2017 FOURTH QUARTER AND CONSOLIDATED
BUDGET IMPLEMENTATION REPORT

BUDGET OFFICE OF THE FEDERATION

Ministry of Budget and National Planning

FOREWORD

I am delighted to present to you the Fourth Quarter and Consolidated Budget Implementation Report (BIR) for the year 2017. This is the tenth time I am writing the foreword of the Federal Government Budget Implementation Report (BIR) and it is heart-warming to see that the Federal Budget continues to be a key policy instrument for delivering on the objectives of government. The judicious implementation of the 2016 and 2017 budget was vital to Nigeria's exit from economic recession. The 2017 Budget was themed "Budget of Recovery and Growth" and was the second full year budget by the present administration. The Budget was carefully aligned with the Economic Recovery and Growth Plan (ERGP) scheduled to ensure the re-establishment of the Nigerian economy to the path of strong and sustainable growth.

The publication of this report is mainly in fulfillment of Sections 30 and 50 of the Fiscal Responsibility Act (FRA), 2007 which requires the Budget Office of the Federation (BOF) to prepare periodic Budget Implementation Reports (BIRs). These Reports are expected to be submitted to the Joint Finance Committee of the National Assembly (NASS) and the Fiscal Responsibility Commission (FRC). They are also to be widely circulated to other stakeholders and the general public through electronic and other media. I applaud the Budget Monitoring and Evaluation Department in the Budget Office of the Federation and the relevant Ministries, Departments and Agencies (MDAs) for their hard work and intense efforts in preparing this Report. I also appreciate the vital roles of both the Fiscal Responsibility Commission and the National Assembly's Joint Finance Committee in encouraging best practices in public financial management, and I look forward to the continued strengthening of our cooperative work in this regard.

In conclusion, I charge the readers of this report to maintain active interest in public financial management in Nigeria. I also encourage you to use the various media provided by government to contribute towards the institutionalization of a more reliable and effective budgeting system, and therefore budgetary outcomes for the benefit of all Nigerians.

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

PREFACE

Pursuant to Section 30 of the *Fiscal Responsibility Act, 2007,* the Budget Office of the Federation (BOF) carries out quarterly monitoring and evaluation of the implementation of the Annual Budgets and produces a report thereof. This Fourth Quarter and Consolidated Budget Implementation Report (BIR) is one of many in-year reports prepared by the BOF on the evaluation of the 2017 budget implementation to conform with the FRA 2007. Additionally and significantly, the BIR fosters budget transparency and credibility consistent with Nigeria's pledge to the Open Government Partnership (OGP).

Budget implementation in Nigeria has been undergoing transformational changes in terms of preparation, execution, monitoring and evaluation. Critical transformation initiatives have continued to be applied leading to the budget progressively being used as a significant tool for the delivery of government objectives. In view of this, and despite the socio-economic challenges that continued to face the Nigerian economy, government was able to deliver ₦1,439.97 billion Capital expenditure under the 2017 budget. This considerably contributed to the positive GDP growth observed since the second quarter of the year, after a spell of five successive quarters of negative growth. The sustenance and consolidation of these reform initiatives are therefore the dynamic forces of the 2017 budget implementation.

The execution of the 2017 Budget in the fourth quarter of the year was very challenging on several fronts, basically due to the extension of the 2016 capital budget to 5th May, 2017. This meant that the implementation of the 2017 capital budget did not commence until the tail-end of the first half of the fiscal year. The execution of the 2017 budget was also adversely affected by the shortfalls in anticipated oil and non-oil revenues. Nevertheless, the government continued to meet its non-discretional expenditures as and when due.

This Report is the product of joint efforts of financial and statistical agencies of government which provided necessary macro-economic data. I commend the combined efforts of these agencies as well as the various departments of the Budget Office of the Federation in producing the report, 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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TABLE OF ACRONYMS

A/C: *Account*

AIE: *Authority to Incur Expenditure*

AF: *Alternative Funding*

AEs: *Advanced Economies*

B: *Billion*

BDC: *Bureau De-Change*

BOF: *Budget Office of the Federation*

BREXIT: *Britain Exist*

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*

WEO: *World Economic Outlook*

ZBB: *Zero Base Budgeting*

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EXECUTIVE SUMMARY

The 2017 budget was prepared at a time the Nigerian economy was in recession while the global economy was showing signs of recovery. The price of oil which is the main source of revenue and foreign exchange for the nation, was also beginning to recover. This, as well as the predicted efficiency measures, led to the increase in the expected revenue inflow to the government. Higher spending amounts to support and fast-track the revamping of the economy, were also projected. The Budget was tagged "Budget of Recovery and Growth" as its emphasis was on pursuing restoration of robust, inclusive and sustainable growth of the Nigerian economy.

Data from the National Bureau of Statistics (NBS) showed that the nation's economy had officially moved from recession and continued to record optimistic performances, following another positive GDP growth reported in the fourth quarter of 2017. The GDP grew by 1.92 percent in the fourth quarter of 2017, while on year to year bases, the year 2017 recorded a real annual GDP growth rate of 0.83 percent. This was higher by 2.42 percent when compared to the -1.58 percent reported for full year 2016.

Inflationary pressures in the economy, despite remaining very high, continued to moderate in the fourth quarter of 2017, following similar pattern with that of the preceding quarters. Headline inflation (year-on-year) declined for the eleventh consecutive month in December 2017, falling slightly from 15.98 percent in September to 15.91 percent, 15.9 percent and 15.37 percent in October, November and December 2017 respectively. Core inflation also moderated downward from 12.21 percent in September 2017 to 12.14 percent in October, rose slightly again to 12.21 percent in November before falling again to 12.09 percent in December 2017. Similarly, food inflation index declined marginally from 20.32 percent in September to 20.31 percent in October and remained constant in November before falling to 19.42 percent in December 2017.

Monetary aggregates grew in the fourth quarter relative to the third quarter of 2017. Broad Money (M2) increased by ₦2,047.42 billion (or 9.33 percent), from ₦21,953.99 billion in September to ₦24,001.41 billion in December 2017.

Equally, M1 increased by ₦972.10 billion (or 9.66 percent), from ₦10,064.25 billion in September to ₦11,036.35 billion in December 2017. The development in M2 is basically due to the expansion in Net Foreign Assets (NFA) which grew by ₦4,762.79 billion (or 47.39 percent) and Credit to the Private Sector (CPS), notwithstanding the substantial contraction in both the Net Domestic Credit (NDC). Net Domestic Credit decreased by ₦1,122.03 billion (or 4.16 percent) from ₦26,985.31 billion in September to ₦25,863.28 billion in December 2017. This was driven by the decline in Net Credit to Government which fell by ₦1,389.38 billion (or 27.99 percent) from ₦4,963.41 billion in September to ₦3,574.03 billion in December 2017. Net Credit to Private Sector however, increased marginally by ₦267.35 billion (or 1.21 percent) from ₦22,021.90 billion in September to ₦22,289.25 billion in December 2017.

The Monetary Policy Committee (MPC) maintained the Monetary Policy Rate (MPR) at 14 percent in the fourth quarter of 2017, signifying that the rate had remained constant since the second half of 2016. Other key monetary policy instruments were equally left unchanged during the review period as the Cash Reserve Ratio (CRR) and the Liquidity Ratio remained at 22.5 percent and 30 percent respectively. Money market interest rates oscillated in tandem with the moderating level of liquidity in the banking system. The average interbank call rate rose from 20.44 percent in September to 43.78 percent in October before dipping downward to 18.78 percent and 9.49 percent in November and December 2017 respectively. The average Prime Lending Rate reduced marginally from 17.88 percent in September to 17.86 percent, 17.77 percent and 17.71 percent in October, November and December 2017 respectively. On the other hand, the average Maximum Lending Rate like in September remained constant at 31.39 percent in October before falling to 30.95 percent and 30.99 percent in November and December 2017 respectively.

There was a remarkable gradual convergence between the rates at the Bureau-De-Change (BDC) and the Nigeria Interbank Foreign Exchange (NIFEX) market segments during the period under review. Specifically, the Naira/Dollar exchange rate at the Official/Inter-Bank markets appreciated slightly from ₦305.89/US$ in September to ₦305.62/US$ in October before depreciating again to ₦305.90/US$ and ₦306.31/US$ in November and December 2017 respectively. On the other hand, the monthly average exchange rate of the Naira/Dollar at the Bureau De-Change (BDC) appreciated from ₦365.55/US$ in September to ₦362.21/US$, ₦362.41/US$

and ₦362.83/US$ in October, November and December 2017 respectively.

Nigeria's gross official (external) reserve position continued on its rising trend in the fourth quarter of 2017. The reserve increased at the end of the period under review, from US$33.16 billion at the end of September to US$34.33 billion, US$38.21 billion and US$39.35 billion at the end of October, November and December 2017 respectively. This represented an increase of US$6.19 billion (or 18.67 percent) above the figure reported at the end of September 2017. The foreign reserves level as at the end of December 2017 could finance over six (6) months of imports cover which is well above the international threshold of 3-months import cover.

The total public debt stock as at 31st December, 2017 stood at US$70,999.26 million (or N21,725.77 billion) indicating an increase of US$4,364.99 million (or ₦1,352.34 billion or 6.64 percent) when compared to the US$66,634.27 million (or ₦20,373.43 billion) reported at the end of September 2017. The breakdown comprised of US$18,913.44 million (or ₦5,787.51 billion or 26.64 percent) for external debt while the balance of US$52,085.82 million (or ₦15,938.26 billion or 73.36 percent) was for domestic debt stock. This transforms to a net present value of total public Debt/GDP (external and domestic) ratio of 20.12 percent as at the end of December 2017. This had gone above the country specific threshold of 19.39 percent, however, it was still well below the international threshold of 56 percent.

The implementation of the budget in 2017 was critically affected by the poor revenue outturn as oil production and exports remained below the Budget estimates while the performance of the economy, though improving, continued to impact negatively on non-oil revenue. The price of crude oil at the international market averaged US$61.39 in the fourth quarter of 2017 yielding an average of US$54.27 per barrel in 2017. The price of crude oil in 2017 also represented an increase of US$9.77 per barrel (or 21.96 percent) above the US$44.5 per barrel oil price benchmark for the 2017 Budget. This could be attributed to the increase in demand of oil at the world market and the implementation of OPEC agreement to cut down crude oil production. Domestic crude oil production however lagged at an average of 1.89mbpd in December 2017 and 1.95mbpd in the fourth quarter of 2017.

Revenue shortages therefore continued with Gross Oil Revenue of ₦4,084.35 billion in 2017. This translated to a ₦1,250.10 billion (or 23.43 percent) shortfall below the annual budget, but was significantly above the ₦2,695.43 billion generated in the corresponding period of 2016. Gross non-oil revenue of ₦2,791.58 billion received in 2017 also signifies a shortfall of ₦1,467.61 billion (or 34.46 percent) below the annual estimate of ₦4,259.19 billion. A breakdown of the non-oil revenue items showed that all the non-oil revenue items fell below their expected annual projections. The net distributable revenue to the three tiers of government after cost deductions therefore stood at ₦4,944.08 billion in 2017, representing a shortfall of ₦3,568.99 billion (or 41.92 percent).

A total of ₦2,377.01 billion, excluding other funding sources, was received to fund the budget in 2017. This comprises ₦1,125.05 billion (or 47.33 percent) oil revenue and ₦1,251.96 billion (or 52.67 percent) non-oil revenue. The aggregate revenue receipt for the period was ₦2,707.39 billion (or 53.25 percent) of budget, lower than the annual projection but ₦622.95 billion (or 35.51 percent) higher than the ₦1,754.06 billion reported in 2016. Total inflow for funding the FGN 2017 budget stood at ₦2,657.67 billion indicating a shortfall of ₦2,426.73 billion (or 47.73 percent) below the annual estimate for the period.

Actual expenditure in 2017 stood at ₦6,463.61 billion, indicating a ₦977.57 billion (or 13.14 percent) below the annual projection. The 2017 expenditure was however ₦2,067.37 billion (or 47.03 percent) higher than the expenditure of ₦4,396.24 billion recorded in 2016. A total of ₦2,765.33 billion was spent as non-debt recurrent expenditure in 2017 implying a reduction of ₦225.59 billion (or 7.54 percent) below the annual estimate of ₦2,990.92 billion. It was however, above the non-debt recurrent expenditure of ₦2,411.63 billion reported in 2016 by ₦353.70 billion (or 14.67 percent). Statutory Transfers also amounted to a total sum of ₦434.41 billion in the review period.

Total Debt Service in 2017 stood at ₦1,823.89 billion indicating a decrease of ₦17.45 billion (or 0.95 percent) below the ₦1,841.35 billion projected for the year. The sum of ₦1,455.53 billion was used for domestic debt service while ₦181.40 billion was spent for external debt service during the period under review. The amount used for domestic debt service revealed a difference of ₦32.47 billion (or 2.18 percent) below its annual projection.

An analysis of Capital Performance for MDAs as at 12th June, 2018 showed that a total of ₦1,563.15 billion was released and cash backed to MDAs for their 2017 capital projects and programmes. The sum of ₦303.46 billion was released in the first batch or warrant, ₦365.35 billion in the second batch or warrant, ₦66.42 billion in the third batch or warrant, ₦19.67 billion in the fourth batch or warrant, ₦23.30 billion additional release and ₦784.94 billion as Authority to Incur Expenditure (AIEs). However, only ₦1,439.97 billion was utilized by the MDAs.

The 2017 Budget implementation and performance monitoring exercise was carried out from 2nd – 13th July 2018. Monitoring Teams from the Ministry of Budget and National Planning and the Budget Office of the Federation in conjunction with officers from selected Ministries Departments and Agencies (MDAs) embarked on the physical inspection of selected capital projects/programmes across the six (6) geo-political zones of the country. This is further to the Administration's commitment to deliver on its promises, promote transparency and accountability.

The objective of the exercise was to assess the extent of the implementation of budgeted capital projects within the period to determine the relative value for money from funds allocated to them as at the end of the fiscal year. The teams visited various projects in Health, Power, Works & Housing, Education, Water Resources, Transportation, Agriculture & Rural Development, Science & Technology, OSGF, Ministry of Niger Delta, Industries, Trade & Investment, Environment, FCTA, Information & Culture and State House. Emphasis was also placed on assessing the releases and utilization, financial commitments on the selected projects and programmes, their status of implementation, the socio-economic impact on the immediate communities and challenges affecting the prompt delivery of the projects.

The revenue and expenditure outturn of the Federal Government resulted in a fiscal deficit of ₦3,805.94 billion in 2017. This was ₦1,449.17 billion (or 61.49 percent) above the projected annual deficit of ₦2,356.77 billion. It was also above the fiscal deficit of ₦2,194.44 billion recorded in 2016. The deficit was financed to the tune of ₦2,503.23 billion in 2017. This comprises ₦1,165.67 billion and ₦1,337.55 billion of external and domestic borrowings respectively.

Generally, the nation’s economy recorded another positive growth of 1.92 percent in the fourth quarter of 2017, the third consecutive quarterly growth in real GDP following five quarters of contraction. Nevertheless, revenue challenges persisted and budget implementation was on course except for the capital component which was adversely affected. It is expected that the 2018 Budget will continue to focus on efforts to tackle the significant infrastructure gap, particularly power supply; public transportation; general poor business environment; as well as insecurity in parts of the country.

1.0 INTRODUCTION

The 2017 budget was prepared at a time the Nigerian economy was in recession while the global economy was showing signs of recovery. The price of oil which is the main source of revenue and foreign exchange for the nation, was also beginning to recover. This, as well as the predicted efficiency measures, led to the increase in the expected revenue inflow to the government. Higher spending amounts to support and fast-track the revamping of the economy, were also projected. The Budget was tagged "Budget of Recovery and Growth" as its emphasis was on pursuing restoration of robust, inclusive and sustainable growth of the Nigerian economy.

The 2017 Budget was meticulously linked with the Economic Recovery and Growth Plan (ERGP) which was meant to achieve sustained and inclusive growth of the Nigerian economy through the provision of infrastructure, optimizing the use of local content and empowering local businesses. As a means of ensuring that Government expenditures are connected to its strategic plan objectives, the 2017 Budget continued with the zero-based budgeting system which was introduced in 2016. The Budget was also used as an instrument to advance the partnership between the public and private sectors as well as assist in attracting the necessary resources required to stimulate economic growth. These are to be accomplished through series of well-articulated fiscal, monetary and trade policies that would facilitate and support economic activities.

The Budget was equally developed to serve as a tool that will speed up the ongoing reforms of the present administration in improving the proficiency in the management of the oil and gas resources. In this regard, oil revenues will be utilized to resuscitate the agriculture and industrial sectors of the economy with the intention of improving the fiscal regime in oil production in Nigeria for an enhanced benefit for the country. This policy was anticipated to increase oil exploration and production activities at a stable minimum target of 2.2 million barrels per day and subsequently boost government revenue.

Agriculture remained the focal trust of Government's efforts in diversifying the economy with the sector's allocation being supplemented by the recent productivity-boosting intervention funding which is given at a single digit interest rate. Accordingly, agricultural policy and the budget concentrated more on the integrated development of the agricultural sector by accelerating access to inputs, improved market, providing equipment and storage as well as supporting the development of commodity exchanges. Working in close partnership with the organized private sector, emphasis was equally given to industrialization and supporting SMEs through the expansion of existing, as well as the development of new Export Processing and Special Economic Zones. Importance was also dedicated to integrated water resource management and matters affecting the environment.

The federal government in conjunction with the states and private sector are doing all that are necessary to advance the skills of the labour force, especially among young people so as to facilitate the creation of high quality and sustainable jobs. The government also anticipates increasing healthcare coverage through funding of primary healthcare centres and the expansion of the National Health Insurance Scheme. Sufficient measures were also put in place to reduce the cost of governance through effective and efficient measures such as restricted travel costs, cutting down on sitting allowances, and elimination of ghost workers, among others.

Other key initiatives of the 2017 Budget included among others: focus on critical on-going infrastructure projects such as roads, railways, power, and ICT, that would have quick positive effects on the economy; utilizing Special Economic Zones and Industrial Parks as vehicles that will boost domestic economic activities for innovation and wealth creation; and contributing to food security as well as creating platform for agro-businesses in agriculture supply chains through the Agriculture Green Alternative Plan; etc. In view of these, capital expenditure in the 2017 budget was considerably increased from ₦1,587.40 billion in the 2016 budget to ₦2,174.1 billion translating to 29.2 percent of the total budget exclusive of capital in Statutory Transfers.

The 2017 Budget, therefore, signifies a major step in delivering on the present Administration's desired goals and objectives through strong partnerships across the arms of government and between the public and private sectors to produce all-inclusive growth. It was therefore, planned to improve the processes of re-balancing the economy, exiting recession and shielding it from future external and internal shocks. The implementation of the budget was however hindered by the late passage of the budget and shortfalls of expected revenue inflows.

This Report gives comprehensive information on the status of the implementation of the 2017 Budget in the fourth quarter of the year. The Report is arranged as follows: Following this, Introductory Section, Section 2 analyses the macroeconomic performance, highlighting performance of the real, monetary and external sectors. Section 3 provides an analysis of government's revenue receipts and expenditure in the quarter under review, while Section 4 is the report on the outcome of physical monitoring exercise of projects/programme being executed by various MDAs.

2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

2.1 Performance of the Global Economy

The global economy is experiencing a cyclical recovery, reflecting a rebound in investment, manufacturing activity, and trade. This development comes against the background of generous global financing conditions, generally accommodative policies, rising confidence, and firming commodity prices. Global GDP growth was projected to have picked up from 2.4 percent in 2016 to 3 percent in 2017, above the June estimate of 2.7 percent. The growth was broad based, with growth increasing in more than half of the world's economies. In particular, the rebound in global investment growth which accounted for three quarters of the stepping up in global GDP growth from 2016 to 2017 was reinforced by favorable financing costs, rising profits, and better business sentiment across both advanced economies and emerging market and developing economies (EMDEs). This coordinated, investment led recovery is providing a considerable boost to global exports and imports in the near term. In advanced economies, growth in 2017 was expected to have rebounded to 2.3 percent, driven by a pickup in capital spending, an improvement in inventories, and strengthening external demand. While growth fast-tracked in all major economies, the improvement was significantly stronger than expected in the Euro Area.

Growth among EMDEs was projected to have accelerated to 4.3 percent in 2017, reflecting firming activity in commodity exporters and continued solid growth in commodity importers. Most EMDE regions profited from a recovery in exports. The enhancement in economic activity among commodity exporters took place as key economies such as Brazil and the Russian Federation arose from recession, prices of most commodities rose, confidence improved, the drag from earlier policy tightening reduced, and investment growth bottomed out after a prolonged period of weakness. Nonetheless, the estimated stride of growth in commodity exporters in 2017, at 1.8 percent, was still subdued and not enough to advance average per capita incomes, which continued to deteriorate after two successive years of contraction.

However, there remain important downside risks. Disorganized financial market movements, such as an unexpected tightening of global financing conditions or an abrupt rise in financial market volatility, could cause financial turbulence and potentially derail the expansion. The adverse effects of rising borrowing costs could be mainly severe for those EMDEs with large external financing needs, fragile corporate balance sheets, and substantial fiscal sustainability gaps. In addition, increasing trade barriers or rising geopolitical risk could also adversely affect confidence, trade and overall economic activity. Over the longer term, a more noticeable slowdown in potential output growth in both advanced economies and EMDEs would make the global economy more open to shocks and worsens the prospects for improved living standards.

This outlook underscores the need for policy makers in both advanced economies and EMDEs to shift their emphasis toward improving potential growth in the longer term. With unemployment rates returning to pre-crisis levels and recoveries firming in advanced economies, monetary and fiscal policy accommodation become less of an importance as productivity improving reforms have become increasingly urgent as the pressures on fundamental growth from population aging intensifies. Among EMDEs, output gaps are near zero in commodity importers but still negative in commodity exporters, signifying a continued need to encourage the cyclical recovery in the latter, even though fiscal space remains constrained.

Outside cyclical considerations, EMDEs face the challenge of a likely further decline in potential growth. This argues strongly for the urgency of implementing structural policies, such as enhancements in education and health systems; high-quality investment; and labour market, governance, and business climate reforms. All of these efforts will be critical to boost longstanding growth prospects, lessen poverty, and, if accompanied by a rising number of skilled workers in EMDEs thanks to better education outcomes, to help reduce global inequality. In addition to these challenges, oil exporting EMDEs which suffered large losses in actual and potential output due to the 2014-16 oil price collapse need to pursue policies that encourage diversification and resilience to oil price fluctuations.

2.2 Domestic Macroeconomic Performance

The nation's Gross Domestic Product (GDP) continued to maintain its positive growth since the emergence of the economy from recession in the second quarter of 2017. This followed the third consecutive quarterly positive growth in real GDP following five quarters of contraction which started in the first quarter of 2016 and ended in the second quarter of 2017. Overall, the economy had continued to show strong signs of recovery as public investment had picked up with increased housing construction at the federal and state levels, as well as shipping activities at the ports. The emergence of the

Nigerian economy from the recession is encouraging but the desired growth target is yet to be achieved therefore, complementary fiscal and monetary policies are required to sustain and advance the growth momentum.

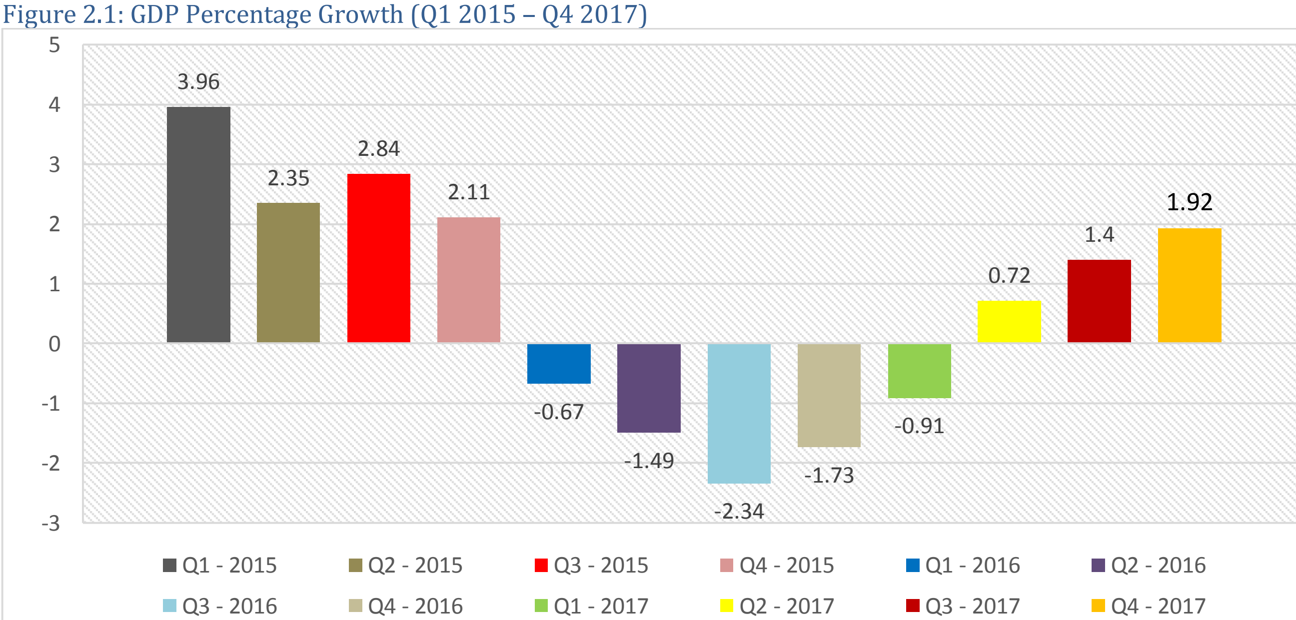
2.2.1 Developments in Real Sector

2.2.1.1 GDP Growth:

Data from the National Bureau of Statistics (NBS) revealed that the nation's economy had officially moved from recession and continued to record positive performances, following another positive GDP growth reported in the fourth quarter of 2017. The GDP grew by 1.92 percent but was later revised to 2.11 percent in the fourth quarter of 2017, while on year to year bases, the year 2017 recorded a real annual GDP growth rate of 0.83 percent. This was higher by 2.42 percent when compared to the -1.58 percent reported for full year 2016.

In the quarter under review, aggregate value of GDP stood at ₦31,209,137.74 million in nominal terms which was above the ₦29,169,058.99 million recorded in the fourth quarter of 2016 resulting in a Nominal GDP growth of 6.99 percent. This Nominal GDP growth was 5.41 percent lower, relative to the 12.4 percent growth reported in fourth quarter of 2016.

Figure 2.1: GDP Percentage Growth (Q1 2015 – Q4 2017)

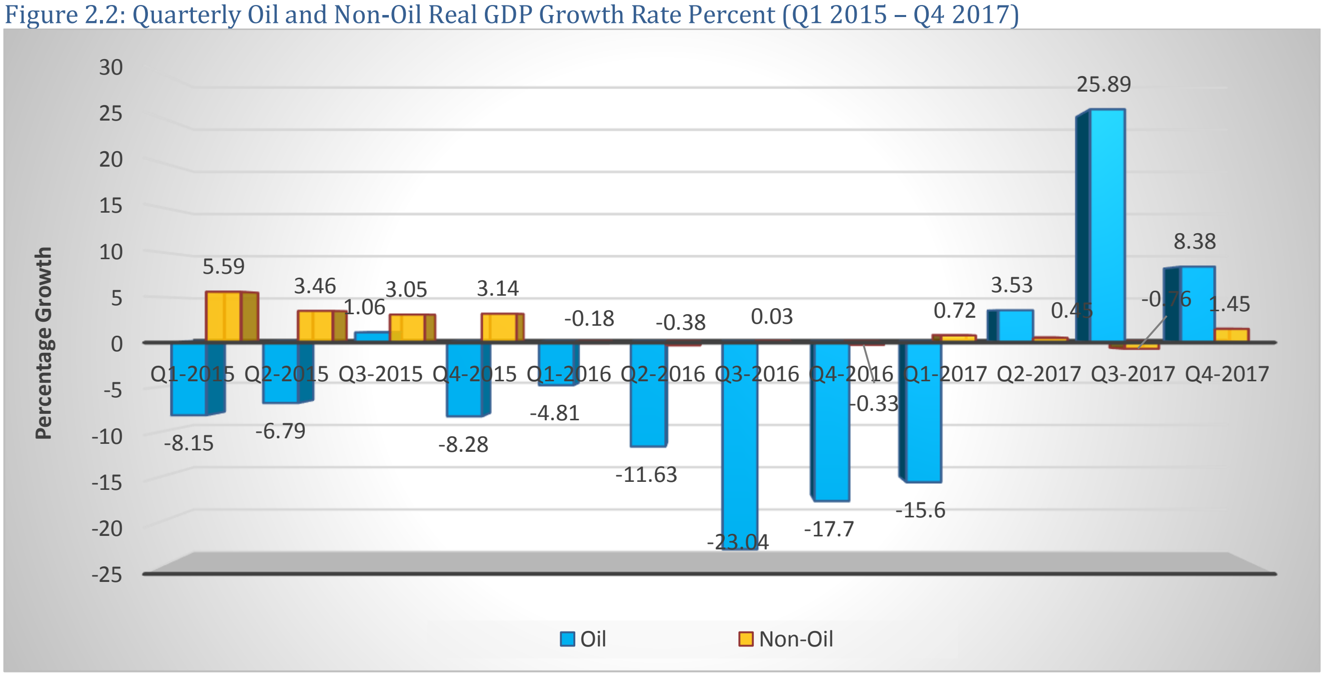


Source: National Bureau of Statistics, 2017

2.2.1.2 Oil Sector:

Real growth of the oil sector was 8.38 percent (year-on-year) in the fourth quarter of 2017. This represents an increase of 26.08 percent when compared to the rate recorded in the corresponding quarter of 2016. The oil sector growth in the fourth quarter fell by 17.5 percent relative to the 2017 third quarter growth of 25.89 percent. Quarter on quarter bases the oil sector fell by 25.52 percent in fourth quarter of 2017. The annual growth of the oil sector stood at 4.79 percent and this was 19.24 percent higher than the previous year's growth of -14.45 percent. The oil sector contributed 7.17 percent of total real GDP in fourth quarter of 2017, this means up from the figure reported in the corresponding period of 2016 and down from the preceding quarter, where it contributed 6.75 percent and 10.04 percent respectively. The sector's annual contribution was 8.68 percent in 2017 and 8.35 percent in 2016.

Figure 2.2: Quarterly Oil and Non-Oil Real GDP Growth Rate Percent (Q1 2015 – Q4 2017)



Source: National Bureau of Statistics, 2017

2.2.1.3 Non-Oil Sector:

The non-oil sector grew by 1.45 percent in real terms during the period under review. This was higher by 1.78 percent and 2.21 percent points when compared to the rate recorded in the corresponding quarter of 2016 and the third quarter of 2017 respectively. The non-oil sector recorded an annual growth of 0.47percent compared to -0.22 percent reported in 2016. The non-oil sector growth in the fourth quarter was driven largely by Agriculture (Crop), Trade and Transportation and Storage. In real terms, the non-oil sector contributed 92.83 percent to the nation's GDP. This figure was lower than the 93.25 percent and higher than the 89.96 percent shares reported in the fourth quarter of 2016 and third quarter of 2017 respectively. The non-oil sector annual contributions were 91.32 percent in 2017 and 91.65 percent in 2016.

Four major sub-activities make up the agricultural sector, namely Crop Production, Livestock, Forestry and Fishing. The sector grew by 10.13 percent year on year in nominal terms in the fourth quarter of 2017, showing an increase of 3.68 percent and a decrease of 2.37 percent relative to the figures recorded in the same period of 2016 and the preceding quarter of 2017 respectively. Crop Production remains the major driver of the sector. This is evident as it accounts for 91.79 percent of overall nominal growth of the sector. In the fourth quarter of 2017, Agriculture contributed 21.97 percent to nominal GDP. This figure was higher and lower than the 21.35 percent and 24.44 percent rates reported in the fourth quarter of 2016 and third quarter of 2017 respectively. The annual contribution of agriculture to GDP was 21.06 percent in 2017 and this was lower than its contribution of 21.21 percent recorded in 2016. Annual growth rate recorded was 11.29 percent in 2017 and 9.61 percent in 2016.

The agricultural sector in the fourth quarter of 2017 grew by 4.23 percent year-on-year in real terms, indicating an increase of 0.20 percent and a decrease of 1.17 percent points when compared with the corresponding period of 2016 and the preceding quarter of 2017 respectively. An annual growth rate of 3.45 percent was recorded in 2017 showing a decrease of 0.66 percent relative to the 2016 annual performance of 4.11 percent. The agriculture sector in the current quarter contributed 26.18 percent to overall GDP in real terms and this was higher than the 25.6 percent and also lower than the 29.15 percent contributions reported in the fourth quarter of 2016 and third quarter of 2017 respectively.

The modest growth of the economy witnessed in 2017 can be accredited to fiscal injections from the implementation of the Economic Recovery and

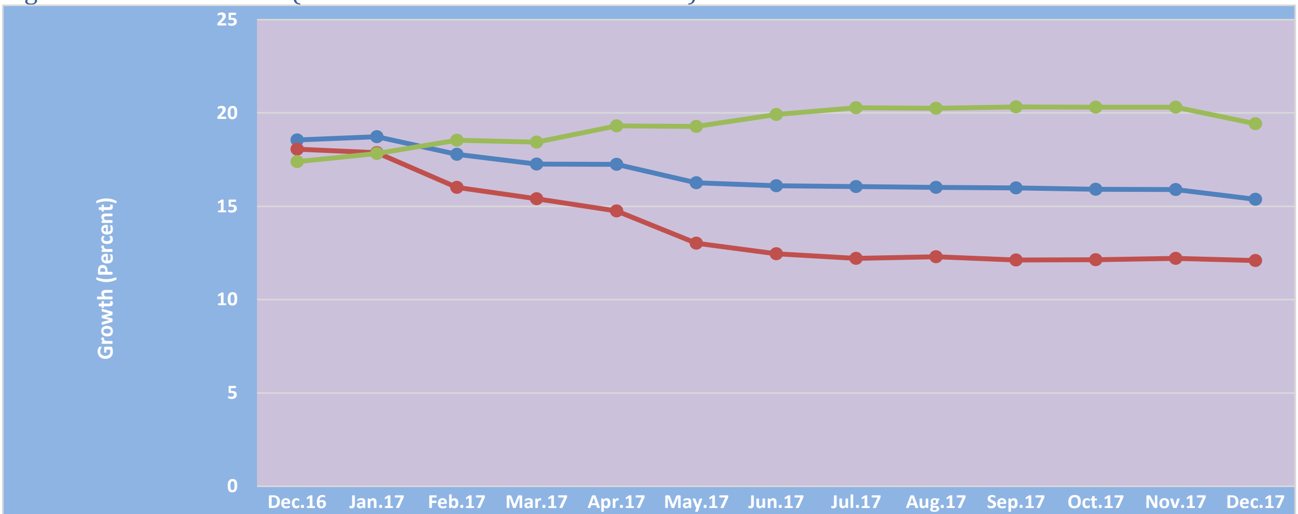
Growth Plan (ERGP), and the improved supply of foreign exchange arising from an enhanced crude oil prices. Though the recovery is expected to support in the short to medium term, the economy remains in jeopardy of deteriorating into a more sustained recession if concrete and suitable monetary and fiscal policies that are already in place are not retained. Consequently, the likely fiscal stimulus and non-oil federal receipts, as well as enhancements in economy-wide non-oil exports, especially agriculture, manufacturing, services and light industries which are projected to drive the growth stimulus in the coming year must be pursued determinedly. The additional release of fund and the extension of the implementation of the 2017 capital budget to 31st March, 2018 will also assist in boosting aggregate demand and employment.

2.2.2 Developments in Prices

Inflationary pressures in the economy, despite emaining very high, continued to moderate in the fourth quarter of 2017, following similar pattern with that of the preceding quarters. Headline inflation (year-on-year) declined for the eleventh consecutive month in December 2017, falling slightly from 15.98 percent in September to 15.91 percent, 15.9 percent and 15.37 percent in October, November and December 2017 respectively. The 15.91 percent inflation rate recorded at the end of the fourth quarter of 2017 was equally lower than the 18.55 percent reported at the end of the same quarter of 2016.

Core inflation also moderated downward from 12.21 percent in September 2017 to 12.14 percent in October, rose slightly again to 12.21 percent in November before falling again to 12.09 percent in December 2017. Similarly, food inflation index declined marginally from 20.32 percent in September to 20.31 percent in October and remained constant in November before falling to 19.42 percent in December 2017. These developments in inflation rates were attributable to the contraction in money supply, favourable but dwindling base effects, and the relatively stable Naira exchange rate. In spite of the marginal decline in food inflation in December, it was noted that the rate remained high, traceable to cross border sales, distribution bottlenecks, high prices of farm inputs and supply shortages due to the farmers and herdsmen crisis.

Figure 2.3: Inflation Rate (December 2016 – December 2017)



	Dec.16	Jan.17	Feb.17	Mar.17	Apr.17	May.17	Jun.17	Jul.17	Aug.17	Sep.17	Oct.17	Nov.17	Dec.17
Headline Inflation	18.55	18.72	17.78	17.26	17.24	16.25	16.1	16.05	16.01	15.98	15.91	15.9	15.37
Core Inflation	18.05	17.87	16.01	15.4	14.75	13.02	12.46	12.21	12.3	12.12	12.14	12.21	12.09
Food Inflation	17.39	17.82	18.53	18.44	19.3	19.27	19.91	20.28	20.25	20.32	20.31	20.31	19.42

Source: National Bureau of Statistics, 2017

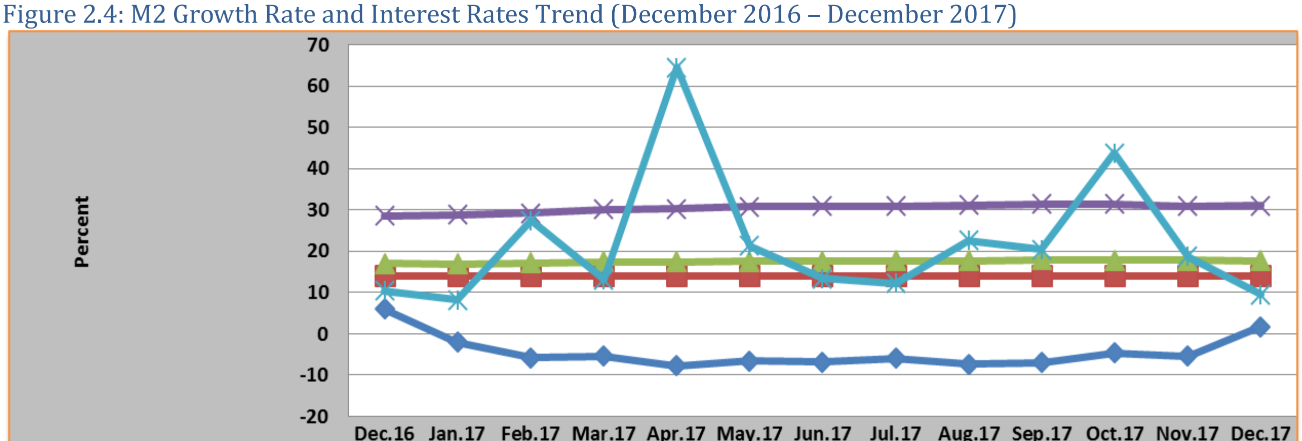
The high food inflation was traceable to rising prices of farm inputs and supply shortages, intermittent clashes between farmers and herdsmen, as well as weak harvest, due to increased flooding of farmlands. This has resulted in public apprehensions on the sustained pressure on food prices with notable risks posed by floods, and insurgencies in various parts of the country to food production and distribution.

2.2.3 Developments in Money Market

Monetary aggregates grew in the fourth quarter relative to the third quarter of 2017. Broad Money (M2) increased by ₦2,047.42 billion (or 9.33 percent), from ₦21,953.99 billion in September to ₦24,001.41 billion in December 2017. Equally, M1 increased by ₦972.10 billion (or 9.66 percent), from ₦10,064.25 billion in September to ₦11,036.35 billion in December 2017. The development in M2 is basically due to the expansion in Net Foreign Assets (NFA) which grew by ₦4,762.79 billion (or 47.39 percent) and Credit to the Private Sector (CPS), notwithstanding the substantial contraction in both the Net Domestic Credit (NDC). The contraction in Net domestic Credit (NDC) was driven mainly by Net Credit to Government (NCG) and Net Domestic Assets (NDA), which offset the marginal growth of Credit to Private Sector (CP).

Net Domestic Credit decreased by ₦1,122.03 billion (or 4.16 percent) from ₦26,985.31 billion in September to ₦25,863.28 billion in December 2017. This was driven by the decline in Net Credit to Government which fell by ₦1,389.38 billion (or 27.99 percent) from ₦4,963.41 billion in September to ₦3,574.03 billion in December 2017. Net Credit to Private Sector however, increased marginally by ₦267.35 billion (or 1.21 percent) from ₦22,021.90 billion in September to ₦22,289.25 billion in December 2017. The expansion in the growth of monetary aggregates imitate the monetary policy softening of the government and this assisted in boosting economic activities and creating employment opportunities for the youth. (Figure 2.4).

Figure 2.4: M2 Growth Rate and Interest Rates Trend (December 2016 – December 2017)



	Dec.16	Jan.17	Feb.17	Mar.17	Apr.17	May.17	Jun.17	Jul.17	Aug.17	Sep.17	Oct.17	Nov.17	Dec.17
M2 Growth Rate	5.98	-2.1	-5.85	-5.46	-7.73	-6.54	-6.83	-5.92	-7.38	-6.94	-4.62	-5.43	1.74
MPR	14	14	14	14	14	14	14	14	14	14	14	14	14
Prime Lending Rate	17.09	16.91	17.13	17.43	17.44	17.58	17.59	17.65	17.69	17.88	17.86	17.77	17.71
Maximum Lending Rate	28.55	28.88	29.26	30.18	30.31	30.75	30.94	30.94	31.2	31.39	31.39	30.95	30.99
Inter-Bank Call Rate	10.39	8.15	27.46	13.11	64.58	21.29	13.46	12.28	22.63	20.44	43.78	18.78	9.49

Source: Central Bank of Nigeria, 2017

The Monetary Policy Committee (MPC) maintained the Monetary Policy Rate (MPR) at 14 percent in the fourth quarter of 2017, signifying that the rate had remained constant since the second half of 2016. Other key monetary policy instruments were equally left unchanged during the review period as the Cash Reserve Ratio (CRR) and the Liquidity Ratio remained at 22.5 percent and 30 percent respectively. The resolution to maintain the MPR was based on the anticipations that easing it would further pull the real interest rate down into negative territory. It was also generally premised on the need to preserve the stability attained in the foreign exchange market, retain the drop in inflation and to give time for past policies to work through the economy. The high banking system liquidity level was also considered along with the need to continue to attract foreign investment inflow so as to assist the foreign exchange market and economic activities. The expansive outlook for fiscal policy in the coming year and the expected election related spending, which could lead to a jump in system liquidity, were some of the issues that were also put into contemplation.

Money market interest rates oscillated in tandem with the moderating level of liquidity in the banking system. The average interbank call rate rose from 20.44 percent in September to 43.78 percent in October before dipping downward to 18.78 percent and 9.49 percent in November and December 2017 respectively. The average Prime Lending Rate reduced marginally from 17.88 percent in September to 17.86 percent, 17.77 percent and 17.71 percent in October, November and December 2017 respectively. On the other hand, the average Maximum Lending Rate like in September remained constant at 31.39 percent in October before falling to 30.95 percent and 30.99 percent in November and December 2017 respectively. The development in net liquidity positions and flows replicated the effects of Federation Account payments to states and local governments; remittances by the Nigerian Customs, Federal Inland Revenue Services; Open Market Operation (OMO) sales; foreign exchange interventions and maturing CBN Bills.

2.2.4 Developments in the External Sector

2.2.4.1 External Trade

The value of the Nigeria export trade continued its growth trend totaling ₦3.91 trillion in the fourth quarter of 2017, signifying an increase of 9.4 percent over the value of ₦3.576 trillion reported in the preceding quarter, and an increase of 31.3 percent over the value of ₦2.979 trillion recorded in the fourth quarter of 2016. The structure of the export trade was heavily dominated by crude oil, liquefied natural gas, and other petroleum gases, which accounted for ₦3.699 trillion (or 94.6 percent) of the value of total domestic export trade in the fourth quarter of 2017. Crude oil alone contributed ₦3.254 trillion (or 83.2 percent) of total exports during the period under review, while natural liquefied gas contributed ₦416.6 billion (or 10.6 percent) of the total exports in the fourth quarter of 2017.

Exports by section also revealed that Nigeria exported mainly mineral products, which accounted for ₦3.772 trillion (or 96.5 percent) of the total export value in the fourth quarter of 2017. Other products exported by Nigeria included prepared foodstuffs; beverages spirits and vinegar; tobacco at ₦36.7 billion (or 0.9 percent) of total exports, and products of the chemical and allied industries valued at ₦25.5 billion (or 0.7 percent) of total exports. India accounted for ₦571.54 billion of Nigeria's crude oil export in the fourth quarter of 2017, followed by the United States of America and Netherlands with purchases of ₦488.6 billion and ₦366.2 billion worth of crude from Nigeria respectively.

Europe and Asia were the top regions for Nigeria's exports, accounting for ₦1.539 trillion (or 39.3 percent) and ₦1.034 billion (or 26.4 percent) of total exports respectively. This denotes 18.9 percent growth and 0.1 percent decline respectively over the figures reported in the third quarter of 2017 and 27.1 percent and 16.9 percent growth respectively, when compared to the corresponding quarter of 2016. The American region was Nigeria's third largest exporting partner in the period under review, representing 22.5 percent of all exports with a value of ₦879.19 billion. The growth in total exports in the fourth quarter of 2017 was buoyed by exports to the America which improved by 6.3 percent and 112.3 percent relative to the third quarter of 2017 and fourth quarter of 2016 respectively. Value of exports to Africa were recorded at ₦382.8 billion during the period under review, among which ₦152.5 billion of goods were exported to ECOWAS countries, representing 39.9 percent of exports to African countries.

2.2.4.2 Balance of Payment

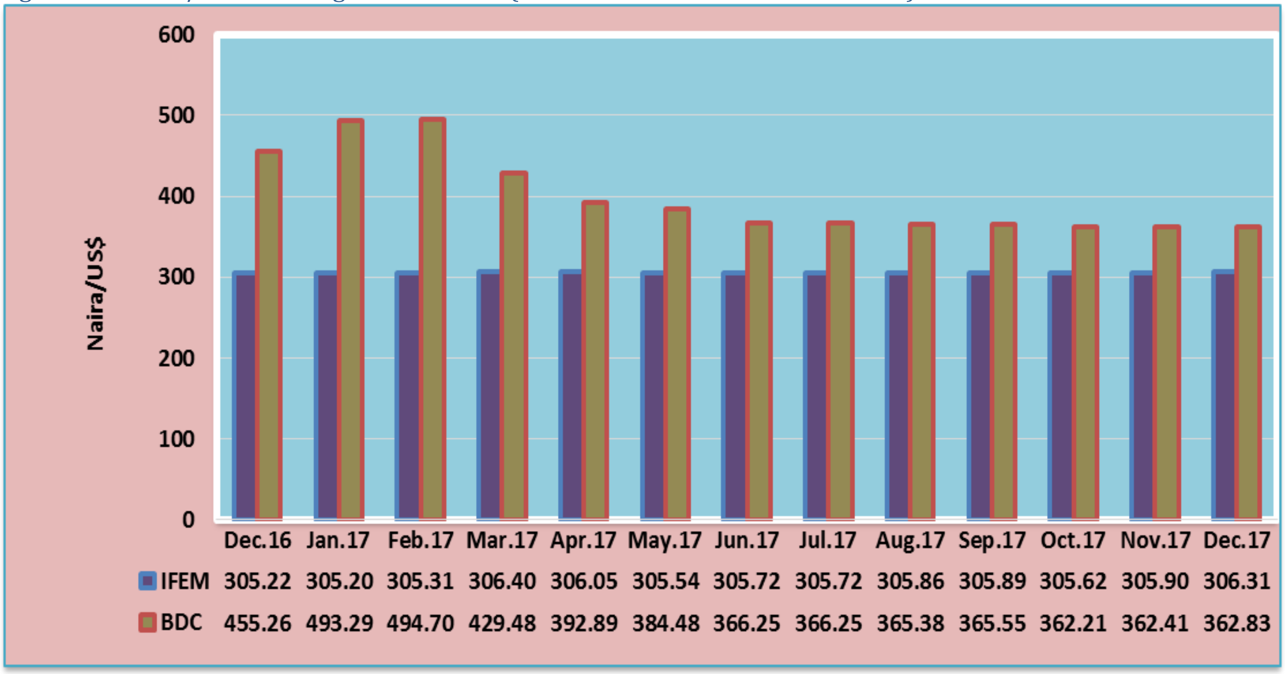
Nigeria's trade surplus increased to ₦761.0 billion in the month of December 2017 as against ₦227.0 billion recorded in the same period of 2016. This was the largest trade surplus since August of 2014, as exports improved by 41.9 percent year-on-year to ₦1,398.50 billion. The improvement was largely due to higher sales of crude oil, agricultural goods and raw material. However, imports fell by 16 percent to ₦637.4 billion, as purchases dropped for other crude oil products, agricultural goods and solid mineral. In line with the above performance, the country posted a surplus trade balance of ₦4,035.6 billion, for the year 2017 as against a ₦290.10 billion deficit reported in 2016. Nigeria’s Balance of Trade from 1981 to 2017 stood at an average of ₦198.38 billion, reaching an all-time high of ₦2,177.55 billion in October, 2011 and lowest point being a deficit of ₦592.20 billion in March, 2011.

Current account is all transactions other than those in financial and capital items. The major classifications are goods and services, income and current transfers. The focus of the Balance of Payment (BOP) is on transactions between an economy and the rest of the world in goods, services and income. In 2017, the current account balance for Nigeria stood at US$7.7 billion. Though Nigeria current account balance fluctuated substantially in recent years, it had been on the decrease since 1998 to date.

2.2.4.3 Exchange Rates

There was a remarkable gradual convergence between the rates at the Bureau-De-Change (BDC) and the Nigeria Interbank Foreign Exchange (NIFEX) market segments during the period under review. Similarly, there was a notable satisfactory growing patronage at the Investors' and Exporters' (I&E) window of the foreign exchange market. This development was attributed to the increased confidence by foreign investors and the preference of Nigerian investors' and exporters' for the window compared with all other windows. The I&E window had increased liquidity and boosted confidence in the market with over US$18.70 billion in transactions since its introduction in April 2017. Specifically, the Naira/Dollar exchange rate at the Official/Inter-Bank markets appreciated slightly from ₦305.89/US$ in September to ₦305.62/US$ in October before depreciating again to ₦305.90/US$ and ₦306.31/US$ in November and December 2017 respectively. On the other hand, the monthly average exchange rate of the Naira/Dollar at the Bureau De-Change (BDC) appreciated from ₦365.55/US$ in September to ₦362.21/US$, ₦362.41/US$ and ₦362.83/US$ in October, November and December 2017 respectively.

Figure 2.5: Naira/US$ Exchange Rates Trend (December 2016 – December 2017)

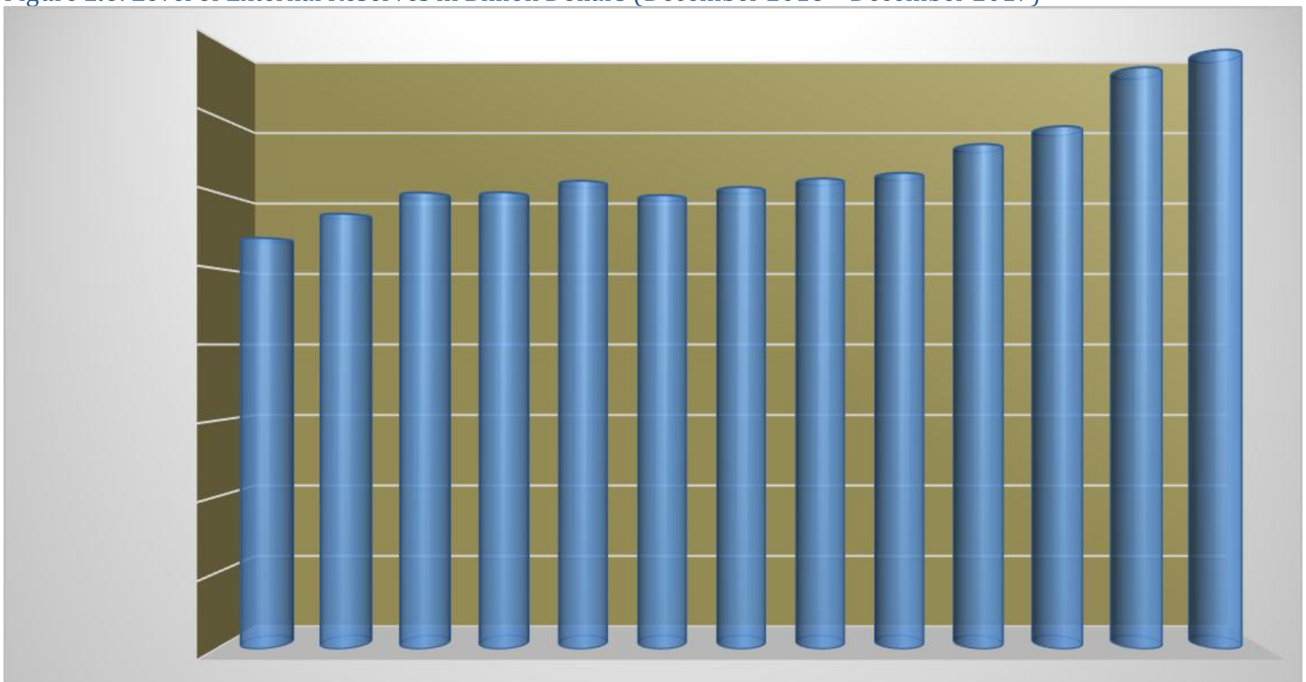


Source: Central Bank of Nigeria, 2017

2.2.4.4 External Reserves

Nigeria's gross official (external) reserve position continued on its rising trend in the fourth quarter of 2017. The reserve increased at the end of the period under review, from US$33.16 billion at the end of September to US$34.33 billion, US$38.21 billion and US$39.35 billion at the end of October, November and December 2017 respectively. This represented an increase of US$6.19 billion (or 18.67 percent) above the figure reported at the end of September 2017. Relative to the end of fourth quarter of 2016 level of US$26.99 billion, the external reserves at the end of fourth quarter of 2017 grew by US$12.36 billion (or 45.79 percent). This was sustained by a net positive growth of foreign exchange inflow in the period under review. This improved performance was as a result of increased international remittances, inclusive of public sector and JVC payments. The foreign reserves level as at the end of December 2017 could finance over six (6) months of imports cover which is well above the international threshold of 3-months import cover.

Figure 2.6: Level of External Reserves in Billion Dollars (December 2016 – December 2017)



	Dec.16	Jan.17	Feb.17	Mar.17	Apr.17	May.17	Jun.17	Jul.17	Aug.17	Sep.17	Oct.17	Nov.17	Dec.17
External Reserve	26.99	28.59	29.98	30.0	30.75	29.81	30.34	30.90	31.27	33.16	34.33	38.21	39.35

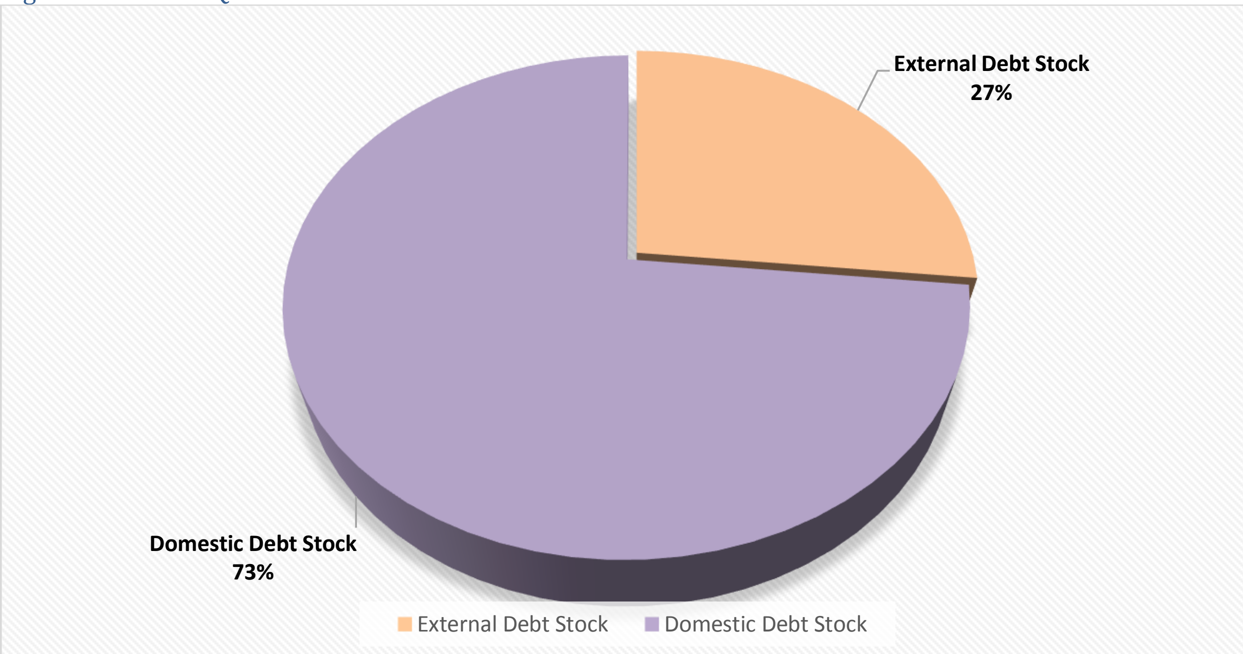
Source: Central Bank of Nigeria, 2017

2.2.5 Debt Stock

2.2.5.1 Total Public Debt Stock

The total public debt stock as at 31st December, 2017 stood at US$70,999.26 million (or N21,725.77 billion) indicating an increase of US$4,364.99 million (or ₦1,352.34 billion or 6.64 percent) when compared to the US$66,634.27 million (or ₦20,373.43 billion) reported at the end of September 2017. The breakdown comprised of US$18,913.44 million (or ₦5,787.51 billion or 26.64 percent) for external debt while the balance of US$52,085.82 million (or ₦15,938.26 billion or 73.36 percent) was for domestic debt stock. This translates to a net present value of total public Debt/GDP (external and domestic) ratio of 20.12 percent as at the end of December 2017. This had gone above the country specific threshold of 19.39 percent however, it was still well below the international threshold of 56 percent.

Figure 2.7: Fourth Quarter 2017 Total Public Debt Stock



Source: Debt Management Office, 2017

2.2.5.2 Domestic Debt Stock

The Federal Government domestic debt stock stood at ₦12,589.49 billion as at end of December 2017, signifying an increase of ₦93.71 billion (or 0.75 percent) above the ₦12,495.78 billion recorded in the third quarter of 2017. The 2017 fourth quarter debt figure was also ₦1,531.29 billion (or 13.85 percent) above the ₦11,058.20 billion reported in the same period of 2016. The increase in the domestic debt stock was as a result of net issuances of FGN Bonds, FGN Savings Bonds and a new loan, Green Bond. A breakdown of the domestic debt stock as at 31st December, 2017 revealed that ₦8,715.81 billion (or 69.23 percent) was for FGN Bonds, ₦3,579.80 billion (or 28.43 percent) was for Nigerian Treasury Bills (NTBs), ₦175.99 billion (or 1.4 percent) was for Treasury Bonds, ₦7.20 billion (or 0.06 percent) is for FGN Savings Bond, ₦100.0 billion (or 0.79 percent) was for FGN Sukuk and ₦10.69 billion (or 0.08 percent) was for Green Bond.

2.2.5.3 External Debt Stock

Nigeria's external debt stock (mostly low interest funds from multilateral financial institutions) as at 31st December, 2017, stood at US$18,913.44 million representing an increase of US$3,561.31 million (or 23.2 percent) and US$7,507.16 million (or 65.82 percent) above US$15,352.13 million and US$11,406.28 million recorded in the third quarter of 2017 and fourth quarter of 2016 respectively. A breakdown of the external debt stock as at 31st December, 2017 showed that Multilateral Debts amounted to US$10,241.44 million (or 54.15 percent), Non-Paris Club Bilateral Debts amounted to US$2,372.0 million (or 12.54 percent) while Commercial (Euro and Diaspora Bonds) accounted for the balance of US$6,300.0 million (or 33.31 percent).

3.0 FINANCIAL ANALYSIS OF THE 2017 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections

The 2017 Budget is an outcome of the 2017-2019 Medium Term Fiscal Framework (MTFF) which provides the medium term fiscal and overall macroeconomic direction of government. Happenings in the local and foreign markets were taken into consideration in its groundwork, especially in arriving at the strategic assumptions in the framework (Table 3.1).

Table 3.1: Key Assumptions and Targets for 2016 and 2017 Budget

KEY ASSUMPTION & TARGETS	2016	2017
Projected Production (in mbpd)	2.2	2.20
Budget Benchmark Price (per barrel in US)	38	44.50
Technical Cost of JVC Pbl to Oil Companies		
Operating Expenses (T1) in US $	10.29	10.43
Capital Expenses (T2) in US $	11.12	10.85
Technical Cost of PSC Pbl to Oil Companies		
Operating Expenses (T1) in US $	8.22	8.85
Capital Expenses (T2) in US $	19.62	17.86
Investment Tax Credit	4.94	2.85
Technical Costs of SC pbl to Oil Company		
Operating Expenses (T1) in US $	18.62	18.62
Capital Expenses (T2) in US $	2.44	2.05
Investment Allowances	2.996	0.46
Weighted Average Contribution Rates		
Weighted Average Rate of PPT - JV Oil	85%	85%
Weighted Average Rate of PPT - PSC Oil	50.17%	50.2%
Weighted Average Rate of PPT - SC Oil	85%	85%
Weighted Average Rate of PPT - Independent (Indigenous	85%	85%
Weighted Average Rate of PPT - Marginal	51.6%	51.6%
Royalty Rates		
Weighted Average Rate of Royalties - JV Oil	19.1%	19.1%
Weighted Average Rate of Royalties - PSC	4.5%	4.5%
Weighted Average Rate of Royalties - SC Oil	18.5%	18.5%
Weighted Average Rate of Royalties -Independent	19.3%	19.3%
Weighted Average Rate of Royalties - Marginal	9.3%	9.3%
Average Exchange Rate (NGN/US$)	197	305
VAT Rate	5%	5%
CIT Rate	30%	30%

Source: BOF, NNPC, FIRS and NCS, 2017

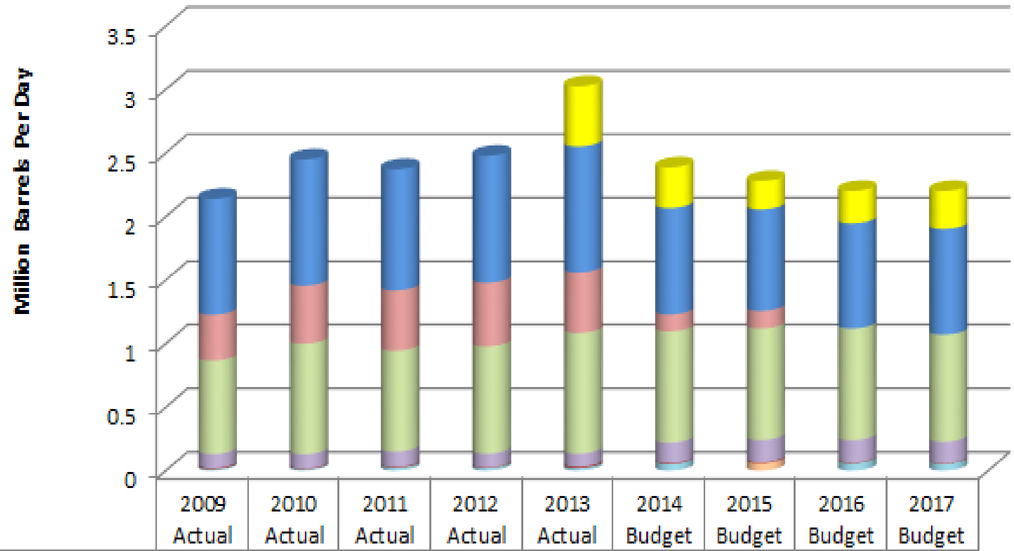
3.1.1 Budget Benchmark Oil Price and Production

In view of the unsteady nature of oil price in the international market, the Government continued to the use standard oil production and prices for its yearly budgets. This was to shield budget expenditures from the uncertainties in the price of oil at the world market. The budget benchmark price of oil for the 2017 Budget was therefore pegged at US$44.50/barrel while oil production was fixed at 2.2 million barrels per day (mbpd) which is also the same level with that of the 2016 Budget.

Government policy to increase proficiency and therefore reduce cost of production in the oil sector was replicated in the fiscal framework for 2017 Budget. The Technical Cost comprising of average operating and capital expenses for both Joint Ventures (JVs) and Production Sharing Contracts (PSCs) were slightly reduced in the 2017 fiscal year as against the rates in the 2016 Budget. The average expenses [Capital (T1) and Operating (T2)] for the JVs production arrangement fell from US$21.41 per barrel in 2016 to 21.04 per barrel in 2017 signifying a cost decrease of US$0.37 per barrel over the period. The average expenses for the PSC equally dropped slightly to US$27.66 in 2017 from US$27.84 in 2016. These cost reductions are anticipated to be driven down further in the near to medium term so as to complement efforts at growing revenue inflow for the country.

The share of oil production by business arrangements remained relatively stable with the JVs and PSCs leading at approximately 38 percent each. Information on expected contributions of oil production by business arrangements are presented in *Figure 3.1* while the breakdown of contributions and duties for key oil taxes that are estimated to accrue to the Federation are also represented in *Table 3.2*. These rates remained basically unchanged with the rates in the 2016 budget framework except for exchange rate. The proposed exchange rate was increased to ₦305/US$ in 2017 from ₦197/US$ in 2016.

Figure 3.1: Budget Oil Production by Business Arrangements 2009 – 2017



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Budget	2015 Budget	2016 Budget	2017 Budget
Modified Carry Arrangement					0.476	0.32	0.223	0.252	0.298
Joint Ventures	0.91	0.995	0.955	1	0.991	0.837	0.798	0.830	0.831
Alternative Funding	0.36	0.455	0.474	0.5	0.477	0.135	0.141	0	0
Prod. Sharing Contracts	0.736	0.868	0.793	0.843	0.947	0.875	0.876	0.878	0.843
Independents	0.113	0.115	0.122	0.11	0.104	0.16	0.176	0.176	0.168
Service Contracts	0.009	0.007	0.008	0.005	0.013	0.008	0.007	0.006	0.005
Marginal Fields	0.011	0.01	0.022	0.02	0.019	0.053	0.059	0.059	0.055

Source: NAPIMS/NNPC, 2017

Table 3.2: Detailed Assumptions for Oil Production and Taxes (2017)

Share of Oil Production	***2017 Production Volume (mbpd)***	***2017 Percentage***
Joint Ventures	0.831	37.77%
Alternative Funding		
Modified Carry Arrangement	0.298	13.55%
Production Sharing Contracts	0.843	38.32%
Independents	0.168	7.64%
Service Contracts	0.005	0.23%
Marginal	0.055	2.5%
Total Production	2.200	100%
PPT Rates		
Weigthed Average -JV/AF/Independent/Marginal		74%
Weigthed Average -PSC		50.2%
Weigthed Average -SC		85%
Royalties Rates		
Weighted Average-JV/AF/Independent/Marginal		15.9%
Weigthed Average-PSC		4.5%
Weigthed Average-SC Oil		18.5%

Source: NNPC and BOF, 2017

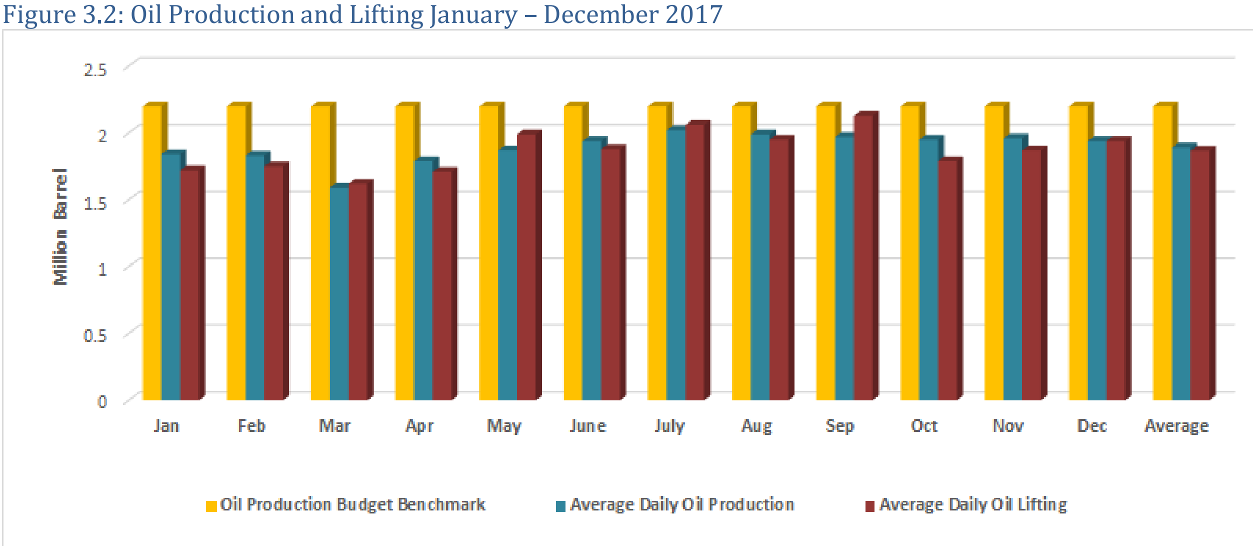
3.2 Analysis of Revenue Performance:

3.2.1 Performance of Key Oil Revenue Parameters:

The price of crude oil at the international market averaged US$54.27 per barrel in 2017 and US$61.39 per barrel in the fourth quarter, representing an increase of US$9.3 per barrel (or 17.85 percent) and US$11.92 per barrel (or 24.1 percent) above the US$52.09 per barrel and US$49.47 per barrel reported in the third quarter of 2017 and fourth quarter of 2016 respectively. The average price of crude oil in the international market also represents an increase of US$9.77 per barrel (or 21.96 percent) above the US$44.5 per barrel oil price benchmark for the 2017 Budget. The rise in crude oil price during the period can be attributed to the increase in demand of oil at the world market and the great success recorded following the implementation of the agreement reached by OPEC member countries to cut down crude oil production.

Average oil production (including Condensates) in 2017 was 1.89mbpd while production and lifting in the fourth quarter of 2017 was 1.95mbpd and 1.87mbpd respectively. The average oil production figure demonstrated a shortfall of 0.25mbpd (or 11.36 percent) below the 2.2mbpd projected for the 2017 Budget. The volume of oil production in the period was also 0.04mbpd below 1.99mbpd and 0.19mbpd above the 1.76mbpd recorded in the third quarter of 2017 and fourth quarter of 2016 respectively.

Figure 3.2: Oil Production and Lifting January – December 2017



Source: NNPC

The above translates to an average monthly oil production and lifting of 59.7 million barrels and 57.23 million barrels respectively in the fourth quarter of the year. The reduction in the quantity of oil production during the quarter as against the predicted budget figure could be ascribed to delays in restoration of production in areas affected by crude oil theft, illegal bunkering and pipeline vandalism.

3.3 Aggregate Revenue of the Federation:

Gross Federally Collectible Revenue was estimated in the 2017 Fiscal

Framework at ₦10,737.10 billion, comprising of ₦5,334.45 billion (or 49.68 percent) oil revenue and ₦5,402.65 billion (or 50.32 percent) non-oil revenue. This translates to prorate quarterly projections of ₦1,333.61 billion and ₦1,350.66 billion in gross oil and non-oil revenue respectively. Below are the breakdown of the real performance of the oil and non-oil revenue earnings in the fourth quarter of 2017.

3.4 Oil Revenue Performance:

A total of ₦1,226.04 billion was realized as Gross Oil Revenue in the fourth quarter of 2017. This reveals a shortfall of ₦107.57 billion (or 8.07 percent) and an increase of ₦571.93 billion (or 87.44 percent) when compared with the quarterly projection of ₦1,333.61 billion and ₦654.11 billion generated in the fourth quarter of 2016. A breakdown of the oil revenue performance in the fourth quarter of 2017 showed that only Crude Oil Sales of ₦478.28 billion, Royalties (Oil &Gas) of ₦246.92 billion and Petroleum Profit and Gas Taxes of ₦419.19 billion performed above their quarterly estimates of ₦420.82 billion, ₦224.96 billion and ₦312.21 billion by ₦57.46 billion (or 13.65 percent), ₦21.96 billion (or 9.76 percent) and ₦106.98 billion (or 34.27 percent) respectively. The other remaining oil revenue items fell below their respective quarterly projections. Gas Sales of ₦79.96 billion, Rent of ₦0.07 billion, Gas Flared Penalty of ₦0.42 billion and Other Oil and Gas Revenue of ₦1.20 billion fell below their quarterly estimates of ₦136.12 billion, ₦0.42 billion, ₦1.18 billion and ₦1.46 billion by ₦56.16 billion (or 41.26 percent), ₦0.35 billion (or 83.21 percent), 0.76 billion (or 64.05 percent) and ₦0.26 billion (or 17.84 percent) respectively. While on the other hand, Licenses and Early License Renewal yielded nothing in the quarter. Please see *Table 3.4*.

3.4.1 Net Oil Revenue:

The actual Net Oil Revenue that accrued into the Federation Account in the fourth quarter of 2017 was ₦773.47 billion, depicting a decrease of ₦320.44 billion (or 29.29 percent) below the quarterly estimated budget of ₦1,093.90 billion. Despite this, the net oil revenue inflow in the fourth quarter of 2017 was higher than the net oil revenue of ₦692.40 billion reported in the third quarter of

2017 by ₦81.07 billion (or 11.71 percent). The poor oil revenue performance in the fourth quarter of 2017 when compared with the quarterly projection can be ascribed to supply challenges as some of the amenities were affected by crude oil theft, illegal bunkering and destruction of pipelines. These data are presented in *Table 3.4*.

3.4.2 Year to Date Oil Revenue Performance:

A total of ₦4,084.35 billion was collected as Gross Oil Revenue during the year under review as against the ₦5,334.45 billion projected for the same period. This portrays a shortfall of ₦1,250.10 billion (or 23.43 percent) below the annual projection but ₦1,388.92 billion (or 51.53 percent) above ₦2,695.43 billion realized within the same period of 2016. The under performance of the total Gross Oil Revenue also affected the Net Oil Revenue of ₦2,319.70 billion that accrued into the Federation Account during the year. The Net Oil Revenue inflow represents a shortfall of ₦2,055.92 billion (or 46.99 percent) when compared with the annual projection of ₦4,375.62 billion. A breakdown of the revenue by sub-heads showed that only Crude Oil Sales of ₦2,025.49 billion and Other Oil and Gas Revenue of ₦13.02 billion exceeded their annual projections of ₦1,683.29 billion and ₦5.86 billion by ₦342.21 billion (or 20.33 percent) and ₦7.16 billion (or 122.32 percent) respectively. The performance of crude oil sales replicates the gains of oil price over its 2017 budget benchmark price.

All other remaining oil revenue items fell below their respective full year projections. Gas Sales of ₦240.34 billion, Royalties (Oil & Gas) of ₦595.82 billion, Rent of ₦0.31 billion, Gas Flared Penalty of ₦3.81 billion and Petroleum Profit & Gas Taxes of ₦1,205.56 billion fell below annual estimates of ₦544.47 billion, ₦899.82 billion, ₦1.68 billion, ₦4.73 billion and ₦1,248.83 billion by ₦304.13 billion (or 55.86 percent), ₦304.01 billion (or 33.79 percent), ₦1.37 billion (or 81.35 percent), ₦0.91 billion (or 19.33 percent) and ₦43.27 billion (or 3.46 percent) respectively (Table 3.4). While on the other hand, Licenses and Early License Renewal yielded nothing in the period. These low performances were as an end result of the dynamics in the price and demand of oil at the international market during the year.

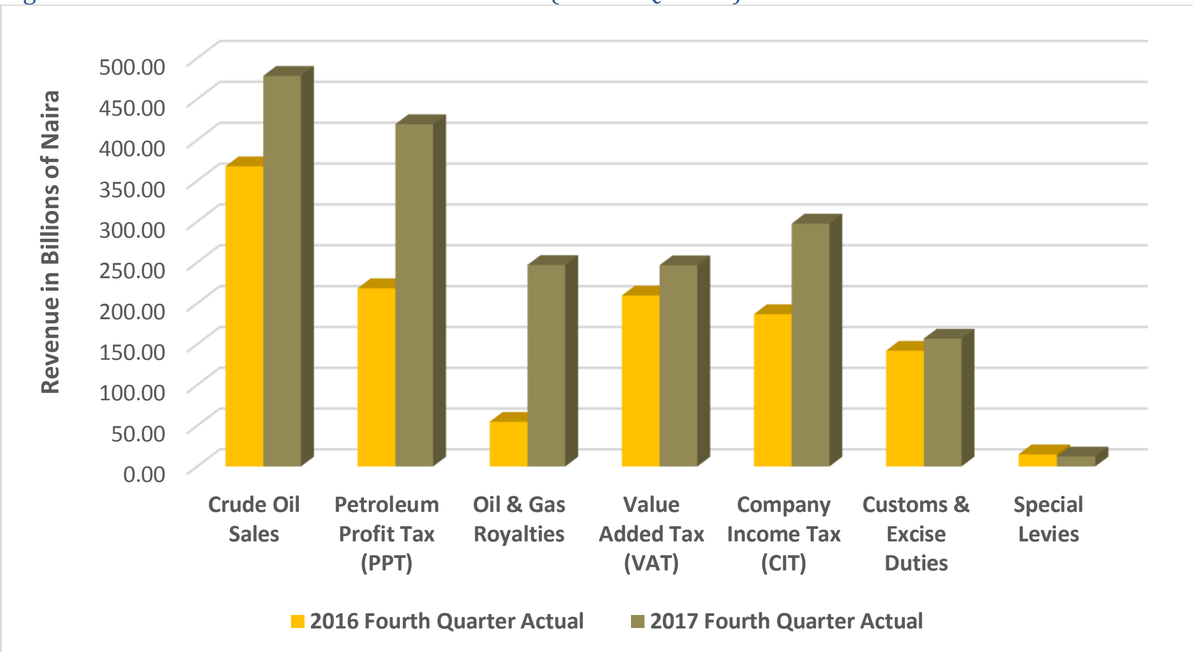
Table 3.3: Performance of Revenue in the Fourth Quarter of 2017 Vs 2016

Revenue Items	2016	2017	Variance	
	4th Quarter Actual	4th Quarter Actual	4th Quarter 2017 Vs 4th Quarter 2016	
Oil Revenue	N'bns	N'bns	N'bns	%
Crude Oil Sales	367.60	478.28	110.68	30.11
Petroleum Profit Tax (PPT)	218.42	419.19	200.77	91.92
Royalties	54.71	246.92	192.21	351.33
Gross Oil Revenue	654.11	1,226.04	571.93	87.44
Net Oil Receipts	273.64	773.47	499.83	182.66
Non-Oil Revenue	-	-		
Value Added Tax (VAT)	209.47	246.53	37.06	17.69
Company Income Tax (CIT)	186.73	297.56	110.83	59.35
Customs & Excise Duties	141.94	156.82	14.88	10.48
Special levies	14.88	12.23	-2.65	-17.81
Gross Non-Oil Revenue	552.81	713.14	160.33	29.00
Net Non-Oil Receipts	525.25	674.5	149.25	28.42

Source: OAGF and Budget Office of the Federation, 2017

With the exception of revenue from Rent and Other Oil and Gas Revenue, all other oil revenue items performances in the fourth quarter of 2017 improved significantly when compared with their corresponding levels in 2016 (Figure 3.3). This was a reflection of a stronger revenue drive by the government and it is expected that the tempo will be sustained going forward into 2018.

Figure 3.3: 2016 Vs 2017 Revenue Performance (Fourth Quarter)



Source: OAGF and Budget Office of the Federation, 2017

3.5 Non-Oil Revenue Performance:

The sum of ₦713.14 billion was realized as Gross Non-Oil Revenue in the fourth quarter of 2017 revealing a shortfall of ₦351.66 billion (or 33.03 percent) below its quarterly projection of ₦1,064.80 billion. A breakdown of the non-oil revenue items revealed underperformance of all non-oil revenue sources with the exception of Customs & Excise Duties of ₦156.82 which exceeded its quarterly projection of ₦153.84 billion by ₦2.98 billion (or 1.94 percent). The remaining Non-Oil Revenue items fell short of their quarterly estimates. Value Added Tax of ₦246.53 billion, Company Income Tax of ₦297.56 billion and Special Levies of ₦12.23 billion were below their quarterly projections of ₦450.0 billion, ₦435.51 billion and ₦25.44 billion by ₦203.47 billion (or 45.21 percent), ₦137.95 billion (or 31.68 percent) and ₦13.22 billion (or 51.95 percent) respectively. On the other hand, Revenue Dividend by Companies / Investments Funded by FAAC, Solid Minerals & Other Mining Revenue and Actual Balances in Special Accounts which had quarterly projections of ₦15.25 billion, ₦0.63 billion and ₦3.42 billion respectively yielded nothing in the quarter.

When compared with their corresponding third quarter performances, except for

Company Income Tax and Special Levies which were below their respective third quarter figures all other Non-Oil Revenue items exceeded their corresponding third quarter performances. Value Added Tax and Customs & Excise Duties grew by ₦1.11 billion (or 0.45 percent) and ₦5.14 billion (or 3.39 percent). On the other hand, Company Income Tax and Special Levies decreased by ₦245.84 billion (or 45.24 percent) and ₦0.24 billion (or 1.93 percent) respectively. The poor performances of some of these non-oil revenue items in the fourth quarter can be ascribed to low economic activities due to the closing of books for Christmas and end of year celebrations. Nonetheless, it is expected that things will improve after these celebrations coupled the extension of the 2017 capital budget implementation to 31st March, 2018.

3.5.1 Year to Date Non-Oil Revenue Performance:

The Gross Non-Oil Revenue collected during the year under review amounted to ₦2,791.58 billion demonstrating a shortfall of ₦1,467.61 billion (or 34.46 percent) below the annual estimate of ₦4,259.19 billion. The under performance of the total Gross Non-Oil Revenue also affected the Net Non-Oil Revenue of ₦2,624.38 billion that accrued into the Federation Account during the year. The Net Non-Oil Revenue inflow denotes a shortfall of ₦1,436.18 billion (or 35.37 percent) when compared with the annual projection of ₦4,060.56 billion. The result also revealed that receipts from all the non-oil revenue items within the period fell below their corresponding projections. Value Added Tax of ₦957.27 billion, Company Income Tax of ₦1,206.29 billion, Customs & Excise Duties of ₦579.56 billion and Special Levies of ₦48.47 billion respectively fell short by ₦842.73 billion (or 46.82 percent), ₦535.76 billion (or 30.75 percent), ₦35.81 billion (or 5.82 percent) and ₦53.30 billion (or 52.37 percent) when compared with their annual projections of 2017. On the other hand, Revenue Dividend by Companies / Investments Funded by FAAC, Solid Minerals & Other Mining Revenue and Actual Balances in Special Accounts which had 2017 annual projections of ₦61.0 billion, ₦2.52 billion and ₦13.70 billion respectively yielded nothing during the review period.

Table 3.4: Net Distributable Revenue as at December, 2017 (Oil Revenue at Benchmark Assumptions)

S/NO	DESCRIPTION	2017 BUDGET		2017 ACTUAL					2016	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)		2017 Vs 2016 (Actual)	
A	OIL REVENUE	₦'bn	₦'bn	₦'bn	₦'bn	₦'bn	₦'bn	₦'bn	₦'bn	₦'bn	%	₦'bn	%	₦'bn	%	₦'bn	%
1	Crude Oil Sales (Export)	1,683.29	420.82	460.95	419.32	666.94	478.28	2,025.49	1,453.24	57.46	13.65	(188.67)	(28.29)	342.21	20.33	572.25	39.38
2	Crude Oil Sales (Domestic)																
3	Gas Sales (NLNG Feedstock Sales & Upstream Liquid Gas)	544.47	136.12	10.27	45.87	104.24	79.96	240.34	42.19	(56.16)	(41.26)	(24.28)	(23.29)	(304.13)	(55.86)	198.15	469.67
4	Oil Royalties & Gas Royalties	899.82	224.96	106.30	115.42	127.18	246.92	595.82	334.80	21.96	9.76	119.74	94.15	(304.01)	(33.79)	261.02	77.96
5	Rent	1.68	0.42	0.02	0.04	0.18	0.07	0.31	0.31	(0.35)	(83.21)	(0.11)	(61.34)	(1.37)	(81.35)	0.00	0.93
6	Gas Flared Penalty	4.73	1.18	0.73	0.48	2.18	0.42	3.81	1.42	(0.76)	(64.05)	(1.75)	(80.48)	(0.91)	(19.33)	2.39	168.55
7	Licenses & Early License Renewal	945.78	236.45	-	-	-	-	-	-	(236.45)	(100.00)	-		(945.78)	(100.00)	-	
8	PPT & Gas Income @ 30% CITA	1,248.83	312.21	219.07	205.07	362.23	419.19	1,205.56	857.54	106.98	34.27	56.96	15.72	(43.27)	(3.46)	348.02	40.58
9	Other Oil and Gas Revenue	5.86	1.46	1.13	3.01	7.67	1.20	13.02	5.95	(0.26)	(17.84)	(6.47)	(84.32)	7.16	122.32	7.07	118.80
10	Sub-Total	5,334.45	1,333.61	798.49	789.21	1,270.62	1,226.04	4,084.35	2,695.43	(107.57)	(8.07)	(44.58)	(3.51)	(1,250.10)	(23.43)	1,388.92	51.53
11	DPR Cost of Collection	-	-	6.60	7.29	5.49	9.94	29.32	16.98	9.94		4.46	81.18	29.32		12.34	72.67
12	Tranfer of Lagos State 13% Derivation		-	0.09	0.11	-	-	0.20	-	-		-		0.20		0.20	
13	Joint Venture Cash Calls		-	237.65	223.00	469.27	307.06	1,236.98	782.00	307.06		(162.22)	(34.57)	1,236.98		454.98	58.18
14	Gas Infrastructure Development & Other Gas Expenses	289.75	72.44	-	-	-	-	-	-	(72.44)	(100.00)	-		(289.75)	(100.00)	-	
15	NESS Fees	15.25	3.81	-	-	-	-	-	-	(3.81)	(100.00)	-		(15.25)	(100.00)	-	
16	Transfer to Excess Crude Oil ,on PPT from Oil		-	97.89	19.28	-	-	117.17	242.71	-		-		117.17		(125.55)	(51.73)
17	Transfer to Excess Crude on Royalty Proceeds Account		-	-	14.37	-	20.00	34.37	-	20.00		20.00		34.37		34.37	
18	Sub-Total	5,029.45	1,257.36	456.26	525.16	795.86	889.04	2,666.32	1,653.75	(368.32)	(29.29)	93.19	11.71	(2,363.13)	(46.99)	1,012.57	61.23
19	Less 13% Derivation of Net Oil Revenue	653.83	163.46	59.31	68.27	103.46	115.58	346.62	214.99	(47.88)	(29.29)	12.11	11.71	(307.21)	(46.99)	131.63	61.23
20	TO FEDERATION ACCOUNT (OIL)	4,375.62	1,093.90	396.95	456.89	692.40	773.47	2,319.70	1,438.76	(320.44)	(29.29)	81.07	11.71	(2,055.92)	(46.99)	880.94	61.23
B	DIVIDEND OF COMPANIES/INVESTMENTS FUNDED BY FAAC		-					-	-	-		-		-		-	
21	Dividend of Companies /Investments Funded by FAAC	61.00	15.25	-	-	-	-	-	-	(15.25)	(100.00)	-		(61.00)	(100.00)	-	
22	TO FEDERATION ACCOUNT (DIVIDEND OF COMPANIES/INVESTMENTS FUNDED BY FAAC	61.00	15.25	-	-	-	-	-	-	(15.25)	(100.00)	-		(61.00)	(100.00)	-	
C	Total Solid Mineral Revenue	2.52	0.63	-	-	-	-	-	9.92	(0.63)	(100.00)	-		(2.52)	(100.00)	(9.92)	(100.00)
23	Less 13% Derivation of Net Solid Minerals	0.33	0.08	-	-	-	-	-	1.29	(0.08)	(100.00)	-		(0.33)	(100.00)	(1.29)	(100.00)
24	TO FEDERATION ACCOUNT (SOLID MINERALS)	2.20	0.55	-	-	-	-	-	8.63	(0.55)	(100.00)	-		(2.20)	(100.00)	(8.63)	(100.00)
D	NON-OIL REVENUE		-					-	-	-		-		-		-	
25	Value Added Tax (VAT)	1,800.00	450.00	222.00	243.31	245.42	246.53	957.27	811.00	(203.47)	(45.21)	1.11	0.45	(842.73)	(46.82)	146.27	18.04
26	Corporate Tax (CIT, Stamp Duties & CGT)	1,742.05	435.51	158.95	206.38	543.40	297.56	1,206.29	988.44	(137.95)	(31.68)	(245.84)	(45.24)	(535.76)	(30.75)	217.85	22.04
27	Customs: Import, Excise & Fees	615.37	153.84	131.47	139.59	151.68	156.82	579.56	506.84	2.98	1.94	5.14	3.39	(35.81)	(5.82)	72.72	14.35
28	Special Levies (Federation Account)	101.77	25.44	12.70	11.08	12.47	12.23	48.47	41.00	(13.22)	(51.95)	(0.24)	(1.93)	(53.30)	(52.37)	7.47	18.22
29	Sub-Total	4,259.19	1,064.80	525.12	600.35	952.97	713.14	2,791.58	2,347.96	(351.66)	(33.03)	(239.83)	(25.17)	(1,467.61)	(34.46)	443.62	18.89
30	Cost of Collections and Other Deductions	198.63	49.66	32.16	47.98	48.43	38.64	167.20	115.14	(11.02)	(22.18)	(9.78)	(20.20)	(31.43)	(15.82)	52.06	45.22
31	4% Cost of Collection (VAT)	72.00	18.00	8.88	9.73	9.44	9.15	37.20	32.44	(8.85)	(49.18)	(0.29)	(3.10)	(34.80)	(48.33)	4.76	14.67
32	4% Cost of Collection (CIT)	56.43	14.11	6.86	8.56	21.50	11.66	48.58	44.30	(2.45)	(17.34)	(9.83)	(45.75)	(7.85)	(13.92)	4.28	9.65
33	7% Cost of Collection (Customs & Special Levies)	50.20	12.55	10.17	10.52	11.49	11.83	44.01	38.40	(0.72)	(5.71)	0.34	2.99	(6.20)	(12.34)	5.61	14.60
34	FIRS Tax Refunds	20.00	5.00	6.25	19.17	6.00	6.00	37.42	-	1.00	20.00	-	-	17.42	87.11	37.42	
35	TO FEDERATION ACCOUNT (NON-OIL)	2,332.56	583.14	279.84	318.80	668.56	437.11	1,704.32	1,454.27	(146.03)	(25.04)	(231.45)	(34.62)	(628.25)	(26.93)	250.05	17.19
36	Total VAT Pool	1,728.00	432.00	213.12	233.58	235.98	237.39	920.07	778.56	(194.61)	(45.05)	1.40	0.59	(807.93)	(46.76)	141.51	18.18
37	Net Non-Oil Revenue	4,060.56	1,015.14	492.97	552.37	904.54	674.50	2,624.38	2,232.83	(340.64)	(33.56)	(230.04)	(25.43)	(1,436.18)	(35.37)	391.55	17.54
38	Sub-Total: FEDERATION ACCOUNT	6,771.38	1,692.84	676.79	775.69	1,360.96	1,210.58	4,024.02	2,901.67	(482.26)	(28.49)	(150.37)	(11.05)	(2,747.36)	(40.57)	1,122.35	38.68
39	Actual Balances in Special Accounts	13.70	3.42	-	-	-	-	-	-	(3.42)	(100.00)	-		(13.70)	(100.00)	-	
40	TOTAL FEDERATION ACCOUNT	6,785.07	1,696.27	676.79	775.69	1,360.96	1,210.58	4,024.02	2,901.67	(485.69)	(28.63)	(150.37)	(11.05)	(2,761.06)	(40.69)	1,122.35	38.68
E	TOTAL DISTRIBUTION		-					-	-	-		-		-		-	
1	Federation Account	6,785.07	1,696.27	676.79	775.69	1,360.96	1,210.58	4,024.02	2,901.67	(485.69)	(28.63)	(150.37)	(11.05)	(2,761.06)	(40.69)	1,122.35	38.68
2	VAT Pool Account	1,728.00	432.00	213.12	233.58	235.98	237.39	920.07	778.56	(194.61)	(45.05)	1.40	0.59	(807.93)	(46.76)	141.51	18.18
3	GRAND TOTAL	8,513.07	2,128.27	889.91	1,009.26	1,596.94	1,447.97	4,944.08	3,680.22	(680.30)	(31.97)	(148.97)	(9.33)	(3,568.99)	(41.92)	1,263.86	34.34

Source: ***OAGF and Budget Office of the Federation, 2017***

Table 3.5: Actual Performance of Non-Oil Revenue Categories (Fourth Quarter) 2010 – 2016

Description	FOURTH QUARTER (ACTUAL)							
	2010	2011	2012	2013	2014	2015	2016	7 - Year Average
	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn
Customs & Excise Duties	39.47	51.82	54.58	57.70	70.72	58.95	64.02	56.75
Company Income Tax	85.03	93.34	78.26	78.72	91.89	129.96	86.57	91.97
Value Added Tax	17.89	22.14	24.71	29.84	25.92	23.89	28.15	24.65
FGN Independent Revenue	72.73	44.51	83.54	41.68	62.44	8.97	23.09	48.14

Source: OAGF and BOF, 2017

Further analysis of fourth quarter Non-Oil Revenue performances over the years showed that, with the exception of one or two years, key sub heads like Customs & Excise Duties and Value Added Tax portrayed an increasing trend. On the other hand, Company Income Tax and FGN Independent Revenue displayed a fluctuating trend over the years. (Table 3.5 and 3.6).

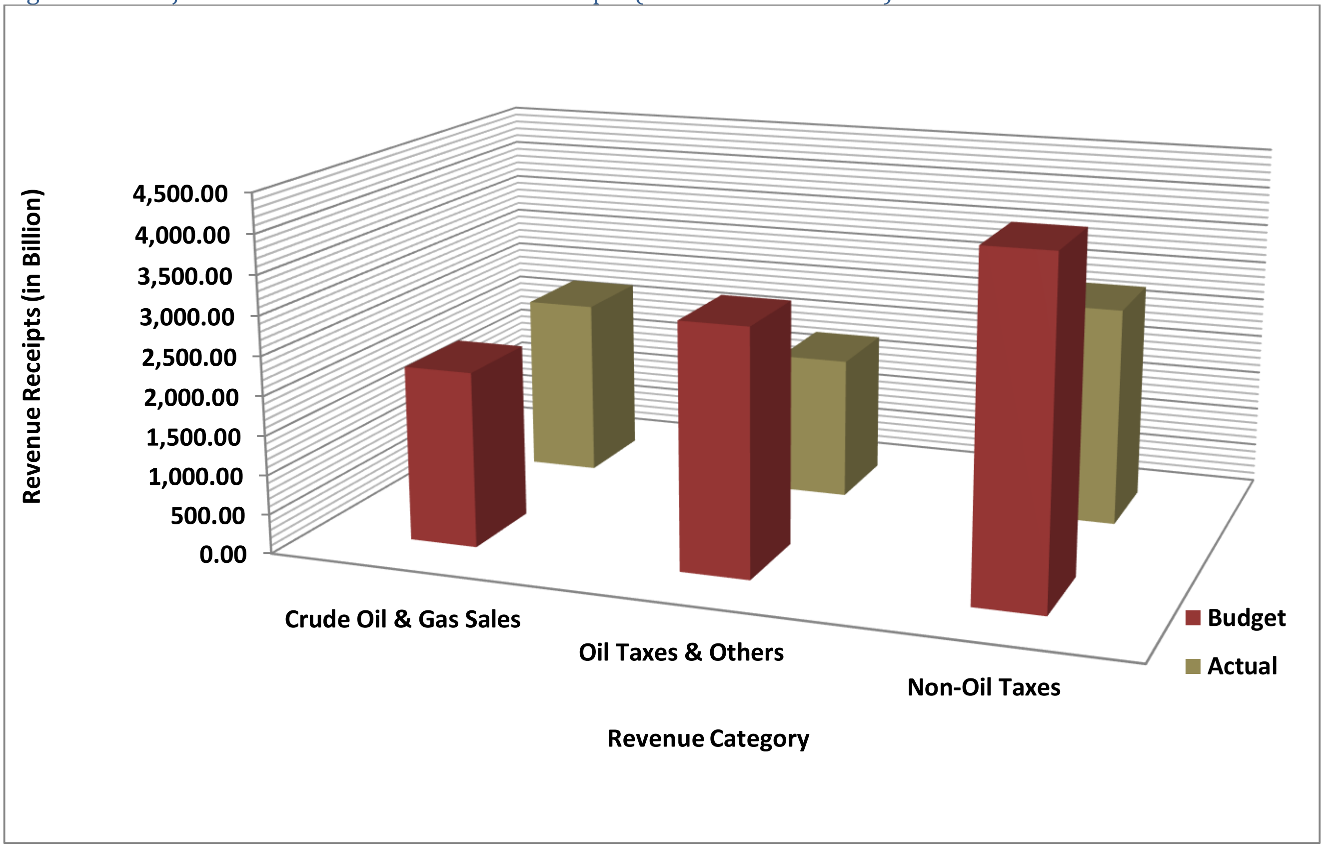
Table 3.6: Percentage Growth in Non-Oil Revenue Performances (Fourth Quarter) 2011 – 2016

Description	2011	2012	2013	2014	2015	2016	6 - Year Average
Customs & Excise Duties	31.29%	5.33%	5.72%	22.56%	-16.64%	8.60%	9.48%
Company Income Tax	9.77%	-16.16%	0.59%	16.73%	41.43%	-33.39%	3.16%
Value Added Tax	23.76%	11.61%	20.76%	-13.14%	-7.83%	17.83%	8.83%
FGN Independent Revenue	-38.80%	87.69%	-50.11%	49.81%	-85.63%	157.41%	20.06%

Source: OAGF and BOF, 2017

Overall, actual performance by revenue categorizations compared with their budgeted estimates as at December 2017 revealed that, apart from Crude Oil & Gas Sales which exceeded its target, Other Oil and Non-Oil Taxes fell below their annual projections. (Figure 3.4).

Figure 3.4: Projected Vs Actual FAAC Revenue Receipts (as at December 2017)

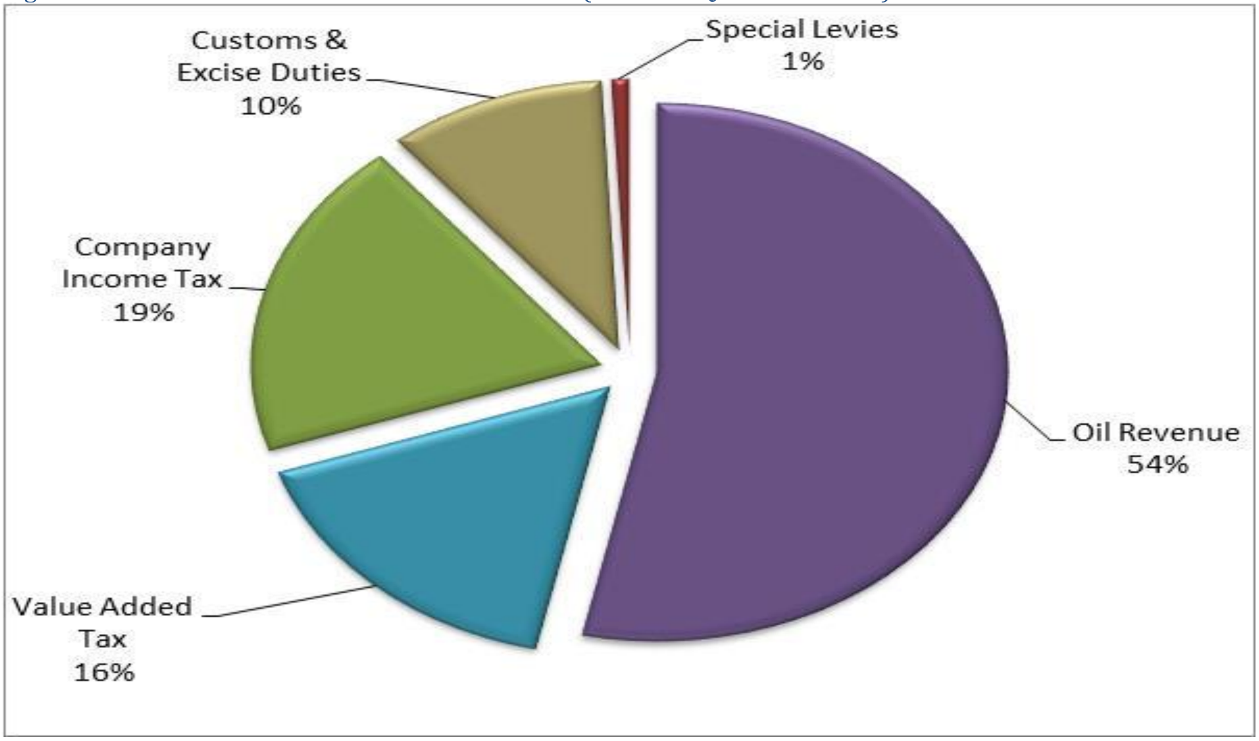


Source: Budget Office of the Federation, 2017

3.6 Distributable Revenue:

The net distributable revenue available for sharing among the three tiers of government after the deduction of all costs stood at ₦1,447.97 billion in the fourth quarter of 2017. This represents a deficit of ₦680.30 billion (or 31.97 percent) when compared with the quarterly budget estimate. A breakdown by sources revealed that Oil Revenue accounted for 53.42 percent while the balance composed of 16.39 percent for Value Added Tax, 19.33 percent for Company Income Tax, 10.86 percent for both Customs & Excise Duties and Special Levies. This also brought the total net distributable revenue available for sharing by the three tiers of government in the year 2017 to ₦4,944.08 billion and thereby portraying a shortfall of ₦3,568.99 billion (or 41.92 percent) as against the annual projection of ₦8,513.07 billion, (Figure 3.5).

Figure 3.5: Contributions to Distributable Revenue (in the 4th Quarter of 2017)



Source: Budget Office of the Federation, 2017

3.7 Excess Crude Account

The Excess Crude Account (ECA) was set up to serve as a reserve and stabilization account for the excess oil revenue accruing from the sales of crude in the international market. Despite the noticeable improvement in the price of oil in the international market which started since the second part of 2016, only US$20.0 billion was transferred into the ECA in the fourth quarter of 2017. This could be ascribed to the fluctuation in price of crude and the lower than projected production which means that gross oil revenue had remained below budgeted estimates. There was also no withdrawal from the account within the period but a total of US$7.50 million being accrued interest from October to December was received into the ECA. The ECA had an opening balance of US$2,309.58 million as at 1st October, 2017 and a closing balance of US$2,317.08 million as at 31st December, 2017. These data are presented in Table 3.7.

Table 3.7: Net Excess Crude Account

Description	2016 Actual (N'bn)					2017 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	0	0	145.48	97.24	242.72	97.89	33.65	0	20.00	151.54
Outflows										
Payment for Petroleum Product Subsidy	0	0	0	0	0.00	0	0	0	0	0
Augmentation: Distribution among tiers of Govt.	0	0	85.17	0	85.17	0	0	0	0	0
Transfer for Special Intervention Fund	0	0	0	0	0.00	0	0	0	0	0
Transfers Int. trf - SWF	0	0	0	0	0.00	0	0	0	0	0
Transfer to Nigeria Sovereign Investment Authority	0	0	0	0	0.00	US$250. 0 million (or N76.25 billion)	0	0	0	US$250. 0 million (or N76.25 billion)
Total Outflow	0	0	85.17	0	85.17	US$250. 0 million (or N76.25 billion)	0	0	0	US$250. 0 million (or N76.25 billion)
Net Excess Crude Account	0	0	60.31	97.24	157.55	21.64	33.65	0.00	20.00	75.29

Source: Office of the Accountant General of the Federation, 2017

3.8 FGN Budget Revenue

The sum of ₦5,084.40 billion was proposed to fund the Federal Budget, translating to a quarterly share of ₦1,271.10 billion. A total of ₦658.70 billion, excluding other funding sources, was received in the fourth quarter of 2017. This amount was ₦612.40 billion (or 48.18 percent) and ₦137.21 billion (or 17.24 percent) lower than the quarterly estimate and the ₦795.91 billion reported in the third quarter of 2017. The aggregate revenue in the fourth quarter of 2017 was also ₦317.52 billion (or 93.07 percent) above the ₦341.18 billion received in the fourth quarter of 2016.

The sum of ₦375.13 billion received in the fourth quarter of 2017 from Oil Revenue Sources was lower than the quarterly estimate of ₦530.54 billion by ₦155.41 billion (or 29.29 percent) for the period. With the exception of FGN Share of Customs & Excise Duties of ₦70.73 billion which exceeded its quarterly estimate of ₦69.39 billion by ₦1.34 billion (or 1.94 percent). All other Non-Oil Revenue items fell below their quarterly budget projections. FGN Share of VAT of ₦34.06 billion, Company Income Tax of ₦135.75 billion, Special Levies of

₦5.51 billion and Independent Revenue of ₦37.50 billion were below their corresponding quarterly budget projections of ₦60.48 billion, ₦201.96 billion, ₦11.48 billion, and ₦201.89 billion by ₦26.42 billion (or 43.68 percent), ₦66.20 billion (or 32.78 percent), ₦5.96 billion (or 51.95 percent) and ₦164.39 billion (or 81.43 percent). On the other hand, FGN Share of Company Investment by FAAC, FGN Share of Solid Minerals Revenue, FGN Share of Actual Balances in Special Accounts, Unspent Balance from Previous Year, FGN Balances of Special Accounts, FGN Recoveries and FGN Share of Signature Bonus yielded nothing in the quarter. The above, mentioned followed the similar pattern of their respective performances at the Federation Account level. The data are presented in *Table 3.8.*

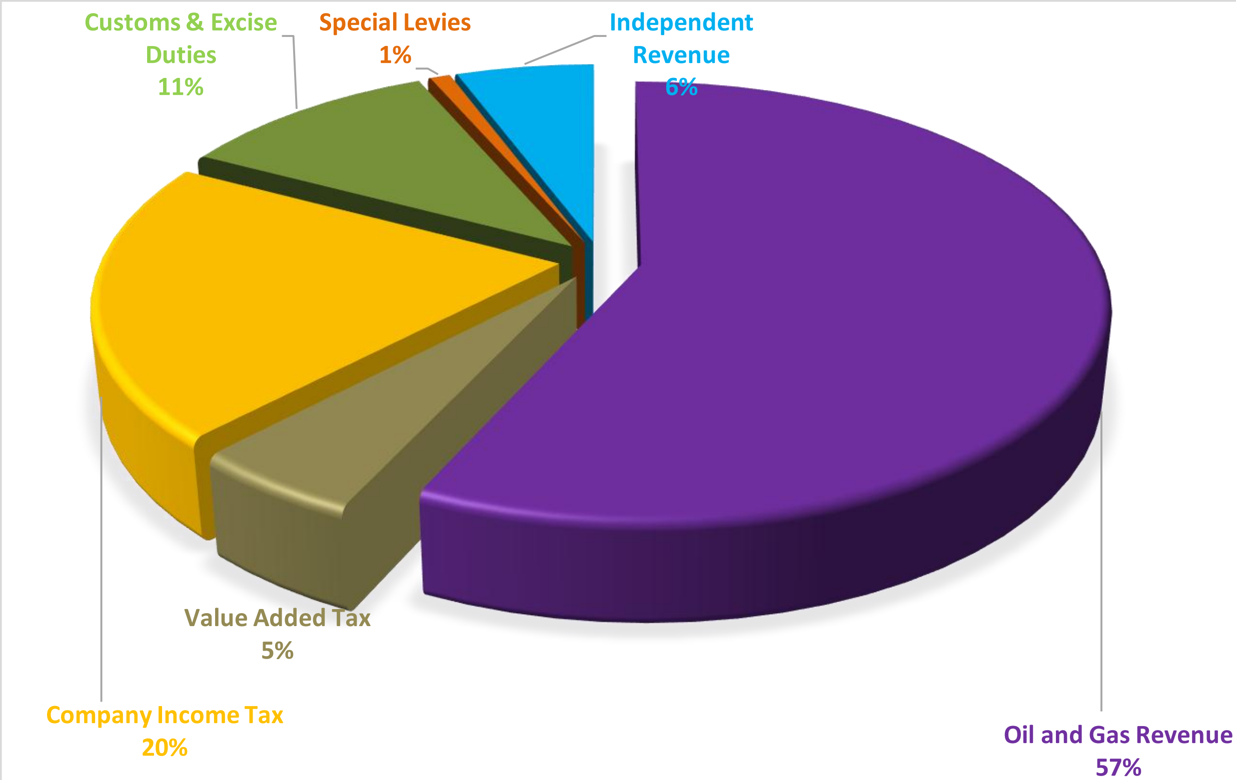
Table 3.8: Inflows to the 2017 Federal Budget as at December 2017

S/NO	ITEMS	2017 BUDGET		2017 ACTUAL					2016	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)		2017 Vs 2016 (Actual)	
1	Inflow for the Federal Budget (CRF)	₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b	%	₦b	%	₦b	%	₦b	%
2	FGN Share of Oil Revenue	2,122.18	530.54	192.52	221.59	335.81	375.13	1,125.05	697.80	(155.41)	(29.29)	39.32	11.71	(997.12)	(46.99)	427.25	61.23
3	FGN Share of Non-Oil Revenue	1,410.51	352.63	165.60	187.30	357.70	246.06	956.67	818.51	(106.56)	(30.22)	(111.64)	(31.21)	(453.84)	(32.18)	138.16	16.88
4	FGN Share of Company/Investment Funded by FAAC	29.59	7.40	-	-	-	-	-	-	(7.40)	(100.00)	-		(29.59)	(100.00)	-	
5	FGN Share of Solid Minerals Revenue	1.06	0.27	-	-	-	-	-	4.19	(0.27)	(100.00)	-		(1.06)	(100.00)	(4.19)	(100.00)
6	FGN Share of Value Added Tax (VAT)	241.92	60.48	29.84	32.70	33.45	34.06	130.05	109.00	(26.42)	(43.68)	0.61	1.83	(111.87)	(46.24)	21.05	19.31
7	FGN Share of Company Income Tax (CIT)	807.82	201.96	70.73	86.64	250.21	135.75	543.34	457.91	(66.20)	(32.78)	(114.46)	(45.75)	(264.48)	(32.74)	85.43	18.66
8	FGN Share of Customs: Import, Excise & Fees	277.56	69.39	59.30	62.96	68.41	70.73	261.41	228.61	1.34	1.94	2.32	3.39	(16.15)	(5.82)	32.80	14.35
9	FGN Share of Special Levies (Federation Account)	45.90	11.48	5.73	5.00	5.62	5.51	21.86	18.80	(5.96)	(51.95)	(0.11)	(1.93)	(24.04)	(52.37)	3.06	16.29
10	FGN Share of Actual Balances in Special Accounts	6.64	1.66	-	-	-	-	-	-	(1.66)	(100.00)	-		(6.64)	(100.00)	-	
11	FGN Independent Revenue	807.57	201.89	36.92	118.48	102.39	37.50	295.29	237.75	(164.39)	(81.43)	(64.89)	(63.38)	(512.28)	(63.43)	57.54	24.20
12	Unspent Balance from Previous Year	50.00	12.50	-	-	-	-	-	-	(12.50)	(100.00)	-		(50.00)	(100.00)	-	
13	FGN Balance of Special Accounts as at 31/12/16	14.79	3.70	-	-	-	-	-	-	(3.70)	(100.00)	-		(14.79)	(100.00)	-	
14	FGN Recoveries	565.06	141.27	-	-	-	-	-	-	(141.27)	(100.00)	-		(565.06)	(100.00)	-	
15	FGN Share of Signature Bonus	114.30	28.58	-	-	-	-	-	-	(28.58)	(100.00)	-		(114.30)	(100.00)	-	
16	TOTAL RETAINED REVENUE	5,084.40	1,271.10	395.03	527.37	795.91	658.70	2,377.01	1,754.06	(612.40)	(48.18)	(137.21)	(17.24)	(2,707.39)	(53.25)	622.95	35.51
17	Other Financing Sources	-	-	122.18	123.05	-	35.43	280.66	1,193.45	35.43		35.43		280.66		(912.79)	(76.48)
18	NNPC Refund to FGN		-	17.48	5.83	-	-	23.31	69.94	-		-		23.31		(46.63)	(66.67)
19	Share from Excess PPT		-	43.82	43.71	-	35.43	122.95	108.72	35.43		35.43		122.95		14.23	13.09
20	Exchange Rate Difference		-	60.88	73.52	-	-	134.39	179.23	-		-		134.39		(44.84)	(25.02)
21	Other Categories	-	-	-	-	-	-	-	835.56	-		-		-		(835.56)	(100.00)
22	TOTAL INFLOW	5,084.40	1,271.10	517.21	650.42	795.91	694.13	2,657.67	2,947.51	(576.97)	(45.39)	(101.78)	(12.79)	(2,426.73)	(47.73)	(289.84)	(9.83)

Source: Budget Office of the Federation and the OAGF, 2017

Oil and Gas Revenue continued to dominate revenue inflow of the Federal Government accounting for 60 percent of total revenue in the review period. Other revenue sources are as depicted in *figure 3.6.*

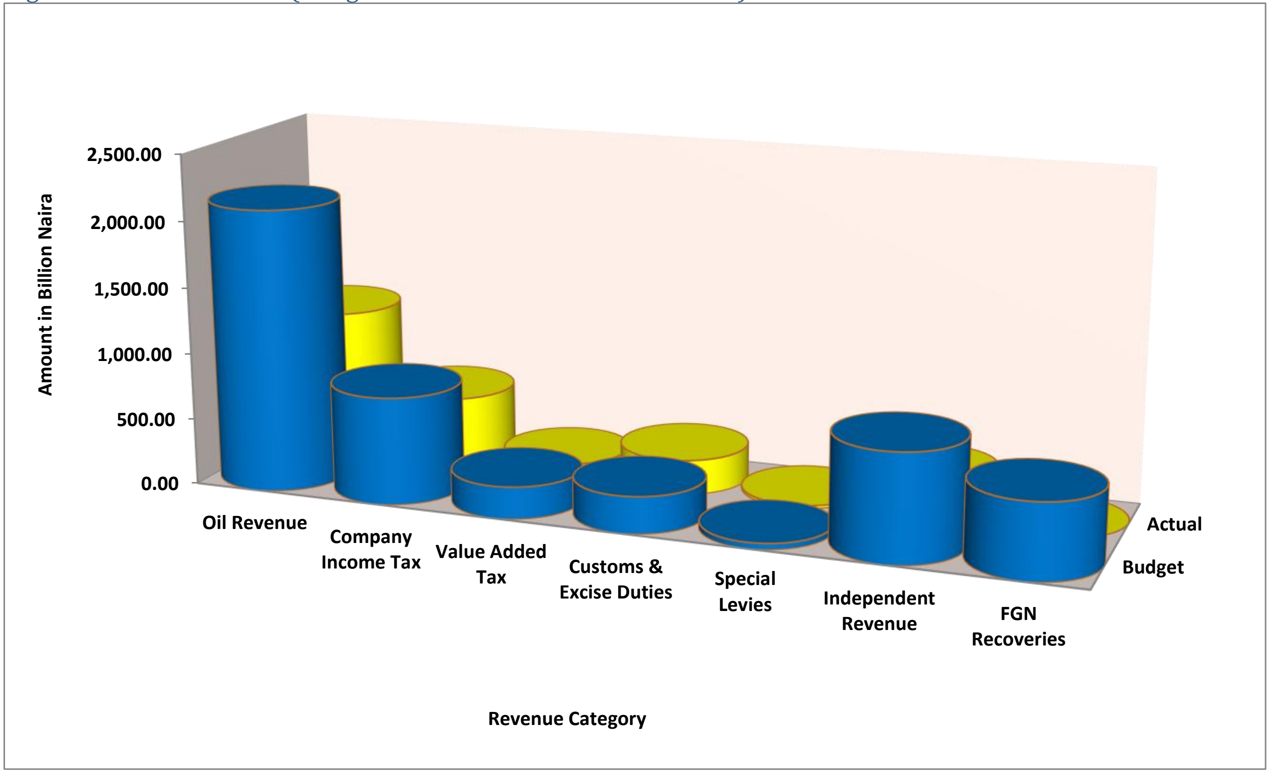
Figure 3.6: Contributions to the FGN Budget Revenue in the Fourth Quarter of 2017 (Excluding FGN's Unspent Balances and FGN's Balances in Special Accounts)



Source: The OAGF and Budget Office of the Federation, 2017

FGN Independent revenue accounted mostly to the revenue shortfall witnessed in the quarter under review contributing ₦164.39 billion (or 26.84 percent) of the entire revenue shortfall. Other major contributors included Oil Revenue, FGN Recoveries, Company Income Tax and VAT sharing ₦155.41 billion (or 25.38 percent), ₦141.27 billion (or 23.07 percent), ₦66.20 billion (or 10.81 percent) and ₦26.42 billion (or 4.31 percent) of the revenue shortfall respectively (*Figure 3.7*).

Figure 3.7: FGN Revenue (Budget Vs Actual as at December 2017)



Source: The OAGF and Budget Office of the Federation, 2017

3.8.1 Total Inflow of the Federal Government

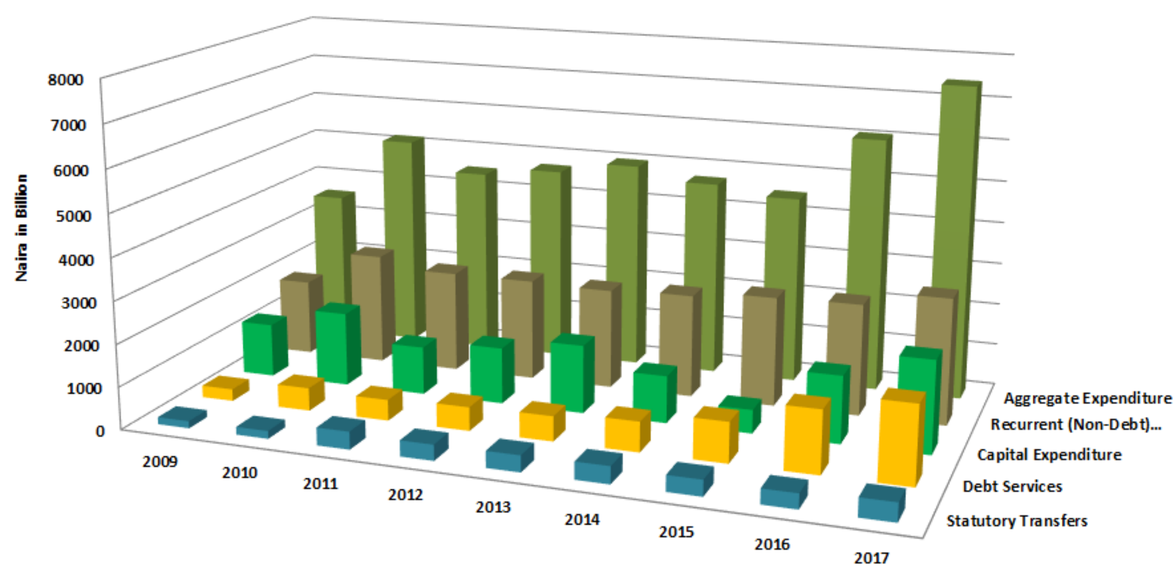
Total Retained Revenue of the Federal Government in the quarter stood at ₦658.70 billion indicating a decline of ₦612.40 billion (or 48.18 percent) and ₦137.21 billion (or 17.24 percent) from the budgeted quarterly projection of ₦1,271.10 billion and the ₦795.91 billion recorded in the third quarter of 2017 respectively. The FGN annual Retained Revenue for the 2017 stood at ₦2,377.01 billion and this was however, augmented by other unbudgeted revenue sources like NNPC Refund to FGN, Share from Excess PPT and Exchange Rate Difference. Thus, bringing Total Inflow for the year 2017 to ₦2,657.67 billion and a shortfall of ₦2,426.73 billion (or 47.73 percent) when compared to the annual projection of ₦5,084.40 billion.

3.9 Expenditure Developments:

A total of ₦7,441.18 billion was appropriated for expenditure in the 2017 Budget. Of this amount, ₦2,990.92 billion (or 40.19 percent) was for Recurrent (Non-Debt) Expenditure, ₦1,841.35 billion (or 24.75 percent) was for Debt Services, ₦434.41 billion (or 5.84 percent) was for Statutory Transfers and ₦2,174.50 billion (or 29.22 percent) was for Capital Expenditure.

The aggregate Federal Government expenditure in 2017 translates to a quarterly outlay of ₦1,860.29 billion. Actual expenditure in the fourth quarter of 2017 stood at ₦1,901.80 billion, indicating an increase of ₦41.51 billion (or 2.23 percent) when compared with the quarterly budgeted estimate. Actual expenditure in the fourth quarter was also ₦386.74 billion (or 25.53 percent) higher than the expenditure level reported in the third quarter of 2017. The detail breakdown is presented in *Table 3.9.*

Figure 3.8: 2009 – 2017 Budget Expenditure Profile



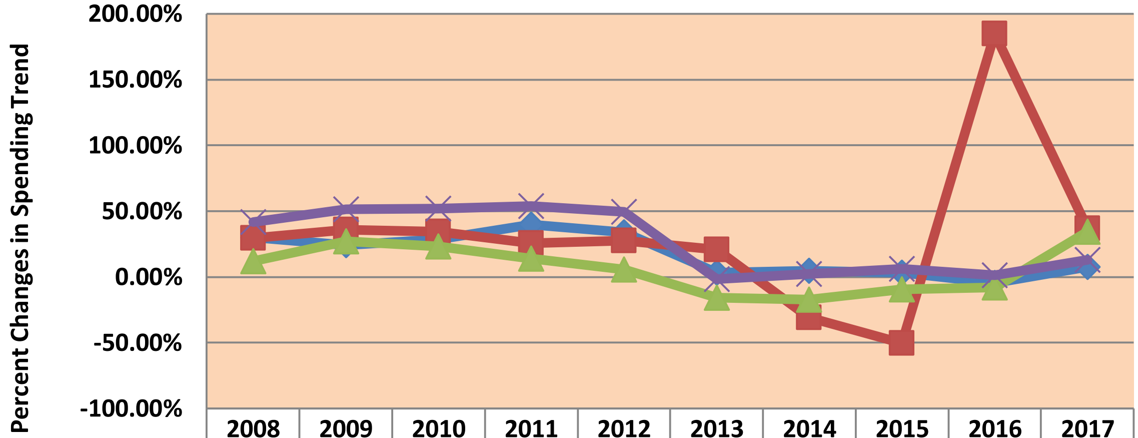
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Statutory Transfers	168.62	183.58	417.83	372.59	387.98	408.69	375.62	351.37	434.41
Debt Services	283.65	542.38	495.1	559.58	591.76	712	953.62	1,475.32	1,841.35
Capital Expenditure	1,280.71	1,764.69	1,146.75	1,339.99	1,621.48	1,119.62	557.00	1,587.40	2,174.50
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	2,990.92
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	7,441.18

Source: Budget Office of the Federation, 2017

3.9.1 Non-Debt Recurrent Expenditure

The sum of ₦858.08 billion was spent as recurrent non-debt expenditure in the fourth quarter of 2017. This implies an increase of ₦110.35 billion (or 14.76 percent) above the quarterly estimate of ₦747.73 billion. The fourth quarter non-debt recurrent expenditure was also ₦274.39 billion (or 47.01 percent) above the ₦583.69 billion recorded in the third quarter of 2017. However, the actual total recurrent non-debt expenditure reported in 2017 amounted to ₦2,765.33 billion, portraying a decrease of ₦225.59 billion (or 7.54 percent) below an annual projection of ₦2,990.92 billion. Government continued to emphasize more on capital expenditure over recurrent non-debt expenditure, like overtime in the face of persistent revenue constraint. The tactical initiatives of Government targeted at cutting down recurrent costs were therefore vigorously pursued during the period. Some of these initiatives included the continued increase in the number of MDAs enrolled into the Integrated Payroll and Personnel Information System (IPPIS), activation of more public financial management modules in the GIFMIS platform as well as the enforcement of the Treasury Single Account (TSA). The combined efforts of all the above initiatives had also helped the government in halting further increase in overhead cost while boosting capital expenditure as had been witnessed since 2016 fiscal year (*Figure 3.9*).

Figure 3.9: Personnel, Overhead and Capital Expenditure Trends (2008 – 2017)



	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget	2017 Budget
Personnel Costs (MDAs)	29.88%	24.08%	28.66%	40.01%	33.89%	3.37%	4.79%	3.46%	-4.47%	7.76%
Capital Spending	29.66%	36.00%	34.20%	25.57%	27.47%	21.01%	-30.95%	-50.25%	184.99%	36.99%
Overheads	12%	27.20%	23.06%	14.07%	5.57%	-15.94%	-17.37%	-9.65%	-8%	34.55%
Recurrent (Non Debt)	41.88%	51.28%	51.72%	54.07%	49.72%	-1.62%	2.06%	6.20%	1.51%	13.02%

Source: BOF and OAGF, 2017

3.9.2 Debt Service:

A total of ₦1,823.89 billion was released for debt service in 2017, this represent a decrease of ₦17.45 billion (or 0.95 percent) below the annual projection of ₦1,841.35 billion. The sum of ₦465.69 billion was spent on debt service in the fourth quarter of 2017, indicating an increase of ₦5.35 billion (or 1.16 percent) above the quarterly projection of ₦460.34 billion. The sum of ₦1,455.53 billion was spent on domestic debt service in 2017 representing a decrease of ₦32.47 billion (or 2.18 percent) below the annual projection of ₦1,488.0 billion. A quarterly estimate of ₦372.0 billion was made for domestic debt service but the sum of ₦236.82 billion was actually spent in the fourth quarter of 2017. This portrayed a decrease of ₦135.18 billion (or 36.34 percent) below the quarterly projection.

The sum of ₦175.88 billion was proposed for servicing foreign debt in 2017, portraying a quarterly projection of ₦43.97 billion. A total of ₦181.40 billion was spent for foreign debt service in 2017, ₦47.35 billion of this amount was spent in the fourth quarter of 2017.

Table 3.9: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at December 2017

S/NO	ITEMS	2017 BUDGET		2017 ACTUAL					2016	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)		2017 Vs 2016 (Actual)	
		₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b	₦b	%	₦b	%	₦b	%	₦b	%
A	TOTAL RETAINED REVENUE	5,084.40	1,271.10	395.03	527.37	795.91	658.70	2,377.01	1,754.06	(612.40)	(48.18)	(137.21)	(17.24)	(2,707.39)	(53.25)	622.95	35.51
B	NNPC Refund to FGN			17.48	5.83	0.00	0.00	23.31	69.94	0.00		0.00		23.31		(46.63)	(66.67)
C	Share from Excess PPT			43.82	43.71	0.00	35.43	122.95	108.72	35.43		35.43		122.95		14.23	13.09
D	Exchange Rate Difference			60.88	73.52	0.00	0.00	134.39	179.23	0.00		0.00		134.39		(44.84)	(25.02)
E	Other Categories			0.00	0.00	0.00	0.00	0.00	835.56	0.00		0.00		0.00		(835.56)	(100.00)
F	TOTAL INFLOW	5,084.40	1,271.10	517.21	650.42	795.91	694.13	2,657.67	2,947.51	(576.97)	(45.39)	(101.78)	(12.79)	(2,426.73)	(47.73)	(289.84)	(9.83)
G	EXPENDITURE:		0.00					0.00		0.00		0.00		0.00		0.00	
1	RECURRENT (NON-DEBT):		0.00					0.00		0.00		0.00		0.00		0.00	
2	Personnel Cost	1,884.07	471.02	418.50	501.75	452.99	492.37	1,865.62	1,689.94	21.36	4.53	39.38	8.69	(18.45)	(0.98)	175.68	10.40
3	Pension & Gratuity (Including Service Wide Pension)	231.41	57.85	47.87	47.87	47.87	47.87	191.46	184.76	(9.99)	(17.26)	0.00	0.00	(39.95)	(17.26)	6.70	3.63
4	Overhead Cost	219.84	54.96	47.78	74.79	10.53	6.96	140.05	149.28	(48.00)	(87.34)	(3.57)	(33.93)	(79.79)	(36.29)	(9.23)	(6.18)
5	Service Wide Vote (including Presidential Amnesty, Special Interventions & Other SW)	615.60	153.90	123.20	61.82	72.30	310.88	568.20	387.65	156.98	102.00	238.58	329.99	(47.40)	(7.70)	180.55	46.58
6	Refund to Special Accounts	40.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	(10.00)	(100.00)	0.00		(40.00)	(100.00)	0.00	
7	Sub-Total (Non-Debt)	2,990.92	747.73	637.35	686.22	583.69	858.08	2,765.33	2,411.63	110.35	14.76	274.39	47.01	(225.59)	(7.54)	353.70	14.67
8	Domestic Debts Service (Interest Element)	1,488.00	372.00	450.99	236.38	531.34	236.82	1,455.53	1,236.11	(135.18)	(36.34)	(294.52)	(55.43)	(32.47)	(2.18)	219.42	17.75
9	Foreign Debts (Interest Element)	175.88	43.97	40.24	46.69	47.13	47.35	181.40	77.35	3.38	7.68	0.22	0.47	5.51	3.14	104.05	134.51
10	Total Debt Service	1,663.89	415.97	491.23	283.06	578.46	284.17	1,636.93	1,313.46	(131.80)	(31.69)	(294.30)	(50.88)	(26.96)	(1.62)	323.47	24.63
11	Interest on Ways & Means		0.00	0.00	1.23	4.21	4.06	9.51	0.00	4.06		(0.15)	(3.56)	9.51		9.51	
12	Sinking Fund to Retire Maturing Loans	177.46	44.37	0.00	0.00	0.00	177.46	177.46	49.58	133.10	300.00	177.46		0.00	0.00	127.88	257.93
13	State Deferred Loan Deducted IFO DMO April' 16								21.86	0.00		0.00		0.00		(21.86)	(100.00)
14	Sub-Total (Debt)	1,841.35	460.34	491.23	284.30	582.68	465.69	1,823.89	1,384.90	5.35	1.16	(116.99)	(20.08)	(17.45)	(0.95)	438.99	31.70
15	Recurrent Expenditure 2015								82.61	0.00		0.00		0.00		(82.61)	(100.00)
16	Total (Recurrent)	4,832.27	1,208.07	1,128.58	970.51	1,166.37	1,323.77	4,589.22	3,879.15	115.70	9.58	157.40	13.50	(243.04)	(5.03)	710.07	18.30
17	CAPITAL EXPENDITURE:		0.00					0.00		0.00		0.00		0.00		0.00	
18	Capital Expenditure - 2017	2,174.50	543.62	0.00	0.00	236.91	463.98	700.88	173.09	(79.65)	(14.65)	227.07	95.85	(1,473.62)	(67.77)	527.79	304.92
19	Capital Expenditure - 2017 in 2018		0.00	507.16	231.93	0.00	0.00	739.09		0.00		0.00		739.09		739.09	
20	Sub-Total (Capital)	2,174.50	543.62	507.16	231.93	236.91	463.98	1,439.97	173.09	(79.65)	(14.65)	227.07	95.85	(734.52)	(33.78)	1,266.88	731.92
21	TRANSFERS:		0.00					0.00		0.00		0.00		0.00		0.00	
22	Statutory Transfers	434.41	108.60	98.47	110.10	111.79	114.06	434.41	344.00	5.45	5.02	2.26	2.03	0.00	0.00	90.41	26.28
23	TOTAL ACTUAL EXPENDITURE	7,441.18	1,860.29	1,734.21	1,312.54	1,515.06	1,901.80	6,463.61	4,396.24	41.51	2.23	386.74	25.53	(977.57)	(13.14)	2,067.37	47.03
24	Other Expenditure								745.71	0.00		0.00		0.00		(745.71)	(100.00)
25	TOTAL OUTFLOW	7,441.18	1,860.29	1,734.21	1,312.54	1,515.06	1,901.80	6,463.61	5,141.95	41.51	2.23	386.74	25.53	(977.57)	(13.14)	1,321.66	25.70
26	Fiscal Deficit	(2,356.77)	(589.19)	(1,216.99)	(662.12)	(719.15)	(1,207.67)	(3,805.94)	(2,194.44)	(618.48)	104.97	(488.52)	67.93	(1,449.17)	61.49	(1,611.50)	73.44
H	FINANCING ITEMS									0.00		0.00		0.00		0.00	
1	Privitization Proceeds	10.00	2.50	0.00	0.00	0.00	0.00	0.00	5.92	(2.50)	(100.00)	0.00		(10.00)	(100.00)	(5.92)	(100.00)
2	Signature Bonus	114.30	28.57	0.00	0.00	0.00	0.00	0.00	300.00	(28.57)	(100.00)	0.00		(114.30)	(100.00)	(300.00)	(100.00)
3	Foreign Borrowing	1,067.50	266.88	300.00	0.00	122.25	743.43	1,165.67	0.00	476.55	178.57	621.18	508.13	98.17	9.20	1,165.67	
4	Domestic Borrowing	1,254.27	313.57	510.00	320.00	365.00	142.55	1,337.55	0.00	(171.02)	(54.54)	(222.45)	(60.94)	83.28	6.64	1,337.55	
5	Other FGN Recoveries / Financing	205.56	51.39	0.00	0.00	0.00	0.00	0.00	561.11	(51.39)	(100.00)	0.00		(205.56)	(100.00)	(561.11)	(100.00)
6	Proceed of Sale of Govt Properties	25.00	6.25	0.00	0.00	0.00	0.00	0.00	300.00	(6.25)	(100.00)	0.00		(25.00)	(100.00)	(300.00)	(100.00)
7	Sub-Total	2,356.77	589.19	810.00	320.00	487.25	885.98	2,503.23	1,167.03	296.78	50.37	398.73	81.83	146.45	6.21	1,336.20	114.50
8	Net Deficit/Surplus	0.00	0.00	(406.99)	(342.12)	(231.91)	(321.70)	(1,302.71)	(1,027.41)	(321.70)		(89.79)	38.72	(1,302.72)		(275.30)	26.80

Source: OAGF and Budget Office of the Federation, 2017

3.9.3 Statutory Transfers:

The sum of ₦114.06 billion was released for Statutory Transfers in the fourth quarter of 2017. This translates to ₦5.45 billion (or 5.02 percent) and ₦2.26 billion (or 2.03 percent) above the quarterly budget estimate of ₦108.60 billion and ₦111.79 billion recorded in the third quarter of 2017. A total of ₦434.41 billion was spent as Statutory Transfers in 2017, this was also equal to the projected amount in the 2017 Budget. It is important to note that quarterly releases under this subhead are made on request by the beneficiaries and also subject to budgetary provisions and availability of funds.

3.9.4 Capital Expenditure Performance:

Greater share of Government's available budgetary resources were directed to structural reform of the economy and the provision of critical infrastructure in the roads, power, housing, rail and aviation sectors as well as the provision of physical and food security. In view of this, a total of ₦2,174.50 billion was apportioned to capital spending in the 2017 Budget.

MDAs' Capital Vote Utilization:

The late passage of the 2017 Appropriation Bill, the extension of the implementation of the 2016 capital budget to 5th May, 2017, the shortfall in expected revenue as well as the increasing non-discretionary expenditures of government affected the implementation of capital projects for 2017 Budget. Also, the usual general releases of quarterly Capital Development Warrants and AIEs to MDAs were not followed. Instead, funds were released to MDAs in batches based on the availability of resources and government priorities. An analysis of the data from the Office of the Accountant General of the Federation on 2017 capital performance for MDAs as at 12th June, 2018 showed that a total of ₦1,563.15 billion was released and cash backed to MDAs for their 2017 capital projects and programmes. The sum of ₦303.46 billion was released in the first batch or warrant, ₦365.35 billion in the second batch or warrant, ₦66.42 billion in the third batch or warrant, ₦19.67 billion in the fourth batch or warrant, additional release of ₦23.30 billion or warrant and ₦784.94 billion as Authority to Incur Expenditure (AIEs).

Performance as at 12th June, 2018:

The data also revealed that ₦1,439.97 billion (or 92.12 percent) of the total amount released and cash-backed was utilized by MDAs as at 12th June, 2018. *Appendix 1* to this Report shows the funds released to and utilized by MDAs in the period. A breakdown of the forty (40) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) indicated different levels of utilization among the MDAs. Thirty two (or 80 percent) of the MDAs including: Defence, FCTA, Foreign Affairs, Head of Service, Science & Technology, Transport, Water Resources, Agriculture, Education, Health, Interior, Niger Delta, RMFAC and Police Service Commission had utilized more than the overall average utilization rate of 92.12 percent of the amount cash-backed. Five out of these, including FCTA, Communication Technology, National Salary & Wages, Code of Conduct Tribunal and Police Service Commission had 100 percent of their respective cash-backed funds utilized.

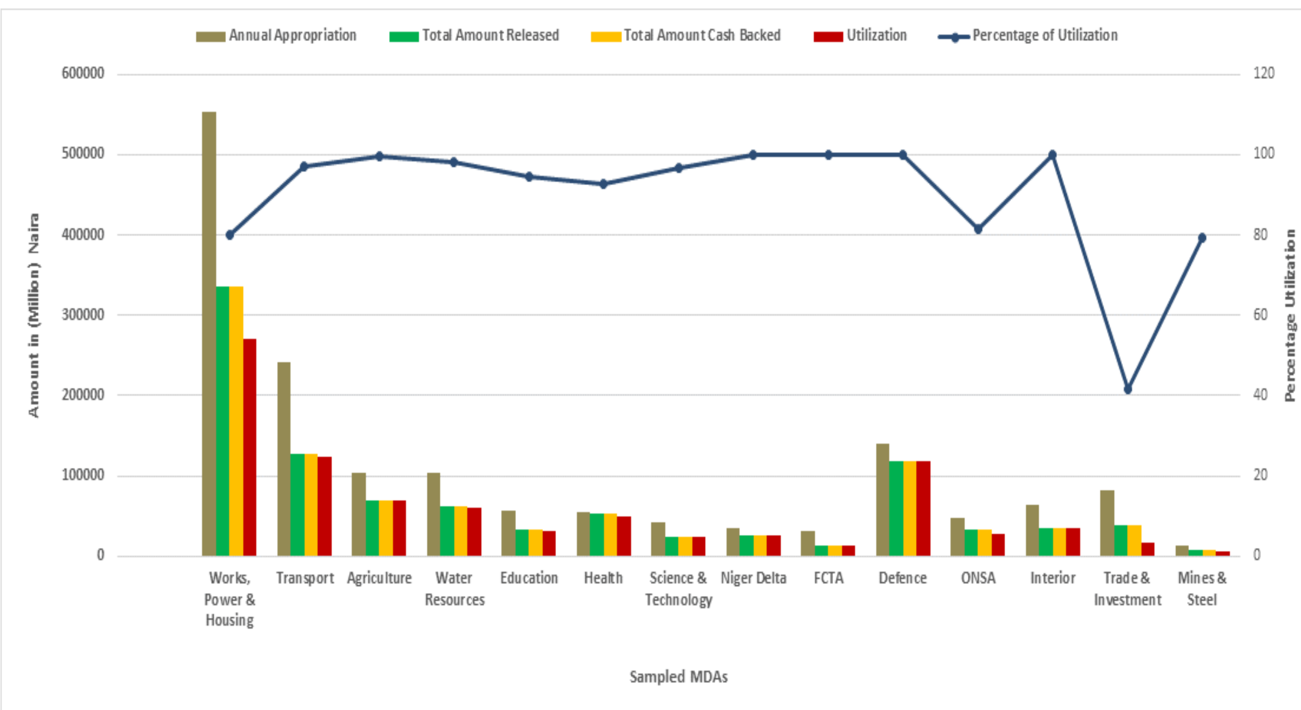
The utilization report also revealed that 8 MDAs (or 20 percent) which included: OSGF, Finance, Trade & Investment, Works, Housing & Power, Petroleum, ONSA, Code of Conduct Bureau and Mines & Steel utilized below the average utilization rate of 92.12 percent of their cash-backed funds. *Table 3.10* below is an extract from *Appendix 1* highlighting the utilization rates of fourteen MDAs considered to be key to the actualization of the Federal Government's objectives.

Table 3.10: Capital Budget Utilization by MDAs (as at 12th June, 2018)

MDA	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization	Percentage of Utilization
Works, Power & Housing	553,713,857,113	336,577,983,445	336,577,983,445	269,581,657,876	80.09
Transport	241,709,000,000	127,926,043,089	127,926,043,089	124,340,070,018	97.20
Agriculture	103,793,201,010	68,784,528,448	68,784,528,448	68,560,041,865	99.67
Water Resources	104,245,803,117	61,869,525,235	61,869,525,235	60,723,488,591	98.15
Education	56,720,969,147	33,424,279,452	33,424,279,452	31,613,257,341	94.58
Health	55,609,880,120	52,656,143,773	52,656,143,773	48,849,038,548	92.77
Science & Technology	41,699,655,490	24,414,086,033	24,414,086,033	23,644,611,086	96.85
Niger Delta	34,201,500,001	25,100,750,000	25,100,750,000	25,094,763,599	99.98
FCTA	30,397,122,872	12,198,561,436	12,198,561,436	12,198,561,436	100.00
Defence	139,294,920,350	117,680,126,655	117,680,126,655	117,673,224,399	99.99
ONSA	47,209,203,765	33,375,701,883	33,375,701,883	27,204,595,908	81.51
Interior	63,760,562,487	35,004,511,437	35,004,511,437	34,999,966,896	99.99
Trade & Investment	81,726,971,059	39,151,744,587	39,151,744,587	16,324,781,830	41.70
Mines & Steel	12,455,000,000	7,127,500,000	7,127,500,000	5,655,072,236	79.34

Source: OAGF and BOF, 2017

Chart 3.9: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF, 2017

3.9.5 Budget Deficit and Performance of the Financing Items:

The 2017 Fiscal Framework projected an annual fiscal deficit of ₦2,356.77 billion to be financed through earnings from Privatization Proceeds of ₦10.0 billion, Foreign Borrowing of ₦1,067.50 billion, Domestic Borrowing (FGN Bond) of ₦1,254.27 billion and Sale of Government Properties of ₦25.0 billion. This also implied a quarterly fiscal deficit of ₦589.19 billion.

The revenue and expenditure outturn of the Federal Government lead to a fiscal deficit of ₦1,207.67 billion in the fourth quarter of 2017. This was ₦618.48 billion (or 104.97 percent) higher than the projected quarterly deficit of ₦589.19 billion. The Fiscal deficit in the fourth quarter was also higher than the fiscal deficit of ₦719.15 billion recorded in the third quarter of 2017. The total annual fiscal deficit for 2017 amounted to ₦3,805.94 billion and this was financed through Foreign Borrowing of ₦1,165.67 billion and Domestic Borrowing (FGN Bond) of ₦1,337.55 billion, thereby leaving a negative net financing of ₦1,302.71 billion in the period under review.

4.0 CAPITAL PROJECT IMPLEMENTATION REPORT

INTRODUCTION:

The Fourth Quarter, 2017 capital budget monitoring exercise was conducted from Monday 2nd to Friday 13thJuly, 2017. The Monitoring Teams from the Ministry of Budget and National Planning embarked on the physical inspection of selected capital projects across the six (6) geo-political zones of the country. This is further to the Administration's commitment to deliver on its promises, promote transparency and accountability.

The objective is to assess the extent of the implementation of budgeted capital projects within the period to determine the relative value of funds allocated to them as at the end of the fiscal year. The teams visited various projects in Health, Power, Works & Housing, Education, Water Resources, Transportation, Agriculture & Rural Development, Science & Technology, OSGF, Ministry of Niger Delta, Industries, Trade & Investment and State House.

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

4.1 TRANSPORTATION SECTOR

In the 2017 budget, the Sector was allocated a total of N241.71billion to execute its capital projects and programmes. Out of this amount, N127.93billion was released and cash backed while N124.34billion was utilized as at end of the fiscal year. The following projects amongst others were monitored:

i. Construction of Inland River Port, Oguta

The project entails the construction of Oguta Lake Inland River Port in Ossemotor, Oguta LGC of Imo state to provide loading and offloading facilities for passengers and bulk cargoes. The scope of the project involves: construction of port Quay wall, Transit shed, warehouse, Workshop and Administrative building. Others are: Fire station building, Customs and Police buildings, staff quarters and water treatment/elevated water tank.

It was awarded to Messrs Scott Amede Engineering and Power Supply Limited in July 2009 at an initial cost of N2.74billion and was expected to be completed by March 2013. However, due to paucity of funds and inflation the cost was reviewed upward to N3.15 billion with a new completion date of December 2018.

In the 2017 budget, the sum of N554.11million was appropriated to the project but there was no release in the year under review. However, a total of N2.09billion had been committed since inception to achieve 75% level of completion. The sum of N651.08 million was outstanding for payment to the contractor for certified works earlier achieved.

Findings:
At the time of visit, there was no activity ongoing at the site as the contractor suspended work since 2014 due to funding issues. However, construction of Port buildings such as Administrative building, Fire station, Customs and Police buildings, Staff quarters as well as Warehouse and Workshop were substantially achieved. In addition, the construction of Port Quay wall, Transit shed, and Elevated water tank are at various levels of completion.


Picture1: Transit Shed, Warehouse and Workshop Structures Stalled at the River Port Site, Oguta

Socio-economic Impact:
The project when completed will provide loading and offloading facilities for passengers and bulk cargoes at the Port. It would also economic activities and increase government revenue.

ii. NIGERIAN RAILWAY CORPORATION (NRC), LAGOS

The Corporation had an appropriation of N11.43billion in the 2017 Budget to implement its capital projects and programmes. Of which, N8.7billion was released and utilized as at the end of fiscal year to execute amongst others the following projects:

a) Completion of Ajaokuta-Itakpe- Warri Railway Project:

The project involves the construction of rail track, station buildings and bridges between Itakpe, Ajaokuta and Warri. Major structures comprises: 20 no. bridges, railway village, Admin building, roads, drainages and culverts, power supply station, water tanks, supplies depot, sewage treatment plant, refueling point for trucks and Locomotives, Control house, Signal Tower, bridges, workshop, store. Others include: medical building, loading platform, maintenance workshop, warehouse, Locomotive Deport unit, steel and woodwork shed and gate houses.

The contract was awarded to two contractors (Messrs Julius Berger Nig Plc at a cost of N9.74 billion plus US$116.78 in December, 2007 and Messrs CCECC at a cost of USD 122.61 in August, 2017.There was however, an upward review of the cost to N51.38 billion in August, 2017 with a completion date scheduled for December, 2018. In the 2017 Budget, the sum of N29.62 billion was appropriated, released and utilized to achieve 70% level of completion.

Findings:
At the time of visit, components of work completed include: 20 over bridges and overpasses, culverts, Railway bridges, concrete structure embankment while Road work minor finishing were in progress.

Picture 2: Completed Portion of Rail Tracks at Ajaokuta-Itakpe-Warri Rail Lline

Socio-economic Impact:
The project had created employment opportunities for skilled and unskilled labour within the communities. On completion, it is expected to boost economic activities along the corridor.

iii. Lagos – Ibadan Rail Way Modernization Project Addendum 2a and 2b with Extension to Lagos Port Complex at Apapa

The project was designed to provide efficient, convenient and safe mode of transportation for commuters and goods from Apapa port to various parts of Nigeria. The scope of work involves: design, procurement, manufacture, construction, installation, testing, training, pre-operation and maintenance of 156.65km standard gauge. Others include: construction of ten railway stations, Railway bridges, power supply, communication and signaling, maintenance of double track from Lagos to Ibadan and 6.5km standard gauge single track from Ebute–Meta to Apapa Port complex.
The contract was awarded to Messrs CCECC Nig. Ltd in December, 2016 at a cost of US $1.58 billion with a Completion date of May, 2020. In 2017 budget, the sum of N72billion plus USD $99.67million was allocated and released as advance payment to the Contractor. A total of US $336.834 million had so far been expended on the project since inception to achieve 30% level of completion.

Findings:
At the time of visit, the monitoring team was informed that the project is yet

to access the loan of US $3.94 million from EXIM bank. However, the sum of $42.996 million had been paid to team Nig. Ltd Consultant for design, vetting, technical assistance and full work supervision of the Lagos –Ibadan segment.

Picture 3: On-going Construction of Rail Line/Tracks Slippers at Lagos – Kano Railway Project

Socio-economic Impact:

The project had created job opportunities for about 7,300 workers. On completion, it will create avenue for easy and efficient transportation of farm produce to markets and reduce pressure on the highway from heavy trucks, tankers and other heavy equipment thereby prolonging the life span of the roads. In addition it would bring about Industrial development and to open up the economy.

Challenges:

Issues concerning relocation of utilities like water and oil pipelines and right of way (ROW) were identified as slowing down the pace of work.

iv. MARITIME ACADEMY OF NIGERIA, ORON

The academy was established in 1979 to educate and train shipboard officers, ratings, shore-based management personnel and other sea farers to become maritime professional cadets. The sum of N850was allocated in the 2017 Budget for the execution of its capital projects and programmes. Of this amount, N425million was released, and utilized. The following projects, amongst others, were monitored:

a). Completion of Phase I of the Boat Building/Maintenance Workshop

The project was designed to provide modern workshop for the training of maritime professionals. The scope of work include: block work, roofing, plumbing and electrical works.

The contract was awarded to Messrs AFET 27 Nig Ltd in December, 2011 at a cost of N248.8 million and was scheduled to be completed by December, 2017. The sum of N21.8 million was appropriated in the 2017 budget out of which N17 million was released and utilized. A total of N239 million has been committed to the project since inception to achieve 95% level of completion.

Findings:

At the time of monitoring, the substructure, super structure and roofing had been completed while plumbing, electrical and finishing were on-going.

Socio-economic impact:

When fully completed and put to use, students are expected to be trained in boat building and maintenance.

b) Completion of Slipway for MAN's Boatyard

The project involves the completion of slipway for the boatyard and provision of a berth for boats and ships for the repair and maintenance services as well as training of maritime professionals.

The contract was awarded to Messrs Baye-Ebi Nig Ltd in December, 2011 at a cost of N9.1 million and is scheduled to be completed by December, 2018. The sum of N21.8 million was appropriated in the 2017 budget, of which N17 million was released and utilized in the year. A total of N239 million has been committed to the project since inception to achieve 95% level of completion.

Findings:

At the time of monitoring, the construction of slipway for the boatyard and provision of a berth for boats and ships had been substantially completed.

Socio-economic Impact:

The project has not been opened for use since its partial completion. When put to use, it will train potential student in boat building and maintenance.

Picture 4: Portion of the Completed Slipway of Boatyard at Maritime Authority of Nigeria, Oron

v. NIGERIAN INSTITUTE OF TRANSPORT TECHNOLOGY (NITT), ZARIA

The Institute had an appropriation of N13.71billion in the 2017 budget for the implementation of its capital projects and programmes. Of this amount, N13.37billion was released, cash backed and utilized as at the end of the fiscal year. The following project was monitored:

a) Construction of Workshop and Fire Fighting Equipment

The project involves the construction and equipping of a fire service station to protect the institution from any fire outbreak. Components of works include: 10 Nos fully furnished offices with fittings, a conference room, tower, industrial borehole, water storage facilities/hydrants and a fire station vehicle.

The contract was awarded to Messrs Hilly Lash Nigeria Limited at a cost of N492.12 million in October 2016 with a planned completion date of September, 2017.The sum of N400 million was appropriated in the 2017 budget, out of which N194.79 million was released and utilized to achieve 70% level of completion.

Findings:

As at the time of monitoring, the workshop and the fire-fighting equipment were already in place.

Picture 5: The Constructed Workshop and Fire Fighting Equipment

4.2 AVIATION SUB-SECTOR

4.2.1 NIGERIAN COLLEGE OF AVIATION TECHNOLOGY, ZARIA

The college was set up to provide the Aviation Industry with professionals and other personnel through training and related services for safe air transportation in accordance with international standards.

The sum of ₦4.25 billion was appropriated to the college in the 2017 budget for the implementation of its capital projects/programmes. Of this amount, ₦2.82 billion was released, cash backed and utilized as at the end of fiscal year. The following projects among others were monitored:

a) Supply & Installation of DVOR/DME and ILS for Flight Training

The project involves the Supply & Installation of DVOR/DME and ILS for Flight Training. The contract was awarded to Messrs Merry Aviation Communication Electronics & Industries at a cost of ₦998.03 million in December 2014 with a completion date of December 2018.

The sum of ₦498.81 million was appropriated to the project in 2017 budget, of which ₦119.72 million was released and utilized. A total of ₦819.9 million had so far been committed to the project to achieve 62% level of completion.

Picture 6: Supplied & Installed DVOR/DME and ILS for Flight Training

Findings:

At the time of monitoring, a DVOR/DME and ILS for Flight Training had been supplied and awaiting installation, training and supply of tools and spare parts. Training of instructors was completed in May, 2018.

Socio – economic Impact:

When completed, the project will help to improve the quality professionals and other personnel trained in the institute and it will also increase the number of professionals available for employment in the aviation sector.

4.2.2 Construction of Akanu–Ibiam International Airport Terminal, Enugu

The project entails the construction of a new terminal building and a cargo at the existing airport. The scope of work includes: provision of terminal halls, offices, departure and arrival halls, canonical area, installation of central chilling system (air conditioner), lift installations, conveyor belts, escalators, and lifts.

It was awarded to Messrs CCECC (Nig) Ltd. in March 2013 at a cost of N14.24 billion with an initial completion date of December 2015. This was however extended to December 2017 due to fund constraints. Also, the contract cost is being reviewed upward due to issues including escalation in cost, contract variation and funds shortage.

In the 2017 budget, the sum of N2.03billion was appropriated to the project out of which N700million was released and utilized as at end of the financial year. A total of N7.62billion was so far been committed to the project since inception to achieve cumulative performance of 50% on the entire project. 60% performance has been achieved for the terminal building. It was reported that the sum of N3.93billion was still outstanding for payment to the contractor for certified works done.

Findings:

At the time of monitoring, all the structure works/building has been completed. In addition, wall plastering, roofing steel structure and external curtain walls installation were all completed. Works in progress include: installations of mechanical and electrical pipes, the lift, roof water proving and other auxiliary works. Outstanding works are: Air-conditioning installations, bagging system (conveyor belt), completion of mechanical and electrical installations, cargo and finishing.

Picture 7: On-going Arrival Hall and Re-enforcement Works of External Passage at Akanu Ibiam International Airport, Enugu

Socio-economic Impact:

The project has provided employment opportunities for skilled and unskilled youth of the area. On completion, it will provide an enlarged and befitting edifice in addition to increase in revenue generation.

Challenges:

The major challenge confronting the project is low budgetary provisions and delay in payment of certificates for certified work done. This has forced the contractor to close site since July 2016 and only to reopen in March 2018.

4.3 POWER, WORKS AND HOUSING SECTOR

The sector had an allocation of N553.71billion in the 2017 budget. Of this amount, N386.58billion was released and cash backed while N269.56billion was utilized as at the end of the fiscal year to implement its capital projects and programmes. The following projects were monitored:

4.3.1 WORKS SUB-SECTOR

a). Construction of 2nd Niger Bridge Linking Anambra to Delta State

The project entails the construction of a Bridge which covers a total length of 1.59km and is located 1.7km downstream of the existing bridge on a new alignment from Anambra to Delta state. It comprises of four (4) components namely: the Asaba road, Toll Plaza, the Bridge and Onitsha road sections respectively. Scope of works include: general preliminaries and site clearance, Site yard, installation of concrete batching plant, bridge construction. Others are: Secondary bridges, earthworks and road works.

It was awarded to Messrs Julius Berger Nig. PLC in December 2016 at a cost of N14.45billion with an initial completion period of nine (9) months. This was later extended to October 2018 due to paucity of funds. The sum of N7.0billion was appropriated in the 2017 budget of which N2.89billion was released and utilized at the end of the fiscal year. A total of N8.39billion had so far been committed to the project to achieve 37.55% cumulative performance.

Findings:

At the time of monitoring, the following works had been achieved: 310nos. piles and 198nos. square piles driven into the earth, installation and commissioning of concrete batching plant, casting of 5nos. pile caps, abutment works at Asaba end and a set of piers. Works in progress were construction of Power house at Onitsha side, spillway construction at East approach and bush clearance at ROW, installation of geo-textile and sand filling. Others include: preparation of reinforcement for piles, pile caps, pier stem, box culverts and production of various precast concrete members.

Picture 8: Ongoing Construction of 2nd Niger Bridge at Onitsha

Socio-economic Impact:

On completion, the project is expected to reduce the current strain on the existing bridge, and improve traffic flow.

b). Reconstruction of the outstanding sections of Benin-Ofosu-Ore-Ajebandele-Shagamu Expressway, Phase III, C/NO6133

The project involves the rehabilitation of 83.01km dual carriageway from Benin and traverses through Ofosu town in Edo state to Ore, Omotosho, Kajola and Ajebandele towns in Ondo state and passes through Ogbere, Ijebu Ife, Ijebu Ode, and ends at Shagamu in Ogun state. The scope of work includes: site clearing, excavation, scarification, stone base, provision and laying of asphaltic macadam, binder and wearing courses. Others are: provision of outer and inner shoulders, concrete lay-by, drainage system, kerbs and chutes, stone pitching, rehabilitation of existing bridges, provision of road furniture, signs and markings.

The contract was awarded to Messrs Reynolds Construction Co. Nig. Ltd. in October 2012 at a cost of N65.22 Billion with an initial completion date of October 2015, but was extended to June 2019 due to paucity of funds. The sum of N4.5 Billion was appropriated to the project in the 2017 budget but there was no release of fund from the national budget. However, N5 Billion Sukuk fund was released and utilized to the project as at fourth Quarter of the year. A total of N38.70 Billion had so far been committed to the project since inception to achieve 68.32% cumulative performance.

Findings:

At the time of inspection, 27km dual road from Ofosu to Ore and 40km dual road from Ore to Omotosho had been completed while the 20km dual carriageway is still outstanding.

Picture 9: Completed Portion of Benin-Ofosu-Ore-Ajebandele-Shagamu Expressway, Phase III

Socio-economic Impact:

The project had provided employment opportunities for about 200 skilled and unskilled labour. On completion, it is expected to ease the movement of goods and services and reduce vehicle operating cost from Lagos port to the other parts of the country.

Challenges:

The main challenge affecting the timely delivery of the project includes: non-payment of certified claims, inadequate budgetary provision, poor maintenance and pressure on the road from vehicles exceeding the maximum metric tons carrying capacity.

c). Rehabilitation of Hadejia-Nguru-Gashua-Bayamari Road in Jigawa and Yobe State, Contract No.6139

The project entails the rehabilitation of 25km of Nguru – Gashua -Bayamari road of section II phase I axis in Yobe State. Components of the project include 25km of road, Ashphaltic concrete binder course, asphaltic wearing course, 4km drainage within Gashua Town (Left and Right) and the maintenance of existing bridges.

The Contract was awarded to Messrs Chinese Civil Engineering Construction Corporation (CCECC) Nig. Ltd in December, 2012 at an initial cost of N6.58billion with an initial completion date of June, 2014. The completion date was however reviewed to December, 2018 due to the paucity of funds and insurgency. In 2017 budget, the sum of N1.50billion was appropriated, while the sum of N940.29million was released, cash backed and utilized as at the end of the fiscal year. A total of N5.84billion has so far been committed to the project since inception to achieve 80.45% level of completion.

Findings:

At the time of monitoring, works completed include: the construction of 25km length of road, site clearance, earthwork, sub-base and stone base starting from Yusufari Junction through Gashua town to Bayamari cross Junction. Others include: asphaltic concrete layer course of 25km length which has been substantially completed. The land drain, priming, stone pitching and surface dressing within the Gashua town are ongoing while asphaltic concrete wiring and shoulder dressing were outstanding.

Picture 10: Rehabilitation of Hadejia-Nguru-Gashua-Bayamari Road Project with Ongoing Works on the Road Shoulder

Socio-economic Impact:

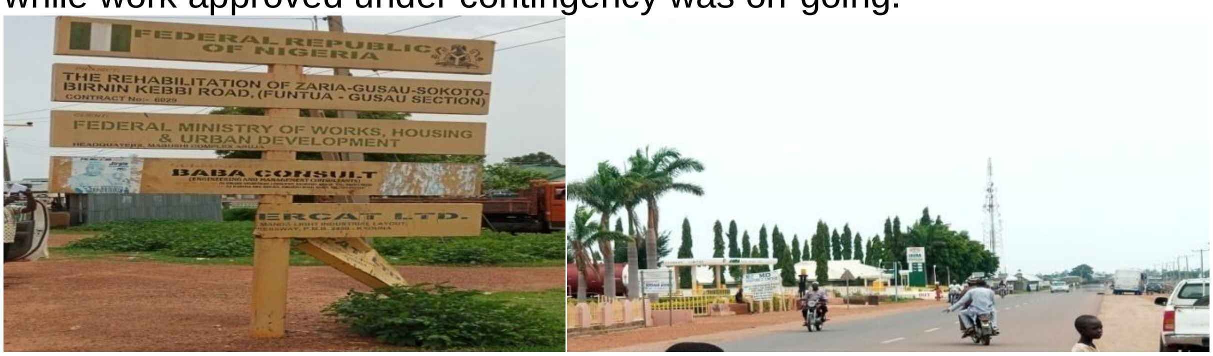
Though the project is still ongoing, it has provided employment opportunities for over 20 skilled and over 300 unskilled workers especially from the host communities who are directly involved in the project. When completed, 25km out of the 52 km stretch of road from Gashua to Bayamari would have been rehabilitated thereby reducing current travel time.

d). Rehabilitation of Zaria-Gusau-Sokoto-Birnin-Kebbi Road C/No. 6029

The project involves the completion and rehabilitation of 104.59km length of road from Zaria through Gusau, Sokoto to Birnin-Kebbi. The scope of works consists: site clearance, scarification of failed bituminous surface on carriageway, earthworks, construction of box & pipe culverts, concrete lined drains and demolition of failed drainage structures. Others works include: provision of 200mm thick laterite sub-base and crushed stone base on failed locations.

The contract was awarded to Messrs Mothercat Limited in November 2009 at an initial cost of N7.94 billion with 30 months completion period. However, the project cost was revised to N8.33billion with an extended completion date of December 2018.The sum of N2 billion was appropriated in the 2017 budget, out of which N1.7 billion was released and utilized to bring total financial commitment on the project to N7.80 billion to achieve 95% level of completion.

Findings:
At the time of monitoring, substantial part of the project had been completed while work approved under contingency was on-going.



Picture 11: On-going work on Rehabilitation of Zaria-Gusua-Sokoto – Birnin Kebbi Road

Socio-economic Impact:
Although, the project was yet to be fully completed, it had employed about

292 skilled and unskilled workers. It had also improved socio-economic activities within the road corridor and had helped to reduce travelling time and road accidents.

4.3.2 POWER SUB-SECTOR

a) The Construction of Omotosho-Erukan (Ogijo) 132km 330kv Double Circuit Transmission Line

The project entails the evacuation of stranded power from Omotosho power plant to the national grid for onward transmission. Components of the work include: design, engineering, procurement and construction of tower members. Others are: Geo-technical investigation, tower foundation, erection, stringing and commissioning.

The contract was awarded to Messrs Energo Nigeria Limited in January 2011 at a cost of USD$20.54 million plus N1.92 billion and it was expected to have been completed by October 2013. The completion date was however revised to October 2019 due to paucity of fund. The sum of N2.98 billion was appropriated in the 2017 budget, out of which N2.97 billion was released and utilized to fund the letter of credit as at the end of the fiscal year. A total of USD$7.36 million plus N837.12 million had so far been expended on the project since inception to achieve 34% level of completion.

Findings:

At the time of monitoring, works completed include: Preliminary line route survey, profile and tower spotting, designs, procurement of 126 pieces of tower members (AAH) and tower test for AAH and DDH. Others are: casting of 69-no foundation and erection of 50-no of tower members.

Picture 12: Completed Tower Erection at Omotosho-Erukan (Ogijo) Transmission line

Socio-economic Impact:
The project had created employment opportunities for semi-skilled and skilled labour both in the immediate and the surrounding communities. On completion, it will improve the grid efficiency and power supply especially in Lagos, Ondo and Ogun states.

Challenges:
The partial acquisition of right of way, way leave issues along the line route and delay in the procurement of higher capacity current conductors has affected the timely delivery of the project.

b) Construction of 700 MW Zungeru Hydroelectric Power Project

The project is designed to generate 700MW into the national grid via 2 transmission line routes (Zungeru MEPP-Tegina & Zungeru HEPP-Jebba/Shiroro). Components of the project include: construction of dam, Switch Yard, Powerhouse (consisting of 4-no. Turbines x175MW per unit), Stilling basin/Plung pool, and a 5km long Tailrace channel (suitable for navigation).

The contract was awarded to Messrs Cneec-Sinohydro Consortium in September 2013, at a cost of US$1.29billion (75% loan from Chinese Exim Bank, 25% FGN counterpart funding) with completion date scheduled for December, 2020.In the 2017 budget, the sum of N2.48billion was appropriated, out of which N1.05billion was released and utilized. A total of

N28.38billion had so far been committed to the project since inception to achieve 25% level of completion.

Findings:
At the time of monitoring, works completed include: excavation works, river diversion, foundation grouting and levelling of concrete, survey for the transmission lines and line route alignment. Others include: access road, employees and contractors camp while, construction of the drainage system is in progress.

Picture 13: Excavation/Foundation Grounding Works at Zungeru Hydroelectric Power Project

Challenges:
The team gathered that youth restiveness and the relocation of the indigenous communities' paused an impediment or grave threat to the timely completion of the project as people resisted the demolition/relocation of their shrines. This, however, has been surmounted by the formation of a committee headed by the Hon. Commissioner of Works in Niger State for prompt intervention.

Socio-economic Impact:
Though not yet competed, the project had created employment opportunities for skilled and unskilled indigenes of Kontagora, Kagara, and Minna Emirates. In addition, the contractor had built Schools, hospitals and roads as part of his Corporate Social Responsibility.

c) *Kashimbila Power Project*

The Kashimbila/Gamovo multi-purpose buffer dam is located along River Katsina-Ala in Takum Local Government Area of Taraba State. It was initiated as a buffer dam to check the structurally weak lake Nyos (Cameroon) from over flooding. The hydro power component of the project was designed to serve as a corridor for the evacuation of power from the 3,050mw Mambila hydro power plant to the ongoing 132kv Takum and Wukari substation principally for commercialization.

The scope of the works include: erection of 132kv double circuit line from Kashimbila to Takum, 33kv double circuit in Galvanized steel lattice structures tower (40km) from Wukari to Donga, 132kv double circuit (105km) from Wukari to Yandev. Others include: Installation of 132kv switchyard at Kashimbila, 132/33kv at Takum and Wukari sub-station,etc.

The contract was awarded to Messrs SCC (Nig.) Ltd. at a cost of ₦6.5 billion plus $162.8billion in January 2015 with a planned completion date of December 2018. The sum of 10 billion was appropriated in the 2017 budget, of which same amount was released and utilized. A total of ₦4.3 billion plus $109.9billion had been committed to the project since inception to achieve 65% level of completion.

Findings:

At the time of visit, the construction of the resident engineers' quarters both in Yandev and Takum substations were at various levels of completion. The Civil aspect of the project was in progress and all equipment had been procured waiting for distribution to the various substations. Outstanding works include: installation of electrical parts, digitalization of the control room with high voltage equipment, replacement of 16kva generator with 150kva generator, laying of gravels and purchase of 33kva box with 10megawatts capacity for each transmission line located at the Yandev and Takum substation.


Picture 14: Procured Equipments/Completed Residential Quarters for Engineers at Yandev/Takum Sub-stations

Socio-economic Impact:

The project when completed will boost power supply in Taraba and Benue States as well as increase revenue generation for Government.

Challenges:

Delay in the clearance of over 50 containers of the equipments at the port insecurity and inadequate budgetary provision were identified as set back to the prompt delivery of the project.

d) Construction of 215 Mw Dual Fired LPFO/ Gas Power Plant, Kaduna

The project entails the construction and installation of 215MWKaduna Dual Fuel (LPFO/Gas) Fired Open Cycle Power Station. Others are: construction of eight (8) units General Electric (GE) Frame 5 with associated equipment which is tied-in to an existing 132KV Sub Station. It should be noted that Low Pour Fuel Oil (LPFO) and Natural gas are the two primary fuels for Gas Turbines while diesel is a third fuel source.

The Contract was awarded to two (2) contractors: Messrs General Electric (GE) and Rockson Engineering (RE) in November 2009 at an initial cost of EUR156.14million (offshore component) plus N3 billion (onshore component) which is inclusive of compensation for any exchange rate differences from the time of tender to any future payment date. It was initially scheduled to be completed by November 2013 but was later revised to November 2018.

The Addendum to the original contract was signed following approval by Mr. President; a BPP No objection certificate has been issued to the EPC Contractor Messrs Rockson Engineering vide letter Re – FMP/7639/T/103 in the sum of EUR11.37million plus N2.89 billion with the Tank Farm Contract awarded to Messrs Arewa Metal Construction Company Limited thereby bringing total EPC Contract Price (original plus addendum) to EUR167.51million (offshore component) and (Original plus Addendum plus Tank Farm) to N6.28 billion (onshore component).

The sum of N4 billion was appropriated in the 2017 budget, out of which N1.53 billion was released and utilized in the 2017 to bring total commitment on the contract to EUR112.19million(Offshore payment) andEUR377.52 thousand plusN2.61 billion (Offshore payment).The project had achieved 88.67% level of completion.

Findings:

At the time of monitoring, Work done includes: Construction of warehouse for OEM equipment storage, installation of HV switchyard, gantry/equipment, laydown area and supply of air compressors. Other works are: construction of perimeter fence, gate house, administrative block, canteen, clinic and car park. The outstanding work includes: Installation of fire-fighting system, completion of water supply, mechanical work completion and pre-commissioning for GT 1 & 2.

The team was informed by the officials of the Federal Ministry of Power and the project consultant that the decision to move the project from the old Kaduna Power Station, Kachia Road to a new Greenfield Site at Kudenda Industrial Layout increased the scope of works leading to a series of Variation Orders (VORs). The change in site location was primarily due to proximity of the future gas supply trunk line route and avoidance of problems with Right of Way and land acquisition associated with a gas pipeline to the former site.


Picture 15: Plant Components at 215 MV Dual Fired LPFO/ Gas Power Plant, Kaduna

Socio-economic Impact:

The project had created employment opportunities for over 90 skilled and unskilled workers while socio-economic activities had increased within the project corridor. When completed the project is expected to generate 215MW of power, out of which 120MV will be transmitted to the industrial area in Kaduna and 95MV to Mando where it will be transmitted to the national grid.

Challenges:

The major challenge facing the project is delay in securing import duty exemption certificate.

4.3.3 HOUSING SUB-SECTOR

a). Completion of Construction of Federal Secretariat Complex, Yanegoa

The project involves the construction of a 3 storey building comprising of 400 offices, 9-no. committee rooms, conference hall, 2-no. ramps and 3-no. large courtyards 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 a cost of N3.17 billion with an expected completion date of December 2018. In the 2017 Budget, the sum of N601.50million was appropriated, released and utilized. A total of N2.63 billion had so far been committed to the project since inception to achieve 82% level of completion.

Findings:

At the time of monitoring, the superstructure, internal plastering, roofing, fixing of doors and windows frames, plumbing, piping, tilling and electrical fittings had been completed while painting (internal and external) is outstanding.

Picture 16*: On-going Construction of Federal Secretariat Complex, Yenagoa, Bayelsa State*

Socio-economic Impact:

On completion, it will provide adequate office accommodation for all Federal Agencies operating in Bayelsa state.

4.3.4 FEDERAL ROADS MAINTENANCE AGENCY (FERMA)

A total of N25.42billion was allocated to the Agency in the 2017 budget to execute its capital projects and programmes. Of this amount, N11.44billion was released, cash backed and utilized as at the end of the fiscal year. The following projects were monitored:

i. Major Maintenance and Repairs of Pot Holes and Road Failed Sections along 9th Mile Obollo-Afor-Otukpa Benue State Bordering Enugu

The project involves the maintenance and repairs of road along 9th mile ObolloAfor-Otukpa Benue State Border in Enugu. Components of works include*:* cutting, priming, sealing, asphalt and patching of potholes. Others are: clearing of shrubs/trees at the washout location in progress with scarified section, excavation, stone base, blinding works, reinforcement in base of retaining wall, casting and laying of asphalt.

The contract was awarded to Messrs Ferotex Construction Co. Ltd. in May 2018 at a cost of N276.83million with an expected completion date of May2018. The sum of N200million was appropriated in the 2017 budget, of which same amount was released and utilized bringing total commitment to N240.56million to achieve 91% level of completion

Findings:
At the time of the monitoring, cutting, priming, patching of potholes had been completed. Other works include: embankments/stone pitching and asphalt works while, prime coat and dressing of the shoulders were outstanding.
Socio-economic impact:
The project had provided job opportunities to both skilled and unskilled labour. It has also enhanced economic activities within the region.

4.4 MINES AND STEEL SECTOR

The sector was allocated a total of N12.46billion in the 2017 budget to implement its capital projects and programmes. Of this amount, N7.13billion was released and N5.67billion was utilized to execute its projects as at the end of the fiscal year. The following Agencies were monitored:

4.4.1 METHURLLURGICAL TRAINING INSTITUTE (MTI), ONITSHA

The mandate of the institute is to train low and middle level technical manpower in maintaining and repair works for steel and allied industries in Nigeria. To achieve this, a total of N401.91million was allocated to the Agency in the 2017 budget, out of which N200.95million was released and utilized to execute the following projects:

a). Purchase of Training Equipment

The project involves the supply of 2nos. MIG/MAG welding machines, a Computer Numerical Control (CNC) Gear Hobbing, Surface grinding and Lathe machine. Others are: Automative sensor measuring machine, Automatic engine fault diagnosis simulator auto fault system, and TIG welding machine.

It was awarded to Messrs Ugolanson Nigeria Limited in October 2017 at a cost of N45.23million and was expected to be completed by December 2017. The sum of N56.23million was appropriated in the 2017 budget while N45.23million was released and same utilized to achieve 100% level of completion.

Findings:
At the time of monitoring, all the equipment had been supplied and already in use.

Picture 17: Procured Equipments at Metallurgical Training Institute, Onitsha

Socio-economic impact:
The acquisition of the machines has facilitated the training of students in fabrications and enhanced entrepreneur skills within the immediate community and surrounding environs.

b). Installation of Solar Energy System

The project involves the construction of concrete base for the installation and mounting of 100nos. lighting poles and fixtures. The contract was awarded to Messrs Faprocon Limited in October 2017 at the cost of N49.13million and scheduled for completion in December 2018. In the 2017 budget, the sum of

N50million was appropriated to the project out of which N27.37million was released and utilized to achieve 56% level of completion.

Findings:

At the time of monitoring, the 100 units of olar street lights had been installed and fully operational.

Picture 18: Part of the Solar Energy System installed at Metallurgical Training Institute, Onitsha

Socio-economic Impact:

The presence of the street lights has aided security surveillance and reduced operational and maintenance costs for the Institute's Generating sets.

4.4.2 NIGERIA MINING CADASTRE OFFICE

The Nigeria Mining Cadastre Office was established in 2007 with the responsibility of administration and management of Mineral titles in Nigeria. The agency had an appropriation of N484million in the 2017 budget for the implementation of its capital projects/programmes. Of this amount, N242million was released and cash backed while, N230.28million was utilized for the execution of its projects. The following project was monitored:

a). Purchase of 3No Field Vehicles

The project entails the procurement of 3nos. Toyota Hilux Double cabin vehicles. The contract was awarded to Messrs Zalfa Motors Limited at a cost of N69million in January 2017 with a completion period of 12 weeks. The sum of N70.0 million was appropriated in the 2017 budget, out of which N69million was released and utilized to achieve 100% level of completion.

Findings:
At the time of inspection, the 3 no. of Toyota Hilux double cabin have been supplied and put to use.

Picture 19: One of the Procured Toyota Hilux Double Cabin Vehicles at Mining Cadastre Office, Abuja

Socio-economic Impact:
The vehicles were deployed to the field for monitoring and evaluation of mineral titles across the six geo-political zones of the country in order to ascertain the priority and registration of application for exclusive rights or free areas for prospective miners.

4.4.3 *NATIONAL STEEL RAW MATERIAL EXPLORATION AGENCY, KADUNA*

The agency had an appropriation of N1.32 billion in the 2017 budget. Of this amount, N659.58 million was released, cash backed and utilized for the implementation of its capital projects/programmes. The following project was monitored:

a) Procurement of Trucks

The project involves the procurement of a Lowbed Truck (75 tonnes) and Hiab Truck. The contract was awarded to Messrs Kaura Motors Nigeria Limited in January 2017 at a cost of N102million with a completion date scheduled for December 2017. In the 2017 budget, the sum of N102 million was appropriated, out of which N58.50 million was released and utilized to achieve 57% level of completion.

Findings:
At the time of monitoring, the Lowbed Truck (75tonnes) had been supplied while the Hiab Truck was still outstanding.

Picture 20: Procured Lowbed Truck (75 Tones) at National Steel Raw Material Exploration Agency, Kaduna

Socio-economic Impact:
The procured truck will facilitate easy mobilization/demobilization of equipment at the the Agency.

4.5 STATE HOUSE

The State House was allocated a total of N6.53billion in the 2017 budget to execute its capital projects and programmes. Out of this amount, N4.09billion was released and utilized as at the end of the fiscal year. The following institutions/projects were monitored:

4.5.1 ECONOMIC AND FINANCIAL CRIME COMMISSION (EFCC)

The Commission was allocated a total of N7.074 billion in the 2017 budget to implement its capital projects and programmes. Out of this amount; N3.54billion was released, cash-backed and utilized. The following projects were monitored:

a) Completion of the Construction of New Head Office Building

The project involves the construction of a 10-storey office building, a forensic laboratory, Detention facilities (men and female cells), and a clinic for staff &

suspects. Others are: 450-capacity staff parking deck, 3nos. Gate houses, water reservoir, Generator house, 180-capacity visitors' park and external works.

The contract was awarded to Messrs Julius Berger PLC in August 2011 at an initial total cost of N18.87billion with completion date of February 2015. The project cost was however revised to N24.67billion due to funding issues and inflation. The project has been rescheduled to be completed byMarch, 2018. In the 2017 budget, the sum of N4.58billion was appropriated to the project out which N2.0billion was released and utilized in the fiscal year. This brings the total financial commitment to N24.30billion since inception to achieve 98% level of completion.

Findings:
At the time of visit, the main building and several components of the contract had been completed and commissioned. However, finishing works at the visitors' parking lot was in progress.

Picture 21: Completed Admin Block and Female Detention Block at the EFCC New Head Office, Abuja

Socio-economic Impact:
The project had created employment opportunities for several artisans, labourers and local suppliers at the site. When completed, it will provide adequate and conducive working environment/office accommodation for staff of the commission who were hitherto scattered in different locations. In addition, the edifice will provide suspect detention facilities in line with global best practices.

4.5.2 BUREAU FOR PUBLIC PROCUREMENT (BPP)

The Bureau had an appropriation of N584.91million in the 2017 Budget for the execution of its capital projects and programmes. Of this amount, N292.45million was released, and utilized for the implementation of its projects as at the end of the fiscal year. The following project was monitored:

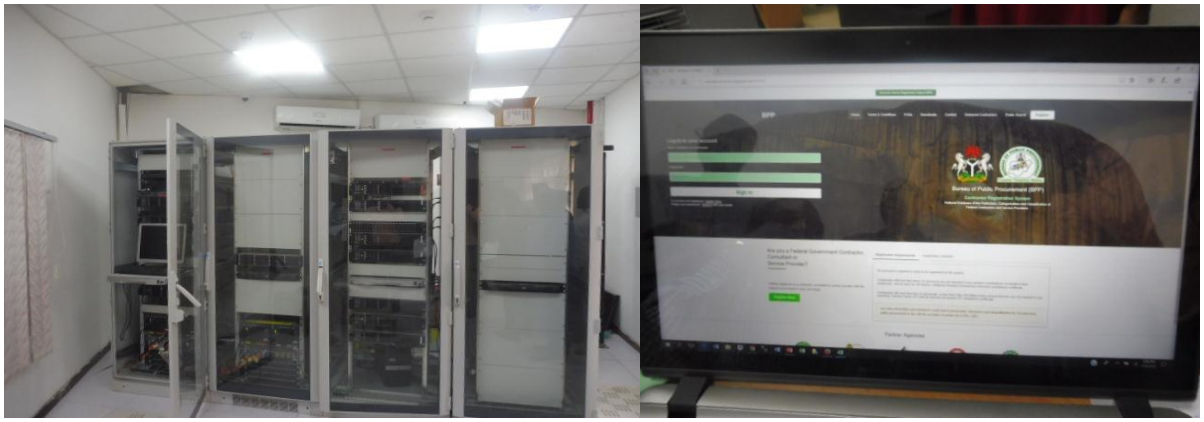
a) ***Database Management, Software Development & Defence Procurement Software***

The project entails the development of software and database management information system to improve the country's procurement process. Components of the project include: supply and installation of 3 archival cabinets, server/storage area network, ICT upgrade supervision & mentoring, software license agreement, hardware maintenance and database management.

The contract was awarded to a consortium viz: Messrs Royal Point Integrated Investment Ltd and 5 others at a cost of N78.1million in April 2017 with completion date of December 2018. The sum of N52.9million was appropriated in the 2017 Budget, out of which N14million was released and utilized, bringing total commitment to N68.5million to achieve 70% level of completion.

Findings:
At the time of monitoring, supply and installation of 3 archival cabinets, server/storage area network, and the ICT upgrade component had been completed and put to use.

Socio-economic Impact:
The project has empowered local IT businesses, upgraded and improved the operations of the Bureau in line with global best practice.



Picture 22: Procurement of Database Management, Software Development & Defence Procurement Software Project at BPP Abuja

4.6 HEALTH SECTOR

The Sector was allocated a total of N55.60billion out of which N52.65billion was released while N48.84billion utilized at the end of the fiscal year. The following institutions/projects were monitored:

4.6.1 FEDERAL MEDICAL CENTER (FMC), OWERRI

The Institution was appropriated the sum of N523.48million in the 2017 Budget. Out of this amount, N461.74million was released and utilized to implement its capital projects and programmes in the fiscal year. The following project was monitored:

i. Procurement of 2No. Mobile Ambulances, Shuttle Buses and Hilux

The project entails the procurement of utility vehicles viz: 2nos. Mobile Ambulances with Basic Life Support (BLS), 2nos. Nissan Urvan 15-seater Shuttle buses and a Toyota Hilux for the hospital.

The contract was awarded to Messrs. Hyundai Motors Nig. Limited and two others at a total cost of N68million in December 2017 and was scheduled to be completed by January 2018. The sum of N58million was appropriated in the 2017 budget, out of which N56.73million was released and same utilized to achieve 100% level of completion.

Findings:
At the time of visit, all the vehicles had been procured, certified and ready for use.

Picture 23: The Mobile Ambulances, Shuttle Buses and Hilux Utility Vehicles Procured at the Federal Medical Center, Owerri

Socio-economic impact:
The vehicles will enhance operations and ease movement of staff within and outside the centre.

4.6.2 NEURO-PSYCHIATRIC HOSPITAL, ARO-ABEOKUTA

The Institution had a total of N104.58million in the 2017 budget to implement its capital projects / programmes. Of this amount, N52.28million was released, out of which N40.21 million was utilized for the execution of its projects. The following projects were monitored:

a) Completion/Construction of three (3) Blocks of 4No. 2Bedroom Apartment/ Quarters for Resident Doctors (Phase 3)

The project involves the completion of the construction of twelve (12)no. 2bedroom apartments for Resident Doctors in the hospital. The contract was awarded to Messrs Olude Gamu Ltd. in December 2014 at a cost of N68.35million and was expected to be completed by December, 2017.The sum of N29.5million was appropriated in the 2017 budget, out of which, and N24.95million was released and utilized. A total N68.35million had so far been expended on the project from inception to date to achieve 100% level of completion.

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

Picture 24: Completed Block of Flats at Neuropsychiatric Hospital, Aro, Abeokuta

Socio-economic Impact:
The project had created employment opportunities for semi-skilled and skilled labour especially from the immediate community and improved the availability of accommodation for Residence Doctors, Clinical Nurses and Medical Record Staff in the Hospital.

4.6.3 FEDERAL MEDICAL CENTRE, YENEGOA

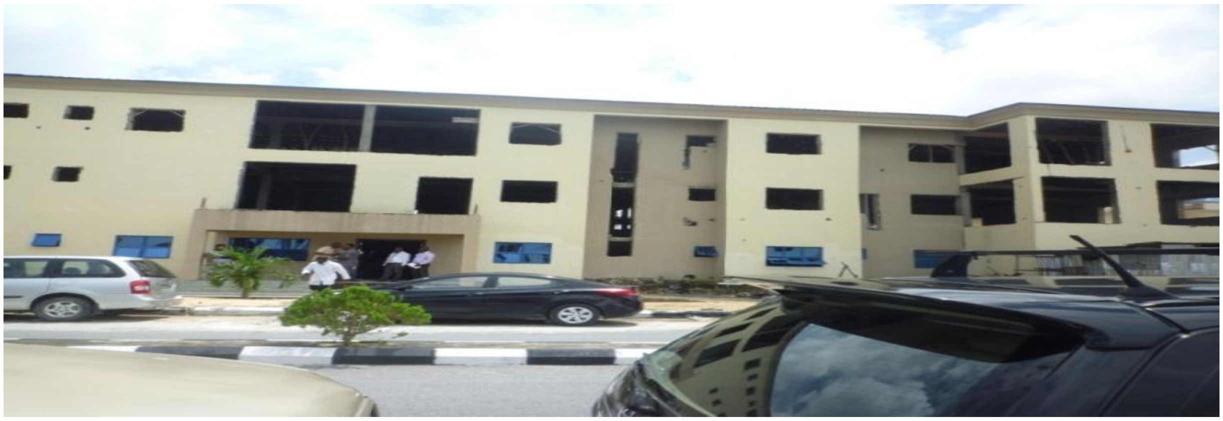
The sum of N265.45 million was allocated to the institute in the 2017 Budget to execute its capital projects and programmes. Of this amount, N132.74 million was released and utilized as at the end of the fiscal year. The following projects were monitored:

a) Construction of Surgical Ward Block

The project entails the Construction of 2-Storey Building comprising of 7-Ward Complexes, 8Nos. Consulting Rooms, a Theatre, Recovery Room and 110-Capacity Ward. It was awarded to Messrs Brains and Environment Limited in November 2010 at a cost of N224.50 million and was expected to have been completed by December, 2015. However, the completion date was extended to December 2018.In the 2017 Budget, the sum of N40.29million was appropriated, out of which N30.43million was released and utilized. A total of N115.10million had so far been committed to the project since inception to achieve 51% level of completion.

Findings:

At the time of visit, the substructure, roofing, first and second floor columns, stairs, ramp, slab, beams, plastering, tiling and painting in the ground floor had been completed and put to use. Outstanding works included external walls, windows, doors, electrical fittings, windows, plumbing and finishing.



Picture 25: *Construction of Surgical Ward Block almost completed at FMC Yenegoa*

***Socio-economic Impact*:**

On completion, the project is expected to increase the capacity of the hospital to admit more patients as well as improve service delivery. In addition, it will provide 48 more beds space for surgical patients.

4.6.4 FEDERAL MEDICAL CENTRE, AZARE

The Centre had an appropriation of N201.38million in the 2017 Budget for the execution of its capital projects and programmes. Out of this amount, N100.69million was released, while N55.21million was utilized for the implementation of its projects. The following project was monitored:

(a) Purchase of Medical Equipment for Radiology Complex

The project is located within the premises of Federal Medical Centre, Azare in Bauchi State. Components of work include: procurement of 1no CT scan machine, 2nos digital X-ray machines, 2nos 4D ultrasound machines and 1no mechanical ventilator machine.

The contract was awarded to Messrs Hosquips Nig. Ltd. and Pekamol Ventures Nig. Ltd. in January, 2015 at a total cost of N451.76million with an initial completion date of December, 2015. The expected completion date was however reviewed to December, 2018 due to funding constraints. In the 2017 Budget, the sum of N50.21million was appropriated, while N49.84million was released and utilized as at end of the fourth quarter. A total of N283.68million has been committed to the project since inception to achieve 62.79% level of completion.

Findings:
At the time of monitoring, 1nos of CT scan machine, 1no digital X-ray machine and 1nos 4D ultrasound machine had been procured, while 1no mechanical ventilator machine and equipment for the pediatrics case were outstanding.


Picture 26: Procured CT SCAN, and Digital X-ray Machine at FMC Azare

Socio-economic Impact:
Though project is still ongoing, the procured machines have improved the capacity of the Medical centre to carry out vital diagnosis of ailing patients. On completion, the Hospital will serve as a referral centre.

4.6.5 UNIVERSITY OF CALABAR TEACHING HOSPITAL

The hospital was allocated a total of N292.5 million in the 2017 Budget to implement its capital projects and programmes. Out of this amount, N146.2 million was released and utilized as at the end of the fiscal year. The following project was monitored:

i. Construction of 2 -Mini Students Lecture Halls

The project involves the construction of 2nos mini-lecture halls with 500 sitting capacity and 6 nos. toilets for each of the halls. The contract was awarded to Messrs Jaysberyl Nig. Ltd in June, 2017 at a cost of N35million and was scheduled to be completed by December, 2017. In the 2017 Budget, the sum of N35 million was appropriated, out of which N20.7million was released and utilized to achieve 100% level of completion.

Findings:

At the time of monitoring, the project had been completed. However, it has not been put to use because it is yet to be furnished.

Socio-economic impact:

The project had empowered youths and local businesses involved in the supply of building materials. When completed, it will improve the atmosphere for learning.

Completed 27: Completed Students' Lecture Halls at UNICAL Teaching Hospital, Calabar

4.6.6 FEDERAL MEDICAL CENTRE, UMUAHIA

The institution had an appropriation of N580.63million in the 2017 budget. Of this amount, N290.32million was released, cash backed and utilized for the implementation of its capital projects and programmes. The following project was monitored:

a) Procurement of Hospital Equipment

The project entails the procurement of Hospital equipment's such as Urological set and specialized machine for kidney transplant, Diathermy machine, operating table, Ventilator and theater operating light. Others are: procurement of 20nos Hospital beds, 20nos wheel chairs and a couch.

The contract was awarded to Messrs Anointed Kent Int. Limited in January 2017 at a cost of N30 million with an expected completion date of February 2018. The sum of N30million was appropriated, released and utilized in the 2017 budget to achieve 100% level of completion.

Findings:

At the time of monitoring, the Hospital equipment had been procured and put to use while the couch was awaiting installation.

Socio-economic Impact:

The project had equipped the hospital with the Diathermy Machine and more Hospital beds for better service delivery.

4.7 AGRICULTURE SECTOR

The sector was allocated a total of N553.71billion in the 2017 budget. Out of this amount, N386.58 billion was released and cash backed while N269.56 billion was utilized as at the end of the fiscal year to implement its capital projects and programmes. The following projects were monitored:

4.7.1 LAKE CHAD BASIN DEVELOPMENT AUTHORITY, MAIDUGURI

The Authority had an appropriation of N706.36million in the 2017 Budget for the execution of its capital projects and programmes. Out of this amount, N61.68million was released, cash backed and utilized to achieve 54% cumulative performance. The following project was monitored:

a) Completion and Installation of 3Nos. Compartment Milling Machines

The project is located within the premises of Lack Chad Institute in Borno State. It entails the Construction of Housing for a 3-compartmet milling machine and its installation for production of Nigerian Wheat. Other components include: construction of ware house, store, and parking area.

The contract was awarded in January, 2016 to Messrs Adejad Agro Nig Limited at a cost of N48.66million with an expected completion date of December, 2018.

In the 2017 Budget, the sum of N50million was appropriated while N24.75million was released, cash backed and utilized as at end of the fourth quarter, 2017. A total sum of N40.05million had been committed to the project since inception to achieve 82.30% level of completion.

Findings:

At the time of the visit, concrete platform for the 3-compartment milling machine was already in place while the construction of shade and ware housing were ongoing. However, installation of the 3-compartment milling machine is outstanding.

Picture 28: The *Compartment Milling Machines Awaiting Installation at Lake Chad Basin Development Authority, Maiduguri*

Socio-economic Impact:

Though, the project has not been completed, it has provided employment opportunities for over 36 unskilled and 11 skilled workers engaged in the construction. On completion, it will still create job opportunities for workers who would be engaged in the wheat production with a capacity of over 40,000 metric tons of wheat per day.

4.7.2 NATIONAL AGRICULTURE SEEDS COUNCIL

The Institution had an appropriation of N997.42million in the 2017 Budget for the implementation of its capital projects and programmes. Of this amount, N493.72million was released, and utilized. The following project was monitored:

a) Upgrading of Seed Testing/Tissue Culture Laboratories

This programme involves the remodeling of an office complex to create laboratories designed for testing of farming seeds and culture tissues for enhanced compliance with ISTA standard and smooth quality evaluation.
The contract was awarded to Messrs De-Great Multi Services Nig. Ltd in April 2017 at a cost of N25million and was expected to be completed by March 2018. In the 2017 budget, the sum N25million was appropriated, released and utilized to achieve 100% completion.

Findings:
At the time of monitoring, the project had been completed and already in use.

Picture 29: Ongoing Upgrading of Seed Testing/Tissue Culture Laboratories at National Agriculture Seeds Council, Abuja

Socio-economic Impacts:

The project had empowered local businesses engaged in the construction.

4.8 EDUCATION SECTOR

The Sector was allocated a total of N56.81billion in the 2017 budget, out of which N33.42billion was released and N31.61 billion utilized as at the end of the fiscal year. The following institutions were monitored:

4.8.1 ADEYEMI COLLEGE OF EDUCATION, ONDO

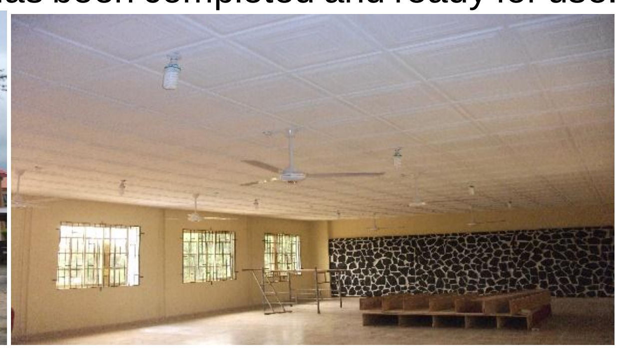
A total of N55.81 million was appropriated to the Institution in the 2017 budget for the implementation of its capital projects and programmes. Of this amount, N27.90 was released while N27.81million was utilized as at the end of the fiscal year to execute the following projects:

a) Rehabilitation of Administrative Block

The project involves the upgrade and rehabilitation of old administrative block. The scope of work includes: construction of Council Chamber, Deputy Registrar and Council Affairs Office, 2-no. committee rooms, 1-no. conference room and 6-no. toilets. Others include: 10nos. offices, banking hall, identity card room, a store and a post office.

The Contract was awarded to Messrs A2 Nigeria Limited in March 2018 at a cost of N27.90 million and it is expected to be completed in May 2018. The sum of N29.73 million was appropriated in the 2017 budget, of which same amount was released and utilized to achieve 100%completion.

Findings:
At the time of monitoring, the building has been completed and ready for use.

Picture 30: Completed Administrative Block at Adeyemi College, Ondo State

Socio-economic Impact:
The project will create a conducive atmosphere for work and enhance the productivity of both academic and non-academic staff of the institution.

4.8.2 FEDERAL UNIVERSITY, BIRNIN - KEBBI

The University was appropriated a total of N274.42 million in the 2017

Budget for the implementation of its capital projects and programmes. Of this amount, the sum of N132.2 million was released, cash backed and utilized as at the end of the fiscal year. The following project was monitored:

a) Completion of 4nos. 100 -Seat Capacity Lecture Rooms

The project was initiated to provide a conducive environment for learning, teaching and research. It entails the construction of 4nos of 100-Seat Capacity Lecture rooms. The contract was awarded to Messrs RHR Resources Limited at the cost of N41.2million in March 2014 with an initial completion date of February 2015, which was later revised to November 2017 due to funding constraints.

The sum of N74.3 million was appropriated in the 2017 Budget, of which N37.3 million was released and utilized. The project had since been completed and put to use.

Findings:

At the time of visit, the team was informed by the officials of the university that the contractor completed the project in 2017 while the sum of N37.30 million allocated to the project in 2017 was expended on the procurement of seats and other lecture materials.

Picture 31: Completed 4No. 100 Seat Capacity Lecture Rooms at Federal University, Birnin-Kebbi

Socio-economic Impact:

The project had enhanced the quality of learning, teaching and research in the university.

4.8.3 UNIVERSITY OF MAIDUGURI

The University had an appropriation of N454.20million in the 2017 Budget for the implementation of its capital projects and programmes. Out of this amount, N427.09million was released, while N204.93million was utilized for the execution of its projects. The following project was monitored:

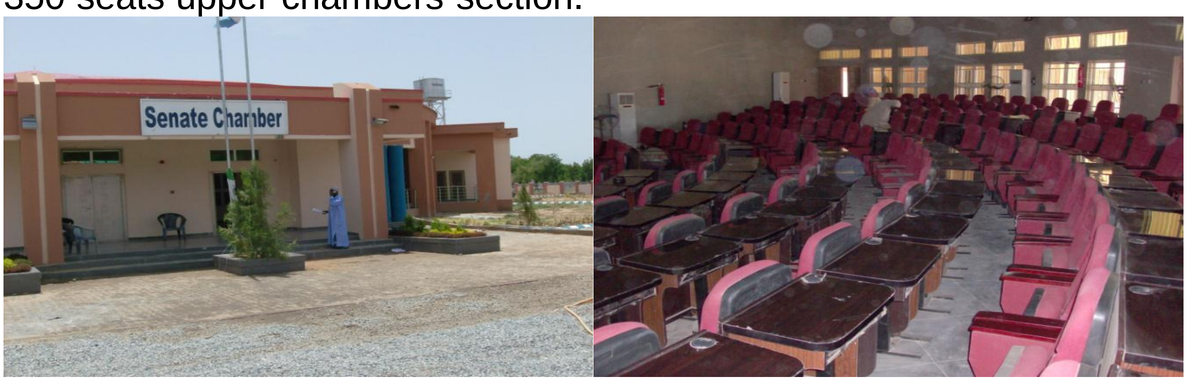
a) The Construction and Furnishing of the Senate Chamber

The project is located within the premises of University of Maiduguri in Borno state. It entails the reconstruction of a 350-seating capacity Senate chamber. The hall is flanked with toilets for genders, support offices, lounge, a foyer and a kitchenette. Other components of the project include: external works, parking lots, security light, and perimeter fence.

The contract was awarded to Messrs Mercantile International Wheels Ltd. at a cost of N453.41million in December 2017 with an expected completion date of December 2018. In the 2017 Budget, the sum of N400million was appropriated to the project, out of which N243.29million was released and utilized as at the end of the fiscal year. A total of N399.21million has been committed to the project since inception to achieve 90.2% level of completion.

Findings:

At the time of the monitoring, works completed include: the senate building complex, aluminum roofing, claddings and acoustic pad. Others are: ceiling works, electrical piping and wiring, painting and screeding, conveniences for genders, support offices, lounge, a foyer kitchenette and the installation of 350 seats upper chambers section.



Picture 32: The Construction and Furnishing of the Senate Chamber, University of Maiduguri.

Socio-Economic Impact:

Though project is still ongoing, it has provided employment opportunities for over 30 skilled and over 120 other classes of workers who are currently involved in the construction work. When completed, there will be more office spaces for principal officers of the university.

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

The Sector was allocated a total of N32.78billion in the 2017 budget, out of which N28.18billion was released while N25.13billion was utilized for the implementation of its capital projects and programmes as at the end of the fiscal year. The following institutions were monitored:

4.9.1 NATIONAL BOUNDARY COMMISSION (NBC), ABUJA

The Commission was established in 1990 and its mandate is to settle boundary disputes that may arise between Nigeria and her neighbouring countries as well as states and local government areas within the country. To achieve this, the sum of N499.64million was appropriated in the 2017 budget to implement its projects and programmes.

Of this amount, N249.82million was released and utilised. An additional sum of N890.18million was released as Authority to Incur Expenditure (AIE) bringing total release to N1.14billion as at the end of the fiscal year. The following projects were monitored:

a) Definition and Management of Nigerian International Borders

This project entails definition and management of Nigeria international boundaries. The project is being executed directly by the Commission on continuous basis based on arising situations and funds availability. The sum of N122.83million was appropriated in the 2017 budget of which same amount was released and utilised for the resolution of border issues.

Findings:

At the time of monitoring, the team was informed that series of meetings were undertaken between October 2017 to April and June 2018 respectively. In addition, the commission had trained experts on the use of survey equipment and created awareness among stakeholders on the activities of NBC/Status of Nigeria-Benin disputes.

Socio-economic impact:
The project has facilitated the return to peaceful resolution with Cameroon because of the successfully implementation of the judgment of the International Court of Justice (ICJ). In addition, it has created awareness campaigns and provided a clear definition of Nigerian boundary in the areas of disagreement.

4.10 WATER RESOURCES SECTOR

In the 2017 budget, a total of N104.25billion was allocated to the sector for the implementation of its capital projects and programmes. Of this amount, N61.87billion was released and cash backed while N60.72billion was utilised at the end of the fiscal year. The following institution/projects were monitored:

4.10.1. NIGER DELTA RIVER BASIN DEVELOPMENT AUTHORITY

The River Basin had an appropriation of N1.78Billion in the 2017 Budget for the implementation of its capital projects and programmes. Of this amount, N1.39 billion was released and utilized as at the end of the fiscal year. The following project was monitored:

a) Completion of Isiokolo Irrigation Projects, Delta State
This project involves the construction of Perimeter Fencing, 2km Water Reticulation, Rehabilitation of farm structures, Stocking of Piggery pens with 20nos Breeders, Maintenance, Clearing and Cultivation of Plantain/Banana farm in Isiokolo Irrigation projects at Delta State.

The contract was awarded to a consortium of contractors Messrs Mushin Nig. Ltd and others in January 2017 at a total cost of N350 million with completion date scheduled for December 2022. In the 2017 Budget, the sum of N37.20 million was appropriated, released and utilized.

Findings:

At the time of monitoring, works completed include: excavation of trenches, Water Reticulation, laying of pipes and pipe vibes to supply water to the farmland, 43 hectares of plantain/Banana farm, Fencing work, 10,000 gallons overhead tank and Snail pens. Works in progress were: fish ponds, piggery snail farm etc.

Socio-economic Impact:
The project had created job opportunities for over 100 farming families in fish ponds and piggery. On completion, it will assist in the achievement of Federal Government Agenda on food security.

Picture 33: Completed Water Scheme and control room at Isiokolo Irrigation Projects, Delta State

4.10.2 CHOUCHI IRRIGATION PROJECT

The project is in Yola local government area of Adamawa state. The scope of work includes: construction of flood dyke, main lateral field canals, improving and dredging of river Berti, service road and field tracts and land leveling for irrigation activities. Others include: storage reservoir, pumping station, potable water supply, livestock ponds service centers and electromechanical installation works.

The contract was awarded to Messrs Impresit Bakolori Plc. at an initial cost of N2.8 billion in February 2000 with a completion date of February 2003 which was later reviewed to ₦5billion with a new completion date of February 2019. The sum of ₦453 million was appropriated in the 2017 budget, out of which ₦173 million was released and utilized. A total of ₦3.8billion had so far been committed to the project since inception to achieve 49.50% level of completion.

Findings:

At the time of inspection, 3 reservoirs, coupling of pumps, coffer dam excavation, dredging of Berti River and electromechanical works and piping of various diameters had been achieved. Outstanding works include: laying of 900mkm steel pipe and 1,200mm of steel pipe covering 1,500 meters length whose delay is attributed to the overflowing of the irrigation area as result of the rains.


Picture 34: Part of the Steel Pipes on ground at the Chouchi Irrigation Project

Socio-economic Impact

On completion, the project will provide irrigation facilities, enhance farming activities of the inhabitants of the immediate communities and increased harvest priod to 3 times a year for at least 2,500 farmers and 1,500 households.

Challenges:

The contractor and supervising consultants have not lived up to their expectation due to management problems, inadequate staff and equipment for operation. This had delayed the prompt delivery of the project.

4.11 INFORMATION AND CULTURE SECTOR

The sector was allocated a total of N9.55billion in the 2017 budget to implement its capital projects and programmes. Of this amount, N6.22billion was released and cash backed while N6.11billion was utilized as at the end of the fiscal year. The following Institutions and projects were monitored:

4.11.1 NATIONAL INSTITUTE FOR HOSPITALITY AND TOURISM DEVELOPMENT STUDIES (NIHOTOUR), ABUJA

The Institute has the mandate of providing a platform for human capital development in the hospitality and tourism industry. To achieve this, a total of N267.51million was appropriated in the 2017 budget to implement its capital projects and programmes. Of this amount, N133.72million was released and cash backed while, N133.61million was utilised as at the end of the fiscal year, to execute amongst others the following projects:

a) Certificate Training in Event Management, Tour Guide and Tour Package

The programme involves an intensive tourism empowerment training and award of certificates to unemployed graduates in Event management, tour guide and tour package. The objective of the programme is to provide skills to employed youths for self-reliance, job and wealth creation in the areas of event management, tour guide and tour packaging and operations.

It was executed on annual basis and directly handled by the Institute in September 2017 at a cost of N50million and scheduled to be completed in October 2017. In the 2017 budget, the entire contract sum was appropriated, fully released and utilised to achieve 100% completion.

Findings:

At the time of monitoring, a total of eight (800) hundred youths of Edo South Senatorial district had been successfully trained in tour guiding, tour packaging and operations and event management respectively.

Socio-economic Impact:

The skills acquired have provided opportunity for self-reliance, job and wealth creation as the beneficiaries can easily gain employed and as well start their own businesses. The Consequent effect is improved service delivery and patronage in the sector which will give rise to increased internally generated revenue (IGR) and GDP towards national development.

ii. <u>Sensitization and Skills gap training</u>

This programme entails skills acquisition training by women and youths in the areas of Pastry and confectionaries and cookeries (food production). Others are cabin crew, tourism souvenir making and travel agency operations, etc. It is aimed at providing skills for self-reliance, job and wealth creation.

The training was executed by the Institute at a total cost of N65million and scheduled to be completed February 2018. In the 2017 budget, the sum of N65 million was appropriated, released and utilised to achieve 100% completion.

Findings:

At the time of visit, a total of two hundred and fifty (250) participants have been trained in pastry, Confectionaries, and cookeries. In addition, training for eight hundred (800) youths on Travel agency operations, Cabin crew and Tourism souvenirs had been concluded.

Socio-economic Impact:

The training had facilitated a well-trained and professionalized manpower. On completion, foreign exchange earnings are expected to increase in tourist activities following anticipated improvement in quality of service delivery and hospitality management.

4.12 FEDERAL MINISTRY OF SCIENCE & TECHNOLOGY

The Ministry had an appropriation of N42.21 billion in the 2017 budget, out of this amount N24.41billion was released and cash backed while, N23.64billion (or 96.85%) was utilized for the implementation of its capital projects/programmes as at the end of the fiscal year.

4.12.1 FEDERAL INSTITUTE OF INDUSTRIAL RESEARCH, OSHODI

The Institute had an allocation of N1.96billion in the 2017 budget for the implementation of its capital projects/programs. Of this amount, N1.67 billion was released and utilized as at the fiscal year. The following projects were monitored:

a) Establishment of Entrepreneurial Centre with E-Library Complex

The project involves the construction of a 2-Storey building. The scope of work includes: Aluminum long span roof, Aluminum profile windows, suspended ceilings, glassing, and screeding of the walls (in and out). Other works include: construction of 10-no. offices, 3-no. library halls (250) capacity, an extension wall to the exhibition doom, a reception, 15-no. toilets, provision of 6-no.Aluminium swing doors and amoured cables.

The contract was awarded to Messrs Design and Dwell Associates in January 2016 at a cost of N711.47million with completion date scheduled for December 2019. The sum of N140million was appropriated in the 2017 budget, out of which N139.99million was released and utilized as at fourth quarter binging total commitment to N369.93million. The project had achieved 80% level of completion.

Findings:

At the time of monitoring, the superstructure had been completed roofed and plastered. Works in progress includes: wiring, electrical fittings and running of cables for lightening. Outstanding works includes: painting, provision of suck away, safety tank, plumbing work, interlocks and floor finishing. Others are: landscaping, removal of the front fence, running of borehole and lightening.

Socio-economic Impact:

The project had created employment opportunities for skilled and unskilled labour in the immediate community and environs. On completion, it will enhance research and development as well as establish a functional entrepreneurial centre in the institute.

4.12.2 NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASRUCTURE

The Agency had an appropriation of N2.77Billion in the 2017 Budget for the implementation of its capital projects and projects. Of this amount, N1.3Billion was released, and utilized as at the end of the fiscal year. The following project, amongst others, was monitored:

a) ***Renovation of NASENI HQRS***

The project was designed to provide additional office space for staff of the agency. The scope of work includes: construction of a two storey office complex consisting of offices, halls, toilets and 4-no. conference rooms.
The contract was awarded at a cost of N423.5million in June 2016 with completion date of June 2019. The sum of N77million was appropriated in the 2017 Budget, of which same amount was released and utilized to bring the total commitment on the project to N181million. The project had achieved 47% level of completion.

Findings:
At the time of monitoring, the superstructure had been completed while, plastering; painting, roofing, nudging, electrical and mechanical works were in progress. Outstanding works include: tiling, fixing of doors, windows and external works.

Picture 35: Renovation work at NASENI Headquarters, Abuja

Socio-economic Impact:

Although, the project is yet to be completed it had empowered local businesses and youths of the area. On completion, it will create conducive working environment for staff of the agency.

4.12.3 CENTRE FOR SATELLITE TECHNOLOGY DEVELOPMENT (CSTD) ABUJA

The agency had an allocation of N490.83 million in the 2017 budget while N245.41 million was released, cash backed and utilized for the implementation of its capital projects/programmes. The following project was monitored:

a) Completion of Construction of Space Technology Incubation Centre

The project involves the construction of technology incubation at Obasanjo Space Centre. Its objective is to provide hands-on-capability to design and build a functional satellite ground station for testing and controlling of an indigenous spacecraft. The contract was awarded to Messrs Green Tech & Technology Limited in January 2016 at a cost of N610.60 million with a completion date of December 2018.

The sum of N248.23 million was appropriated to the project in the 2017 budget, out of which N98.87 million was released and utilized to bring total commitment on the project to N453.63 million. The project had achieved 82% level of completion.

Findings:

At the time of monitoring, the superstructure had been completed while electrical fittings, plumbing work, block finishing, ceiling, fixing of doors and windows were in progress. Outstanding works include: floor finishing, civil works and painting.

Picture 36: On-going Construction of Space Technology Incubation Centre at Centre for Satellite Technology Development (CSTD) Abuja

Social-economic Impact:

On completion, the project will create a platform for the transformation of ideas into tangible products, practical initiative and technical activity centre where jobs will be created for Technicians, Scientist and Engineers within and outside the country.

4.13 FEDERAL CAPITAL TERRITORY

The Sector was allocated a total of N30.39billion in the 2017 budget, out of which N12.19billion was released and utilized as at the end of the fiscal year. The following projects were monitored:

a) Construction of Southern Parkway from Christian Centre S8/S9 to Ring Road I

The project involves the construction of 5km length to complement the existing Northern Parkway and ease the heavy traffic already being experienced in the developed Southern District of Gudu and Durumi. The scope of works comprises: site clearance, site investigation, earth works, surface water drainage, culverts, retaining walls, pedestrian underpass, interchanges, road works, street lighting and telecoms conduit.

The contract was awarded to Messrs Setraco Nig. Ltd. in two (2) phases due to budgetary constraint. The phase I, was awarded in December 2010 while phase II was awarded in November 2012 at a cost of phase I, N5.33billion while phase II, N10.90billion bringing total cost to N16.23billion with completion date scheduled for May 2015. Presently the contractor is processing a variation request for a new completion date with the Ministry of Federal Capital Development Administration (FCDA).

The sum of N2billion was appropriated in the 2017 budget, of which same amount was released and utilized as at fourth quarter of the year. A total of N6.75billion had so far been committed to the project since inception to achieve 42% level of completion.

Findings:

At the time of this report, site clearance, soil investigation and concrete culverts have been completed. However, work in progress includes: earth works, surface water drainage, road works, interchange structures, telecom conduit, retaining walls and pedestrian underpass; while, power supply, street lighting and telecom conduit are outstanding.

Socio-economic Impact:

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

b) Provision of Primary Water Supply Scheme to Karshi Satellite Town

The project was designed to provide pipe portable water to the Karshi town. The scope of work includes: construction of one low lift pumping station, treatment plant, raw water conveyance system, 6,000m reservoir and 1.7km access road.

The contract was awarded to Messrs SCC Nig. Ltd. at a cost of N19.4billion in June 2013 with completion date of August 2016. The sum of N200million was appropriated in the 2017 Budget, of which same amount was released and utilized to offset part of its liabilities. The sum of N3.1billion has so far been committed to the project since inception to achieve 22% level of completion.

Findings:
At the time of monitoring, no work was going on as the contractor had demobilized from the site since March 2015 due to non-payment of certified works. However, work done includes: construction of access road, river canal, treatment plant, saddle dam and ground level reservoir.

Socio-economic Impact:
Although the contractor had suspended work on site, the construction work has empowered local businesses and youths of the area. On completion, it will attract investors and encourage developers to put up Estates in the suburbs of the city.

Picture 37: Provision of Primary Water Supply Scheme at Karshi Satellite Town, Abuja

c) Rehabilitation and Expansion of the Outer Southern Express Way (OSEX)

The project is located in the federal capital city of Abuja stretching from the villa roundabout to outer northern express way/RR1 junction. The scope of work includes: construction of left and right hand main and service lane of 6.75km, 4nos. interchange structures, 4nos pedestrian bridges, street lighting, crash barriers and kerbs, 2nos transformers, power supply, relocation of water trunk mainline, drains and telecom ducks. Others include: 100mm stone base, 150mm sub base, 150mm macadam, 60mm asphaltic binder and 40mm asphaltic wearing course.

The contract was awarded to Messrs C.G.C Nig. Ltd. at a cost of N39.8billion in January 2014 with completion date of December 2018.The sum of N5billion was appropriated in the 2017 budget, out of which N1.9billion was released and utilized bringing total commitment to N14.6billion to achieve 37% level of completion.

Findings:

At the time visit, site clearance/earthworks, culverts, surface water drainage, road works, bridge works, site investigations, water distribution network, and Pedestrian Bridge were in progress and at various levels of completion.

Picture 38: The Interchange Structure at the Apo Roundabout/Crash Barrier at the Deeper Life Axis

Socio-economic Impact:

On completion, the project will improve the flow of traffic along the Nyanya, Apo and AYA axis of the FCT. It will also ease the movement of goods and services and reduce travelling time.

4.14 ENVIRONMENT SECTOR

In the 2017 budget, the Sector was allocated a total of N12.48billion out of which N6.38billion was released and N6.35 billion was utilized as at the end of the fiscal year. The following institutions/projects were monitored:

4.14.1 ENVIRONMENTAL HEALTH OFFICERS REGISTRATION COUNCIL

The Council was established by Act N0 11 of 2002 as a regulatory body to, among others, determine standards of knowledge and skills to become environmental officer, establish membership register and conduct examination leading to certification.

In order to carry out these functions, the sum of N909.53million was appropriated for the Council in the 2017 Budget for the execution of its capital projects and projects. Of this amount, N454.76m.illion was released and utilized to achieve 99.25% cumulative performance. The following projects, amongst others, were monitored:

a) Environmental Health & Sanitation Awareness Campaign in Isiagu Ebonyi State

This programme entails public enlightenment and advocacy activities to enable Isiagu community of Ebonyi State to appreciate and learn good hygiene practices. It involves demonstration, visual display, lectures, distribution of pamphlets/fliers etc.
The programe was executed in-house at a cost of N49.84mbillion in September 2017 and was expected to be completed in the same month. The sum of N50million was appropriated in the 2017 Budget, out of which N49.84million was released and utilized to achieve 100% completion.

Findings:
At the time of monitoring, the sensitization programme had been successfully concluded.

Socio-economic Impact:
The programme had created environmental health and sanitation awareness to various stakeholders, while motivating the local environmental officers operating in the local community.

Picture 39: Environmental Health & Sanitation Awareness Campaign in Isiagu Ebonyi State

4.14.2 NATIONAL BIOSAFETY MANAGEMENT AGENCY

The agency had an appropriation of N243.73 million in the 2017 budget. Of this amount, N171.81 million was released, cash backed and utilized for the implementation of its capital projects/programmes which included amongst others, the following project:

a) ***Procurement of Operational Vehicles***

The project involves the procurement of 2no. Toyota Hiace Bus and a Hilux. The contract was awarded to Messrs Circular Automobile Company Limited in January 2017 at a cost of N77.90million with a completion date of December 2017.The sum of N77.90 million was appropriated in the 2017 budget, of which N48.89 million was released, cash backed and utilized to achieve 62.76% level of completion.

Findings:

At the time of monitoring, a Toyota Hiace Bus and Hilux had been supplied. However, the team was informed by the management of the agency that what was procured was based on the available fund released to them.

Picture 40: Procured Toyota Hiace Bus and Hilux at National Biosafety Management Agency, Abuja

Socio-economic Impact:

The procured vehicles will aid the agency in the movement of staff to the field for trial and enforcement assignment. It will also assist the staff in monitoring, tracking and inspection of GMO farms.

4.15 MINISTRY OF NIGER DELTA

The Ministry had an appropriation of N34.2billion in the 2017 Budget for the execution of its capital projects and projects. Of this amount, N25billion was released, and utilized to achieve 99.98% cumulative performances in the execution of the following projects, amongst others:

a) Dualisation of East-West Road (Section IV) (Eket-Oron) 51km in Akwa Ibom State

The project involves the improvement and extension of the existing 51km single carriageway to a dual carriageway of 2x7.3 road pavement with 2.75m outer shoulder and 1.0m inner shoulders. The scope of work includes: strengthening of the existing embankment and pavement layers, provision of new asphaltic concrete courses, construction of additional lane running parallel with the existing alignment, provision of sub base, crushed stone base, binder and wearing courses.

The contract was awarded to Messrs Gitto Construzioni Generali Nig. Ltd. in September 2006 at a cost of N37.5 billion with a planned completion date of April 2010 but was later extended to February 2016 due to fund constraint.

There was no appropriation in the 2017 budget. However, the project had achieved 96.44% level of completion.

Findings:
At the time of this monitoring, completed works include: 43 no. and 15 no. 900mm diameter single and double cell pipe culverts, 15 no. box culvert and earthworks. Others include: 95% asphaltic binder &87% asphaltic wearing courses, 6nos. bridges, rehabilitation of existing drainages and provision of road furniture.

Socio-economic impact:

Although, the project is yet to be completed, it has open up the adjoining villages along the corridor, improve access to farm land, attracted trading and potential investors and created job opportunities for local dwellers. When completed, it will reduce accident and travel time for the commuters plying the route.

Challenges:
Delay in payment of certified works, compensation issues, revision in completion date and inflation have slowed the pace of work.

Picture 41: Completed Portion of East-West Road (Section IV), (Eket-Oron) 51km

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The 2017 Budget implementation and performance monitoring exercise conducted from 2nd – 13th July 2018 gives an insight into the performance of sampled MDAs projects based on the planned deliverables set by 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 actual performance viz a viz funds releases and found several recurring challenges and valuable lessons in the course of implementation. Key findings and recommendations are summarized as follows:

5.1 OBSERVATIONS:

The following were observed:

i. MDAs project execution is often affected because the budget process delinks recurrent from capital and the rolling plans in the approved budget so that provision is not made for financing and maintaining newly, completed and utilized projects and programs while measurable results is not set as criteria for funding;

ii. There is no mechanism in place to make users of services and facilities to meet the cost of constructing and maintaining to cover both the recurrent and capital investment e.g. salaries, overhead, debt services etcin order to free oil revenue for other essential investment;

iii. MDAs fix project duration without the benefit of previous budgetary lapses as projects were completed and payment delayed for more than the 60 days stipulated by Procurement Act thereby accruing interest until payments are made;

iv. The bulk of the releases to MDAs in the year under review were utilized between December 2017 and January 2018 to off-set outstanding liabilities owed the contractors for certified works. As a result, work was not going on in many of the project sites.

v. There are too many bodies performing monitoring visits on the MDAs for instance: OAGF, OAUGF, House of Representatives, Senate, MBNP This tends to put too much pressures on the implementing agencies.

vi. Projects in the Niger Delta Region suffers early deterioration owing to salt water, pollution and incessant rainfall all year round which increases the cost of executing and maintenance;

vii. Security challenges in the country makes it difficult to track project execution especially in the Niger Delta, South East and North East regions;

viii. MDAs like Power, Niger Delta and Environment refuse to sponsor their desks officers to accompany the MBNP officers to project sites thereby making the monitoring exercise extremely difficult. This attitude is not healthy for probity and accountability;

ix. Late passage of the budget and poor funding of projects have adverse effects on the performance of the MDAs.

x. Poor weather conditions affects timely completion of projects and ultimately increases cost;

xi. Many projects were found to have been abandoned during the monitoring exercise. Some of these institutions include: University of Uyo, Maritime Academy, Oron and the University of Port Harcourt;

xii. Hasty design of engineering plan in some projects often lead to redesign in the course of implementation eg Imo River Bridge untreated portion kilo 15 PH –Imo section 3 East West Road PH-Eket;

xiii. Some MDAs propose too many projects that could not be funded eventually especially the River Basin Development Authority projects.

Based on the above observations, the MBNP will continue to point out these issues to the MDAs and work out modalities for developing effective project plans and programmes geared towards improving the level of capital budget implementation.

5.2 CONCLUSION:

The nation's economy continued on its positive growth which started in the second quarter of 2017 and sustained its exit from recession after five consecutive quarters of contraction that began in the first quarter of 2016. The economy grew by 1.92 percent (year-on-year) in real terms in the fourth quarter of 2017 and this was propped up by a 8.38 percent and 1.45 percent respective growth of the oil and non-oil sectors. The oil sector GDP maintained its positive trend like in the previous quarters while the non-oil sector bounced back to a positive growth after its negative performance in the preceding quarter. The contributors to non-oil growth were agriculture (crops), trade, transportation and storage.

Government revenue fell clearly behind approved budget estimate during the review period. A Net distributable sum of ₦4,944.08 billion accrued to the Federation Account for distribution among the three tiers of government in the year, signifying a shortfall of ₦3,568.99 billion (or 41.92 percent) when compared with an annual projection of ₦8,513.07 billion. This follows from the shortfall in net oil and non-oil revenues of ₦2,055.92 billion (or 46.99 percent) and ₦1,436.18 billion (or 35.37 percent) respectively.

Notwithstanding the adverse effect of the poor revenue performance in 2017, budget implementation was on course as the Federal Government continued to meet its essential expenditures. The improved macroeconomic performance in the year replicated a position of improved prospect for revenue and therefore raises hopes for a realistic targets and implementation of the 2018 budget.

In order to maintain this growth and achieve government objectives, solid and courageous monetary and fiscal policies are to be pursued and carefully implemented in the 2018 fiscal year. Fiscal incentives and non-oil federal receipts, as well as expansion in economy-wide non-oil exports, especially agriculture, manufacturing, services and light industries, are anticipated to drive the growth stimulus for the near to medium term.

5.3 RECOMMENDATIONS:

Drawing from the above observations, there is the urgent need to address some of these negative project management practices. The following recommendations are hereby proffered:

i. MDAs should make budgetary provision for financing and maintaining newly completed and utilized projects and programmes to create greater impact and ensure sustainability of such interventions while project funding criteria should be based on measurable M&E confirmed results;

ii. Given the current economic situation, revenue generating agencies should be encouraged to diversify their sources of revenue generation by engaging in non-social welfare services to augment the cost of constructing and maintenance of their projects for example the re-introduction of toll gate by the Ministry of works;

iii. MDAs should be made to submit a list of their outstanding liabilities for appropriation by the National Assembly before embarking on new projects to avoid accrued interest on late payment which negatively affects implementation;

iv. There is need for the Executive arm and the NASS to streamline the Budget cycle in order to ensure that budget implementation commences in January and end in December so as to avoid distortion and virement in the fiscal year;

v. The promulgation of the nation’s M&E Governance Framework that calls for coordinated approach should be propagated and enforced to avoid MDAs lethargy of monitoring visits from various government bodies;

vi. MDAs in the Niger Delta and South East Regions should be be encouraged to research and come out with lasting solutions resulting early project deterioration due to salt water, pollution and incessant rainfall all year round;

vii. Supervising Ministries should be encouraged to provide security to the monitoring officers during the course of the monitoring exercise especially in volatile areas;

viii. The attention of the Heads of Ministries should be drawn to the importance of the monitoring exercise and the need to sponsor their desks officers to accompany MBNP officers to their project sites during the exercise;

ix. MDAs should be encouraged to submit realistic number of projects during the budget preparation;

x. Budgetary releases should take cognizance of weather conditions so that appropriate implementation could be achieved as at when due;

xi. The EU-SUFEGOR mission review report of selected MDAs abandoned capital projects and programmes should be used as a basis for funding of uncompleted / abandoned projects nationwide;

xii. Proper bill of engineering measurements should be carried out before contract award to avoid costly and time wasting redesign often experienced in the course of implementation;

xiii. MDAs should encouraged not to embark on too many projects and programmes at a time in view of the present economic realities.

Finally, the MBNP and Budget Office of the Federation will continue to foster openness, transparency and accountability to enhance the delivery of the dividends of democracy to all Nigerians. This will involve the strict adherence of the budget implementation guidelines and the governance framework in conformity with best practices.

From the foregoing, it is evident that there are improvements in the implementation of the 4th Quarter, 2017 capital projects due to release of funds from the National Budget, as well as interventions from SUKUK fund.

APPENDIX I

OFFICE OF THE ACCOUNTANT GENERAL OF THE FEDERATION
FEDERAL MINISTRY OF FINANCE
FUNDS DEPARTMENT, GARKI - ABUJA

2017 CAPITAL PERFORMANCE FOR MDAs AS AT 12TH JUNE, 2018

													UTILISATION %	
S/N	MINISTRY	2017 APPROPRIATION	1ST RELEASES =N=	2ND RELEASES =N=	3RD RELEASES =N=	4TH RELEASES =N=	ADDITIONAL RELEASES =N=	AIEs =N=	TOTAL RELEASES = N=	CASHBACKED =N=	MDAs BALANCE @ 12TH JUNE, 2018 =N=	UTILISATION =N=	RELEASES	CASHBACK
	PRESIDENCY	20,066,000,000	2,549,629,857	7,553,059,191	-	-	-	857,015,522	10,959,704,570	10,959,704,570	200,447,405	10,759,257,165	98.17	98.17
	OF THE FEDERATION (SGF)	32,778,490,342	3,340,131,202	14,183,485,222	1,310,000,000	-	-	9,343,222,563	28,176,838,987	28,176,838,987	3,046,600,597	25,130,238,391	89.19	89.19
	YOUTH DEVELOPMENT	5,441,000,000	1,500,000,000	1,351,493,874	-	-	-	1,703,709,000	4,555,202,874	4,555,202,874	1,098,116	4,554,104,759	99.98	99.98
	WOMEN AFFAIRS	4,250,732,000	1,100,000,000	844,647,450	-	-	-	344,763,750	2,289,411,200	2,289,411,200	636,718	2,288,774,482	99.97	99.97
	AGRICULTURE	103,793,201,010	32,982,870,376	18,933,007,454	3,210,000,000	10,000,000,000	-	3,658,650,618	68,784,528,448	68,784,528,448	224,486,583	68,560,041,865	99.67	99.67
	WATER RESOURCES	104,245,803,117	17,400,000,000	36,301,108,361	2,514,000,000	23,000,000	-	5,631,416,874	61,869,525,235	61,869,525,235	1,146,036,644	60,723,488,591	98.15	98.15
	AUDITOR-GEN.	90,509,818	40,000,000	5,254,909	-	-	-	-	45,254,909	45,254,909	8,198	45,246,711	99.98	99.98
	DEFENCE	139,294,920,350	50,000,000,000	9,478,620,000	-	-	-	58,201,506,655	117,680,126,655	117,680,126,655	6,902,256	117,673,224,399	99.99	99.99
	ICPC	767,865,170	300,000,000	83,932,585	-	-	-	-	383,932,585	383,932,585	132,632	383,799,953	99.97	99.97
	EDUCATION	56,811,382,473	8,115,721,695	22,433,557,757	2,070,000,000	-	-	805,000,000	33,424,279,452	33,424,279,452	1,811,022,111	31,613,257,341	94.58	94.58
	FCTA	30,397,122,872	3,000,000,000	7,500,000,000	1,698,561,436	-	-	-	12,198,561,436	12,198,561,436	-	12,198,561,436	100.00	100.00
	FOREIGN & INTER GOVT. AFFAIRS	10,291,783,534	1,460,524,051	1,322,418,017	4,027,837,861	2,226,547,517	-	7,935,643,593	16,972,971,040	16,972,971,040	2,586,813	16,970,384,227	99.98	99.98
	FINANCE	5,181,348,624	1,415,000,000	1,169,784,704	-	-	-	7,375,756,001	9,960,540,705	9,960,540,705	4,367,242,723	5,593,297,982	56.15	56.15
	HEALTH	55,609,880,120	8,528,506,105	21,264,637,240	5,520,000,000	100,000,000	-	17,243,000,427	52,656,143,773	52,656,143,773	3,807,105,225	48,849,038,548	92.77	92.77
	TRADE & INVESTMENT	81,726,971,059	7,063,896,189	27,228,744,366	2,100,437,032	-	-	2,758,667,000	39,151,744,587	39,151,744,587	22,826,962,757	16,324,781,830	41.70	41.70
	INFORMATION	9,546,245,041	2,467,738,757	2,753,386,159	750,000,000	74,012,250	-	170,110,000	6,215,247,166	6,215,247,166	102,261,945	6,112,985,220	98.35	98.35
	COMMUNICATION TECHNOLOGY	8,434,669,142	1,500,000,000	3,240,000,000	200,000,000	-	-	4,684,000,000	9,624,000,000	9,624,000,000	318,821	9,623,681,179	100.00	100.00
	INTERIOR	63,760,562,487	11,500,000,000	19,685,074,493	-	-	-	3,819,436,944	35,004,511,437	35,004,511,437	4,544,541	34,999,966,896	99.99	99.99
	HEAD OF SERVICE	1,974,176,735	459,857,282	697,231,085	-	-	-	200,000,000	1,357,088,367	1,357,088,367	13,179,236	1,343,909,131	99.03	99.03
	JUSTICE	12,705,755,001	701,664,621	5,651,212,880	220,000,000	-	-	2,640,001,357	9,212,878,858	9,212,878,858	285,811,498	8,927,067,360	96.90	96.90
	LABOUR & PRODUCTIVITY	8,803,520,400	1,325,901,587	3,065,858,614	310,000,000	-	-	300,000,000	5,001,760,201	5,001,760,201	3,269,282	4,998,490,918	99.93	99.93
	POWER	553,713,857,113	84,132,912,259	20,167,087,741	30,517,312,252	7,010,059,750	23,303,175,740	171,447,435,703	336,577,983,445	336,577,983,445	66,996,325,569	269,581,657,876	80.09	80.09
	SCIENCE AND TECH.	42,205,555,745	7,340,958,962	15,900,110,678	918,016,393	32,000,000	-	223,000,000	24,414,086,033	24,414,086,033	769,474,947	23,644,611,086	96.85	96.85
	TRANSPORT	241,709,000,000	33,650,000,000	88,304,500,000	4,019,557,177	-	-	1,951,985,912	127,926,043,089	127,926,043,089	3,585,973,071	124,340,070,018	97.20	97.20
	PETROLEUM	6,793,128,647	911,454,053	2,776,593,783	208,516,488	-	-	-	3,896,564,324	3,896,564,324	548,641,320	3,347,923,003	85.92	85.92
	MINES & STEEL	12,455,000,000	1,060,000,000	6,067,500,000	-	-	-	-	7,127,500,000	7,127,500,000	1,472,427,764	5,655,072,236	79.34	79.34

NATIONAL WAGES & SALARIES	163,121,916	100,000,000	10,000,000	-	-	-	-	110,000,000	110,000,000	-	110,000,000	100.00	100.00
ENVIRONMENT	12,479,369,455	1,766,906,212	4,111,661,323	430,000,000	-	-	70,000,000	6,378,567,535	6,378,567,535	24,890,641	6,353,676,895	99.61	99.61
BUDGET AND NATIONAL PLANNING	4,092,773,627	716,379,589	1,543,541,525	997,406,600	-	-	1,800,000,000	5,057,327,714	5,057,327,714	40,967,033	5,016,360,680	99.19	99.19
OFFICE OF NATIONAL SECURITY ADVISER	47,209,203,765	11,700,000,000	11,904,601,883	-	-	-	9,771,100,000	33,375,701,883	33,375,701,883	6,171,105,975	27,204,595,908	81.51	81.51
NIGER DELTA	34,201,500,001	4,000,000,000	7,500,000,000	5,400,750,000	200,000,000	-	8,000,000,000	25,100,750,000	25,100,750,000	5,986,401	25,094,763,599	99.98	99.98
RESPONSIBILITY COMMISSION	148,155,391	100,000,000	10,000,000	-	-	-	-	110,000,000	110,000,000	5,713,505	104,286,495	94.81	94.81
ICRC	34,310,245	10,000,000	7,155,123	-	-	-	-	17,155,123	17,155,123	48,877	17,106,246	99.72	99.72
NAT. POPULATION	3,936,308,554	600,000,000	1,068,154,277	-	-	-	-	1,668,154,277	1,668,154,277	33,422,923	1,634,731,354	98.00	98.00
CODE OF CONDUCT BUREAU	1,394,854,364	250,000,000	447,427,182	-	-	-	-	697,427,182	697,427,182	552,793,339	144,633,843	20.74	20.74
CODE OF CONDUCT TRIBUNAL	513,616,705	63,616,705	193,191,648	-	-	-	-	256,808,353	256,808,353	-	256,808,353	100.00	100.00
PUBLIC COMPLAINTS COMMISSION	-	-	-	-	-	-	-	-	-	-	-		
REV. MOB. ALL.	229,093,337	100,000,000	14,546,669	-	-	-	-	114,546,669	114,546,669	31,268	114,515,400	99.97	99.97
FCSC	16,171,828	8,000,000	85,914	-	-	-	-	8,085,914	8,085,914	2,551	8,083,363	99.97	99.97
POLICE SERVICE COMMISSION	758,900,000	120,000,000	259,450,000	-	-	-	-	379,450,000	379,450,000	1,999	379,448,001	100.00	100.00
FED. CHARACT. COMM.	400,000,000	80,000,000	320,000,000	-	-	-	-	400,000,000	400,000,000	188,643	399,811,357	99.95	99.95
50 CAPITAL SUPPLEMENTATION	460,037,229,460	-	-	-	-	-	358,412,522,821	358,412,522,821	358,412,522,821	18,749,710	358,393,773,111	99.99	99.99
GRAND TOTAL	2,178,463,089,448	303,461,669,502	365,352,122,107	66,422,395,239	19,665,619,517	23,303,175,740	679,347,944,740	1,457,552,926,845	1,457,552,926,845	118,077,399,636	1,339,475,527,208	91.90	91.90
SUKUK PROCEEDS	100,000,000,000						94,903,371,445	94,903,371,445	94,903,371,445	5,096,628,555	89,806,742,890	95	95
GREEN BONDS	10,690,000,000						10,690,000,000	10,690,000,000	10,690,000,000	-	10,690,000,000	100	100
GRAND TOTAL							784,941,316,185	1,563,146,298,290	1,563,146,298,290	123,174,028,191	1,439,972,270,098	92	92