moderated considerably. The rate of slide in non-oil revenue fell from -59.03% and -60.79% for Customs and CIT in 2015 to -1.46% and -3.95% respectively in 2016 while VAT increased in the 2016 period by 4.14% as against a decline of 86.82% in 2015.

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

3.4 Comparative Revenue Performance Analysis:

A relative analysis of the data however suggests that the aggregate gross oil receipts in the fourth 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 ascribed 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. Similarly, the aggregate gross non-oil revenues for the same period recorded a decline of ₦45.77 billion (or 7.65%) below the corresponding figures reported in 2015 (*Table 3.6).*

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

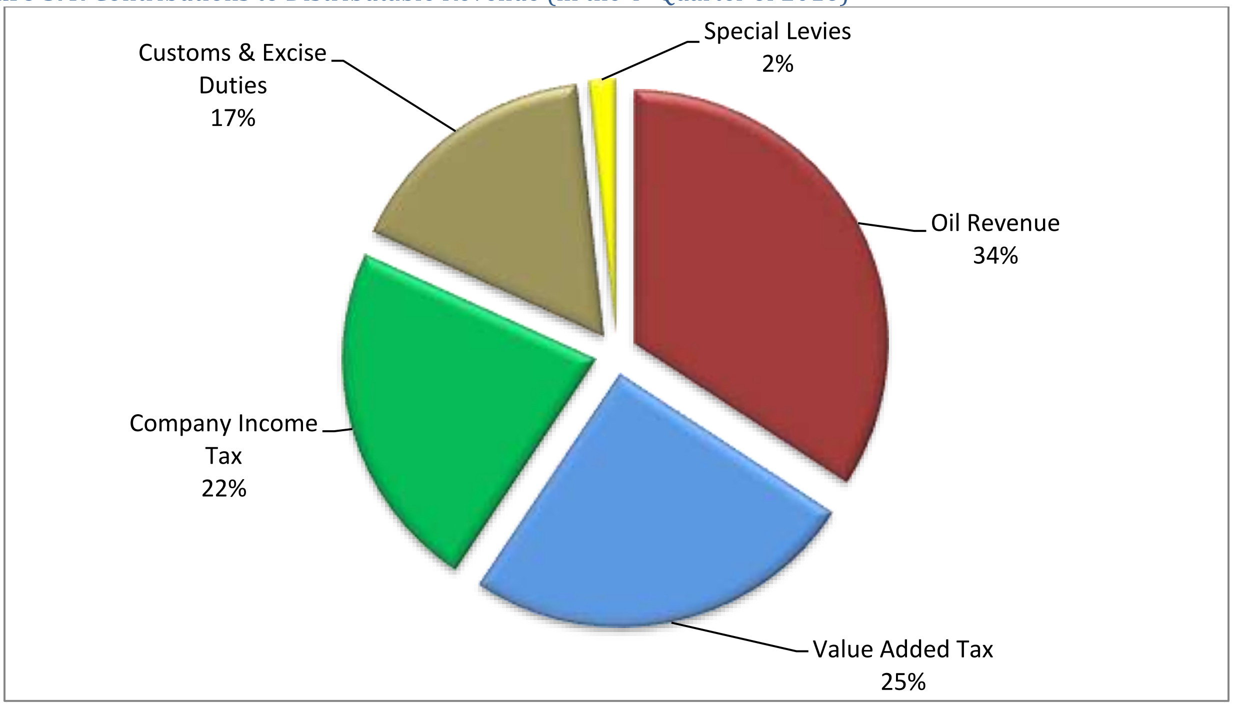
Revenue Items	2015	2016	Variance	
	4th Quarter Actual	4th Quarter Actual	4th Quarter 2016 Vs 4th Quarter 2015	
Oil Revenue	N'bns	N'bns	N'bns	%
Crude Oil Sales	415.82	367.6	-48.22	-11.60
Petroleum Profit Tax (PPT)	276.43	218.42	-58.01	-20.99
Royalties	112.24	54.71	-57.53	-51.26
Gross Oil Revenue	811.82	654.11	-157.71	-19.43
Net Oil Receipts	517.03	273.64	-243.39	-47.07
Non-Oil Revenue	-	-		
Value Added Tax (VAT)	177.78	209.47	31.69	17.83
Company Income Tax (CIT)	279.13	186.73	-92.4	-33.10
Customs & Excise Duties	130.69	141.94	11.25	8.61
Gross Non-Oil Revenue	598.58	552.81	-45.77	-7.65
Net Non-Oil Receipts	570.38	525.25	-45.13	-7.91

Source: OAGF and Budget Office of the Federation, 2016

3.5 Distributable Revenue:

Net distributable revenue for sharing among the three tiers of government after the deduction of all costs stood at ₦798.89 billion in the fourth quarter of 2016. This implies a shortfall of ₦631.01 billion (or 44.13%) from budgetary targets for the period. A breakdown of the contribution of revenue sub-heads to the distributable revenue shows that oil revenue contributed 34% while the non-oil revenue contributed 66% indicating a higher cost outlay for the oil sector. Further breakdown of the non-oil sector shows that Customs & Exercise Duties, VAT, CIT and Special Levy contributed 17%, 25%,22%, and 2% respectively during the review period.

Figure 3.4: Contributions to Distributable Revenue (in the 4th Quarter of 2016)



Source: Budget Office of the Federation, 2016

3.6 Excess Crude Account:

The sum of ₦145.48 billion and ₦97.24 billion were transferred to the ECA in the third and fourth quarters of 2016. While a total of ₦85.17 billion was withdrawn from the account in the third quarter of 2016 for distribution among the three tiers of government. A total of US$3.34 million was the accrued interest into the ECA in the fourth quarter of 2016. This resulted in a US$3.34 million or 0.14% increase in the ECA from US$2,453.66 million as at 1st October, 2016 to US$2,457.00 million as at 31st December, 2016 Table 3.7.

Table 3.7: Net Excess Crude Account

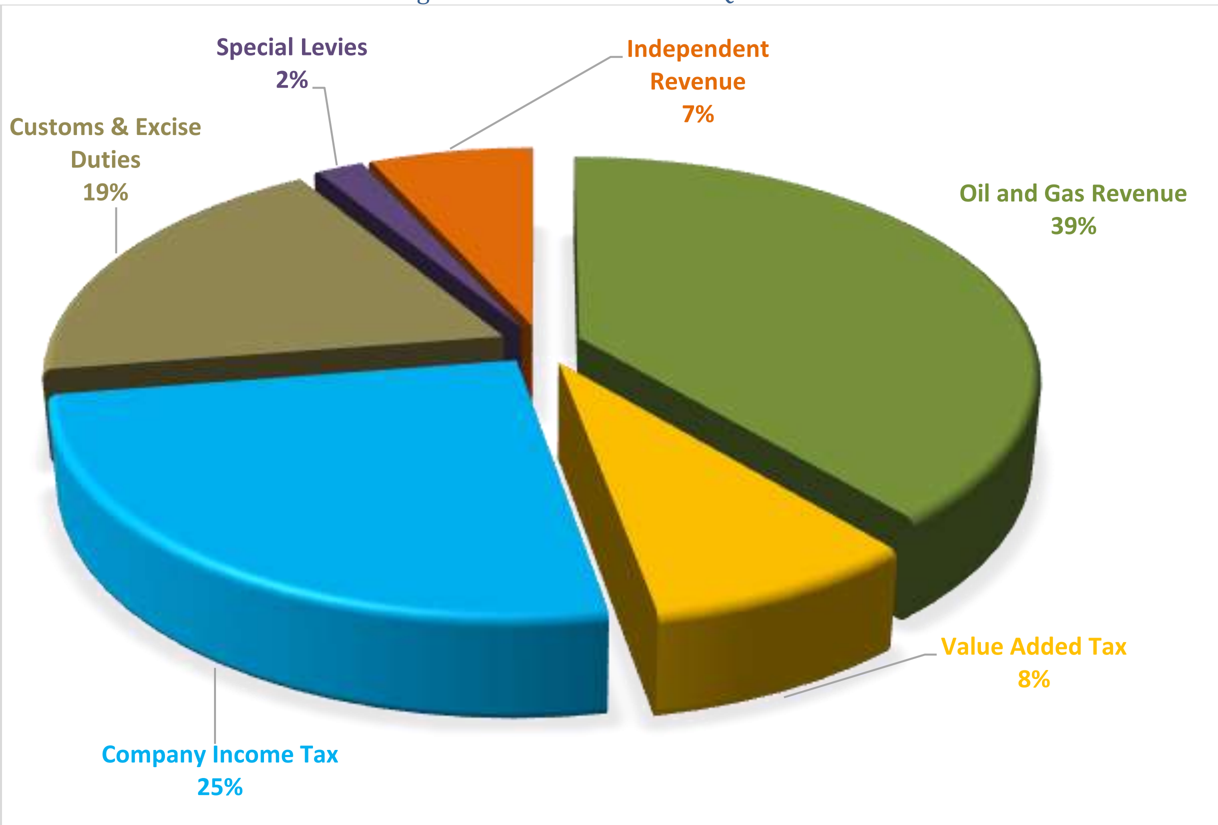
Description	2015 Actual (N'bn)					2016 Actual (N'bn)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Jan - Dec	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Jan - Dec
Inflows										
Transfer to Excess Crude Oil Account	14.98	0	33.96	0	48.94	0	0	145.48	97.24	242.72
Outflows										
Payment for Petroleum Product Subsidy	197.05	162.34	0	0	359.39	0	0	0	0	0
Augmentation: Distribution among tiers of Govt.	15.63	0	82.56	0	98.19	0	0	85.17	0	85.17
Transfer for Special Intervention Fund	0.56	0	0	0	0.56	0	0	0	0	0
Transfers Int. trf - SWF	0	0	0	0	0	0	0	0	0	0
Total Outflow	213.24	162.34	82.56	0	458.14	0	0	85.17	0	85.17
Net Excess Crude Account	-198.26	-162.34	-48.60	0	-409.20	0	0	60.31	97.24	157.55

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

3.7 FGN Budget Revenue:

The sum of ₦3,855.74 billion was projected to fund the Federal Budget in 2016, translating to a prorata quarterly share of ₦963.93 billion. Actual total revenue of ₦341.18 billion, excluding other funding sources, was received in the fourth quarter of 2016. This amount was ₦622.76 billion (or 64.61%)and ₦235.45 billion (or 40.83%) lower than the ₦963.93 billion quarterly projection and ₦576.63 billion reported in the third quarter of 2016 respectively. The aggregate revenue in the fourth quarter of 2016 was also ₦136.30 billion (or 28.55%) below the ₦477.48 billion recorded in the fourth quarter of 2015.

Figure 3.5: Contributions to the FGN Budget Revenue in the Fourth Quarter of 2016



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

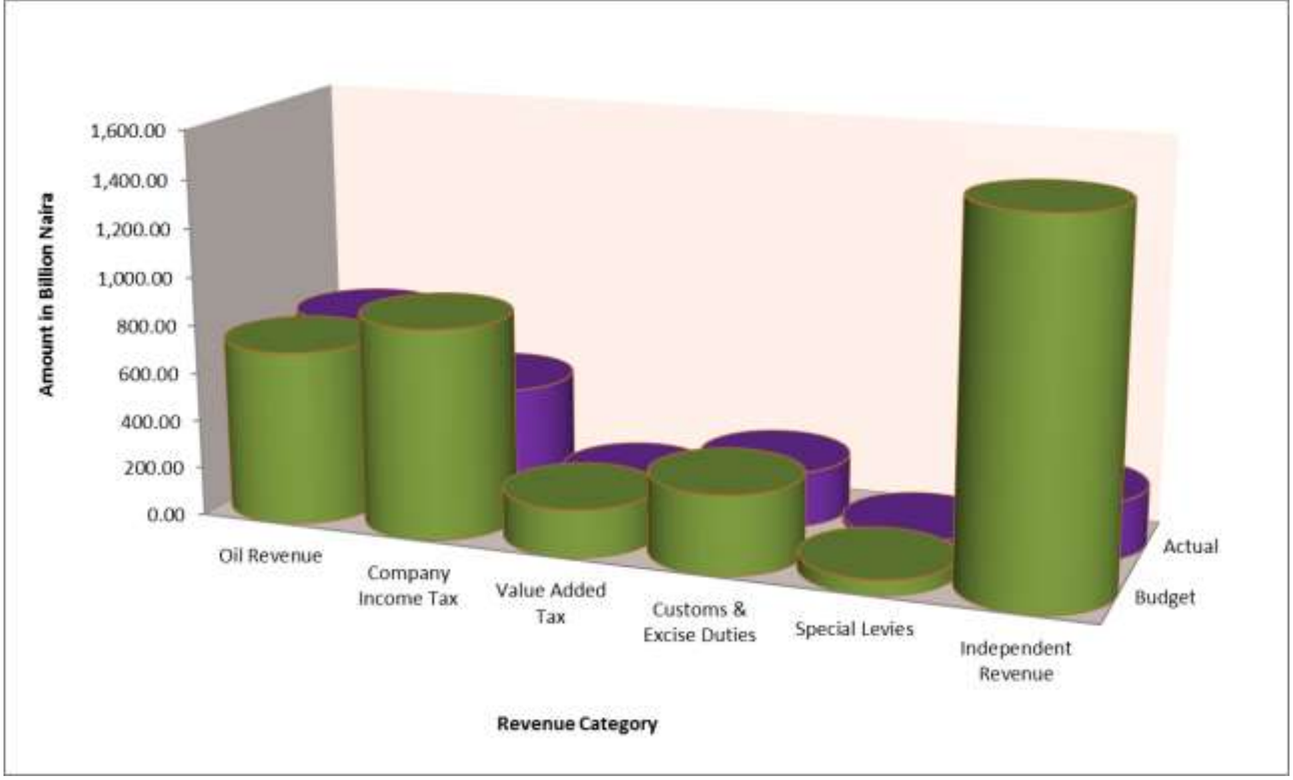
Note: Above is *excluding FGN's Unspent Balances and FGN's Balances in Special Accounts*

Total Retained Revenue of the Federal Government in the fourth quarter of 2016 stood at ₦758.83 billion indicating a ₦205.10 or 21.28% shortfall from the prorata budget estimate for the quarter. This was however augmented by additional inflow of ₦40.05 billion and 6.17 billion from TSA/Pool Account and Mopped Up Capital respectively to moderate the deficit to ₦158.88 billion or 16.48% in the quarter under review.

The oil revenue inflow for the Federal Government in the fourth quarter of 2016 stood at ₦132.72 billion indicating a decline by N46.67 billion (or 26.02%) from the quarterly estimate of ₦179.39 billion. Further analysis indicates that all the components of the projected non-oil revenue inflow to the Federal Government fell below their quarterly budget estimates. FGN Share of VAT of ₦28.15 billion, Customs & Excise Duties of ₦64.02 billion, Special Levies of ₦6.62 billion and

Company Income Tax of ₦86.57 billion were below their corresponding quarterly budget projections of ₦49.56 billion, ₦81.61 billion, ₦15.64 billion and ₦216.87 billion by ₦21.41 billion (or 43.2%), ₦17.59 billion (or 21.55%), ₦9.02 billion (or 57.67%) and ₦130.29 billion (or 60.08%) respectively. FGN Share of Company Investment by FAAC, FGN Share of Solid Minerals Revenue and Share of Actual Balances in Special Accounts, on the other hand, yielded no revenue in the quarter *Table 3.8.*

Figure 3.6: FGN Revenue (Budget Vs Actual as at December 2016)



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

Table 3.8: Inflows to the 2016 Federal Budget as at December 2016

S/NO	ITEMS	BUDGET		2016 ACTUAL					2015	VARIANCE							
		Annul	Quarterly Budget	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual	Annual Actual	4th Quarter Actual Vs Quarterly Budget		4th Quarter Vs 3rd Quarter (Actual)		Actual Vs Budget (Annual)		2016 Vs 2015 (Actual)	
A	Inflow for the Federal Budget (CRF)	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%	N'bn	%
1	FGN Share of Oil Revenue	717.55	179.39	236.50	169.54	159.05	132.72	697.80	1,218.22	(46.67)	(26.02)	(26.33)	(16.55)	(19.76)	(2.75)	(520.42)	(42.72)
2	FGN Share of Non-Oil Revenue	1,567.92	391.98	169.45	154.14	309.55	185.37	818.51	824.22	(206.61)	(52.71)	(124.18)	(40.12)	(749.42)	(47.80)	(5.71)	(0.69)
3	FGN Share of Company / Investment by FAAC	95.55	23.89	-	-	-	-	-	-	(23.89)	(100.00)	-		(95.55)	(100.00)	-	
4	FGN Share of Solid Minerals Revenue	6.90	1.73	-	-	4.19	-	4.19	-	(1.73)	(100.00)	(4.19)	(100.00)	(2.71)	(39.33)	4.19	
5	FGN Share of Value Added Tax	198.24	49.56	26.42	26.16	28.27	28.15	109.00	104.66	(21.41)	(43.20)	(0.12)	(0.42)	(89.24)	(45.02)	4.34	4.15
6	FGN Share of Customs	326.44	81.61	56.35	46.09	62.15	64.02	228.61	232.00	(17.59)	(21.55)	1.88	3.02	(97.82)	(29.97)	(3.39)	(1.46)
7	FGN Share of Special Levies (Federation Account)	62.56	15.64	4.64	1.97	5.58	6.62	18.80	14.25	(9.02)	(57.67)	1.04	18.66	(43.75)	(69.94)	4.55	31.96
8	FGN Share of Company Income Tax	867.46	216.87	82.04	79.93	209.37	86.57	457.91	473.32	(130.29)	(60.08)	(122.79)	(58.65)	(409.55)	(47.21)	(15.41)	(3.26)
9	FGN Share of Actual Balances in Special Accounts as at 31/12/15	10.79	2.70	-	-	-	-	-	-	(2.70)	(100.00)	-		(10.79)	(100.00)	-	
10	FGN Independent Revenue	1,505.88	376.47	47.52	59.10	108.03	23.09	237.75	323.37	(353.38)	(93.87)	(84.94)	(78.63)	(1,268.13)	(84.21)	(85.62)	(26.48)
11	FGN Balance of Special Account as at 31/12/15:	14.38	3.59	-	-	-	-	-	21.68	(3.59)	(100.00)	-		(14.38)	(100.00)	(21.68)	(100.00)
12	Unspent Balance from Previous Fiscal Year	50.00	12.50	-	-	-	-	-	-	(12.50)	(100.00)	-		(50.00)	(100.00)	-	
13	Sub-Total	3,855.74	963.93	453.47	382.78	576.63	341.18	1,754.05	2,387.49	(622.76)	(64.61)	(235.45)	(40.83)	(2,101.68)	(54.51)	(633.44)	(26.53)
B	Other Financing Sources	-	-	30.73	78.73	339.98	417.66	867.10	388.97	417.66		77.68	22.85	867.10		478.13	122.92
14	NNPC Refund to FGN	-	-	11.66	17.48	17.48	23.31	69.94	69.93	23.31		5.83	33.33	69.94		0.01	0.01
15	Share from Excess PPT	-	-	-	-	21.17	87.55	108.72		87.55		66.39	313.62	108.72		108.72	
16	Receipts from LNG	-	-	14.26	-	-	-	14.26	167.32	-		-		14.26		(153.06)	(91.48)
17	Exchange Rate Difference	-	-	4.81	3.39	120.22	50.80	179.23	70.09	50.80		(69.42)	(57.74)	179.23		109.14	155.71
18	Refund of 1st Quarter Capital Allocations to CRF	-	-	-	57.85	-	-	57.85	-	-		-		57.85		57.85	
19	Settlement of State Component of Coupon Payment	-	-	-	-	41.11	-	41.11	-	-		(41.11)	(100.00)	41.11		41.11	
20	Transfer from Capital Development Account to CRF	-	-	-	-	140.00	255.99	395.99	9.50	255.99		115.99	82.85	395.99		386.49	4,068.33
21	Payment to FGN and Other Statutory Benefits	-	-	-	-	-	-	-	72.13							(72.13)	(100.00)
C	TOTAL RETAINED REVENUE	3,855.74	963.93	484.20	461.50	916.61	758.83	2,621.15	2,776.46	(205.10)	(21.28)	(157.78)	(17.21)	(1,234.59)	(32.02)	(155.31)	(5.59)
22	TSA/Pool A/C	-	-	45.93	21.15	17.91	40.05	125.04	463.88	40.05		22.14	123.65	125.04		(338.85)	(73.05)
23	Mopped Up Capital	-	-	-	195.14	-	6.17	201.31	-	6.17		6.17		201.31		201.31	
D	Total Revenue Available for Implementation	3,855.74	963.93	530.13	677.80	934.52	805.05	2,947.49	3,240.34	(158.88)	(16.48)	(129.47)	(13.85)	(908.24)	(23.56)	(292.85)	(9.04)

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

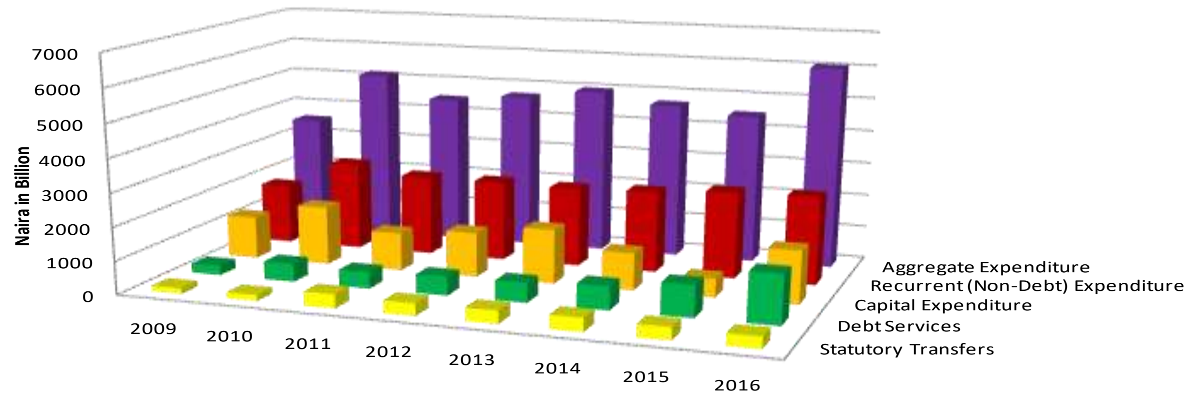
3.8 Expenditure Developments:

A total of ₦6,060.48 billion was appropriated for expenditure in the 2016 Budget. This comprises ₦2,646.39 billion (or 43.67%) for Recurrent (Non-Debt) Expenditure, ₦1,475.32 billion (or 24.34%) for Debt Services, ₦351.37 billion (or 5.8%) for Statutory Transfers and ₦1,587.40 billion (or 26.19%) for Capital Expenditure.

3.8.1 Non-Debt Recurrent Expenditure:

In preparing the 2016 Budget, Government was resolute on its plan to cut down the growth in recurrent expenditures as indicated in the 2016-2018 Fiscal Framework and Fiscal Strategy Paper. Given government's resolve not rationalize its workforce especially as unemployment was already high, it had introduced other measures to cut down the cost of governance. These measures include pruning down of overhead cost through the activities of the efficiency unit; and the continued roll-out of the Integrated Payroll and Personnel Information System (IPPIS) across MDAs which is already making some savings in personnel costs.

Figure 3.7: 2009 – 2016 Budget Expenditure Profile

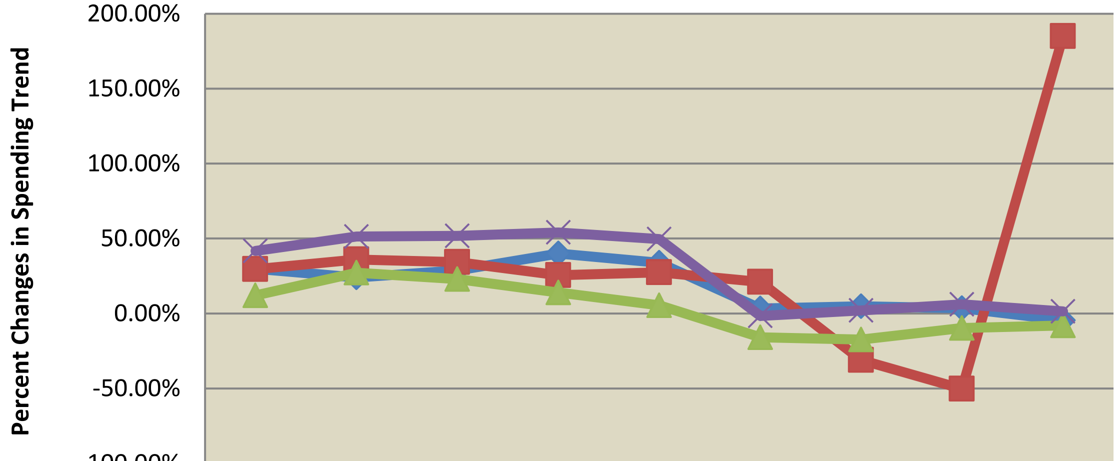


	2009	2010	2011	2012	2013	2014	2015	2016
Statutory Transfers	168.62	183.58	417.83	372.59	387.98	408.69	375.62	351.37
Debt Services	283.65	542.38	495.1	559.58	591.76	712	953.62	1,475.32
Capital Expenditure	1,280.71	1,764.69	1,146.75	1,339.99	1,621.48	1,119.62	557.00	1,587.40
Recurrent (Non-Debt) Expenditure	1,824.71	2,669.01	2,425.07	2,425.05	2,386.03	2,454.89	2,607.13	2,646.39
Aggregate Expenditure	3,557.69	5,159.66	4,484.74	4,697.21	4,987.24	4,695.19	4,493.36	6,060.48

Source: Budget Office of the Federation, 2016

A total of ₦730.0 billion was spent on non-debt recurrent expenditure in the fourth quarter of 2016. This indicates an increase of ₦68.41 billion (or 10.34%) above the quarterly estimate of ₦661.60 billion.

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



	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
Personnel Costs (MDAs)	29.88%	24.08%	28.66%	40.01%	33.89%	3.37%	4.79%	3.46%	-4.47%
Capital Spending	29.66%	36.00%	34.20%	25.57%	27.47%	21.01%	-30.95%	-50.25%	184.99%
Overheads	12%	27.20%	23.06%	14.07%	5.57%	-15.94%	-17.37%	-9.65%	-8%
Recurrent (Non Debt)	41.88%	51.28%	51.72%	54.07%	49.72%	-1.62%	2.06%	6.20%	1.51%

Source: BOF and OAGF, 2016

3.8.2 Debt Service:

Debt related expenditure in the fourth quarter of 2016 stood at ₦268.5 billion comprising of ₦245.95 billion of Debt Services and ₦22.55 billion of Sinking Fund to retire maturing loans. A breakdown of total debt services for the quarter shows that domestic debt services accounted for 89.81% or ₦218.60 billion while external debt services stood at ₦27.35 billion or 10.19%. The total expenditure on debt services fell short of the prorata budget estimate of ₦661.60 billion for the period by ₦94.52 billion or 27.76%. This however comprises of an expenditure shortfall of ₦108.25 billion or 33.12% of the

₦326.85 billion budgeted for domestic debt services while the external debt service budget was surpassed by ₦13.73 billion or 100.77%.

Year-to-Date

Annual debt service was estimated at ₦1,361.88 billion in the 2016 Budget comprising of ₦1,307.40 billion for domestic debt servicing and ₦54.48 billion for the servicing of external debt. Actual domestic debt service in 2016 stood at ₦1,228.76 billion indicating a shortfall of ₦78.64 billion (or 6.01%). Total actual external debt service payment, on the other hand amounted to ₦107.69 billion indicating an increase of ₦53.21 billion (or 97.67%) above the budgeted estimate for the year.

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

S/NO	ITEMS	BUDGET		2016 ACTUAL					2015	VARIANCE							
		Annual	Quarterly	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual	Annual Actual	4th Quarter Actual Vs Quarterly Budget		4th Quarter Vs 3rd Quarter (Actual)		Actual Vs Budget (Annual)		2016 Vs 2015 (Actual)	
		N'bn	N'bn	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	484.20	461.50	916.61	758.84	2,621.15	2,776.36	(205.10)	(21.28)	(157.78)	(17.21)	(1,234.59)	(32.02)	(155.21)	(5.59)
B	TSA/Pool A/C	-	-	45.93	21.15	17.91	40.05	125.04	463.88	40.05		22.14	123.65	125.04		(338.85)	(73.05)
C	Mopped Up Capital		-	-	195.14	-	6.17	201.31		6.17		6.17		201.31		201.31	
D	TOTAL INFLOW	3,855.74	963.94	530.13	677.79	934.52	805.05	2,947.49	3,240.24	(158.88)	(16.48)	(129.46)	(13.85)	(908.25)	(23.56)	(292.75)	(9.03)
E	EXPENDITURE:							-		-		-		-		-	
1	RECURRENT NON-DEBT:							-		-		-		-		-	
2	Personnel Cost	1,748.33	437.08	364.25	526.56	417.94	381.18	1,689.94	1,869.34	(55.90)	(12.79)	(36.76)	(8.79)	(58.40)	(3.34)	(179.40)	(9.60)
3	Pension & Gratuities Including Service Wide Pension	298.11	74.53	31.95	47.23	59.10	46.48	184.76	208.11	(28.05)	(37.64)	(12.63)	(21.36)	(113.35)	(38.02)	(23.35)	(11.22)
4	Overhead Cost	163.39	40.85	27.04	28.38	56.54	37.33	149.28	414.81	(3.52)	(8.61)	(19.21)	(33.97)	(14.11)	(8.63)	(265.53)	(64.01)
5	Other Service Wide Vote Including Presidential Amnesty (Bal Fig)	136.56	34.14	25.83	44.16	52.65	265.01	387.65	57.81	230.87	676.26	212.36	403.31	251.09	183.87	329.84	570.56
6	Special Intervention (Recurrent)	300.00	75.00	-	-	-	-	-		(75.00)	(100.00)	-		(300.00)	(100.00)	-	
7	Sub-Total (Non-Debt)	2,646.39	661.60	449.07	646.32	586.24	730.00	2,411.63	2,550.07	68.41	10.34	143.77	24.52	(234.76)	(8.87)	(138.44)	(5.43)
8	Domestic Debts & Int. on Ways & Means	1,307.40	326.85	349.36	218.56	449.59	218.60	1,236.11	996.80	(108.25)	(33.12)	(230.99)	(51.38)	(71.29)	(5.45)	239.31	24.01
9	Foreign Debts	54.48	13.62	15.45	15.26	19.29	27.35	77.35	63.59	13.73	100.77	8.05	41.75	22.87	41.97	13.76	21.63
10	Sub-Total (Debt Services)	1,361.88	340.47	364.81	233.82	468.88	245.95	1,313.46	1,060.39	(94.52)	(27.76)	(222.93)	(47.55)	(48.42)	(3.56)	253.07	23.87
11	States Deferred Loan Deductd IFO DMO April '16		-	-	10.89	10.97	-	21.86		-		(10.97)	(100.00)	21.86		21.86	
12	Sinking Fund to Retire Maturing Loans	113.44	28.36	-	-	27.03	22.55	49.58		(5.81)	(20.48)	(4.48)	(16.56)	(63.86)	(56.29)	49.58	
13	Loan to .5% Statutory Stabilization Account								30.00							(30.00)	(100.00)
14	Loan to Ex Dom Naira Account IRO Ind. Oil Marketers								187.10							(187.10)	(100.00)
15	Sub-Total (Recurrent Debt)	1,475.32	368.83	364.81	244.71	506.88	268.50	1,384.90	1,277.49	(100.33)	(27.20)	(238.38)	(47.03)	(90.42)	(6.13)	107.41	8.41
16	Total Recurrent 2016	4,121.71	1,030.43	813.88	891.04	1,093.12	998.51	3,796.53	3,827.56	(31.92)	(3.10)	(94.61)	(8.66)	(325.18)	(7.89)	(31.03)	(0.81)
17	Recurrent Expenditure 2015	-	-	82.09	0.52	-	-	82.61		-		-		82.61		82.61	
18	Total Recurrent Expenditure	4,121.71	1,030.43	895.97	891.56	1,093.12	998.51	3,879.15	3,827.56	(31.92)	(3.10)	(94.61)	(8.66)	(242.56)	(5.88)	51.59	1.35
19	CAPITAL EXPENDITURE:		-	-	-	-	-	-		-		-		-		-	
20	Capital Releases 2015	-	-	59.19	9.09	-	-	68.28	21.68	-		-		68.28		46.60	214.93
21	*Capital Releases 2016	1,587.40	396.85	12.65	78.13	-	14.03	104.82	362.39	(382.82)	(96.46)	14.03		(1,482.59)	(93.40)	(257.58)	(71.08)
22	Refund to MDAs from TSA								217.19							(217.19)	(100.00)
23	Sub-Total (Capital)	1,587.40	396.85	71.84	87.22	-	14.03	173.09	601.26	(382.82)	(96.46)	14.03		(1,414.31)	(89.10)	(428.17)	(71.21)
24	TRANSFERS:		-	-	-	-	-	-		-		-		-		-	
25	Niger Delta Development Commission (NDDC)	41.05	10.26	6.84	13.68	10.26	6.84	37.63	37.91	(3.42)	(33.33)	(3.42)	(33.33)	(3.42)	(8.33)	(0.28)	(0.74)
26	National Judicial Council (NJC)	70.00	17.50	11.67	23.33	17.50	17.50	70.00	74.00	(0.00)	(0.01)	-	-	(0.00)	(0.01)	(4.00)	(5.41)
27	Universal Basic Education Commission (UBEC)	77.11	19.28	12.85	25.70	19.28	19.28	77.11	56.79	0.00	0.00	-	-	0.00	0.00	20.32	35.78
28	Independent National Electoral Commission (INEC)	45.00	11.25	7.50	11.25	11.25	11.25	41.25	52.21	-	-	-	-	(3.75)	(8.33)	(10.96)	(20.99)
29	National Assembly (NASS)	115.00	28.75	19.17	38.33	28.75	28.75	115.00	114.66	(0.00)	(0.00)	-	-	(0.00)	(0.00)	0.34	0.29
30	Public Complaint Commission (PCC)	2.00	0.50	0.50	0.50	0.50	0.50	2.00	1.75	0.00	0.20	-	-	0.00	0.15	0.25	14.46
31	National Human Right Commission (NHRC)	1.21	0.30	0.20	0.20	0.30	0.30	1.01	1.24	0.00	0.17	-	-	(0.20)	(16.53)	(0.23)	(18.55)
32	Sub-Total (Transfers)	351.37	87.84	58.73	113.01	87.84	84.42	344.00	338.56	(3.42)	(3.89)	(3.42)	(3.89)	(7.37)	(2.10)	5.44	1.61
33	TOTAL ACTUAL EXPENDITURE:	6,060.48	1,515.12	1,026.54	1,091.78	1,180.96	1,096.96	4,396.24	4,767.38	(418.16)	(27.60)	(84.00)	(7.11)	(1,664.24)	(27.46)	(371.14)	(7.79)
34	Refund to MDAs and Banks		-	55.90	58.04	9.90	2.43	126.27		2.43		(7.47)	(75.46)	126.27		126.27	
35	Excess PPT Account		-	-	-	-	-	-		-		-		-		-	
36	Settlement of State Component of Coupon Payment		-	-	-	41.11	-	41.11		-		(41.11)	(100.00)	41.11		41.11	
37	Mopped Up Capital Refunded		-	-	187.12	-	-	187.12		-		-		187.12		187.12	
38	ECA Loan Deduction May 2016	-	-	-	-	3.54	-	3.54		-		(3.54)	(100.00)	3.54		3.54	
39	Reimbursement of Paris Club Overdeduction		-	-	-	-	387.67	387.67		387.67		387.67		387.67		387.67	
40	TOTAL OUTFLOW	6,060.48	1,515.12	1,082.44	1,336.94	1,235.50	1,487.05	5,141.94	4,767.38	(28.07)	(1.85)	251.55	20.36	(918.55)	(15.16)	374.56	7.86
41	Fiscal Deficit	(2,204.74)	(551.19)	(552.31)	(659.14)	(300.99)	(682.00)	(2,194.44)	(1,527.14)	(130.81)	23.73	(381.02)	126.59	10.30	(0.47)	(667.30)	43.70
F	FINANCING ITEMS		-	-	-	-	-	-		-		-		-		-	
1	Privitization Proceeds	10.00	2.50	5.92	-	-	-	5.92		(2.50)	(100.00)	-		(4.08)	(40.78)	5.92	
2	Signature Bonus	0.74	0.19	-	-	-	-	-		(0.19)	(100.00)	-		(0.74)	(100.00)	-	
3	Borrowing from Special Accounts	-	-	(3.49)	-	380.00	-	376.51	17.41	-		(380.00)	(100.00)	376.51		359.10	2,062.62
4	Securitization of Balance of 2015 Borrowing	-	-	-	224.60	-	-	224.60		-		-		224.60		224.60	
5	Foreign Borrowing	635.88	158.97	-	-	-	-	-		(158.97)	(100.00)	-		(635.88)	(100.00)	-	
6	Domestic Borrowing (FGN Bond)	1,182.80	295.70	300.00	-	-	-	300.00	330.00	(295.70)	(100.00)	-		(882.80)	(74.64)	(30.00)	(9.09)
7	Act	-	-	300.00	-	-	-	300.00		-		-		300.00		300.00	
8	Refund to Excess Crude Account		-	-	-	(40.00)	-	(40.00)		-		40.00	(100.00)	(40.00)		(40.00)	
9	Refunds/Recoveries from Strategic Alliance Contracts	137.90	34.48	-	-	-	-	-		(34.48)	(100.00)	-		(137.90)	(100.00)	-	
10	FGN share of JV AssetsTransfered to NDPC (NNPC/CBN)	162.43	40.61	-	-	-	-	-		(40.61)	(100.00)	-		(162.43)	(100.00)	-	
11	Recoveries of Other Misappropriated Funds	50.00	12.50	-	-	-	-	-		(12.50)	(100.00)	-		(50.00)	(100.00)	-	
12	Proceed of Sale of Government Properties	25.00	6.25	-	-	-	-	-		(6.25)	(100.00)	-		(25.00)	(100.00)	-	
13	FGN Share from Stabilization Fund Account								6.60							(6.60)	(100.00)
14	Credit Advance by CBN								615.96							(615.96)	(100.00)
15	Transfer of Funds from Special Account (Monetization)								73.51							(73.51)	(100.00)
16	Sub-Total	2,204.74	551.19	602.44	224.60	340.00	-	1,167.04	1,043.48	(551.19)	(100.00)	(340.00)	(100.00)	(1,037.71)	(47.07)	123.56	11.84
17	Net Deficit / Surplus	-	-	50.12	(434.54)	39.01	(682.00)	(1,027.41)	(483.66)	(682.00)		(721.02)	(1,848.05)	(1,027.41)		(543.75)	112.42

Source: OAGF and Budget Office of the Federation, 2016

3.8.3 Statutory Transfers:

A total of ₦84.42 billion was released as statutory transfers in the fourth quarter of 2016. A breakdown of the actual transfers in the period shows that ₦6.84 billion was to Niger Delta Development Commission (NDDC), ₦17.50 billion was to National Judicial Council (NJC), ₦19.28 billion was to Universal Basic Education Commission (UBEC), ₦11.25 billion was to Independent Electoral Commission (INEC), ₦28.75 billion was to National Assembly (NAS), ₦0.50 billion was to Public Complaint Commission (PCC) and ₦0.30billion was to the National Human Right Commission (NHRC). It is good to note that quarterly releases under this subhead are made on request by the beneficiaries, subject to budgetary provisions and availability of funds.

3.8.4 Capital Expenditure Performance

Government's reinstated its commitment to regig the structure of the Nigerian economy by allocating greater resources to developmental projects in the 2016 Budget. As such greater resources were directed to the provision of critical infrastructure in the roads, power, housing, rail and aviation sectors as well as the provision of physical and food security for the nation. This led to the allocation of a total of ₦1,587.40 billion to capital spending in the 2016 Budget as against ₦557.00 billion in 2015.

3.9 MDAs' Capital Vote Utilization:

The analysis of the 2016 capital performance for MDAs as at 5th May, 2017 revealed that a total of ₦1,219.47 billion was released and cash backed to MDAs for their 2016 capital projects and programmes. The sum of ₦436.22 billion was released in the first batch or warrant, ₦156.85 billion in the second batch, ₦64.42 billion in the third batch, ₦27.26 billion in the fourth batch and ₦487.75 billion as Authority to Incur Expenditure (AIEs).

Performance as at 5th May, 2017

A total of ₦1,191.97 billion (or 97.75%) of the total amount released and cash-backed was utilized by MDAs as at 5th May, 2017. A breakdown of the forty (40) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) showed different levels of utilization among the MDAs. Twenty four (or 60%) of the MDAs including: Water Resources, Agriculture, Women Affairs, Youth Development, FCTA, Communication Technology, Interior, Mines & Steel, ONSA, FCSC, Federal Character Commission, Fiscal Responsibility Commission, Code of Conduct Bureau and Code of Conduct Tribunal had utilized more than the overall average utilization rate of 97.75% of the amount cash-backed. Five out of these, including ICPC, National Salary & Wages, ONSA, Code of Conduct Tribunal and Federal Character Commission had 100% of their respective cash-backed funds utilized.

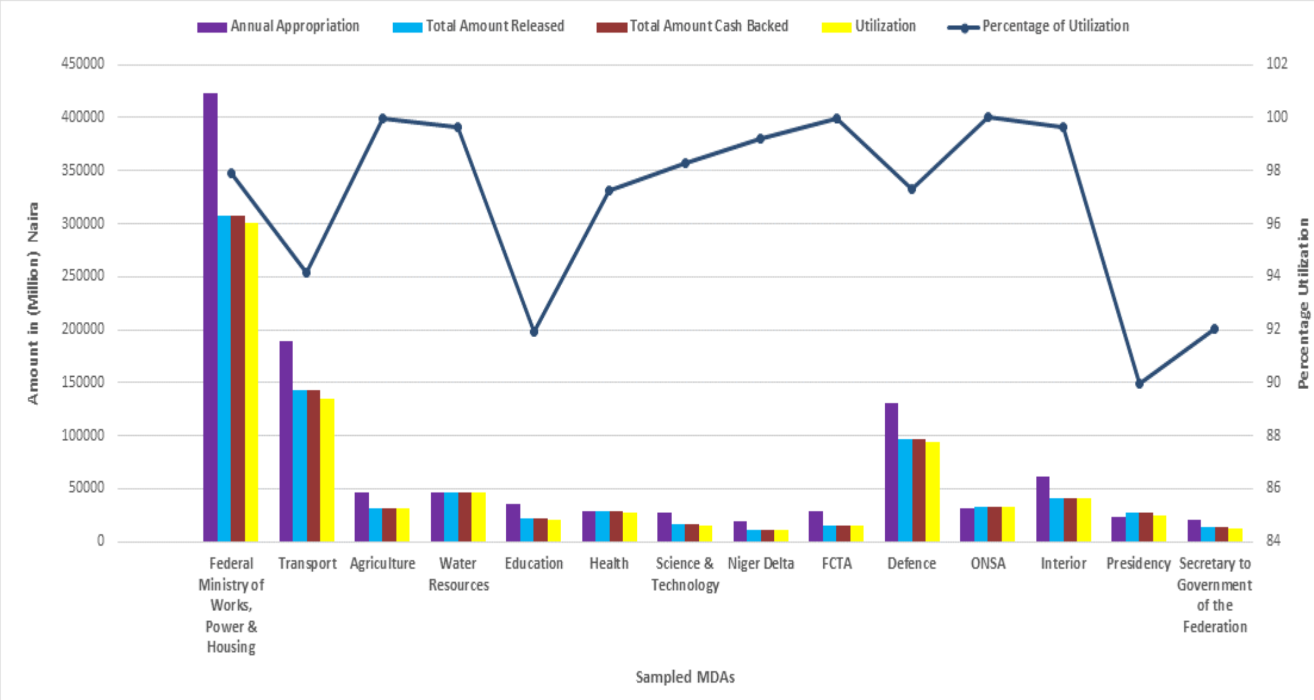
The utilization report also revealed that 16 MDAs (40%) which included: Presidency, OSGF, Defence, Education, Finance, Health, Trade & Investment, Information, Head of Service, Labour & Productivity, Transport, Petroleum, Budget & National Planning, ICRC, National Population Commission and Police Service Commission utilized below the average utilization rate of 97.75% of their cash-backed funds *Table 3.10.*

Table 3.10: Capital Budget Utilization by MDAs (as at 5th May, 2017)

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	307,411,749,682	307,411,749,682	300,993,411,071	71.16	97.91	97.91
Transport	188,674,679,674	143,121,925,241	143,121,925,241	134,742,997,180	71.42	94.15	94.15
Agriculture	46,173,963,859	30,989,098,425	30,989,098,425	30,971,848,506	67.08	99.94	99.94
Water Resources	46,081,121,423	46,543,787,304	46,543,787,304	46,367,827,083	100.62	99.62	99.62
Education	35,433,487,466	22,647,178,912	22,647,178,912	20,821,588,552	58.76	91.94	91.94
Health	28,650,342,987	28,592,592,446	28,592,592,446	27,809,904,863	97.07	97.26	97.26
Science & Technology	27,006,179,074	16,017,578,814	16,017,578,814	15,740,384,379	58.28	98.27	98.27
Niger Delta	19,440,328,551	11,161,196,486	11,161,196,486	11,074,355,877	56.97	99.22	99.22
FCTA	29,297,122,872	15,000,000,000	15,000,000,000	14,996,999,670	51.19	99.98	99.98
Defence	130,864,439,542	97,255,505,952	97,255,505,952	94,618,725,002	72.30	97.29	97.29
ONSA	32,084,085,624	33,218,261,116	33,218,261,116	33,218,261,116	103.54	100.00	100.00
Interior	61,713,279,496	40,887,226,244	40,887,226,244	40,742,906,223	66.02	99.65	99.65
Presidency	23,004,199,699	27,942,012,741	27,942,012,741	25,131,628,086	109.25	89.94	89.94
Secretary to Government of the Federation	20,319,288,049	13,407,794,563	13,407,794,563	12,338,942,418	60.73	92.03	92.03
Total Average Utilization by All MDAs (Inclusive of Capital Supplementation)	1,832,031,188,697	1,219,471,747,443	1,219,471,747,443	1,191,974,940,054	65.06	97.75	97.75

Source: OAGF and BOF, 2016

Figure 3.9: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF, 2016

3.8.4 Performance of the Financing Items:

46. The 2016 Fiscal Framework estimated a quarterly deficit of ₦551.19 billion to be financed through earnings from Privatization Proceeds of ₦2.50 billion, FGN's Share of Signature Bonus of ₦0.19 billion, Recovery of Misappropriated Funds of ₦87.58 billion, Foreign Borrowing of ₦158.97 billion, Domestic Borrowing (FGN Bond) of ₦295.70 billion and Sale of Government Properties of ₦6.25 billion.

In the fourth 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 materialized.

4.0 CAPITAL PROJECT IMPLEMENTATION REPORT

The Ministry of Budget and National Planning conducted physical inspection of selected capital projects and programmes across the six (6) geo-political zones of the country from Monday 15th to Friday 26th May, 2017. This is further to the Administration's commitment to deliver on its promises as well as promote transparency and accountability. The objective of the exercise was 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 judiciously utilised and expected outcomes delivered to the Nigerian citizenry.

Emphasis was 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 fifteen (15) selected MDAs/sectors namely: Presidency; Secretary to the Government of the Federation; 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. The outcome of the exercise in the various MDAs/sectors is as follow:

4.1 WATER RESOURCES SECTOR

The sector was allocated a total of ₦56.08 billion in the 2016 budget to execute its capital projects and programmes. Of this amount, ₦46.54 billion was released while ₦42.41billion (representing 91.99%) was utilised as at end of the fiscal year. The following institutions/projects were monitored:

4.1.1 OGUN/OSUN RIVER BASIN DEVELOPMENT AUTHORITY

The Authority had an appropriation of ₦1.01 Billion in the 2016 Budget for the execution of its capital projects. Out of this amount, ₦959.35 Billion was released, while ₦551.16 Billion was utilized to achieve 89.44% cumulative performance. The following projects were monitored:

i ***Ogbese Multipurpose Dam Project***

The project involves the supply of potable water, hydroelectric power generation and irrigation, fishery and forestry development at Ogbese-Ise in Ise and Ikere LGAs across Ogbese River at Lat. 7 27, Long. 5 18 in Ekiti State. The scope of work includes: construction of earth embankment, spillway, water inlet, outlet and power component. The project had not been funded from 2013 to 2016 which resulted to stoppage of activities.

The contract was awarded to Foundation Solid Nig. Ltd. at an initial cost of ₦5.49 billion with an expected completion date of July 2011. However, the contract was later revised to ₦7.80 billion with an extended completion date of two years. The upward review was due to the addition of hydro power component to the project. The sum of ₦500 million was appropriated in the 2016 Budget, of which same amount was released while ₦495.01 million was utilized. A total of ₦2.57 billion had so far been committed to the project to achieve 31% level of completion.

Findings:

At the time of visit, the contractor had just re-mobilised to site. Completed works include: foundation treatment (grouting), clay blanket, dam wing wall, spillway earthwork, embankment filling; reservoir dam survey/pegging. Works in progress include: casting of spillway, excavating of still basin and clearing the reservoir area.

Socio-economic Impact:

Although, the project is still in progress, it had empowered local businesses and youths of the area. When completed, it will alleviate poverty among the rural population in Ekiti and adjoining communities.

Challenges:

Inadequate funding over the years had slowed down the pace of work.


Picture 1: On going excavation of stilling basin area and clearing the reservoir area at Ogbese multipurpose dam

4.1.2 CONSTRUCTION OF WATER TREATMENT PLANT PHASE II AT TAFAWA BALEWA, BAUCHI STATE

The project involves the construction of new water treatment plant and the rehabilitation of the existing dysfunctional scheme. The new scheme was designed to solve the acute water shortage in the area. Components of the project include: 15nos solar powered boreholes; 3nos 100m^3/200m^{3}fibre tanks; 58nos fetching points with solar lightening system, fencing, security post and 15km networking pipe connecting the boreholes to fetching points. Others are: rehabilitation of the existing submersible pumps in 5nos boreholes, and repairs of 4nos existing storage tanks and fetching points.

The contract was awarded to Messrs Yekco (Nig.) Ltd. at a cost of ₦363.6 million in November, 2016 and was expected to be completed in May, 2017. The sum of ₦400 million was appropriated in 2016 budget. Of this amount, same was released and ₦339.6 million was utilized to achieve a cumulative performance of 64%.

Findings:

At the time of monitoring, the procurement/installation of 15nos solar powered boreholes, 30nos fetching points, PVC pipes, 58nos solar powered light points and batteries had been completed. Outstanding works in the site are: rehabilitation of the existing dysfunctional scheme, supply of 58no lightening poles and installation of submersible pump.

Picture 2: On-going Construction of water treatment plant phase II

at Tafawa Balewa, Bauchi State

Socio-economic Impact:
The project has created employment opportunities for over 24 Technicians and other lay workers in the host community. When completed, it is expected to solve the acute water shortage of residents and also provide solar lightening beautification for the town.

Challenges:
The team was informed that the Contractor was yet to be paid for certified works completed.

4.1.3 LOWER NIGER RIVER BASIN DEVELOPMENT AUTHORITY
A total of ₦24.33 billion was allocated to the River basin in the 2016 budget to execute its capital projects/programs. Out of this amount, ₦18.58 billion was released and cashed back as at the end of the fiscal year. The following project was monitored:

i ***Construction of Orin Irrigation Project***
This project was conceived to provide portable water for domestic consumption, irrigation and other economic activities for Aran-Oren Irepodun LGA and its neighbouring communities in Kwara state. The scope of work includes: Construction of irrigation infrastructure spillway, concrete stilling basin, excavation of earth domestic intake and bottom outlet works and clearing of irrigation area. Other are: provision of 10 km access road and drainage, and 700mm diameter topographical survey.

The contract was awarded to Messrs Turning Point Engineering Ltd. in January, 2016 at the cost of ₦249.02 million with a scheduled completion date of December 2017. The sum of ₦160.03 million was appropriated in the 2016 budget. Of this amount, ₦102 million was released and utilised as at the end of the fiscal year to achieve 85% level of completion.

Findings:

At the time of monitoring, works completed include: The access road, payment of compensation to the beneficiaries, construction of office, dam filling of 2.5m by 45m length and 600mm diameter scoring pipes in concrete cast of 4 by 1.3m of 45 length, the clearing of dam axis, reservoir area, and excavation dam site, key trench and filling were ongoing. Others are grading of access roads, drainage, spillway, footbridge and constructing of steeling basin.

Socio-economic Impact:

The project when completed is expected to boost food security and provision of portable water supply to the community and the state at large.

Picture 3: The Ongoing Construction of Orin irrigation project

4.2 INTERIOR SECTOR

The sector was allocated a total of ₦61.82 billion in the 2016 budget to execute its capital projects and programmes. Out of this amount, ₦40.89 billion was released and cash backed, while ₦35.63 billion (87.13%) was utilised at the end of the financial year. The following institutions/projects were monitored:

4.2.1 NIGERIA SECURITY AND CIVIL DEFENCE CORPS, ABUJA

In the 2016 budget, the Defence Corps was appropriated the sum of ₦5.27 billion out of which ₦4.94 billion was released and ₦4.24 billion utilised. The following project was monitored:

i. *Purchase of operational vehicles (pick up vans)*

This project involves the supply of operational vehicles for the Defence Corps viz: 27nos. Toyota Hilux double cabin pick up vans (4x4 full option), 21nos. Hyundai Accent and 8nos. Hyundai Sonata, 2nos. Peugeot 508 (2016 model) and a Toyota Camry 2.5 liter engine (2016) model. Others include: 3nos. each of Almera – Tekna 1.5 AT and Nissan Almera-Acenta 1.5MT (2016) model, 2nos. Toyota Coaster Buses 30-seater and operational vehicles tires of various sizes and brands, etc.

The contract was awarded to a consortium of contractors (Messrs. MGK Global Services Ltd. & Others) in September 2016 at a total cost of ₦1.39 billion with completion date scheduled for March 2016. In the 2016 budget, the sum of ₦1.39 billion was appropriated while, ₦1.385 billion was released and utilised as at the end of the fiscal year.

Findings:

At the time of visit, all the vehicles had been procured. The team was informed that some of the operational vehicles had been distributed to some of the state commands to facilitate their operations.

Socio-economic Impact:

The procurement of these vehicles has improved the operational capabilities of the Corps to respond rapidly in fighting crimes.

Pictures 4: Some of the operational vehicles at the Corps' warehouse, Sauka-Abuja

4.2.2 NIGERIA PRISON SERVICE (NPS)

The NPS had an appropriation of ₦14.43 billion in the 2016 Budget for the execution of its capital projects and programmes. Of this amount, ₦7.17 billion was released while ₦7.14 billion was utilized to achieve 99.54% cumulative performance. The following project was monitored:

i   <u>Renovation of Cell "B" at Ilaro Prison</u>

The project was designed to develop prison infrastructure in order to decongest the prison, and enhance their security and safe custody of inmates at the Ilaro prison in Ogun State. The scope of work includes: renovation of administrative and inmates cell blocks.

The contract was awarded to Messrs Blessing & Faith Nig. Ltd. at a cost of ₦3.29 million in May 2016 with completion date of May 2017. The sum of ₦3.29 million was appropriated to the project in the 2016 Budget, of which same amount was released and utilized to achieve 100% level of completion.

***Findings**:*

At the time of monitoring, the project had been completed.

Socio-economic Impacts:

The project had enhanced the prison's aesthetics, hygiene and also motivated the prison officers and wardens.

Picture 5: Completed renovation of adminstrative offices at Ilaro Prison

4.2.3 NIGERIA POLICE FORMATION AND COMMANDS

The sum of ₦16.11 billion was appropriated to the command in the 2016 budget. Out of this amount, ₦10.32 billion was released while ₦9.94 billion was utilized to execute the following projects:

i. ***Completion of the Construction of NPF Finance Corps Office, Force Headquarters, Abuja:***

The project entails the construction of office accommodation for officers and men deployed to the Finance Corps of the command. The building comprises of offices, conference rooms, conveniences et cetera. The contract was awarded to Messrs SEM-LUC Ventures Ltd. and Messrs BODKAK Ltd. at a total cost of N160million in June, 2016 with a completion period of 36 months. In the 2016 budget, the sum of N160million was appropriated. Of this amount, N82.96 million was released and utilized to achieve 95% level completion.

Finding:
At the time of monitoring, the project had been completed and put to use.

Picture 6: Completed NPF Finance Corps office, Force Headquarters, Abuja

Socio-economic Impact:
The team was informed that project had provided a conducive office accommodation for the Officers and Men of the Finance Corps.

ii ***Completion of 4Nos Blocks of 8 Flats at Force Headquarters (FHQ), Abuja:***

The project entails the construction of flats to provide transit accommodation for Senor Officers of the Police deployed to the Force Headquarters. The contract was awarded to Messrs Ranim Nigeria Limited in June 2016 at a cost of N127million with a completion period of 36 months. In 2016 budget, the sum of N60million was appropriated, released and utilized to achieve 100% level of completion.

Findings:
At the time monitoring, the project had been completed and put to use.

Picture 7: Completed 4nos Blocks of 8 flats at FHQ, Abuja

Socio-economic Impact:
The project had provided a conducive office accommodation for Officers of the Force Headquarters.

4.3 POWER, WORKS AND HOUSING SECTOR

The sector is critical to the change agenda of the present government in its drive to provide infrastructures and enhance power generation and distribution in the country. To achieve this, the sum of N422.96billion was allocated to the sector in the 2016 budget to execute its capital projects and programmes. Of this amount, N307.41billion was released and cash backed while, N298.25billion (or 97.02%) was utilised at the end of the fiscal year.

3.0.1 TRANSMISSION COMPANY OF NIGERIA

The company had an appropriation of N30billion in the 2016 Budget for the implementation of its capital projects and programmes. Of this amount, N24.50billion was released while, N21.82billion was utilized to achieve 89.05% cumulative performance. The following projects were monitored:

i. ***Benin North-Oshogbo 330KV DC Line With one SC Turning In and Out to New Akure Sub-Station***

The project was aimed at providing bulk power to Ondo, Edo and Osun states. The contract was awarded to Messrs Gammon India Ltd. and Messrs FCEP JV at a total cost of ₦833.45 million+$2.24 million in November, 2010. Work commenced in October, 2011 and was scheduled originally expected to be completed by October 2013 but was later extended to January 2019 due to fund constraint.

In the 2016 Budget, the sum of ₦1.1 billion was appropriated, of which same amount was released and utilised in the fourth quarter. A total of $15.91 million + ₦527.24 million had so far been committed to the project to achieve 47% cumulative performance.

Findings:
At the time of monitoring, work done include: completion of the detailed route survey, construction of 210 nos. tower foundations, erection of 165 nos. of towers and the opening of the line route between Akure and Benin North. The outstanding works were: geotechnical investigation on the line route, construction of the remaining 401 nos. of tower foundation, 446 nos. of tower to be erected, the stringing of the poles and commissioning of the sub-station.

Socio-economic Impact:
The project has empowered some of the skilled and unskilled youths and businesses in the project locations. On completion, communities in Oshogbo, Akure and Benin will benefit from the electricity supply which will in turn boost economic activities.

Challenges:
The project execution was slowed down way leave (right of way) along the line routes, transportation of 28 nos. of containers to be lifted from the port and paucity of funds.

Picture 8: Benin North-Oshogbo 330KV DC Line with one SC turning in and out to new Akure Sub-Station.

4.3.2 MAIDUGURI 330/132KV SUBSTATION

The project involves the completion of 1 x150MVA, 330/132KV Substation at Maiduguri. The Scope of work includes: Additional 1x60KV, 132KV Transformer, Movement of 1x75MVAR Shunt reactor from Lagos to Maiduguri. The contract was awarded to Messrs Best & Cromption Engineering Africa Ltd on 24th November 2010 at an initial cost of US$2.067 million plus ₦792.76 million with completion date of November 2012.However, the cost was revised to US$4.59 million plus ₦1.011 billion with a new completion date of December 2017. The upward review of the contract was as a result of insurgency in Maiduguri.

In the 2016 Budget, the sum of ₦206.83 million was appropriated, released and utilized bringing total commitment to US$4.27 million plus ₦683.002 million to achieve 90% level Completion.

Finding:
At the time of Inspection, work completed includes: construction of 1200m wall fence, 14 no Gantries foundations, Excavation of Equipment base foundation, external drainage, Security-Gate, 1no Power Transformer Plinths, 1x150MVA Transformer and Staff quarters. Others are: Cable Trench, Drilling of borehole, 1no 75MVAR Reactor, control building and Access road. While, Engineering Control room, Erection of Equipment and Overhead Connection, Turn-inTurn–out on 132KV TL (Tower Erected) were in progress and at various levels of completion. Outstanding works includes: Cabling and termination for 1x150MVA 330/132KV Side, Gravelling, and Completion of 1 x 60MVA, 132/33KV Transformer & its associated Switchgears, Testing and Commissioning.


Picture 9: Maiduguri 330/132KV substation power transformer and associated switch gear.

Socio-economic Impact:
The project has created job opportunity to skill and unskilled workers. When completed It will improve power supply /distribution to Maiduguri.

4.4 WORKS SECTOR

i ***Rehabilitation of Outstanding Of Onitsha – Enugu Expressway Amansea – Enugu Road Contract No. 6266***

The project involves the complete rehabilitation of 50km single carriageway which comprises of 18km Enugu bound from Enugu – `Obunofia-Amankwo – Ngwo and 40km Onitsha bound which terminates at Amansea. The scope of work includes: 2-no bridges of 160m, excavation for concrete and drains, construction of concrete line drains, cement stabilization, sub base, stone base, asphaltic concrete binder and wearing courses.

The contract was awarded to Messrs Reynolds Construction Company (Nig) Ltd. in February 2015 at a cost of ₦24.24 billion with completion date scheduled for February 2018. The sum of ₦5.47 billion was appropriated in the 2016 budget, of which ₦3.54 Billion was released and utilised to achieve 14.49% cumulative performance.

Findings
At the time of monitoring, the Contractor was not on site. However, 2km of palliative work had been carried out on the Onitsha bound. Other works achieved included: 22km site clearance, Earthworks, scarification, sub base, 15.7km soil cement, culvert and drains, 9.28km base and binder course. The team was informed by the Engineers' Representative that the Contractor is presently carrying out skeletal services because of the weather and fund constraints.

Picture 10: Ongoing rehabilitation of outstanding portion of Onitsha – Enugu Expressway Amansea – Enugu Road

Socio-economic Impact:

Although the project is still on–going, it had created employment opportunities for about 450 skilled and unskilled labour. It has also increase the free flow of traffic, reduced vehicle operating cost and travelling time.

Challenges

The Project Manager informed the monitoring team that the contract was put on hold for one year after the award of the contract as the design of the pavement was approved only in October 2016 consequently, delaying mobilisation as at when due. Besides, the rainy season also contributed to the slow pace of work on site.

ii ***<u>Reconstruction, Rehabilitation and Expansion of Lagos – Ibadan Expressway, Section 1 (Lagos – Shagamu): Contract No. 6204.</u>***

The project involves the reconstruction, rehabilitation and expansion of 43.6km dual carriageway from Lagos through Ogun to Oyo and other parts of the country. The scope of work includes: construction of 36.04m width made up of 3 – lane dual carriageways, an interchange at Redemption Camp, 5no pedestrian bridges and maintenance of 10no. existing bridges. Others are: construction of concrete pipe culverts and drains, stone pitching and concrete median barriers etc.

The contract was awarded to Messrs Julius Berger Nigeria Plc in July 2013 at a cost of ₦70.8 billion with the completion date of July 2017. In the 2016 budget, the sum of ₦40 billion was appropriated, out of which ₦10.6 billion was released and utilized as at the end of the fiscal year. However, a total of ₦30.77 billion had so far been committed to the project since inception to achieve 50.8% level of completion.

Findings:

At the time of monitoring, work done included: installation of pipe culverts and catch pit, construction of trape zooidal drain, rectangular drain of about 119.63m stretch, repair works, asphaltic base and macadam.

Others are: construction of 12.5km binder works with underlying crushed rock sub-base and base material.

Socio-economic Impact:
Although the project is yet to be completed, it had facilitated the smooth movement of vehicles and provided job opportunities for more than 600 skilled and unskilled labour. On completion, it will reduce travel time, accident rate, and cost of vehicle maintenance as well as prolong the road's longevity.

Picture 11: The completion of Lagos – Ibadan Expressway, Section 1 (Lagos – Shagamu) Road

iii. <u>Dualization of Obajana Junction to Benin Section iv, Ehor –Benin Road</u>

This project involves the dualization of 16 km which was later revised to cover 47 km from Benin City to Ehor in Edo State. The scope of work includes: site clearance, scarification of the existing road, provision of lateritic sub-base on the width and shoulders, laying of crush stone base, binder and wearing courses, provision of concrete side drains, excavation and demolition of an existing culvert and their reconstruction. Others include: Laying of new underground concrete pipe culvert and two new round abouts, provision of crash barrier and creation of U-turn at 4km with 2 pedestrian bridges.

The contract was awarded to Messrs Reynolds Construction Company (Nig) Ltd. in December 2012, at an initial cost of ₦11.67 billion with the completion period of 36 months. However, there was an upward review of the contract cost by ₦23.57 billion in November 2014 bringing it to a total of N35.25 billion with completion date scheduled for December 2018.

The sum of ₦3.28 billion was appropriated in the 2016 budget, out of which ₦3.021 billion was released and utilized. A total of ₦12.12 billion had so far been committed to the project from inception to date to achieve a cumulative performance of 22%.

Findings:
At the time of visit, the relocation of NEPA poles and NNPC pipelines had been achieved to aid the construction of the road. However, earthworks, laying of crushed stone base, reinforced concrete drains, asphaltic binder and wearing courses were in progress and at various stages of completion.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Picture 12: On-going dualization of Obajana Junction to Benin Section IV, Ehor –Benin Rroad.

Socio-economic impact
Prior to the construction work, commuters face serious vehicular gridlock before reaching their destinations. However, the completed portion of the road has improved the flow of traffic.

iv <u>Completion of Gombe – NumanYola road Section ii (Gombe – Kaltungo)</u>

The project involves the rehabilitation of 68km existing road with asphaltic concrete base, provision of 8.0m width and 2.75m wide surface dressed shoulders, traversing Gombe State (Kumo, Billiri and Kaltungo LGAs), linked to the major cities of Adamawa and Taraba states respectively. The contract was awarded to Messrs Tracta Nig. Ltd. at a cost of ₦7.26 billion in January, 2015 and was expected to be completed in July, 2017. The sum of ₦2.86 billion was appropriated in the 2016 Budget, out of which ₦1.04 billion was released and utilised. However, a total of ₦1.09 billion had so far been committed to the project since inception to achieve 28% level of completion.

Findings:

At the time of monitoring, work done includes: 23km binder and 19.5km wearing course. Although, the construction works is still in progress, the road has been opened for the use of commuters.

Picture 13: On-going Construction work of Gombe – Numan – Yola road Section II,

Socio Economic Impact:

The project has provided employment opportunities for over 350 skilled and unskilled youths of the areas. It has also stimulated economic activities at the road corridor.

v. ***<u>Construction of Oshegbudu-Oweto Road in Benue State, Contract No. 6265</u>***

The project entails the construction of a 54km road from Oshegbudu to Oweto starting from Iga-Okpanya in Apato Oweto in Agatu Local Government Areas of Benue State. The road is meant to provide an important link between Loko-Oweto Bridge and Otukpo thus reducing travel time from Nasarawa to Otukpo and Southern part of the country.

The contract for the project was awarded to Messrs CGC Nigeria Ltd. at a cost of ₦7.96 billion in January 2015. It commenced in February 2015 with an initial completion date of February, 2016 but was later extended to February, 2018 due to delay in release of mobilization advance to the contractor for 16 months. In the 2016 Budget, the sum of ₦4.2 billion was appropriated, out of which ₦1.54 billion was released and utilized to achieve 42.13% level of completion.

Findings:
At the time of monitoring, work done includes: construction of 15km binder and 24km wearing course. Outstanding works included completion of about 23km of the wearing course as well as 32km of the binder course

Picture 14: On-going construction of Oshegbudu-Oweto Road in Benue State

Socio-economic Impact:

The project when completed would reduce travel time and rate of accidents, open up new communities, increase the value of land and properties along the road corridor and enhance free vehicular movements, especially between the North and South-Eastern parts of Nigeria.

Challenges:
The team was informed by the officials of the Federal Ministry of Power, Works and Housing that inadequate budgetary provisions is delaying the timely completion of the project.

vi ***<u>Reconstruction of Sokoto-Tambuwal –Jega-Yauri - Kotongora -Makera Section 2 (Phase 1 and Phase 2) In Niger State. C/No6162/Code:162020970</u>***

The project entails the reconstruction of 185km single carriageway from Sokoto-Tambuwal- Jega -Yauri –Kotongora and Makera (phase 1 covers 100km and phase 85km). The scope of work includes: site clearance, scarification of failed bituminous asphaltic concrete surfaces, filling and cutting on the carriageway and embankment, provision of 200m thick laterite sub base and shoulder pulverization of failed asphaltic surface, etc.

The contract was awarded to Messrs CRCC limited in April, 2013 at a cost of ₦19.58billion with an initial completion date of April 2015 which was later extended to April 2017. In the 2016 Budget, the sum of ₦1.66 billion was appropriated, out of which ₦1.63 Billion was released and utilized as at the end of Fiscal year. However, a total of ₦6.89 billion has so far been committed to the project since inception to achieve 75% level of completion.

Findings:
At the time of visit, the palliative measures such as drainage/erosion control, and 82km of asphalt concrete base have been completed while, reinforcement of concrete lined drains and shoulder dressing were in progress from km 10 – km 50. The team gathered that work at the site stopped in 2014 due to non-payment of certified work and that the contractor remobilised to site in July 2016.

Socio-economic Impact:
Prior to the construction works, vehicle accidents and prolonged travel time were frequently occurring in the road due to its dilapidated nature. However, the rehabilitation of the failed portions of the road and their partial works had so far facilitated free flow of traffic. In addition, though the project is still in progress, it has generated employment for more than two hundred people.

Picture 15: Completed portion and on-going works at Reconstruction of Sokoto-Tambuwal-Jiga-Kontagora-Makera Road, Section 11,Niger State.

4.5 HOUSING SECTOR

4.5.1 CONSTRUCTION OF FEDERAL SECRETARIAT COMPLEX, AWKA, ANAMBRA STATE.

The objective of this project is to address the perennial issue of inadequate office accommodation and to provide an effective working condition in the six (6) geo-political zones of the country for maximum output of Federal employees. The project involves the construction of a 3 story reinforced concrete-framed structure of a total floor area of 14,639m^2. Components of the project include: 402 offices, 132 toilets, 200 capacity parking spaces, a reception, banking exhibition, conference halls, 4- no committee rooms and a post office.

The contract was awarded to Messrs Cosco Investment (Nig.) Ltd. at a cost of ₦2.56 billion in December 2011 with a completion date scheduled for April 2012. The date of completion was later extended to December 2017 due to structural re-design by the introduction of basement of a total area of 1,989m^2. The sum of ₦462.28 million was appropriated in the 2016 budget and same amount was released and utilised as at the end of the fiscal year to achieve 65% level of completion.

Findings:

At the time of the monitoring, the superstructure had been completed. However, works in progress include: construction of the retaining walls, tilling, fixing of doors and windows, flooring and casting of handrail. Others are: fixing of suspended ceiling, rendering (internal & external), plumbing piping, fixing of electrical cables, roofing trusses.

Picture 16: On-going Construction of Federal Secretariat Complex, Awka, Anambra State.

Socio-economic Impact:

The project had created employment opportunities for about 2000 skilled and unskilled labour. It has also boosted economic activities in the host communities from the subcontracting of reinforcement materials, supply of timber, electrical, cement and plumbing items.

Challenges

The major challenge to the early completion of the project was caused by the introduction of the basement due to the sloppy topography and the reorientation of the front view of the building which was not in the original design. In addition, erosion, flooding and stoppage of work by indigenes clamming ownership of land had also delayed the timely completion of the contract.

4.5.2 CONSTRUCTION OF FEDERAL SECRETARIAT COMPLEX, YANEGOA

The project involves the construction of Federal Secretariat Complex, which is to provide office accommodation for federal government agencies located at OXBOX Lake central business district in Yenegoa.

The contract was awarded to Messrs Trenur Nig. Ltd. in March, 2012 at the cost of ₦3.12 billion with an expected completion date of December,

2017. The sum of ₦451.92 million was appropriated in 2016 Budget, out of which ₦330.93 million was released and utilized to achieve 68% level of completion.

Findings:
At the time of visit, the superstructure, pilling works and the roofing had been completed. Works in progress include: plastering, water closets, fixing of doors & window frames. However, electrical fittings are outstanding.


Picture 17: Ongoing Construction of Federal Secretariat Complex, Yenagoa, Bayelsa State

Socio-economic Impact:
Although the project is yet to be completed, over 100 job opportunities had been created for skilled and unskilled labour. On completion, it will provide a conducive office accommodation for federal government agencies.

Challenges:
The team was informed that heavy and incessant rainfall led to the abandonment of the site during the 2012 National flood disaster. In addition, non-release to the project in 2015 affected the timely completion of work.

4.5.3 COMPLETION OF CONSTRUCTION OF ON-GOING FEDERAL SECRETARIAT IN ZAMFARA STATE
The project is located at Ungwar Danwan, along Sokoto bye pass at Gusau with GPS coordinates of Longitude N6.657045 and Latitude E12.199478. It entails the construction of a 3-storey building Secretariat of 3 wings. Components of the project include 508 offices, Conference room, Banking Hall, Post Office and conveniences. The key objective of the project is to provide office accommodation for the Federal Civil Servants for effective service delivery.

The contract was awarded in February 2012 to Sagato Nigeria Limited at an initial sum of ₦2.53 billion with an expected completion period of 96 weeks. The contract sum was however reviewed to ₦2.69 billion due to additional works. In 2016 Budget, the sum of ₦1.83 billion was appropriated, of which same amount was released and utilized within the period under review to achieve 72% level of completion.

***Findings**:*
At the time of physical inspection, two wings of the structure had been roofed while the third was outstanding. External works and finishing like plastering, installation of doors, windows, ceiling, plumbing works, external drainages and roofing of wing A were on-going while, tiling and painting were yet to commence.

Picture 18: Ongoing Construction of Federal Secretariat in Zamfara State

Socio-economic Impact:
The project has created jobs opportunities for the various classes of workers engaged in the project and also to the food vendors providing service to the workers. In addition, due to the project, the impact of the Federal Government has also been felt in the area. On completion, it will boost office accommodation for the Civil Servants in the area.

4.6 SCIENCE AND TECHNOLOGY SECTOR

In the 2016 budget, a total of ₦27.01 billion was allocated to the sector to execute its capital projects and programmes. Out of this amount, ₦15.99 billion was released while ₦14.54 billion (or 90.89%) was utilised as at end of the fiscal year. The following projects were monitored:

4.6.1 NATIONAL SPACE RESEARCH AND DEVELOPMENT AGENCY (NASRDA), ABUJA

The Agency was allocated a total of ₦968.23 million in the 2016 budget to execute its capital projects and programmes. Out of this amount, ₦777.75 million was released and utilised at the end of the fiscal year. The following projects were monitored:

i. ***Supply and Installation of Electronic Dome, Camera, etc.***

The project involves the continuation of electrical works to power the dome, supply of 292 auditorium chairs, external works/planets at the Space Museum, Landscaping and horticultural works at the planet planetarium building of the NARSDA headquarters in Abuja.

It was awarded to Messrs. Avieco Nig. Ltd. and three (3) others in August 2016 at the total cost of €3 million_with an expected completion date of December 2016. The sum of ₦142.18 million was appropriated in the 2016 budget out of which ₦80.19 million was released and utilized to achieve 60% level of completion.

Findings:
At the time of visit, the electronic panels/equipment and 292nos. auditorium chairs had been supplied and ready for installation. In addition, external/landscaping works at the space museum and planetarium building have also been completed.

Picture 19: The electronic dome and completed portion of lanscapping works at NARSDA, Abuja.

Socio-economic Impact:
On completion, the installed facilities will provide a world class state-of-art structure for comfortable seating arrangement for viewing astronomical objects on projector screen. It will also aid the achievement of global competitiveness in space research and development.

ii. <u>Upgrade of Ground Receiving Station</u>

The project entails the upgrade of NASRDA Ground Receiving Station for satellite control and image download. It involves supply and installation of automatic prediction system for KEPS elements, 150KVA hybrid solar power system to the Ground Station and Admin building. Others are: fibre optic cabling, intranet/website development at NARSDA headquarters, supply and installation of servers, high storage facilities to information/data management department.

The contract was awarded to a consortium of contractors (Messrs. Blue Band Engr. Nig. Ltd. & 4 others) in September 2016 at the total cost of ₦130.05 million and is expected to be completed in March 2018. In 2016 budget, the sum of ₦118.75 million was appropriated while ₦88.58 million was released and utilised to achieve 75% level of completion.

Findings:
At the time of this report, the fibre optic cabling, procurement of software for the automatic prediction system and intranet/website development at NARSDA headquarters had been completed and already in use. In addition, batteries, panels and other accessories for the installation of 150KVA hybrid solar power system to the Ground Station and Admin Building had been provided. However, the supply of inverter and installation of the solar power system as well as servers/high storage facilities to the information & data management department were outstanding.

Picture 20: A section of the completed intranet/website development at NASRDA Headquarters, Abuja

Socio-economic Impact:

The completion of the project will facilitate uninterrupted power supply and access to internet and other IT related services. It will also ensure effectiveness in reception and transmission of information/data thereby aiding reliability in data receiving and processing system at the Agency. On the overall, staff performance and efficiency of service delivery will be greatly enhanced.

4.6.2 FEDERAL INSTITUTE OF INDUSTRIAL RESEARCH, OSHODI

The Institute was established to conduct and promote market - driven research and development for the industrialization and socio-economic development of the nation. To execute this mandate, the sum of ₦1.41 billion was appropriated in the 2016 Budget for its capital projects and programmes. Of this amount, ₦1.069 billion was released while ₦1.068 billion was utilized to achieve 99.90% cumulative performance. The following project was monitored:

i. ***Acquisition and Maintenance of Engineering Tools/ Purchase and Supply of Molecular Laboratory, Laboratory Equipment, Chemical, Glassware and Microbiological Media***

The two related projects were designed to acquire engineering tools for the fabrication of unit operation equipment for FIIRO developed technologies, and provide various ranges of laboratory equipment and consumables for research and development activities.

The contracts were awarded to Messrs. Nelag & Co. Ltd and three (3) others at a total cost of ₦386.70 million in January 2016 with an expected completion date of December 2016. In the 2016 Budget, the sum of ₦387.02 million (₦142.50 million, acquisition and maintenance of engineering tools), and (₦244.52million, purchase and supply of molecular laboratory, laboratory equipment, chemical, glassware and microbiological media) were appropriated, out of which ₦386.70 million was released and utilized to achieve 99.2% level of completion.

Findings:

At the time of monitoring, components of work completed include: acquisition of Lyophilizer for industrial enzymes, supply and installation of agilent 710, UHPLC. Others were: water purification plant, digital fat extractor; analytical balance; acquisition of laboratory consumables; 123 Nos. grades of chemicals, glassware & microbiological media, acquisition of 1 No. 350KVA generator, etc.


Picture 21: Storage for uninstalled Equipment and 350KVA Sound-proof Power Generating Set

Socio-economic Impacts:

The project had bequeathed the Institute with pilot plant industrial equipment, engineering/maintenance tools and argon welding and plasma cutting machine. In addition, it has also provided a molecular laboratory equipment, laboratory consumables, chemicals, glassware and microbiological media.

4.6.3 *NIGERIAN BUILDING AND ROAD RESEARCH INSTITUTE, LAGOS*

The Institute is saddled with the responsibility of fostering cost-effective building and road construction practice that will enhance job creation, wealth generations and poverty reduction. In the 2016 Budget, a total of ₦3.45 billion was appropriated, out of which ₦2.02 billion was released and cash backed, while ₦1.76 billion was utilized to achieve 86% cumulative performance. The following project was monitored:

i. <u>Construction of Administrative Complex, Abuja</u>.

The project entails the acquisition of a carcass building to accommodate the Director General's Office, a Library, ICT centre and the Finance and Accounts units. The contract was awarded to Messrs Queuen kiddies Shop at the cost of ₦525.3 million in January, 2016 and is expected to be completed in December, 2017. In the 2016 budget, the sum of ₦307.6 million was appropriated, released and utilized to achieve 26% level of completion.

Findings:

At the time of monitoring, work in progress include: renovation/reconstruction of the building, plastering, roofing and scaffolding. The team was informed that the project would be completed before July, 2017.

Socio-economic Impact:

Although the project is yet to be completed, it has created more than 30 job opportunities for skilled and unskilled labour. On completion, it is expected to improve office accommodation and boost staff morale.

4.6.4 CENTRE FOR SATELLITE TECHNOLOGY DEVELOPMENT (CSTD), ABUJA

The Centre was allocated a total of ₦465.83 million in the 2016 Budget for the implementation of its capital projects/programmes. Of this amount, ₦443.82 million was released and utilized for the execution of the following project:

i Completion of Space Technology Incubation Centre:

The project involves the provision of workshop, laboratories and offices for the centre. The contract was executed through direct labour by NASRDA/CSTD at a cost of ₦531.60 million in January 2016 with completion date of December 2017. The sum of ₦376.77 million was appropriated in 2016 Budget, out of which ₦337.81 million was released and utilized to achieve 65% level of completion.

Findings:

At the time of monitoring, the team observed that major physical works like internal & external rendering and the rafter had been completed while fixing of windows and wiring were on-going.

Picture 22: On-going completion of Space Technology Incubation Centre

Socio-economic Impact:

On completion, the project will improve the working environment, provide spaces for workshop, laboratory and offices for the staff of the centre. In addition, there will be room for the training of more Technicians, Scientist and Engineers.

4.7 AGRICULTURE SECTOR

The sector was allocated a total of ₦46.17 billion in the 2016 budget, out of which ₦30.99 billion was released while ₦30.61 billion (or 98.77%) was utilised as at end of the fiscal year. The following projects were monitored:

4.7.1 FEDERAL COLLEGE OF FISHERIES AND MARINE TECHNOLOGY, LAGOS

The College had an appropriation of ₦991.57million in the 2016 Budget for the execution of its capital projects and programmes. Of this amount, ₦578.97 million was released, while ₦578.96 million was utilized to attain 100% cumulative performance. The following projects were monitored:

i. __Construction of Hostel__

The project involves the construction of an additional hostel to accommodate the growing population of students at the College located at Victoria Island, Lagos. It comprises of 18 no rooms that can house 100 students.

The contract was awarded to Messrs Edil Nig. Ltd. at a cost of ₦99.80 million in December 2016 with an expected completion date of May 2019. In the 2016 Budget, the sum of ₦99.37 million was appropriated, released and utilized to achieve 100% level of completion.

***Findings**:*

At the time of visit, the project had been completed.

Socio-Economic Impact:

The project had empowered local businesses and youths of the area. It has also improved availability of students' accommodation in the college.

ii. __Provision of Library and Library Books & Equipment__

The project located at Victoria Island involves the procurement and provision of library equipment and books for analogue and virtual versions of library inputs. The contract was awarded to Messrs Dutum Com. Nig. Ltd. at the cost of ₦143.44 million in September 2016 with an expected completion date of December 2019. The sum of ₦43.59 million was appropriated in the 2016 Budget, out of which ₦26.59 million was released and utilized bringing the total commitment to ₦26.59 million to achieve 60% level of completion.

***Findings**:*

At the time of visit, the library equipment (shelves, computers, terminals, cabling etc) had been procured and installed. Books had been supplied and stacked on the shelves.

Socio-Economic Impact:

Although, the project is yet to be completed, it has enhanced academic activities in the campus through digital bridging.

Picture 23: Provision of Library and Library Books & Equipment

4.7.1 AGRICULTURAL AND RURAL MANAGEMENT TRAINING INSTITUTE (ARMTI), ILORIN

The sum of ₦646 million was appropriated for the Institute in the 2016 Budget to implement its capital projects/programmes. Of this amount, ₦175.29 million was released while ₦114.32 million was utilized as the end of the fiscal year. The following projects were monitored:

i Completion of Water Reticulation and provision of Bore Hole at ARMTI Headquarters and Abuja Centre.

The project involves the provision of portable water supply in the campus. The contract was awarded to Messrs Radiance Express Line Ltd. at a cost of ₦59.09 million in October, 2014 with completion date of December, 2016. The sum of ₦41.50 million was appropriated in the 2016 Budget, out of which ₦32.32 million was released and utilized to achieve 80% level of completion.

Findings:

As at the time of this report, the Headquarter bore-hole had been sunk.

Socio-economic Impact:

The project has ameliorated the problem of acute water shortage in the centre and its environs.

ii. Training and Empowerment of Farmers, Women and Youth Agro business and Marketing Management:

This project is designed to train Agriculture Graduates in the six (6) geopolitical zones in order to provide consultancy and advisory services to farmers in line with Government agenda.

The contract was executed directly by the Institute in October, 2016 at a cost of ₦332.85 million with completion date scheduled for December, 2016. In 2016 budget, the sum of ₦332.85 million was appropriated, out of which ₦100.79 million was released and utilized as at the end of the fiscal year to achieve 68% level of completion.

Findings:
As at the time of this report, 70 Agric Graduates have been trained to provide consultancy and advisory services. Similarly, 40 extension agents have also been trained on growing of sweet potatoes, 35 extension managers were trained on Value Chain Development (VCD) and 350 farmers trained on marketing.

Socio-economic Impact:
On completion, the project will create self-employment for the participants and also encourage research into genetic improvement, development of agronomic packages, storage and processing of products.

Picture 24: Completed borehole at ARMTI Ilorin

4.8 HEALTH SECTOR

In the 2016 Budget, a total of ₦28.65 billion was allocated to this sector to execute its capital projects and programmes. Out of this amount, ₦18.47 billion was released and ₦12.43 billion utilised as at the end of the fiscal year. The following Institutions were monitored:

4.8.1 UNIVERSITY OF UYO TEACHING HOSPITAL

The hospital was allocated the sum of ₦91.53 million in the 2016 appropriation for the execution of its projects. Out of this amount, ₦91.19`million was released and utilized to execute the following projects:

ii. ***Completion of the Construction of 2-storey General Outpatient Block, Phase II***

The project involves the Construction of a two-Storey General Out-Patient Building, Phase II comprising 30nos. Doctors' consulting rooms, clinics, a pharmacy and internal medicine store, offices for nurses and conveniences, etc. It was awarded to Messrs Donarson Services Limited in September, 2014 at a cost of ₦119.42 million with an expected completion date of June, 2017.

In 2016 budget, the sum of ₦36.69 million was appropriated, released and utilised. A total of ₦75.47 million had so far been committed to the project since inception to achieve 60% level of completion.

Findings:

At the time of visit, there was no activity at the site due to funding constraints. However, block work and roofing, profile (aluminum windows frames) and interior plastering had been completed. In addition, interlocking materials were on ground for completion of the parking lots and walkways. Outstanding works include: plumbing, fixing of doors and windows, painting and landscaping.

Picture 25 : Ongoing Construction of 2-storey General Outpatient Block, Phase II

Socio-economic Impact:
On completion, the problem of congestion currently being experienced will be grossly reduced as the project will provide a one-stop shop for out-patients of the hospital with more consulting rooms and offices readily available to meet the increasing number of patients for health care delivery services.

4.8.2 FEDERAL MEDICAL CENTRE, OWERRI
The medical centre had an appropriation of ₦83.48 million in the 2016 budget. Of this amount, ₦53.77 million was released, cash-backed and utilized for the implementation of its capital projects/programmes. The following project was monitored:

i. ***Upgrading of ward 10 to 2 storey building***

The project involves the construction of a 2 storey building comprising: 8-no main wards (11 beds each), 2-no private wards, 8no offices, 9-no toilets and 3- no nursing wards. It also has a connecting ramp to the Genetic / Surgery & Orthopaedic staircases. The contract was awarded to Toniman Integrated Ltd. in December 2013 at a cost of ₦239.94 million with completion date scheduled for December 2017.

The sum of ₦74.48 million was appropriated in the 2016 budget, of which ₦53.77 million was released and utilized as at the end of the fiscal year to achieve 85% level of completion.

Findings:
At the time of this report, the superstructure had been completed and roofed. Work in progress includes: fixing of suspended ceilings, doors and

windows, tiling, plumbing & electrical works, and internal plastering. Outstanding works include: floor finishing, electrical fittings and external works.

Picture 26: On-going Upgrading of ward 10 to 2 storey building at FMC Owerri

Socio-economic Impact:

The project had created employment opportunities for Artisans and Labourers in the host community. On completion, it will increase the capacity for admission of patients into the hospital and improve the quality of health care services.

8.0.3 UNIVERSITY COLLEGE HOSPITAL, IBADAN

In the 2016 Budget, a total of ₦116.20 million was appropriated, out of which ₦74.84 million was released and utilized as at the end of the fiscal year. The following projects were monitored.

ii. <u>Expansion of Accident and Emergency Complex</u>

The project entails the construction of a 4-storey building designed to accommodate emergency cases in the hospital. The contract was awarded to Julitad Nigeria Ltd. in November, 2016 at a cost of ₦92.53 million with completion period of sixteen (16) weeks. The sum of ₦56 million was appropriated in the 2016 Budget, out of which ₦52.09 million was released and utilized to achieve 45% level of completion.

Findings

At the time of monitoring, work in progress include: casting of hardcore flooring (German floor), excavation of trench and columns, casting of foundation strip and columns, earth filling and compaction.

Socio-economic Impact:
The project had created employment opportunity for skilled and unskilled labour in the immediate community. When completed, there will be improved capacity to admit more patients with better consulting offices and improved service delivery.

4.8.4 ABUBAKAR TAFAWA BALEWA UNIVERSITY TEACHING HOSPITAL (ATBUTH), BAUCHI

The hospital was allocated the sum of ₦144.5 million in the 2016 budget to implement its projects/programmes. Out of this amount, ₦72.2 million was released, cash backed and utilized to achieve 65% cumulative performance as at the end of the 2016 fiscal year. The following projects were monitored:

i <u>Expansion of Casualty wards Phase IIand Rehabilitation Centre</u>
The project involves the construction of one-storey building comprising: Male and Female Wards, Physiotherapy Units, Clinical offices, Stores, and Library. Others are: Trauma centre, a Swimming Pool, Toilets facilities and Reception area. The contract was awarded to Messrs Aswad Investment Resources Nig. Ltd in November, 2013 at a cost of ₦157.9 million with an expected completion date of October 2017.

The sum of ₦60.5 million was appropriated in 2016 budget, out of which ₦47.6 million was released and utilized as at the end of the fiscal year. A total of ₦93 million had so far been committed to the project since inception to achieve 79% level of completion.

Finding:

At the time of visit, works completed include: super structure, electrical piping, wiring and plastering while, roofing was on-going. Outstanding works include: completion of external plastering, ramp, painting, hanging of doors/windows and installation of mechanical/electrical fittings.

Picture 27: On-going construction of casualty (Trauma Centre) Phase III at Abubakar Tafawa Balewa University Teaching Hospital , Bauchi

Socio-economic Impact:

The project has engaged artisans and other unemployed youths of the communities. On completion, it is expected to increase the capacity of the hospital to admit more patients as well as improve service delivery. In addition, the edifice will serve as a referral centre to neighbouring states (Taraba, Adamawa and Gombe states).

4.8.5 FEDERAL MEDICAL CENTRE, BIRNINKEBBI:

The Institution had an appropriation of ₦97.24 million in the 2016 Budget for the execution of its capital projects and programmes. Out of this amount, ₦62.64 million was released and cash backed while, ₦62.38 million was utilized. The following projects were monitored:

ii. <u>Construction of Laboratory Complex:</u>

The project is located within the premises of the Federal Medical Centre at Birnin Kebbi in Kebbi State with GPS coordinates of longitude 4.19712 and latitude 12.4352. It entails the construction of a bungalow structure comprising: 4–units of laboratory (Microbiology, Hematology, Chem.-pathology and Histo-pathology). The structure is also equipped with a conference hall, call rooms and office for the Head of Department.

The contract was awarded in January 2011 to Messrs. Swiss Biosat Nig. Limited at a cost of ₦106.07million with an expected completion date of December, 2011. Due to late releases of fund, the completion date was reviewed and the project now has an expected date of completion scheduled for September 2017. In 2016 Budget, the sum of ₦15.18 million was appropriated. Out of this amount, ₦15.18 million was released and utilized to achieve 100% level of completion.

Findings:

At the time of visit, the project had been completed and already put to use.

Picture 28: The Completed Construction of Laboratory Complex at Federal Medical Centre, Birnin Kebbi

Socio-economic Impact:

The project had created employment opportunities to about 110 skilled and unskilled workers engaged in the construction. It has also improved the current office accommodation situation of the Medical Laboratory staff thereby improving health service delivery.

Challenges:

The project officials informed the team that funding constraint slowed down the pace of the project.

4.9 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 transport system. To achieve this objective, the sector was allocated a total of ₦188.67 billion in the 2016 budget to execute its capital projects and programmes. Out of this amount, ₦143.11billion was released while, ₦131.81billion (or 92.10%) was utilised as at end of the fiscal year. The following projects were monitored:

4.9.1 CONSTRUCTION OF ABUJA (IDU)-KADUNA STANDARD GAUGE RAILWAY TRACK

The project is located at (IDU) along Abuja – Kaduna axis with GPS coordinates of Longitude 7,350905 and Latitude 9,044082. The project entails construction of 186km single standard gauge railway tracks from Abuja (IDU) to Kaduna (Rigasa). It comprises: provision of 9nos rail stations, 26nos railway bridges, 37nos overpass bridges, 222 nos box culverts, earthwork and permanent ways. Other components of the project include: IDU freight yard and ancillary building, Rigasa freight fence wall, IDU locomotive deport, IDU cargo warehouse and platform wall and Rigasa cargo warehouse.

The contract was awarded to Messrs CCECC Nig. Ltd. in October, 2009 at a cost of USD $849,750,903 ($500 million loan + $349.75 million +24.56 million). Actual works commenced in February, 2011. The contract sum was later revised upward to USD $1.040 billion due to changes in the initial design. The expected completion date was extended to December, 2017.

In 2016 Budget, the sum of ₦19.81billion was appropriated, released and utilized.

Picture 29: Completed rail track and on-going construction of Idu cargo freight yard and warehouse at Idu, rail station.

Findings:
At the time of monitoring, component of work completed includes: overpass bridges, culverts, box bridges, railway bridges, earthwork, permanent ways and main station building. However construction of Idu freight yard, ancillary building, full line defect rectification, 33kv transmission line, fence wall, Idu locomotive deport, Idu cargo warehouse, platform wall and Rigasa cargo warehouse were ongoing and at different levels of completion.

Socio- economic impact
Although the project is still ongoing, it has provided employment opportunities for over 1200 skilled and unskilled labour. It has also provided clinics to each camp thereby improving healthcare services to the local communities. On completion, it is expected to boost economic activities for people along the road corridor and the country at large.

4.9.2 THE CONSTRUCTION OF AKANU–IBIAM INTERNATIONAL AIRPORT, ENUGU.

The project involves the construction of a new terminal building at the existing airport. The scope of work includes: provision of terminal hall, offices, departure and arrival halls, canonical area, installation of central chilling system (air condition), conveyer belts, escalators, lifts etc.

The contract was awarded to Messrs CCECC (Nig) Ltd. in March 2013 at a cost of ₦14.24 billion with an initial completion date of December 2015. This was however extended to December 2017 due to fund constraints. The sum of ₦274.39 million was appropriated in the 2016 budget, of which same amount was released and utilised as at the end of the 4th quarter. A total of ₦5.66 billion had so far been committed to the project from inception to date to achieve 44.81% level of completion.

Findings:
At the time of monitoring, the team was informed by the Authorities of the Airport that the contractor had demobilised from site. However, the superstructure of the terminal building had been completed and roofed. The outstanding works include: internal and external works, construction of cargo terminal, mechanical work, provision of safety tank, sewage system and installation of equipment.


Picture 30: On-going construction of new terminal building at Akanu–Ibiam International Airport, Enugu

Social-economic Impact:
The project had created employment opportunities for skilled and unskilled labour in the host community. On completion, it will boost economic activities and improve the movement of goods and services both within and outside the country.

Challenges
The major challenge affecting the timely completion of the project is fund

constraints. The supervisory Ministry should explore other sources of intervention or go into PPP arrangement so as not to waste the colossal amount already invested in the project.

4.9.3 THE UPGRADE AND REHABILITATION OF KADUNA INTERNATIONAL AIRPORT:

The project located in Kaduna State involves the reconstruction of the terminal building of the Airport with GPS Coordinates of Longitude 45.10041 and Latitude 13.07019. The Scope of work includes: expansion of the terminal, upgrading of the VIP lounge for departure and arrival sections, construction of slippers (way to the Aircraft), provision of more office spaces as well as the replacement of windows, tiles, ceiling, doors and toilet facilities. The key objective of the project is to modernize the airport facility and to enhance passenger comfort.

The contract was awarded in June, 2011 to Messrs DARI Investment Limited at an initial cost of ₦684.28 million with an expected date of completion of May, 2017. The contract cost was however reviewed upward to ₦1.16 billion due to changes in the engineering design.

In 2016 Budget, the sum of ₦224 million was appropriated, released and utilized as at the end of the fiscal year. A total of ₦908.28 million had so far been committed to the projects since inception to achieve 82.8% level of completion

Findings:

At the time of monitoring, expansion of the terminal, upgrading of the VIP lounge at the departure and arrival sections, replacement of windows, tiles, ceiling, doors and toilets facilities had all been completed. Outstanding works however include; construction of slippers and partitioning of offices amongst others.

Picture 31: Completed Arrival & Departure sections and on-going construction of Slippers at Kaduna International Airport, Kaduna

Socio-economic Impact:
The project has provided job opportunities for over 160 skilled and unskilled workers engaged in the renovation works while local suppliers were also patronized. It has also enhanced easy flight passage to and from Kaduna by commercial passengers, security personnel and tourists.

4.10 OFFICE OF THE SECRETARY TO THE GOVERNMENT OF THE FEDERATION (OSGF)

The sum of ₦20.40 billion was allocated to the MDA in the 2016 budget to execute its capital projects and programmes. Of this amount, ₦13.41 billion was released and cash backed while N11.34 billion (or 84.56%) was utilised as at the end of the fiscal year. The following projects were monitored:

4.10.1 *BORDER COMMUNITIES DEVELOPMENT AGENCY (BCDA) HQTRS, ABUJA*

A total of ₦2.73 billion was allocated to the Agency in the 2016 budget to execute its capital projects and programmes. Out of this amount, ₦1.75 billion was released while ₦1.74 billion (or 99.84%) was utilised as at the end of the fiscal year. The following projects were monitored:

i ***Construction of 4-units of one-bedroom semi-detached bungalow at Ekpiri-Ikang, Obutong camp- Bakassi, Cross River State***

The project located in Ekpiri-Ikang, Obutong camp- Bakassi, Cross River State, involves the construction of four units one-bedroom bungalow and solar borehole tank with storage capacity of 5000 gallons to serve the internally displaced persons affected by insurgency and border demarcations. The objective of the project is to provide a conducive accommodation for Bakassi returnees.

The contract was awarded to Messrs Moniet Development Company Ltd. in September 2016 at a cost of ₦76.52 million with expected completion date scheduled for December 2016. In the 2016 budget, the sum of ₦76.52 million was appropriated, while ₦68.26million was released and utilised to achieve 100% completion.

At the time of visit, the project had been completed.

Picture 32: Completed 4-units of one bedroom semi-detached bungalows at Ekpiri-Ikang, Obutong camp- Bakassi, Cross River State.

Socio-economic impact

The project had provided employment opportunity for the youths of the area. On completion, the facility will also facilitate the resettlement of internally displaced persons of the Bakassi communities.

ii. ***Construction Medical Health care with a bore hole at Ekpiri-Ikang, Obutong camp- Bakassi, Cross River State***

The project involves the construction of a medical health care facility comprising of offices for doctors and nurses, maternity, dispensary, male and female wards of 7-beds capacity each, a store and five (5nos.) toilet facilities.

The contract was awarded to Messrs. PS Rhozeta Nig. Ltd. in September 2016 at a cost of ₦33.44 million with an expected completion date of December 2017. The sum of ₦33.44 million was appropriated in the 2016 budget, of which same amount was released and utilised to achieve 100% level of completion.

Findings:
At the time of visit, the project had been completed and ready for handing over to Cross-River state government/community for effective utilisation.

Picture 33: Completed Medical Health Care at Ekpiri-Ikang, Obutong camp- Bakassi, Cross River State

Socio-economic impact:
The project had created temporary employment for the youths of the community. When operational, the facility will serve as a centre for the provision of affordable health care services for the returnees.

10.0.2 FEDERAL ROAD SAFETY COMMISSION (FRSC)

The commission had an allocation of ₦2.34 billion for the implementation of its capital projects/programmes. Of this amount, ₦1.36 billion was released and cash backed while ₦1.26 billion (or 92.07%) was utilised for the execution of the following projects;

i Purchase of Residential Buildings

This project involves the purchase of 1 block of 3 bedroom 6nos flats, completion of Ilorin office, construction of classroom blocks, hostel and medical centre at FRSC Academy. Others include: construction of a safety tank, suck-away, inspection chambers and external plumbing for hostel block at FRSC Academy, Udi, Enugu State. The contract was awarded to Messrs CAT Construction (Nig.) Ltd. in September 2016 at a cost of ₦830 million with completion date scheduled for March 2017.

The sum of ₦830 million was appropriated in the 2016 budget, of which ₦181.30 million was released while ₦41.30 million was utilised as at the end of the fiscal year to achieve 22.77% cumulative performance.

Finding:

At the time of visit, the Residential building at Mabushi, Abuja had been acquired, while the construction of classroom blocks hostel and medical centre, external plumbing, suck-away, safety tank at FRSC Academy, Enugu were on-going and at various levels of completion.

Picture 34: Purchased I Block of 3 Bedroom 6 flats at Mabushi, Abuja.

Picture 35: Ongoing Construction of medical centre & hostel at FRSC Academy, Enugu State

Socio-economic impact

On completion, the project will provide a centre of excellence for the training of corps marshals who will be responsible for the regulation, enforcement and co-ordination of all road traffic and safety management activities in the country.

ii <u>Purchase of Motor Vehicles</u>

The project involves the purchase of operational vehicles and ancillary equipment. It comprises: supply of 27 units of Peugeot 301 Access cars, Double cabin pick up vans, and 6 units of Nissan Altima 25l cars. Others include: supply and installation of security devices & painting works on the new Nissan cars, supply of serviceable parts for patrol bike. 3,740 units of FRSC branded raincoats etc.

The contract was awarded to a consortium of contractors viz: Messrs Stallion NMN Ltd., Messrs PAN Nigeria Ltd., Messrs Innoson vehicle manufacturing Co. Ltd. and others in September 2016 at a cost of ₦1.32 billion with completion date of March 2017. The sum of ₦981.025 million was appropriated in the 2016 budget, of which ₦845.21 million was released and utilised as at the end of fiscal year to achieve 97.97% level of completion.

Findings:

At the time of visit, the supply of 6 units of Nissan Altima 25L cars, 27 units of Peugeot 301 access cars, Double cabin pick up vans, security devices& other ancillary parts, painting and installation of security gadgets on the newly acquired vehicles (all the vehicles and the ancillary parts) have been procured and distributed to other FRSC outstations.

Socio – economic Impact:

The project will enhance the regulation, enforcement and coordination of all road traffic and safety management activities through sustained public enlightenment, robust data management, prompt rescue services and effective patrol operation.

4.11 DEFENCE SECTOR

This sector is saddled with the responsibility of protecting lives and properties of the citizenry as well as the territorial integrity of the nation. To achieve this, a total of ₦130.66 billion was allocated to the sector in the 2016 budget to execute its capital projects and programmes. Of this amount, ₦97.25 billion was released and cash backed while, ₦93.29billion (or 95.93%) was utilised as at the end of the fiscal year.

4.11.1 NIGERIAN ARMED FORCES RESETTLEMENT CENTRE, LAGOS

The centre had an allocation of ₦2.28 billion in the 2016 Budget. Of this amount, ₦1.13 billion was released, cash-backed and utilized for the implementation of its capital projects/programmes.

i <u>Construction of 2 storey building for corporal below quarters</u>

The project involves the construction of a 2 storey building, comprising 36 self-contained apartments for Corporals. The contract was awarded to Messrs Joysolo and General Contractors Ltd. in October 2016 at a cost of ₦174.17 million with a planned completion date of October 2017. The sum of ₦129.19million was appropriated in the 2016 Budget, of which same amount was released, while ₦122.28 million was utilized to achieve 70% level of completion.

Findings:

At the time of inspection, work done includes: the super structure, electrical piping, roofing, plastering, ceiling, fixing of doors and windows frames, tiling, burglaries and water closets. Outstanding works include: electrical fittings, painting and landscaping.

Socio-economic Impact:

Although the project is yet to be completed, it has created employment opportunities for skilled and unskilled labour. On completion, it will ameliorate accommodation challenge for staff and enhance their productivity.

ii ***<u>Construction of Trainees Officers Mess</u>***

The project was conceived to renovate and furnish Officers Mess, Servicemen Club and Extension of Officers' (SNCO) Mess. The contract was awarded to Messrs Yeskantas Ltd. in partnership with the Centre in November, 2016 at a total cost of ₦190.89 million with a planned completion date of December, 2019. The sum of ₦766.20 million was appropriated in the 2016 Budget, out of which, ₦257.45 million was released and utilized to achieve 63% level of completion.

Findings:

At the time of visit, work done includes: superstructure and roofing, while flooring, interior plastering, electrical fittings/plumbing, fixing of doors/windows etc were at various stages of completion.

***Socio-economic Impact**:*

Though the project is yet to be completed, it has generated employment for fifty (50) skilled and unskilled residents of the area. Upon completion, the project will provide relaxation and refreshing environment for trainees and personnel officers during leisure hours**.**

11.0.2 DEFENCE SPACE AGENCY

The Defence Space Agency (DSA) was established in 2014 for the purpose of harnessing Space resources in Support of the operations of Armed Forces of Nigeria (AFN). The Agency was allocated a total of ₦1.68 billion in the 2016 budget for the implementation of its Capital projects/Programmes. Out of this amount ₦1.32 billion was released while ₦1.31 billion was utilized as at the end of the fiscal year. The following project was monitored:

i ***<u>Construction/Provision of Office Building</u>***

The Project which is located at Lugbe, AMAC, FCT involves the construction of 3-storey building, Comprising of four (4) Laboratories, Medical facilities a restaurant, Conference room, Control rooms and offices. The Contract was awarded to Messrs Arch Expository Ltd. in July 2016 at a cost of ₦396 million with an expected completion date of

September 2017. In 2016 budget, the sum of ₦253.19million was appropriated while ₦253.05 million was released and utilized to achieve 99.84% level of completion.

Finding:
At the time of monitoring, work done includes: completion of Shell, Flooring system, inner Panelling/installation of electrical, lightening, signing, external works, Landscaping and provision of infrastructure.


Picture 36: On-going construction works of Defence Space Agency Complex

Socio-Economic Impact:
The project, though yet to be completed, has created more than 30 job opportunities for both skilled and unskilled workers within the communities. On completion, it will provide better accommodation, Conducive learning atmosphere and will also enhance service delivery.

4.11.3 DEFENCE HEADQUARTERS, ABUJA
The Defence Headquarters (DHQ) was appropriated a total of ₦3.65 billion to execute its capital projects and programmes in the 2016 budget. Out of this amount, ₦1.72 billion was released and utilized to implement its capital projects/programmes. The following project was monitored:

i. ***Renovation of Old Blocks for Men - 3 Blocks of 20 Flats, 7 Blocks of 36 Flats, 2Bedroon Flats:***

The project was designed to renovate blocks of flats at different locations of Mogadishu Cantonment. The contract was awarded to Messrs PavoPunda Nigeria Limited in March 2016 at a cost of ₦118.66 million and was expected to have been completed by May, 2016. The sum of

₦115.07 million was appropriated in the 2016 budget of which same amount was released and utilized on the project.

Findings:
At the time of monitoring, the project had been completed.

Picture 37: The Newly Renovated Old Blocks for Men at Mogadishu Cantonment, Abuja

Socio-economic Impact:
The project had impacted positively on the occupants of the buildings as the recurrent complaints received on the dilapidated state of the structure had seized.

11.0.2.1 DEFENCE INDUSTRIES CORPORATION OF NIGERIA (DICON):

The Agency had an appropriation of ₦3.88 billion in the 2016 Budget for the execution of its capital projects and programmes of which ₦1. 71 billion was released and cash backed. The following project was monitored:

i ***<u>Construction of Primer Cap Production Line:</u>***
The project is located at Kachia LGA of Kaduna State with GPS coordinates of Longitute 7.954517 and Latitute 10.034993. The phase (I) of the project entails the construction of primer cap production building which consist of a 2-storey building and workshop with three (3) components viz; primer load, mixing and explosive. Others include: 2nos borehole, security post, security perimeter fence (Inner and Outer wall),

stores, offices and a laboratory. The key objective of the project is to meet the demand for the 7.62mm X 39mm special ammunition which has increased over the years due to the adoption of AK47 rifle as the preferred weapon for personnel of the Armed Forces and some other security agencies.

The contract was awarded to Messrs Poly Technologies Incorporated (PTI) of China and Defence Integrated Resources Limited (DIRL) of Nigeria in November 2016 at a total cost of ₦1.020 billion with an expected date of completion of December 2017.

In the 2016 budget, the sum of ₦1.020 billion was appropriated while ₦750 million was released, cashed backed and utilized as at the end of the fiscal year to achieve 40% level of completion.

Findings:
At the time of monitoring, site clearance, first foundation of concrete wall and columns for the primer cap load, mixer and explosive, 1km perimeter fence (Inner and Outer Fence) had been completed. Outstanding works include: Super structure for the project, concrete wall re-enforcement, Security post, workshop and laboratories.

Picture 38: On-going DICON project of construction of Primer Cap Production Line at Kachia, Kaduna State

Socio-economic Impact:
Although, the project is still ongoing, it has created employment opportunities for 220 skilled and unskilled youths of the area. When

completed, the factory is expected to provide the major raw materials (primer caps) for the manufacture of 7.62X39mm ammunition used by AK47 rifles.

Challenges:
The team was informed by the management of DICON that budgetary funding constraints affected the speed of work. In addition, the re-location from the initial site at Kakuri within Kaduna metropolis to the outskirts of the town due to safety reasons was also cited as a challenge.

4.12 ENVIRONMENT SECTOR

In the 2016 budget, a total of ₦4.96 billion was allocated to the sector to implement its capital projects and programmes. Out of this amount, ₦4.27 billion was released while ₦3.84 billion was utilised as at the end of the fiscal year. The following projects were monitored:

4.12.1 COMPLETION OF EROSION CONTROL WORKS AT MBIA BONG AND IKPEEKETNKOM, AKWA-IBOM STATE

This project located at Mbiabong and Ikpe Eket Nkom in Akwa-Ibom state, entails the construction of erosion and flood control structures, 4km drain and culverts of a failed road of up to 15m deep valley to protect property and restore degraded land. The contract was awarded to Messrs. Buan Project Limited in September 2014 at a cost of ₦78 million and was expected to be completed by December 2016. In the 2016 budget, the sum of ₦56 million was appropriated while ₦49.21 million was released and utilised to achieve 87% cumulative performance.

Findings:
At the time of visit, the project was completed and already in use. However, the team observed the need for surface dressing of the road shoulder and screeding of the water channel portions to avoid collapse of the completed works.

***Picture 39: Completed Erosion Control works at Mbia Bong and IkpeEketNkom,* Akwa- Ibom State**

Socio-economic Impact:
The completion of the contract had eased movement, reduced accident as well as protected property and restored land value in the area.

4.12.2 EROSION CONTROL WORKS IN IREPODUN-OLORUNDA-OSOGBO-OROLU-OSUN STATE

The project entails the construction of erosion and flood control structures to protect lives and properties, and restore degraded lands in Osogbo town.

The contract was awarded to La-Source De Classique Nig. Ltd. at a cost of ₦75 million in October 2016 with completion date of December 2016. The sum of ₦49.36 million was appropriated in the 2016 Budget, out of which ₦45.04 million was released and utilized to achieve 100% level of completion.

***Findings**:*
At the time of monitoring, the project had been completed.

Socio-economic Impacts:
The project had empowered local businesses and youths of the area, while its successful completion had solved the menace of perennial flooding of roads and household and also improved the community relationship.

 

Picture 40: Completed drains and box culverts at Irepodun, Olorunda, Osogbo, Orolu, Osun State

4.12.3 COMBATING DESERTIFICATION THROUGH REFORESTATION FOR CLIMATE CHANGE MITIGATION AND SUSTAINABLE LAND MANAGEMENT IN THE SHELTERBELT, GADA LGA, SOKOTO.

The project is located at Marin Buzu, Gada Local Government Area, Sokoto State with GPS coordinates of Latitude N15.10783 and Longitude E 0.775996. It entails the planting of 2400 tree seedlings on 2 hectares of acquired land, perimeter fencing on the property surrounded with wire-gusts, installation of solar powered borehole, overhead water tank and water reticulation for watering the seedlings to maturity. Other components includes: provision of water trough for animals, distribution of seedlings to the community for planting to increase vegetation cover and rehabilitation of degraded land.

The contract was awarded to Messrs Murenco Nigeria Limited in December 2016 at the cost of ₦105.034 million with an expected completion date of April 2017. In 2016 Budget, the sum of ₦105.034 million was appropriated, out of which ₦91.59 million was released and utilized within the period under review to achieve 100% level of completion.

***Findings**:*
The team observed that the project covered only 2 hectares of land out of the vast land encroached by desertification. Although the contractor, project supervisor and few members of the beneficiary community were present during the monitoring, the team also noted that there was no sustenance plan for the project. There is also need for adequate security

to protect the bore-hole infrastructure provided by government.

Picture 41: The Ongoing 2400 trees plantation for Desertification through Reforestation for Climate Change at Gada LGA, Sokoto.

Socio- Economic Impact:

The project had generated 17 temporary jobs to the indigenes. The water from the borehole component of the project also serves the community.

Challenges:

The team observed that there was neither security house nor trained security personnel to guard the project.

4.13 EDUCATION SECTOR

Education is key to manpower development in the country. In its drive to achieve this objective, government allocated a total of ₦35.99 billion to the sector to execute its capital projects and programmes. Of this amount, ₦22.65 billion was released and fully cash backed while ₦18.61billion was utilised at the end of the fiscal year. The following projects were visited:

4.13.1 UNIVERSITY OF PORTHARCOURT

In the 2016 budget, the sum of ₦43.69 million was allocated, released and utilised to execute its capital projects and programmes. The following projects were monitored.

i Construction of Pharmacy Lecture Complex

The project involves the construction of a 2-storey building for the Faculty of Pharmacy comprising seventeen (17) classrooms with sitting capacity ranging between 120-150, offices, a 1500-capacity main lecture theatre, conveniences, etc.

It was awarded to Messrs. Mek Builders Ltd. in June 2012 at a cost of ₦353.08 million and is expected to be completed in May 2017. In the 2016 budget, a sum of ₦18.69 million was appropriated, released and utilised. A total of ₦286.73 million had so far been committed to the project since inception to achieve 85% level of completion.

Findings:

At the time of visit, the superstructure and roofing had been completed. Outstanding works include: completion of toilets, sanitary walls and tilling of the ground floor.


Picture 42 : Ongoing Construction of Pharmacy Lecture Complex at UniPort.

Socio- Economic Impact:

The project when completed will reduce congestion on the existing facilities as well as increase students' intake in the Faculty.

4.13.2 ALVAN IKOKU COLLEGE OF EDUCATION, OWERRI

The institution had an appropriation of ₦59.18 million in the 2016 budget. Of this amount, ₦29.59 million was released, cash-backed and utilized for the implementation of its capital projects/programmes. The following project was monitored.

i ***Construction of 2 Storey (Senate) Building.***

The project involves the construction of a 2 storey office building comprising: provost, deputy provost, Registrars, Board Chairman, Board Room, Bursary, Budget and Cash offices. It was designed to create more office space and ensure conducive working environment for optimum performance.

The contract was awarded to Messrs Onsite Construction Company Ltd. in January 2012 at a cost of ₦205 million with completion date scheduled for January 2015. However, this was not achieved because of paucity of funds.

The sum ₦59.18 million was appropriated in the 2016 budget, of which ₦29.59 million was released and utilized. A total of ₦168.24 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, the superstructure had been completed, roofed and plastered. Work in progress includes: external block walling, plastering, fixing of PVC ceiling, tiling of the floor, Terrazzo and fixing of handrails. Outstanding works were electrical & mechanical plumbing, painting and decorations.

Picture 43: On-going Construction of 2 Storey (Senate) Building at FCE, Owerri.

Socio-economic Impact:

The project had created employment opportunities for about forty (40) skilled and unskilled labourers. On completion, it will moderate the challenge of office accommodation and enhance the productivity of staff.

Challenges:

The major challenge affecting the timely completion of the project is fund constraints. The team was informed that though the project is at the finishing stages, the Contractor had applied for variation because of fluctuation in the price of building materials in the market due to time lag.

4.13.3 UNIVERSITY OF LAGOS

The university had an appropriation of ₦43.69 million in the 2016 Budget, of which same amount was released and utilised for the implementation of its capital projects and programmes. The following project was monitored:

i <u>Rehabilitation of Main Auditorium Roof</u>

The project entails the rehabilitation of the main university Auditorium. The contract was awarded to Messrs FBG Nig. Ltd. at a cost of ₦81.54 million in July 2014 with an expected completion date of September 2015. This was however not achieved due to funding constraints. The sum of ₦43.69 million was appropriated in the 2016 Budget, of which same amount released while, ₦15.80 million was utilized as at the end of the fiscal year. A total of ₦81.54 million had so far been committed to the project since inception to achieve 100% level of completion.

***Findings**:*

At the time of visit, the dilapidated roof of the Main Auditorium building had been removed and replaced with long span aluminium sheet.

Socio-economic Impact:

The project had empowered local businesses and youths of the community. It has also provided a conducive atmosphere for learning and enhanced the security of the environment.

Picture 44: Rehabilitated Auditorium building at University of Lagos

4.13.4 USMANU DAN FODIO UNIVERSITY, SOKOTO

The Institution had an appropriation of ₦43.69 million in the 2016 Budget, of which same amount was released and utilized for the implementation of its capital projects/programmes. The following project was monitored:

i ***<u>Completion of Civil Engineering Complex</u>***

The project entails the construction of a storey building comprising: 4 nos Laboratories, 2 nos Drawing Studios, 5 nos Classrooms, 1no Department Library, 14 nos offices and conveniences.

The contract was awarded to Messrs Prodebes Nigeria Limited in 2006 at a cost of ₦277.45 million with an expected completion date of December 2017. The sum of ₦43.69million was appropriated in the 2016 budget, of which same amount was released and utilized in the period under review. A total of ₦134.094 million had so far been committed to the project since inception to achieve 80 % level of completion.

***Findings**:*

At the time of monitoring, completed works includes: superstructure, plumbing, electrical fittings, plastering and railings. While outstanding works include: painting, doors, windows and electrical works.

Picture 45: On-going construction of Faculty of Civil Engineering complex at Usman Danfodio University, Sokoto

Socio-Economic Impact:

The project had created employment opportunities for all classes of workers engaged in the construction work. On completion, it will provide office accommodation for the Department of Civil Engineering and enhance teaching, learning and research works in the Institution.

Challenges:

The major challenge was the encroachment on the University land by the surrounding villages. Besides, the team was informed that increase in the cost of building materials and paucity of funds is affecting the timely completion of the project.

4.14 NIGER DELTA AFFAIRS

This MDA was allocated a total of ₦19.44 billion in the 2016 budget for the implementation of its capital projects/programmes. Out of this amount, ₦11.16 billion was released and ₦10.31 billion utilised (or 92.39%) as at end of the fiscal year. The following projects were monitored:

4.14.1 DUALIZATIONOF EAST-WEST ROAD SECTION 1: WARRI-KAIAMA CONTRACT NO. 5867.

The Project involves the provision of a new 87km asphaltic concrete carriageway and the rehabilitation/reconstruction of the existing road from Warri in Delta State to Kaiama in Bayelsa State. The scope of works includes: sand filling, cement stabilisation, 250mm sub- base & crushed stone base, 60mm asphaltic concrete binder and 40mm wearing courses respectively. Others include: 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, etc.

The contract was awarded to Messrs Setraco Nig. Ltd. in August 2006 at a cost of ₦120.89 billion with an initial completion date of July 2015 which was later extended to December 2016 because of paucity of funds. The sum of ₦1.20 billion was appropriated in the 2016 budget, out of which ₦400 million was released and utilized. A total of ₦118.86 billion had so far been committed to the project since inception to achieve 100% cumulative performance.

Findings

At the time of monitoring, the project had been completed, commissioned and handed over to the Supervisory Ministry.

Picture 46: Completed dualisation of East-West Road, Section I

Socio-economic Impact:

The project had created employment opportunities for over 1500 skilled and unskilled workers. It has also assisted in training the indigenes in iron bending and welding works. In addition, it has boosted economic activities along the road corridor particularly in the transportation of petroleum products, oil exploration and industrial activities

4.14.2 DUALIZATION OF EAST WEST ROAD SECTION II

The project involves the construction of 101.6km, 2-lane dual carriageway road from Kaiama in Bayelsa State and passes through Ahoada and endsin Port-Harcourt (Eleme Junction) Rivers State. The contract was initially awarded 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:

4.14.3 DUALISATION OF EAST WEST ROAD: SECTION II (SUB-SECTION I) CONTRACT NO. ID/09/003

The project starts from Eleme junction (Portharcourt) and ends in Ahoada in Rivers State. The scope of works include: bush clearing, removal of unsuitable top soil, importation of new fill materials, expansion of the existing 47km length of road into a standard dual 2-lane with asphaltic concrete surfacing, sub-base, 60mm asphaltic concrete binder and 40mm asphaltic wearing courses. Others are: construction of 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 in May 2009 at an original cost of ₦29.92 billion but was later revised to ₦55.07 billion with an expected completion date of October2016. The upward review of the contract sum was due to changes in the engineering design. However, the Contractor has applied for a new completion date which is still being processed.

The sum of ₦3.13 billion was appropriated in the 2016 Budget, out of which ₦2.75 billion was released and utilized. A total of ₦41.56 billion had so far been committed to the project since inception to achieve 78.33% level of performance.

Findings:

At the time of monitoring, payment of compensation for farmlands and construction of 133nos culverts had been completed. However, works on the new Choba bridge, Site clearing, earthworks, construction of culverts and drains, and cement stabilisation at Ogbakiri Junction in Emuohua were in progress and at different levels of completion.

4.14.4 DUALIZATION OF EAST WEST ROAD SECTION II SUB-SECTION II (AHOADA– KAIAMA) RIVERS STATES, CONTRACT NO. ID/09/002:

The project involves the expansion of the existing 54.50km length of road into a standard dual 2-lane with asphaltic concrete surfacing. It also comprises: construction of 11nos. bridges, 420nos. culverts, etc.

The contract was awarded to Messrs Setraco Nigeria Limited in June 2009 at an initial cost of ₦44.88 billion but was later revised to ₦93.41 billion with an expected completion date of March, 2017. In the 2016 budget, the sum of ₦3.65 billion was appropriated while ₦2.60 billion was released and utilized. A total of ₦61.35 billion had so far been committed to the project since inception to achieve 69.51% cumulative performance.

Findings:

At the time of the visit, completed works include: 10nos. Bridges, 400nos. culverts, 90km works on Portharcourt and Kaiama bound while construction of parapets, concrete and pedestrians walkways at Kaiama bridge were in progress.

Picture 47: Concrete works/a bridge segment being conveyed at Kaiama Bridge

Socio-economic Impact:

The completed portion of the road has facilitated increase in vehicular movement. On completion, it will promote rapid integrated infrastructural development and enhance economic activities in the Niger Delta region.

4.15 FEDERAL MINISTRY OF MINES & STEEL

The Ministry was allocated a total of ₦7.33 billion in the 2016 budget for the implementation of its capital projects/programmes. Of this amount, ₦4.53 billion was released and cash-backed while, ₦4.18 billion (or 92.26%) was utilised as at the end of the fiscal year.

4.15.1 METALLURGICAL TRAINING INSTITUTE ONITSHA

The institute had an allocation of ₦230.18 million in the 2016 budget. Of this amount, ₦217.71 million was released and cash-backed while, ₦208.6 million (or 95.82%) was utilised for the implementation of its capital projects/programmes. The following projects were monitored:

i Refurbishing & Repairs of Training Equipment/Machines

The project involves the reconstruction of 40 no of workshops benches, repairs and refurbishing of machines and equipment, electrical, instrumentation and control system, mechanical maintenance, wielding and fabrication. Others include: industrial metallurgy & foundry, heavy mobile & steel fabrication and wielding departments.

The contract was awarded to Messrs Vuco Consults Limited in August 2016 at a cost of ₦51.24 million and was to be completed by December 2016. The sum of ₦40.99 million was appropriated in the 2016 budget, of which ₦38.06 million was released and utilised to achieve 74% level of completion.

Findings:

At the time of monitoring, all the spare parts needed to be sourced outside the country have been procured while the repairs were in progress. However, the contractor had applied for variation of the contract price because of the fluctuation in foreign exchange to facilitate the timely completion of work.

Picture 48: Refurbished & Repaired Training Equipment/Machines at Metallurgical Training Institute Onitsha

ii ***Flood and Erosion Control***

The project involves the construction of reinforced concrete drain and reinforced concrete rectangular box culvert. The scope of works include: site clearance, excavation of drainage trench, casting of concrete blinding layer, reinforcement bar, bending & fitting, form work erection and structural concrete work.

The contract was awarded to Messrs Cejtech Projects limited in August 2016 at a cost of ₦78.37 million with completion date scheduled for December 2017. The sum of ₦57.23 million was appropriated in the 2016 budget, of which ₦49.84 million was released and utilised to achieve 50% level of completion.

Findings:

At the time of this report, excavation of drainage trench had been completed while casting of the concrete blinding layer, reinforcement bar bending & fitting, form work excavation and structural concrete bar were in progress.

Picture 49: On-going Flood and Erosion Control at Metallurgical Training Institute, Onitsha.

Socio-economic Impact:
The Project has improved facilities for the training of youths in low and middle level technical skills in metal and allied products.

Challenges:
Most of the projects are facing variation because of fluctuation in the price of goods in the market.

4.16 PRESIDENCY

The Presidency had an allocation of ₦28.39 billion in the 2016 budget for the implementation of its capital projects/programmes. Of this amount, ₦27.94 billion was released and cash backed while, ₦22.2 billion (or 79.45%) was utilised for the execution of its project as at the end of the fiscal year. The following project was monitored:

4.16.1 NATIONAL EMERGENCY MANAGEMENT AGENCY (NEMA)

The office had an allocation of ₦834.47 million for capital projects and programmes in the 2016 Budget. Of this amount, ₦507.56 million plus ₦3.75 billion Authority to Incur Expenditure (AIE) was released and cash backed while, ₦3.39 billion (or 90.24%) was utilised for the execution of the project as at the end the fiscal year. The following project were monitored:

4.16.1.1 CONSTRUCTION OF SOUTH EAST ZONAL OFFICE FOR NATIONAL EMERGENCY MANAGEMENT AGENCY

The project located at Independence Layout of Enugu city involves the construction of a 2 storey building with a roof of total build up area of 687.68m^2. The scope of works include: the provision of 23- no. offices, 26- no toilets, 17- no external doors, 3- no conference rooms, a switch room, canteen, kitchen, internal and external staircases and a lift.

The contract was awarded to Messrs Pitch Global services Ltd in November 2013 at a cost of ₦267.8 million with completion date scheduled for December 2017.The sum of ₦91.48 million was appropriated in the 2016 budget, of which same amount was released while, ₦21.58 million was utilised as at 4th quarter. A total of ₦223 million had so far been committed to the project since inception to achieve 70% level of completion.

Findings:

At the time of monitoring, the superstructure had been completed, roofed and plastered. Components of works in progress include: electrical, telephone & data cabling, CCTV conduit piping, steel roof structure/roofing sheet, and mechanical piping and installation. Others are: construction of retaining wall, partitioning, fixing of doors and tiling.

Picture 50: Ongoing construction of South East Zonal office for NEMA, Enugu

Socio-economic Impact:

The project had created employment opportunities for about 78 skilled and unskilled labour in the host community. On completion, it will reposition the staff to co-ordinate and manage man-made and natural disaster in Enugu and its environs.

Challenges:

The contractor's representative informed the monitoring team that inflation rate in the country had affected the price of materials and cost of labour thereby making the cost of construction higher than what was originally estimated. This had delayed the timely completion of the project.

4.16.1.2 THE CONSTRUCTION OF AGENCY'S NORTH WEST ZONAL OFFICE, KADUNA:

The project located along Kaduna International Airport road involves the construction of a 2-Storey building. It comprises: a generator house, perimeter fence, security room, electrical powering and staff quarters. The contract was awarded in January, 2014 to Messrs Star Plaza Limited at an initial cost of ₦293.17 million which was later revised to N336.49 million with date of completion of June 2017.

The sum of ₦20.097 million was appropriated in the 2016 Budget, out of which same amount was released and utilized. A total of ₦330.63 million had so far been committed to the project since inception to achieve 95% level of completion.

Findings:

At the time of monitoring, the super- structure (Ground floor), Superstructure has been completed, roofed and plastered. Outstanding works include: Construction of Generator house, electrical powering, perimeter fencing, helipad hanger, storage facility, external works/landscaping and staff quarters.

Picture 51: On-going Construction of NEMA North West Zonal Office, Kaduna

Socio-economic Impact:

Though, the project is still yet to be completed, it has provided employment opportunities for over 120 skilled and unskilled labourers.

When completed, it is expected to bring disaster management closer to the grass root and improve the performance of NEMA staff.

4.16.1.3 NATIONAL INSTITUTE FOR POLICY AND STRATEGIC STUDIES, KURU

The Institute had an appropriation of ₦600 million in 2016 Budget. Of this amount, ₦388.15 million was released and utilized as at the end of the fiscal year for the implementation its capital projects/programmes. The following projects were monitored:

i <u>Renovation 9 Blocks of Senior Research Fellows Chalets</u>:

The project involves the renovation of 9nos 4-Bedroom flats for senior staff of the Institute. The contract was awarded to Messrs Wall Tall Integrated Series Ltd., Messrs Techno- Kat Const. Ltd, Messrs D-Kolus Nigeria Limited, et al, at a total cost of ₦61.41 million in October 2016 with a completion date of January 2017. The sum of ₦61.64 million was appropriated in the 2016 budget, of which same was released while ₦61.41 million was utilized to complete the project.

Findings:

At the time of monitoring, the project had been completed and put to use.

Picture 52: Completed Renovation Work of One of the 9 Blocks of Senior Research Fellows Chalets in NIPSS, Jos

Socio – economic Impact:

The renovation works had given a face lift to the Institute, reduced the series of complaints lodged by staff on account of dilapidated houses and roof leakages.

ii ***Renovation of 14Nos Participants Chalets:***

The project was embarked upon to provide a conducive and habitable learning environment for the participants of the Senior Executive Course (SEC) program. The renovation works entails: rehabilitation of 14nos semi-detached one-bedroom flats.

The contract was awarded to Messrs Vinna Technology Ltd & Messrs Phil–On–Brown and KEE Items Ltd. at a total cost of ₦72.01 million in October 2016 with completion date of January 2017. The sum of ₦72.71 million was appropriated in the 2016 budget, out of which same amount was released while ₦72.01 million was utilized to complete the project.

Findings:

At the time of monitoring, the project has been completed.

Picture 53: Completed Renovation Works of a Section of the 12Nos Participants Chalets in NIPSS, Jos.

Socio – economic Impact:

The renovation works had given a face lift to the Institute. The number of complaint by participants of dilapidation of the chalets had reduced. The participants now have a better atmosphere to concentrate on their studies.

4.17 FEDERAL CAPITAL TERRITORY ADMINISTRATION

The Ministry had an allocation of ₦29.29 billion in the 2016 Budget for the implementation of its capital projects/programme. Of this amount, ₦15 billion was released and cash backed while, ₦9.79 billion (or 65.24%) was utilized as at the end of the fiscal year. The following project was monitored:

17.0.1 ABUJA RAIL MASS TRANSIT (LOTS 1 & 3)

The project involves the construction of a 45.245km standard gauge railway tracks and associated permanent way within the FCT with designated station buildings, bridges, culverts, communication and signalling equipment. The contract was awarded to Messrs CCECC (Nig.) Ltd. at a cost of US$823.54 in May 2007 while actual work commenced in May 2009 with initial completion date scheduled for May 2013. This was not achieved due to time lag and fund constraints.

The sum of ₦5.6 billion (National/Budget) and ₦11 billion (FCT Statutory Budget) were appropriated in 2016, of which ₦12.54 billion ₦11 billion (FCT Statutory) & ₦1.54 billion (National Budget) were released. The funds utilised include ₦15.11 billion China Exim Bank & ₦12.54 billion (FCT & National Budget) as at 4th quarter 2016. However, a total of ₦44.12 billion (FCT Statutory & National Budget) and ₦64.42 billion (China Exim Bank loan) had so far been committed to the project from inception to date to achieve 91% level of completion.

Findings:

At the time of inspection, works completed include; Construction of 45.245km length of rail tracks, 10 railway stations, 50- no. culverts, 13- no railway bridges, 9- no pedestrian overpasses and 15- no flyover bridges. However, the Airport and Abuja Metro stations were in progress and at various levels of completion.

Picture 54: Completed Idu Station at Abuja Rail Mass Transit

Socio-economic impact

The project had created employment opportunities for about 2,000 skilled and unskilled labourers. On completion, it will assuage the difficulties currently being experienced by commuters in FCT and improve enhance business environment in the nation's capital city. In addition, the sustainable integration of the satellite town into the metropolitan transport system will increase employment opportunities as well as boost economic activities in the city centre.

17.0.2 REHABILITATION AND EXPANSION OF OUTER NORTHERN EXPRESSWAY LOT 1

The project involves the rehabilitation of the existing 19.5km carriageways and construction of additional lanes to the main carriageways from Zuba interchange to Dutse junction. Other components include: construction of 4 nos. railway crossing bridges, 5nos. pedestrian bridges, 8 way telecom ducts, power supply and street lighting, stone pitching and grass planting for slope protection.

The contract was awarded to Messrs Dantata and Sawoe Construction Company Nigeria Limited in May 2009 at a cost of ₦66.83 billion with an initial completion date of November, 2014 which was later reviewed to December, 2016. In the 2016 Budget, the sum of ₦2.24 billion was appropriated, out of which ₦1.7 billion was released and utilized as at the end of the fiscal year. So far, N66.8 billion had been committed to the project since inception to achieve 100% level of completion.

Findings:
At the time of monitoring, the project had been completed.

Socio- economic impact:

The project created employment opportunities for over 700 skilled and unskilled labour. It has also improved the flow of traffic and reduced vehicle operating cost along the route. In addition, it has attracted the building of estates, schools, filling stations, automobile dealers and increased the value of properties along the route.

17.0.3 REHABILITATION AND EXPANSION OF OUTER SOUTHERN EXPRESSWAY (OSEX) PHASE I PROJECT:

The project entails the rehabilitation of 6.75km of 10-lanes of 4 dual carriage ways starting from the Villa Roundabout to Apo Roundabout. The scope of work include: site clearance, earthworks, 4nos. interchange structure, trumpet interchanges structure at OSEX/Shehu Shagari way, etc.

The contract was awarded to Messrs (C.G.C) Nig. limited in December, 2013 at a cost of ₦39.83 billion with a completion period of 36 months. The sum of ₦2.56 billion was appropriated in 2016 Budget, of which same amount was released and utilized to achieve 18.5% level of completion.

Findings:
At the time of monitoring, the following percentages of works has been attained: 22% of earthwork, 70% of outcrops rock blasting; 34% of geological survey, 31% of culvert, 16% of bridge works while excavation work on the pedestrian bridge was in progress.


Picture 55: Pictorial view of completed work on PRIOSEX

interchange

Socio-economic Impact:
Although the project is yet to be completed, over 150 jobs have been created for skilled and unskilled labourers. On completion, the project will ensure decongestion of traffic. It will also reduce travel time, increase economic activities along the road corridor.

Challenges:
The relocation of structures within the interchange area and rock blasting at very close range to residential houses slowed the pace of work.

4.18 MINISTRY OF BUDGET AND NATIONAL PLANNING
The Ministry was allocated a total of ₦2.32 billion in the 2016 Budget which was fully released and utilized as at the end of the fiscal year to implement its capital projects/ programmes. The following project was monitored.

4.18.1 NATIONAL INSTITUTE FOR SOCIAL & ECONOMIC RESEARCH
The Institute was allocated a total of ₦224.49 million in the 2016 budget to implement its projects/programmes. Out of this amount, ₦224.39 million was released, while ₦224.20 was cash-backed and utilized to achieve 99.91% project implementation. The following project was monitored:

i <u>Rehabilitation of NISER Library</u>

The project involves the renovation of the Library complex which consists of the replacement of roof with long span aluminium sheets. The contract was awarded to Messrs Samsoj Engineering Service Nig. Limited at a cost of ₦10.40 million in July 2017 with completion date of April 2017. In the 2016 Budget, ₦10.40million was appropriated, released and utilized to achieve 100% level of completion.

Findings:
At the time of visit, the project had been completed.

Socio-economic Impacts:

The project had empowered local businesses and youths of the area, while its successful completion had solved the menace of perennial flooding of the library reading rooms and offices.

Picture 56: Completed re-roofing of NISER library

5.0 SUMMARY OF FINDINGS, AND RECOMMENDATIONS

The 2016 Budget implementation and performance monitoring exercises conducted between 28th November - 9th December 2016 and 8th– 26th May 2017 gives an insight into the performance of the sampled MDAs in their efforts at achieving the annual planned deliverables as set out in the MTEF and MTSS sessions.

The MBNP teams inspected and evaluated the MDAs' capital projects and programmes spread across the six geo-political zones to determine the value for the tax payers' funds allocated to them and identify challenges and valuable lessons from the MDAs in the course of implementation. The key findings and recommendations are therefore summarized as follows:

A. NASS ROLE IN CAPITAL APPROPRIATION

The National Assembly remains very crucial to budget implementation in Nigeria given their role in not only the appropriation processes but also in oversight and control. It was observed that the late passage of the 2016 budget in May 2016 greatly impacted budget implementation during the period. In addition, there were complaints by MDAs of projects added at the NASS that they were not fully prepared to commence implementation and more importantly those that were outside of the respective MDAs'/Federal Government's mandate.

Recommendation

i. The Budget preparation process should commence early and therefore MDAs should be reminded of the need for strict adherence to the Executive Order recently issued by Government.

ii. The Executive and the Legislative arm of Government should collaborate more during the pre-budget preparation processes including meeting of MDAs and relevant Committees of the NASS before submission of the budget. This is to ensure alignment of projects to MDAs' mandate and appropriate phrasing and costing of the projects.

B. Project Narration and Fund Virements

There were several discrepancies observed in the narration of some line items from what is in the Appropriation Act of some MDAs including UNILAG, DIA, UNIMAID etc. This includes classification of on-going projects as new, and new projects as on-going. It was also observed that some MDAs resorted to virement without appropriate authorization.

Recommendations:

i. The relevant Department of the MBNP/BOF should intensify efforts at sensitizing MDAs and the Appropriation Committee of NASS on the dangers of budget distortion, project repetition, misleading and vague narrations, unauthorized virements and other unwholesome practices.

ii. The Ministry should also create incentive measures to dissuade MDAs and relevant officers from such practices.

C. <u>MDAs Capacity to Implement Projects/Programmes</u>

While the Procurement Act is being reviewed to address some of its shortcomings in terms of cumbersomeness, MDAs were also found to plan the process very late despite SGF circular Ref. No. SGF/OP/I/S.3/VOL.XI/833 of 5th January 2016 directing them to commence procurement activities on time so as to ensure greater project performance.

Also, hiding under the procurement process, some MDAs were found to have wantonly warehoused their releases delaying the conclusion of the contracts tendering namely Sokoto Rima River Basin Development Authority, Sokoto, Nigeria Immigration Service, National Bio-Technological Dev't Agency, Abuja Project Dev't Institute, Enugu, Scientific Equipment Dev't Institute (SEDI), Enugu etc. Conversely, while trying to mop-up funds, some MDAs indulged in unapproved virement while some were found not to have instituted effective M&E mechanism for project tracking, data collection and reporting.

In the same vein, MDAs in some sectors, were found to be in the habit of splitting appropriations and contracts through wanton insertion of new projects and programmes instead of prioritizing the completion of on-going ones. Project costs were, at times, revised and timelines extended improperly while releases were thinly shared over several projects and programmes and by so doing critical projects were out-rightly denied funding.

It was also observed that these actions were most times done to beat the inherently slow procurement process which has adversely affected effective implementation of the capital budget over the years. As an instance, the Regional Centre for Commercial Arbitration in Lagos under the Justice Sector converted the N10m budgetary releases from the 2016 budget towards renovating the Centre's old building to avoid paying N400m rent that was above the N20m Appropriation for that year.

Recommendations

i. In the event of virement, MDAs must be requested to tender evidence of processing for NASS approval and those willfully engaged in unapproved virement, contract splitting, over-invoicing, cost variation, timeline extension should be made to return allocated funds, and also to face appropriate sanctions.

ii. MDAs should be made to plan ahead by accelerating the procurement cycle and submission of annual procurement plan to align their actions with the directive contained in the SGF circular Ref. No. SGF/OP/I/S.3/VOL.XI/833 of 5th January 2016 as a precondition for capital releases.

iii. The ongoing review of the public procurement should be fast-tracked and the contract approval threshold reduced and the committee enlarged, while MDAs should be encouraged to imbibe best practices by adopting best practices in the project prioritization and selection criteria such as that of the Ministry of Power, Works and Housing.

D. <u>Inadequate Budgetary Provision for Projects</u>

Too many MDAs' projects were admitted into the Appropriation Bill by the Executive Arm of Government including admission of projects that are not capital in nature. The Appropriation Act was therefore over burdened with unimplementable projects and programmes from the MDAs upon which conversely the performance of the capital budget is determined whether funded or not.

MDAs have also complained of late, and inappropriate timing of budget releases not minding that projects are affected by inclement weather such as those in Agriculture, Works and Housing sectors. This leads to slowed down of execution in the peak period only for such funds to be later mopped-up or the MDAs accused of lacking in capacity to utilize the funds.

Project funds were equally not set aside for critical projects as they are left to compete with non-priority projects and programmes. Some turnkey projects with huge capital outlay were at times completed and left without furnishing or equipment including those in Health and Education sectors eg construction of lecture and hospital theaters (Yabatech, OAUTH, Il Ife etc)

Dollar/Euro currency were included in local project contracts without legal consideration in a way that later constitute impediments to effective implementation of the projects.

Government continued to rely heavily on oil for revenue and foreign exchange despite the huge potentials of the non-oil sector. This greatly affects the certainty of budget implementation given the volatility inherent in the sector.

Recommendations

i. The current efforts by BOF to develop a dynamic framework for the termination of abandoned and moribund projects and programmes, should be sustained.

ii. Priority and timeliness in funding selected flagship and turnkey projects should be developed for every Appropriation Act to address the shortcomings of the envelop system.

iii. Government should also intensify efforts to diversify the economy through agriculture, solid minerals as well as revival of comatose industries. These would help diversify the revenue base of the country, improve revenue collection and budget implementation.

iv. The BPP should ensure that the MDAs' implementation plan for construction of building complex contains the furnishing/equipping of the facility to increase the timely impact of the project when completed.

E. Project Location and Community Responsiveness

There is obvious lack of synergy between implementing MDAs with MOI/LGC/State Governments and local communities in the execution of high capital projects as qualified indigenous contractors and professionals from the area were not usually selected. This was identified as a key reason why completed projects are left to rot and vandalized due to absence of institutional arrangement to involve host communities and project beneficiaries in the conception and execution of Federal Government projects.

Recommendations

i. MDAs should be directed to explore participatory budgeting so that the priority needs of the community is align with the aspirations of the MDAs for inclusive governance**,**

ii. To deepen the involvement of stakeholders, the procurement Council should be composed and inaugurated to handle all contracts above the threshold of the Departments and Agencies as provided for in the Procurement Act**.**

iii. The federal character stipulation should also be adhered to so as to favour host community in employment and business offers**,** while adequate security should be organized for project by liaising with the appropriate security arm for coverage.

iv. Overall, Government should continue to explore other project financing windows such as PPP and privatization in order to enhance projects funding and infrastructure development in the country.

6.0 CONCLUSION

The slump in oil price which reached a 10-year low in April 2016 as well as the lower oil production occasioned by production disruptions in the Niger Delta region, impacted the nation's revenue performance during the review period. This, combined with the continued security challenges being experienced in North Eastern Nigeria, resulted in the economy slipping into recession during the 2016 fiscal year. This also impacted budget implementation during the period. However, significant progress was made particularly in capital expenditure budget implementation leading to 76.82% achievement of the ₦1,587.40 billion projected for capital expenditure in 2016. This was achieved as a result of government's initiatives to enhance fiscal transparency and accountability in the management of public resources in Nigeria.

Though projected to recover in the near to medium term, overall macroeconomic environment of Nigeria remained fragile given the negative growths in all four quarters of 2016 and persistence of some headwinds. There are upside and downside risks that would determine near term developments in the economy. Legacy issues including deepened reforms in various sectors of the economy particularly in the areas of fiscal management, renewed fight against corruption, continued fiscal consolidation, and innovative sectoral and activity-specific government interventions are expected to support economic growth and prosperity in the near term. Conversely, a weak external environment, lower commodity prices as well as low production of crude oil, and insecurity resulting from the continued threat of terrorism, are some of the events that could pose a threat to the good outlook and prospects of the economy and could act as a drag on growth and prosperity.

The nation's economic outlook and prospects in the medium term therefore remain stable, despite negative developments in the domestic economy as well as continued uncertainty and sluggish global economic recovery. The economy went into recession in 2016 with a -1.5% growth as a result of the challenging fiscal environment during the review period. The development also resulted in the deterioration of Nigeria's external balance with adverse impact on trade balance and exchange rates. This has equally resulted in higher government borrowing to increase expenditure which is needed to reflate the economy given the reduced private consumption and investment expenditure. The year-on-year headline inflation therefore witnessed a sharp upward trend as FOREX demand pressure intensified resulting in the depreciation of Naira.

The MBNP will continue to promote openness, transparency and accountability in project execution to enhance the delivery of dividends of democracy to all Nigerians. This will involve the strict implementation of the budget implementation guidelines and the governance framework on monitoring capital budget implementation. It will also point-out these issues to the MDAs and work-out a way forward by interacting with them regularly, while engendering effective project management planning geared towards improving the level of capital budget implementation in 2017.

Appendices

APPENDIX A: OSGF Circular (Ref. No. SGF/OP/I/S.3/VOL.XI/833)

CIRCULAR

Ref. No. SGF/OP/I/S.3/VOL.XI/833

Office of the Secretary to the
Government Federation,
The Presidency,
Shehu Shagari Complex,
Three Arms Zone,
Abuja.

5th January, 2016

'B'
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Handle
PSH
11/1/16

Chief of Staff to the President,

Deputy Chief of Staff to the President, Office of the Vice-President,

Honourable Ministers/Ministers of State,

Head of the Civil Service of the Federation,

Chairman, Federal Civil Service Commission,

Chairman, Federal Character Commission,

Chairman, Independent National Electoral Commission,

Chairman, Revenue Mobilization, Allocation and Fiscal Commission,

Chairman, National Population Commission,

Chairman, Code of Conduct Tribunal,

Chairman, Code of Conduct Bureau,

Permanent Secretaries,

Special Advisers/Senior Special Assistants,

Service Chiefs/Inspector-General of Police,

Governor, Central Bank of Nigeria,

Chairman, Independent Corrupt Practices and other Related Offences Commission,

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Pls handle
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'C'
DDPMC
Pls discuss
D.
DPMC
12/1/16

OFFICE OF THE PERMANENT SECRETARY
FEDERAL MINISTRY OF HEALTH
RECEIVED
Sign.

DIRECTOR OF PROCUREMENT
FEDERAL MINISTRY OF HEALTH
12 JAN 2016
RECEIVED
Sign.

Chairman, Economic and Financial Crimes Commission,

Chairman, National Drug Law Enforcement Agency,

Chairman, National Assembly Service Commission,

Clerk of the National Assembly,

Chief Registrar, Supreme Court of Nigeria,

Secretary, National Judicial Council,

Auditor-General for the Federation,

Accountant-General of the Federation,

Heads of Extra-Ministerial Departments/Directors-General/Chief Executive Officers of Parastatals, Agencies and Government-Owned Companies:

SUBMISSIONS OF PROCUREMENT RECORDS FOR 2014 FINANCIAL YEAR, PROCUREMENT PLANS FOR 2015 AND COMMENCEMENT OF PROCUREMENT ACTIVITIES FOR 2016

Further to the Circular No. SGF.50/S.52/T/3 of 11th December, 2014 on Procurement Records for 2014, all Accounting Officers are reminded that they are statutorily required to prepare and submit their Procurement Records for 2015 Financial Year to the Bureau of Public Procurement (BPP).

2. For the avoidance of doubt, Part IV, Clause 16(13) (Fundamental Principles for Procurements) of the Public Procurement Act, 2007 provides that "copies of all procurement records shall be transmitted to the Bureau not later than 3 months after the end of the financial year and shall show:

(a) Information identifying the procuring entity and the contractors;

(b) The date of the contract award;

(c) The value of the contract award; and

(d) The detailed records of the procurement proceedings".

are clearly indicated. In addition, MDAs should ensure that tendering periods are adequate as stipulated in the Act.

10. It is expected that if all MDAs immediately commence the implementation of procurement activities and comply with procedures and time-lines laid down in the Act, the process for award of most contracts would have been concluded by early 2016, thereby providing the platform for full implementation of the 2016 Budget by the Federal Government.

11. Please ensure strict compliance with the contents of this circular.

Engr. Babachir David Lawal
Secretary to the Government of the Federation

APPENDIX B: OSGF Circular (Ref. No. SGF/OP/I/S.3/VOL.XI/833)

CIRCULAR

FED. MINISTRY OF HEALTH
RECEIVED
SIGN.
DATE 7-1-2016.

Ref. No. SGF/OP/I/S.3/VOL.XI/833

Office of the Secretary to the
Government Federation,
The Presidency,
Shehu Shagari Complex,
Three Arms Zone,
Abuja.

'B'
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Adewale
PS4
11/1/16

5th January, 2016

Chief of Staff to the President,

Deputy Chief of Staff to the President, Office of the Vice-President,

Honourable Ministers/Ministers of State,

Head of the Civil Service of the Federation,

Chairman, Federal Civil Service Commission,

Chairman, Federal Character Commission,

Chairman, Independent National Electoral Commission,

Chairman, Revenue Mobilization, Allocation and Fiscal Commission,

Chairman, National Population Commission,

Chairman, Code of Conduct Tribunal,

Chairman, Code of Conduct Bureau,

Permanent Secretaries,

Special Advisers/Senior Special Assistants,

Service Chiefs/Inspector-General of Police,

Governor, Central Bank of Nigeria,

Chairman, Independent Corrupt Practices and other Related Offences Commission,

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Pls handle
8/1/16

'C'
DDPMC
Pls discuss
DPMC
12/1/16

OFFICE OF THE PERMANENT SECRETARY
FEDERAL MINISTRY OF HEALTH
RECEIVED
Sign.

DIRECTOR OF PROCUREMENT
FEDERAL MINISTRY OF HEALTH
12 JAN 2016
RECEIVED
Sign.

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Chairman, Economic and Financial Crimes Commission,

Chairman, National Drug Law Enforcement Agency,

Chairman, National Assembly Service Commission,

Clerk of the National Assembly,

Chief Registrar, Supreme Court of Nigeria,

Secretary, National Judicial Council,

Auditor-General for the Federation,

Accountant-General of the Federation,

Heads of Extra-Ministerial Departments/Directors-General/Chief Executive Officers of Parastatals, Agencies and Government-Owned Companies:

SUBMISSIONS OF PROCUREMENT RECORDS FOR 2014 FINANCIAL YEAR, PROCUREMENT PLANS FOR 2015 AND COMMENCEMENT OF PROCUREMENT ACTIVITIES FOR 2016

Further to the Circular No. SGF.50/S.52/T/3 of 11th December, 2014 on Procurement Records for 2014, all Accounting Officers are reminded that they are statutorily required to prepare and submit their Procurement Records for 2015 Financial Year to the Bureau of Public Procurement (BPP).

2. For the avoidance of doubt, Part IV, Clause 16(13) (Fundamental Principles for Procurements) of the Public Procurement Act, 2007 provides that "copies of all procurement records shall be transmitted to the Bureau not later than 3 months after the end of the financial year and shall show:

(a) Information identifying the procuring entity and the contractors;

(b) The date of the contract award;

(c) The value of the contract award; and

(d) The detailed records of the procurement proceedings".

are clearly indicated. In addition, MDAs should ensure that tendering periods are adequate as stipulated in the Act.

10. It is expected that if all MDAs immediately commence the implementation of procurement activities and comply with procedures and time-lines laid down in the Act, the process for award of most contracts would have been concluded by early 2016, thereby providing the platform for full implementation of the 2016 Budget by the Federal Government.

11. Please ensure strict compliance with the contents of this circular.

Engr. Babachir David Lawal
Secretary to the Government of the Federation