

# **ANALYSING SURE-P IN ACTION**

*(A Report on the Implementation of SURE-P)*



**Centre for Social Justice (CSJ)**

*(Mainstreaming Social Justice In Public Life)*

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# Chapter One

## INTRODUCTION

### 1.1 INTRODUCTION

The management of public resources is a trust. The government is the trustee and the citizens are the beneficiaries. In this context, the beneficiaries of the trust are entitled to review the progress of the trusteeship and to make recommendations for the realisation of the core objectives of the trust. In democracies, citizens' oversight over the allocation and management of public resources is vital and fundamental to the deepening of democracy and the realisation of life in larger freedom. Against the background of the crisis generated by the partial removal of fuel subsidy, it is imperative from time to time to review the allocation, management and expenditure of the funds saved from the partial removal to determine if they are in tandem with the promises made at the beginning of the journey. This is exactly what this Study is all about. The end result is to make recommendations to strengthen programme implementation and to facilitate the highlighting of the strengths, weaknesses, opportunities and threats of the SURE-P. SURE-P was instituted to cure a mischief in existing policies by advancing some specific remedies; the Study seeks to facilitate the advancement of the remedies and the suppression of the mischief.

### 1.2 OBJECTIVES OF THE STUDY

The overall goal of the Study is to contribute to the realisation of the FGN's objectives in the establishment of SURE-P. The specific objectives of this Study are:

- Review the intervention of SURE-P on roads, bridges and other infrastructure; health, education, employment creation, safety nets, etc, so as to determine if they are in tandem with value for money, are transparent and accountable, have fitness of purpose; and within the stipulated timelines.
- Whether the claims of progress and achievements can be substantiated and independently verified.
- Ascertain how much has been made available to federal SURE-P and the States.
- To determine if the sums made available are in accordance with what should have accrued under the subsidy arrangement.
- Review expenditure of SURE-P funds in selected states.



- Review any legislative reports on SURE-P.

### **1.3 SCOPE OF THE STUDY**

The Study covers the core activities of SURE-P in Social Safety Nets and Infrastructure Upgrade. This includes the Community Service, Women and Youth Employment Programme, Graduate Internship Programme; Maternal and Child Health interventions in human resources for health and service delivery, conditional cash transfers, health facility upgrade, drug and equipment supplies and communications and advocacy. It reviews the public works component anchored by FERMA; Technical and Vocational Education and Training and the Mass Transit programme. It further covers the Roads and Railways component of SURE-P. The programmes are reviewed and observations are made on their performance.

### **1.4 METHODOLOGY OF THE REPORT**

The Study first embarked on literature review – literature available from the website and hard copy publications of SURE-P. This was followed by field tracking of programmes and activities to verify the accuracy of the claims made by the programme. The field visits provided the opportunity for CSJ’s researchers to ask for information otherwise not available in programme reports and to clarify any grey areas in the reports. The researchers interviewed contractors and community leaders, project implementation personnel in MDAs and other relevant stakeholders. The Study also reviewed media reports and publications on the subject matter and compared available new information with what has been earlier documented in our exploratory study on SURE-P. At the later stage, the Study also got information through freedom of information requests under the Access to Official Information Act.

### **1.5 LIMITATIONS OF THE STUDY**

The Study faced the major challenge of access to official information. The custodians of the needed information still had the mindset of the Official Secrets Act. In fact, a good number of them believed that what was published on the website and hardcopies were sufficient for the public. Issues relating to the selection criteria of certain beneficiaries and the names and contact details of participants were not available to the project except for the documents given to our researchers by FERMA in response to our FOI request. The mindset in official circles is that any person asking questions about public funds and its expenditure must be from an opposition political party looking for information to be used in unduly criticising the government.

At the state level, government officials felt no obligation to engage independent researchers. States were too secretive to provide any reasonable information.

Essentially, FGN is miles ahead of states in the matter of releasing information on public finance management or on any other subject. The fact that states did not set a separate mechanism for the management of SURE-P funds made it impossible to track their expenditure.

## **1.6 EXECUTIVE SUMMARY**

Chapter One is the Introduction and provides the objectives, scope, methodology and limitations of the Study. Essentially, the Study seeks to review the implementation of SURE-P over two years, determine whether due process and value for money have been mainstreamed in expenditure and the achievements to date - whether they tally with the promises and objectives set for the programme at the beginning. The sharing formula for SURE-P is 54% to States and the FCT; FGN takes 41% while the remaining 5% goes to the Ecological Fund.

Chapter Two provides the background to the implementation of SURE-P. It examines the official explanation for the withdrawal of fuel subsidy and the deregulation programme in the sector; the establishment and composition of the SURE-P Committee and the presidential mandate. It reviews the programme objectives, tenure, structure, and areas of intervention.

Chapter Three is the general performance outlook. The first part of the Chapter focuses on analysing the 2012 and 2013 budget of SURE-P, the actual expenditures and what was carried over to subsequent years. It noted the poor utilisation of available funds and queried the rationale for carrying over of funds from 2012 to 2013 and from 2013 to 2014 when project implementation was held back by dearth of funds. Considering that the infrastructure projects were augmentation of existing projects; there were no new procurement processes and all that was needed was to mobilise contractors who were already at site, the rationale for carrying over funds becomes questionable. The Chapter further reviews the allegation of missing funds, the relative silence on the expenditure of the Ecological Funds component and the monitoring and evaluation framework of the programme.

Chapter Four focuses on the Social Safety Nets. The first is the Community Service, Women and Youth Empowerment Programme (CSWYE) which seeks to engage 10,000 persons per state of the Federation and the FCT- 370,000 in all. It seeks to create temporary employment, improve access to socio economic infrastructure in the rural areas and improve socio economic well being of communities. A component of the CSWYE is the Graduate Internship Scheme (GIS) which seeks to provide Nigerian graduates with temporary work experience that will make them stronger candidates for job openings in the labour market through a one year internship placement. The beneficiaries of CSWYE and GIS receive monthly stipends. The common drawback of these two components of SURE-P is that there is no independent means of verifying the claims of achievement. The CSWYE activity

seems to duplicate the duties of states and local governments such as refuse disposal, sanitation and drainage maintenance.

The Maternal and Child Health activities of SURE-P aim to reduce child and maternal mortality and morbidity through the utilisation of cost effective demand and supply interventions to increase access to and provide quality delivery of health services to ensure that Nigeria is on track to achieving MDG Goals 4 and 5. The key interventions are in human resources for health service delivery, conditional cash transfer, health facility upgrade, drug and equipment supplies and communications and advocacy. From information available from SURE-P reports, a lot of progress has been made in this cluster of activities.

The public works component of SURE-P is under FERMA. It is an adaptive scaling up of existing FERMA direct labour interventions aimed at creating employment opportunities through the implementation of nationwide road maintenance public works programme. It is also aimed at providing safe and motorable road linkages across the economic zones of the country. FERMA opened up to the researchers of CSJ and have provided specific information on their activities beyond general claims of good performance stated in the website. The other component of the Social Safety Nets activities is the Technical, Vocational Education and Training. This is focused on reducing unemployment and poverty through development of skills, building of institutional capacity and investing in training infrastructure. It targets the youths for gainful employment and enterprise so as to make them financially independent. Its area of focus includes ICT, hospitality, maritime, agriculture, mechanical/fabrication, oil and gas, artisanship, etc.

The last component of the Social Safety Nets is the Mass Transit programme. It applies its funds to supporting a revolving loan scheme to transporters for the purchase of buses. It seeks to reduce the cost of transportation and provide affordable and accessible means of transportation to the public to cushion the effect of the partial removal of subsidy. There have been defaults by some of the operators in paying back the due sums.

Chapter Five is on the Infrastructure Development projects of SURE-P. It is essentially about roads and bridges. The key roads reviewed are the Abuja-Lokoja Dual Carriageway; the Benin-Ore-Sagamu Dual Carriageway; Onitsha-Enugu Dual Carriageway and the Kano-Maidugiri Dual Carriageway. Although some progress has been made in the construction of these roads, the common denominator of these roads is time and cost overruns. Even the new dates of completion have been missed in some of the roads. Apparently, some of the roads did not get the benefit of final engineering designs before contractors mobilised to start; in some cases, premature failure of roads occurred; community projects related to land acquisition and non-payment of compensation came up and requests for cost variation were prevalent. The slow pace of work on these roads questioned the continued carryover

of funds from 2012 - 2014. The roads crossing the North Eastern parts of Nigeria had drawbacks relating to security challenges.

Railway projects form the second leg of the infrastructure interventions of SURE-P. The projects specifically are the rehabilitation of the Western Line (Jebba-Kano Line Rehabilitation Project). It is made up of two contracts. Contract 1 is Lagos to Jebba while Contract 2 is Jebba to Kano. The rehabilitation of the Eastern Line (Port Harcourt-Maidugiri Rehabilitation Project) - is made up of three contracts. Contract 3 is from Port Harcourt to Makurdi; Contract 4 is from Makurdi to Kuru while Contract 7 is from Kuru to Maidugiri. The last is the Nigerian Railway Modernisation Project (Abuja–Kaduna). The projects are proceeding at different speeds and a lot of progress has been recorded. However, the worry is that with the exception of Railway Modernisation Project, others are for the rehabilitation of the old narrow gauge railway system which the colonial masters built. The available information from different publications of SURE-P on the Railway projects apparently contradicts each other.

Chapter Six is on SURE-P at the state level. Available information indicates that none of states separated SURE-P funds from the normal funds of the state. Thus, no separate mechanism exist that can allow for disaggregation and specific tracking of the expenditure of funds at the state level. While the federal SURE-P seems to have made appreciable progress, there are doubts about the propriety of state level subsidy expenditure and what exactly the money has been spent on. States are at liberty to determine their priorities. However, there is a variant of SURE-P at the state level. These are federal appointees managing SURE-P funds at the state level. There are allegations of the dispensation of political favours or the empowerment of favoured party supporters. Some of the state level coordinators coordinated President Jonathan's campaign in their states in 2011. Information about their activities was not available to CSJ's researchers despite persistent requests.

## **1.7 RECOMMENDATIONS**

Against the background of the conclusions, the following recommendations are imperative.

**(i)** All SURE-P funds should be released and cash backed as and when due to ensure continued and timely completion of projects. Carrying over of funds from year to year when there are outstanding claims by contractors and dearth of funds is delaying project implementation is not in the public interest.

**(ii)** Timely payment of contractors who have worked and delivered according to contract specifications should be the norm.

**(iii)** Contractors without the requisite capacity should be blacklisted and contracts revoked and re-awarded to companies that can do the job and on record time.

**(iv)** The Ministry of Finance, BOF and the SURE-P Committee should reconcile the actual amount of funds carried over from the year 2012 to 2013 considering the affirmation of the SURE-P Committee that it received only N164.9b in 2012 implying a shortfall of N15.1b. If the sum of N72.44b was spent in 2012, the implication is that what should have been carried over to 2013 from the original sum of N180b would be N107.6b.

**(v)** The management of SURE-P through SICs should be separated and insulated from politics; technocrats with the right qualifications and orientation should be assigned to manage the funds and activities.

**(vi)** States should consider replicating the federal example of specifically managing SURE-P funds differently from other state funds. They should also consider ring-fencing SURE-P funds to avoid its being mismanaged or mixed up with other projects. This will facilitate accounting for the funds and showcasing achievements.

**(vii)** There should be an interface between FGN and State Governments on activities to be funded with SURE-P funds. FGN should not be replicating activities and services that are already being provided by States and Local Governments. This is not only an unnecessary duplication but a waste of funds.

**(viii)** All the Social Safety Net activities of SURE-P that involve individuals and communities getting benefits should benefit from enhanced transparency and accountability. Names, addresses and phone numbers of beneficiaries should be available on a public electronic portal. The exact location of projects should also be available on the portal.

**(ix)** There should be quarterly report of activities, expenditures and achievements on an ongoing basis.

**(x)** SURE-P can benefit from enhanced transparency and accountability through regular public and media engagement with facts and figures of activities and achievements.

**(xi)** SURE-P should focus more on the activities that are sustainable in the long term and these include the capacity building and training components and the infrastructure components. The activities that merely share money to beneficiaries are not sustainable in the long run.

**(xii)** SURE-P should seriously consider funding for improving local refining capacity even if the new refineries will be privatised upon completion. This can be done through a collaboration involving FGN and States.

**(xiii)** National Assembly Committees with the requisite mandate should improve their oversight over implementation activities of SURE-P

**(xiv)** The bidding process for projects should scrupulously and meticulously follow the PPA to ensure that the best evaluated responsive bidder gets the job - responsive to the bid with regards to work specifications, standards and financial considerations.

**(xv)** Contracts for projects should not be awarded without appropriate technical studies and engineering designs. These designs and studies should precede the award of contract and mobilisation of contractor to site. Indeed, contracts should not be awarded based on preliminary engineering designs but on completed and final designs.

**(xvi)** Site acquisition and community issues should be fully settled before a contractor mobilises to site to avoid undue delays.

## Chapter Two

### BACKGROUND OF SURE-P

#### 2.1 DEREGULATION OF THE PETROLEUM INDUSTRY

One of the pillars of the Transformation Agenda (TA) of the Federal Government is the progressive deregulation of the Petroleum Industry<sup>1</sup>. It appears that deregulation is sometimes misunderstood as related only to upward review of prices or the removal of price controls. But deregulation is beyond this simple task<sup>2</sup>. Regulations could be fewer and simpler leading to greater competitiveness and improved productivity. In the Petroleum Industry, the full thrust of the official deregulation policy is captured in the pending Petroleum Industry Bill.

In January 2012, the decision to partially remove subsidy on Premium Motor Spirit (PMS) was announced by government, with the following as the official explanation for instituting the policy:

- The subsidy regime in which fixed prices are maintained irrespective of market realities has resulted in a huge unsustainable subsidy burden.
- Fuel subsidies do not reach the intended beneficiaries. Subsidy level is directly correlated with household income, as richer households consume larger quantities of petroleum products. Consequently, the subsidy benefits mostly the rich.
- Subsidy administration is beset with inefficiencies, leakages and corruption.
- Subsidy has resulted in the diversion of scarce public resources away from investment in critical infrastructure, while putting pressure on government resources.
- Subsidy has discouraged competition and stifled private investment in the downstream sector. Due to lack of deregulation, investors have shied away from investment in the development of refineries, petrochemicals, fertiliser plants, etc. It is important to note that since the year 2000, government has issued 20 licenses for new refineries, none of which has resulted in the construction of new refineries.
- The deregulation of the downstream sector of the Petroleum Industry will lead to rapid private sector investment in refineries and petrochemicals, which will generate millions of jobs and lead to increased prosperity for the Nigerian people.
- Huge price disparity has encouraged smuggling of petroleum products across the borders to neighbouring countries, where prices are much higher. Nigeria

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<sup>1</sup> Subsidy Reinvestment and Empowerment Programme. 2012 Annual Report.

<sup>2</sup> See Wikipedia, the free online Encyclopedia.

therefore ends up subsidising consumption of petroleum products in neighbouring countries

## 2.2 ESTABLISHMENT OF THE SURE-P COMMITTEE

In order to ensure the proper management of the funds that would accrue to the FGN from the partial withdrawal of subsidy, Government decided to inaugurate a committee for the purpose. Accordingly, the President set up the SURE-P Committee with the following membership:

1. Dr. Christopher Kolade, CON	Chairman
2. Gen. Martin Luther Agwai (Rtd)	Deputy Chairman
3. Hon Minister of Finance/CME	Member
4. Hon. Minister of Petroleum Resources	Member
5. Hon. Minister National Planning	Member
6. Hon. Minister of State Health	Member
7. Prof. Kunle Ade Wahab (Convener, Mass Transit)	Member
8. Mazi S. Oluwabunwa (Convener, Niger Delta (East-West Rd))	Member
9. Dr. Mrs. Ngozi Olejeme (Convener, Public Works (FERMA))	Member
10. Alh. Najeem Usman Yasin	Member
11. Alh. Kassim I. Bataiya (Convener, Roads & Bridges)	Member
12. Mr. Kiri Mohammed Shuaib	Member
13. Dr. Fatima L. Adamu (Convener, Maternal Child Health)	Member
14. Mr. Audu Maikori (Convener, CSWYE)	Member
15. Alh. Mohammed Garba (Convener, Communications)	Member
16. Mrs. Amina Az-Zubair	Member
17. Comrade Peter Esele (Convener, Vocational Training)	Member
18. Barrister Mrs. Halima Alfa (Convener, Culture & Tourism, M&E)	Member
19. Mr. Chike Churchill Okogwu (Convener, Railway)	Member
20. Nze Akachukwu Nwankpo	Secretary/Member
21. <i>Maj Gen (rtd) Mamman Kontagora (Deceased)</i> <sup>3</sup>	<i>Former Deputy Chair</i>

Christopher Kolade has resigned as chairman while General Martin Luther Agwai (Rtd) is the new chairman. The members of the Committee are reported to be representing the following constituencies: Labour and Trade Unions, Nigerian Union of Journalists, Civil Society Organisations, Nigerian Women's groups, Youth and Professional groups, and a representative of each of the geo-political zones in the country. However, it appears that with the exception of labour, there is no evidence that any of the constituencies were consulted or had an input as to who represents them in the SURE-P Committee. Apparently, these members are representing

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<sup>3</sup> Major-General Kontagora died in the early morning of 30th May, 2013 following a protracted illness. Source: SURE-P webpage: <http://www.sure-p.gov.ng/main/index.php/media-publication/press-releases/93-sure-p-announces-the-death-of-kontagora>.



themselves since they account to no one on their performance and achievements in office. The ideal is that these constituencies should have been asked to nominate candidates for eventual selection by the President.

## 2.3 OBSERVATION

No clear document or procedure was presented or shown to the Nigerian people on how the committee members were selected. There were no pre-defined criteria to determine the appointment of state coordinators of the SURE-P. Not only has this questioned the credibility of the selected individuals, it has also shown the susceptibility of the programme to political party dictates and god-fatherism; and confirms the claims that SURE-P is controlled and dominated by Peoples Democratic Party (PDP) members. A report by the Daily Trust newspaper states<sup>4</sup> that; the takeover of the Social Safety Net Programmes of SURE-P by the coordinators of Jonathan 2011 Presidential campaign across the states and the empowerment of youths loyal to the party, sell the impression that the President has set up a structure for his 2015 presidential dream. According to the team of reporters, the main criticism against the project is that President Goodluck Jonathan's campaign coordinators in the 2011 elections have taken charge of it, giving the signal that they have oiled their machinery to facilitate Jonathan's victory in 2015 presidential polls. The coordinators, according to the investigation, include the following persons who worked for Jonathan in 2011: Alhaji Bode Oyedele (Lagos), Mr Joseph Ishekpa (Nasarawa), Alhaji Garba A. Kurfi (Katsina), Alhaji Aliyu Mamman (Niger), Alhaji Adamu Yaro Gombe (Gombe), Hon Femi Akinyemi (Ekiti), Jarigbe Agbom Jarigbe (Cross River), Chief Abdullahi Ohioma (Kogi), Dare Adeleke (Oyo), Alhaji Al-Kasim Madoka (Kano), and Mr Bulus Daren (Plateau). To buttress this suspicion is the accusation that non-PDP elements are not involved in the process of executing the projects.

In more emphatic words, in Calabar, Cross River State, the project is viewed with suspicion. Condemning the scheme, the gubernatorial candidate of the Hope Democratic Party in the state, Dr Theo Onyuku, said everything about the scheme is PDP - "SURE-P is a total failure; complete fraud. It is for PDP thugs, hit-men and cronies to get them empowered towards 2015, and not for the people. It is a charade - normal PDP cartel arrangement for the boys. It is like the NAPEP. It will not achieve anything. To me, it is a waste of national resources. Even the state coordinator of the so-called SURE P, one Jarigbe Jarigbe, a crony of Gov Imoke, has no requisite knowledge about the kind of task he is saddled with. They are just paying him back for helping to work for the return of Imoke and Goodluck Jonathan. It is payback time. You will also notice that the entire gamut of the appointees is just PDP people. It is a circle of wastage!"

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<sup>4</sup> Daily Trust Newspaper (Sunday, 10 February 2013): 2015: *Jonathan men take over SURE-P*

In Lagos, the ACN national publicity secretary, Lai Mohammed, insisted that State Implementation Committee (SIC) is illegal. In a statement, Mohammed said<sup>5</sup> - "This is a very serious violation of the constitution, because the State Implementation Committee (SIC), a body not recognised by law, has been set up to distribute the SURE-P largesse to PDP members in all the states. Recall that money being spent on fuel subsidies was in the past taken out of the Federation Account, hence it is money that would have been divided among the three tiers of government in accordance with the revenue allocation formula. "But by virtue of the SURE-P arrangement, part of the funds are now available for the FG to share freely by approving contracts, programmes and activities in accordance with its whims and caprices. The PDP-controlled FG has now seen the accruing huge funds as money which may well be spent with special favour for its cronies and party affiliates, without regard to the constitution. For President Jonathan, this is an impeachable offence."<sup>6</sup>

Some of the above views are clearly partisan and do not reflect the position of the law. However, there is an element of truth in the evidence of names that have worked for campaigns and now working for SURE-P. The clear message is the need to separate SURE-P from the foibles of politics in accordance with the law which demands that state apparatus shall not be deployed to the advantage or disadvantage of any party or candidate in an election<sup>7</sup> and the Code of Conduct for Political Parties which requires the separation of government and party businesses<sup>8</sup>.

## 2.4 PRESIDENTIAL MANDATE

The mandate from the President to the SURE-P Committee is to 'deliver service with integrity' and 'restore people's confidence in the government'. The terms of reference are as follows:

- a) Determine in liaison with the Ministry of Finance and Ministry of Petroleum Resources, the subsidy savings estimates for each preceding month and ensure that such funds are transferred to the Funds' Special Account with the Central Bank of Nigeria;
- b) Approve the annual work plans and cash budgets of the various Project Implementation Units (PIUs) within the Ministries, Departments and Agencies (MDAs) and ensure orderly disbursement of funds by the PIUs in order to certify and execute projects;
- c) Monitor and evaluate execution of the funded projects, including periodic Poverty and Social Impact Analysis (PSIA);

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<sup>5</sup> Political maneuvering and appointment of party loyalist into offices on basis of favouritism is against merit

<sup>6</sup> The Scoop on March 31, 2013: Riddle: How come SURE-P co-ordinators in 11 states were GEJ 2011 campaign co-ordinators?

<sup>7</sup> Section 100 (2) of the Electoral Act, 2010 as amended.

<sup>8</sup> Political Parties Code of Conduct 2013 published by INEC

- d) Update the President regularly on the programme;
- e) Periodically brief the Federal Executive Council (FEC) on the progress of the programme;
- f) Appoint Consulting firms with international reputation to provide technical assistance to the Committee in financial and project management;
- g) Appoint external auditors for the fund;
- h) Do such other things as are necessary or incidental to the objectives of the Fund or as may be assigned by the Federal Government;
- i) The Committee is supported by a Secretariat that will also be responsible for communication and press briefing.

From the foregoing, the mandate of the Committee is not one derived from law but from administrative fiat. The Committee is tied to reporting to the executive in the discharge of its functions. There is nothing specific in the mandate that speaks to transparency, accountability and reporting to the people on the achievements and challenges of the programme.

## **2.5 PROGRAMME'S OBJECTIVES**

The objectives of SURE-P are:

1. To mitigate the immediate impact of the partial petroleum subsidy removal on the population by laying a foundation for the successful development of a national safety net programme that targets the poor and vulnerable on a continuous basis. This applies to both the direct and indirect effects of subsidy withdrawal.
2. To accelerate economic transformation through investments in critical infrastructural projects, so as to drive economic growth and achieve the Vision 20:2020.
3. To promote investment in the petroleum downstream sector.

## **2.6 TENURE AND DURATION OF SURE-P**

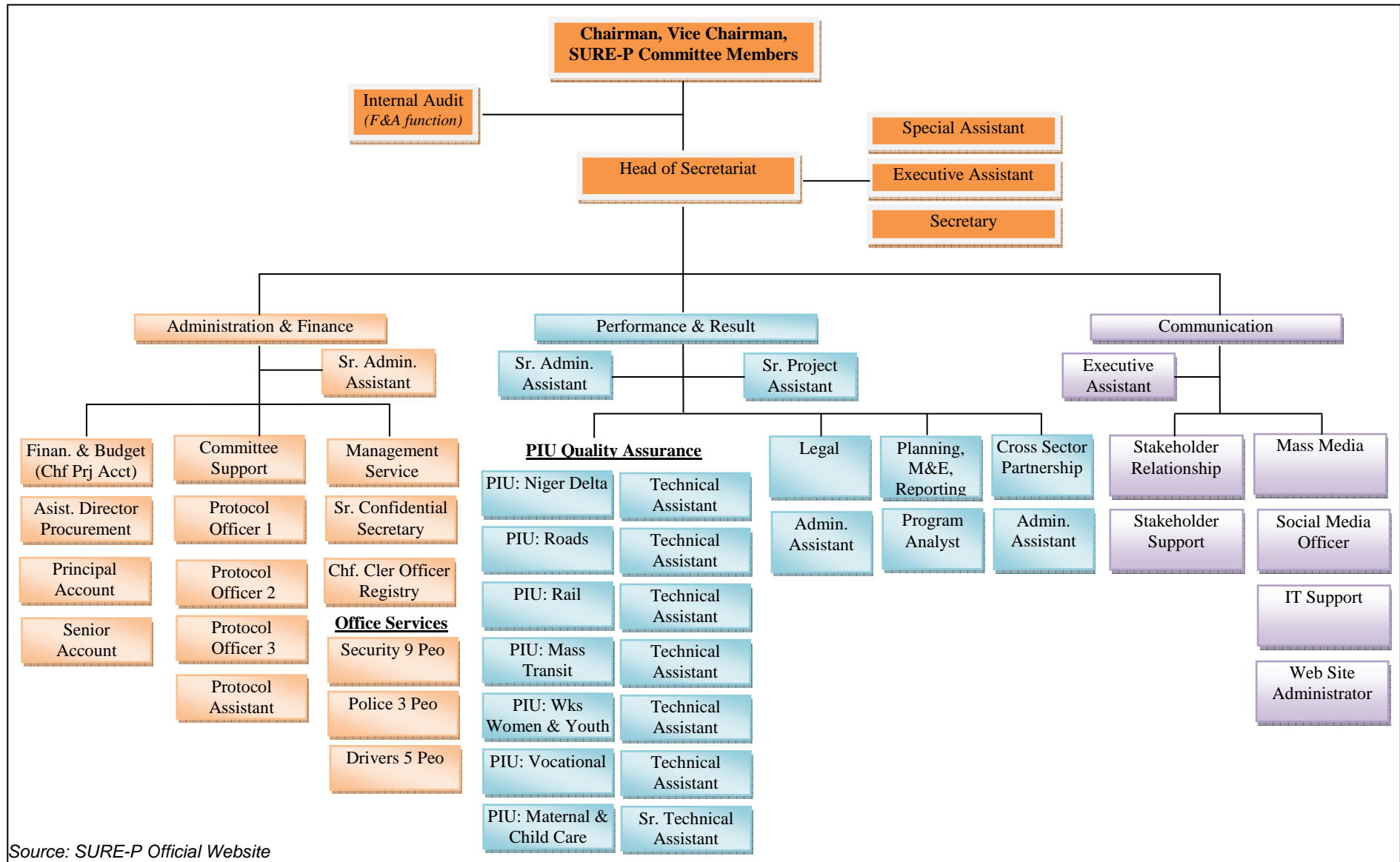
SURE-P was designed along the line of the Transformation Agenda of President Goodluck Jonathan's administration; the life span of which is 2012 – 2015.

## **2.7 SURE-P ORGANIZATIONAL STRUCTURE**

Figure 1 shows the organizational structure of SURE-P

Source: SURE-P Official Site.

Figure 1: Organisational Structure of SURE-P



Source: SURE-P Official Website

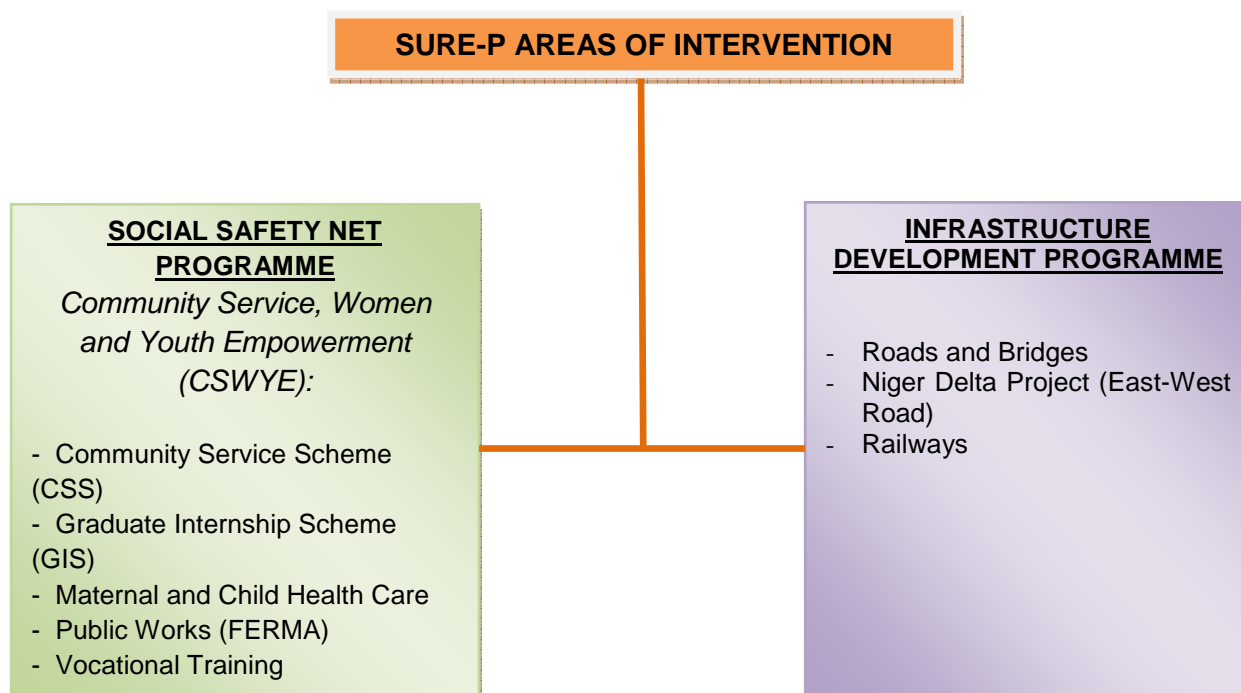
As shown in the organogram above, in the SURE-P operational structure, individual projects are managed by Project Implementation Units (PIUs) that are located within FGN Ministries, Departments and Agencies (MDAs). To perform its oversight responsibility, the Committee has divided itself into Sub-committees, each made up of 3 to 4 members. The Sub-committees act on behalf of the main Committee to provide direct supervision to the projects. Sub-committees carry out site inspection and are required to sign certificates that assure the main committee that the work that is claimed is fully verified. Payments are made on interim certificates raised by the Ministry, verified by the Committee and consultants. The Director-General of the Budget Office of the Federation is the designated Accounting Officer of SURE-P. SURE-P funds are domiciled in the Central Bank of Nigeria and the Accounting Officer processes payments after verification for direct payment to the beneficiaries. The Committee also has a Secretariat for technical and administrative support, and for providing information to stakeholders and the general public.

In the sharing of SURE-P funds, FGN gets 41%, the States and Local Governments get 54% of the subsidy funds, while the remaining 5% is reserved for ecological funds. However, how stakeholders arrived at this formula is unclear in consideration of the fact that this is not the extant revenue allocation formula for the Federation. SURE-P fund is calculated through a template designed by the Ministry of Finance and Petroleum Products Pricing Regulatory Agency (PPPRA) and subscribed to by all stakeholders.

## **2.8 AREAS OF INTERVENTION**

The intervention areas of SURE-P can be divided into two categories; Social Safety Net Programme and Infrastructure Development Programme. The Social Safety Net Programme consists of the Community Service, Women and Youth Empowerment Programme, Maternal and Child Health Care, Public Works (FERMA), Vocational Training and Mass Transit programmes. The Infrastructure Development component of SURE-P focuses on the completion of core road projects and railways that will enhance transportation of passengers and goods in the country.

Figure 2: SURE-P Areas of Intervention



Source: SURE-P Website

The areas of SURE-P intervention were not left to the Committee to decide but they were chosen by the President.

## 2.9 OBSERVATIONS

The set-up, mandate, composition and framework of SURE-P are all administrative. They were determined by the President and his ministers without any enabling legal framework. It is evidently an arrangement tied to the present administration which a succeeding administration may not be bound to follow. Best practices demand that the regime for the management and expenditure of such funds should have been done under a specific enabling law setting out the finer details that would enhance value for money for Nigerians.

## Chapter Three

### GENERAL PERFORMANCE OUTLOOK

#### 3.1 ANALYSIS OF THE 2012 AND 2013 SURE-P BUDGET

Table 1 shows the budget summary of the intervention areas of SURE-P in the years 2012 and 2013.

**Table 1: Sure-P Budgeted Project 2012 and 2013**

Project	2012		2013	
	Amount (N'bn)	% TOTAL	Amount (N'bn)	% TOTAL
SURE-P Railway	33.36	18.53	77.42	28.31
SURE-P Roads & Bridges	85.50	47.50	111.50	40.76
SURE-P Niger Delta	21.70	12.06	42.27	15.45
SURE-P MCH	15.94	8.86	16.91	6.18
SURE-P Mass Transit	8.90	4.94	6.10	2.23
SURE-P Public Work FERMA	5.00	2.78	9.00	3.29
SURE-P Vocational Training	8.60	4.78	8.60	3.14
SURE-P Culture & Tourism	-	-	0.224	0.08
Consultancy & Logistics	1.00	0.56	1.5 <sup>9</sup>	0.55
<b>Total</b>	<b>180.00<sup>10</sup></b>	<b>100</b>	<b>273.52</b>	<b>100.00</b>

*Source: 2012 Budget and 2013 SURE-P Amended Budget*

Table 1 shows the budget summary of the intervention areas of the SURE-P in both 2012 and 2013. The Road and Bridge infrastructure took the largest share with 47.5% and 40.76% respectively. This was followed by the Railway and Niger Delta intervention schemes. Interventions in the area of Culture and Tourism were initiated in the 2013 SURE-P programme with the budget sum of N224million; which is 0.08% of the 2013 intervention fund. The sum of N1billion was budgeted for consultancy and secretariat logistics in 2012, while in 2013, the sum of N1billion was allocated for SURE-Programme board with an additional N500million for monitoring and evaluation. The above priorities are not from the SURE-P Committee but from the presidency.

However, there is a certain CSS and GIS activity costed at N27billion documented in the SURE-P Intervention Fact Sheet 2013 as part of the 2012 SURE-P budget. If that figure is added to the 2012 budget, then the 2012 SURE-P budget will exceed the publicly available information of N180b. This is also unexplained and needs

<sup>9</sup> This comprises of N1bn for SURE-Program board plus (+) N500mn for monitoring and evaluation

<sup>10</sup> This did not take account of the N27billion for SURE-P CSS & GIS in 2012 as reported in the SURE-P 2013 Intervention Fact Sheet.

clarification from the SURE-P Committee. Leaving this issue without clarification questions the integrity and transparency of the entire SURE-P.

Out of this budget of N180b for 2012, the SURE-P Committee received only N164.9b leaving a balance of N15.1b outstanding. The implication of this position was that the N15.1b was never domiciled in the SURE-P account in the Central Bank of Nigeria. However, the reason for this discrepancy between the budgeted figure and the received sum is unexplained. Thus, the publicly available information that N93.5billion was carried over from 2012 to 2013 may need to be adjusted. What was carried over is N93.5b with a deduction of N15.1b which amounts to N78.4b. This will be the case unless there is evidence that the full amount of N180b was later made available to SURE-P.

The following details in Table 2 represent the utilisation of the budgeted sum.

**Table 2: Actual 2012 SURE-P Expenditure**

S/N	Project	Project Implementation Unit	Expended (N)	% of Budgeted Sum Utilized
1	Maternal & Child Health	Federal Ministry of Health	N3,803,152,276.13	23.9%
2	Public Works for Youth	FERMA	N4,000,000,000.00	80%
3	Mass Transit	Infrastructure Bank	N8,900,000,000.00	100%
4	Niger-Delta East West Road	Ministry of Niger Delta	N14,630,670,364.14	37.6%
5	Roads and Bridges	Federal Ministry of Works	N28,296,238,063.10	30.1%
6	Railway	Federal Ministry of Transport	N11,811,615,731.89	27.8%
7	Secretariat Services <sup>11</sup>	SURE-P	N1,000,000,000.00	
<b>Total</b>			<b>72,441,676,435.26</b>	

Sources: SURE-P: 2012 Annual Report and Testimony of SURE-P before the House of Representatives Joint Committee on SURE-P

Again, if the sum of N72.4b was spent in 2012, the implication is that what should have been carried over from the original N180b would be the sum of N107.6b. But the position that only N93.5b has been carried over does not tally with the expenditure profile. SURE-P needs to clarify this position.

Further, by the end of November 2012, a publication titled *SURE-P: the Journey so Far* issued by the SURE-P secretariat and endorsed by the chairman, Christopher Kolade, indicated that only N325.5m has been spent by the secretariat by the end of November 2012. For the secretariat expenditure to jump to N1b by the end of

<sup>11</sup> Details of the Secretariats' budget are not documented in any place in holistic form. What are the line items in the budget of the SURE-P Secretariat? Are they wastages, frivolities and priority expenditures? Do the expenditure of the Secretariat align with the agenda of the SURE-P?



December meant that about N675m was spent by the secretariat in the month of December 2012. This is simply incredible and raises eyebrows. Also, the fact that secretariat services fully drew down their budget at a time other expenditure heads averaged less than 50% is curious. What exactly was this secretariat expenditure on?

The utilisation rate of the SURE-P budget for the six intervention areas as at the end of 2012 was 49.9% on the average. This is unimpressive and has taken a similar path like the normal capital budget implementation. The fact that these projects are already existing and SURE-P intervention is an augmentation questions the capacity of the programme to improve infrastructure and livelihoods. SURE-P did not engage in any new procurement process involving bidding, examination, evaluation and announcement of winners, payment of mobilisation fees, etc. It was just for the already existing contractors to know that extra funds are available, speed up implementation and claim available money for work done. The poor absorptive capacity is therefore a cause for concern and cannot be explained in the normal scheme of events for a programme that states that it is devoid of unnecessary bureaucracy. The intervention area of Maternal and Child Health had the least budget utilisation rate, even when it seems to be one of the most vibrant intervention areas of SURE-P. Rail and roads also had similar low utilisation rate.

The details of the SURE-P expenditure for 2013 in the format stated above for the 2012 expenditure is not yet available. However, according to the latest Budget Implementation Report which is the Third Quarter Budget Implementation Report of 2013<sup>12</sup>:

*In addition to the regular budget, an extra provision of N273.5 billion (N180 billion as additional revenue and N93.5 billion as carryover of outstanding provisions from 2012 budget) was made for major capital and social programmes under the SURE-P window and this assisted in the area of infrastructure development in the third quarter of 2013. A total of N227.55 billion (or 83.2%) of the appropriated sum was released while N119.65 billion (or 52.58%) of the released amount was utilized as at 30<sup>th</sup> September, 2013.*

The above utilisation rate amounts to N39.883b per quarter and pro-rating it for four quarters in a year will mean an expenditure of N159.533b which is 58.3% of the available N273.5b. This is still less than the original N180b available for the year before the addition of the purported carryover of N93.5b. In the 2014 federal budget proposal, the SURE-P has a vote of N268.37b made up of N180b in expected inflow for 12 months while N88.370b is the carry-over from 2013. The implication is that actual SURE-P expenditure for 2013 amounted to N185.2b. This shows that N65.6b was spent in the last quarter of 2013, up from the normal quarterly expenditure of

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<sup>12</sup> This is from the website of the Budget Office of the Federation of Nigeria.

N39.883b. If N185.2b was actually spent in 2013, this is 67.1% utilisation rate which is still poor in the given circumstances. The reason(s) for this quantum leap in expenditure in the last quarter is not available to the public.

The excuse for carrying over funds in the first year of 2012 was that the Programme commenced within the year and had its teething problems. But another carry-over of funds from 2013 to 2014 is inexplicable. Why, for instance, should SURE-P carryover funds when roads like the East West road are uncompleted. According to the Supervising Minister of the Ministry of Niger Delta, Darius Ishaku, the completion of the road is delayed inter alia by lack of funds. Darius Ishaku told the Senate Committee on Niger Delta in March 2014 in Abuja that funds allocated to the Ministry in the 2014 budget proposal by the Budget Office would not be enough to complete the project; as such, the road needs more funds<sup>13</sup>.

Considering that a good part of SURE-P funds are invested as augmentation of ongoing infrastructure projects, it is unimaginable that the sum of N88.370billion is being carried over to 2014. Why is it being carried over? Is it about the absorptive capacity of the implementing MDAs or the contractors handling the projects? Is it possible the funds were not released and cash-backed to the implementing agencies when they needed the funds? This development and utilisation rate cannot be rationally explained in the context of the normal sequence of events that can be appreciated by reasonable individuals.

The former chairman of SURE-P, Dr Christopher Kolade had cause to lament about the poor funding of the programme before the Senate Committee on SURE-P. He stated that the component of SURE-P that employs 119,000 persons might be discontinued after September 2013 because of paucity of funds. Indeed, the initial plan was to scale it up to 5000 persons per state but lack of funds stopped the scaling up. Indeed, the youth empowerment component of SURE-P which had a budget of N28 billion in 2013 was later scaled down in the amended budget to N9b which meant an N18b variance and only N9b had been released by September in the year<sup>14</sup>.

### **3.2 WHERE ARE THE ACTUALS?**

Budgeting N180b for SURE-P as the yearly accruals in 2012, 2013 and 2014 (before the carryovers) may be a bit misleading. At the end of the year, Nigerians are entitled to get information on actual accruals considering that the oil imported and used in a given year may differ from the preceding year. But this information is not yet available in the public domain.

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<sup>13</sup> See PM News of March 1 2014.

<sup>14</sup> Thisday newspaper Friday, September 20 2013 at page 40.

### **3.3 SILENCE ON THE ECOLOGICAL FUNDS**

While there are reports of expenditure on various aspects of SURE-P, there is grave yard silence on the expenditure of the 5% ecological fund component. Who is managing it and what projects have been funded under it? This information is not yet in the public domain.

### **3.4 ECHOES OF MISSING FUNDS**

In the last quarter of 2013, there were allegations that SURE-P funds have been mismanaged and that over N500b was missing and unaccounted for from the programme. This led the Senate to establish an adhoc-committee led by Senator Abdul Ningi. It was alleged that N834.33b accrued to SURE-P while only N300b was disbursed. The Senate Committee invited the Minister of Petroleum Resources, Governor of Central Bank of Nigeria, SURE-P officials, etc to their hearing. At the end of the day, it turned out that no money was missing. The purported unaccounted N500b was the share of the states and local governments and the 5% ecological fund.

### **3.5 MONITORING AND EVALUATION**

The 2012 Annual Report states as follows:

*SURE-P has a robust institutional framework for ensuring the quality and value for money aspect of its interventions in Infrastructure Projects and Social Safety Net Programmes. The SURE-P M&E Team works closely with the National Planning Commission (M&E Department) and supported by DFID consultants, to ensure that all SURE-P interventions are accorded the necessary scrutiny to meet required standards of project and programme delivery. Through this partnership, the Nigeria Taxpayer can be confident that SURE-P is at the forefront of enabling that transformation of public sector service delivery and maximizing value for money.*

Whether this reflects the actual position will be evident in the course of this Study.

## Chapter Four

### **SURE-P REPORT VERSUS FIELD OBSERVATION: SOCIAL SAFETY NET PROGRAMMES**

#### **4.1 INTRODUCTION**

This Chapter reviews the intervention area of the social safety nets of SURE-P; examining the objectives of the scheme, the progress and achievements so far as documented in SURE-P reports, in comparison to the field investigative reports on the scheme to ascertain the true level of progress, transparency, accountability, accessibility and workability of the SURE-P. It will also review the impact of the programme on the people.

The social safety nets intervention of SURE-P consist of the Community Service Women and Youth Empowerment Programme (CSWYE); Maternal and Child Care; Public Works (FERMA), Vocational Training and Mass Transit Programmes.

#### **4.2 COMMUNITY SERVICE, WOMEN AND YOUTH EMPOWERMENT PROGRAMME**

The CSWYE project was conceptualised in 2011 in the Federal Ministry of Labour and Productivity among other sub-components, nurtured in the Federal Ministry of Finance for one year and relocated to the Federal Ministry of Labour and Productivity in 2013. The target population for the CSWYE project comprise core poor Nigerians who are most likely to be affected by the impact of oil subsidy removal in their daily lives. One of the objectives of the CSWYE programme is to tackle the problem of youth and women unemployment by creating immediate short term employment for women and youth in labour intensive industries. It seeks to engage 10,000 persons in each state of the Federation and the Federal Capital Territory (that is 370,000 youths and women). Of these, it is expected that 30% (111,000 youths) must be women and the jobs are designed to be created in labour intensive community development services or community service scheme (CSS). The women and youths beneficiaries of the CSWYE programme are to be trained in some basic skills and supplied with working tools and equipment as appropriate. They receive monthly payments based on the amount of work done. A second branch<sup>15</sup> of the CWSYE programme is the Graduate Internship Scheme (GIS), designed to enhance the chances of employing about 100,000 unemployed graduates throughout the Federation, through internship programmes provided by interested public and private companies.

To ensure the effectiveness of the CSWYE initiative, the Federal Programme Implementation Unit (FPIU), established in the Ministry of Finance, administers and manages the programme and works closely with State Implementation Committees

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<sup>15</sup> The first being the Community Service Scheme (CSS).

(SICs) and Local Governments and Community Development Associations. These bodies identify and help in selecting potential beneficiaries of the programme. On the 8<sup>th</sup> April, 2013, the CSWYE was relocated from the Federal Ministry of Finance to the Federal Ministry of Labour and Productivity<sup>16</sup>, while the GIS remained within the operations of the Federal Ministry of Finance.

### 4.3 COMMUNITY SERVICE SCHEME (CSS)

#### 4.3.1 Objectives

The CSS Programme according to the SURE-P draft document aims to reduce youth restiveness and alleviate poverty through employment and empowerment opportunities for women, youths and people with disabilities<sup>17</sup>. According to the CSWYE Project Information Handbook, the CSS component of CSWYE in SURE-P intervention seeks to do the following;

- To provide temporary employment opportunities in community services for up to 185,000 unemployed and unskilled Nigerian women and youth from all the states of the federation and the FCT on annual basis.
- To ensure direct socio-economic impact on the lives of the target population by consistently paying monthly stipends of N10,000 per beneficiary for completed 5-hour work per day and 5 days per week, directly to their individual bank account.
- To make significant impact in the quality of social-economic environment in rural communities where the beneficiaries reside due to the services they delivered, and
- To renew the trust of beneficiaries and the general public, especially the poor masses in the rural communities not often reached by government, in government policies, programmes and projects.

According to the CSWYE Project Information Handbook<sup>18</sup>, the expectation of the project is that with an annual target of 185,000 beneficiaries spread across the thirty-six states and the FCT, the CSWYE/CSS if consistently implemented will reduce unemployment among the target group by a total number of 740,000 in four years, as the direct impact on reduction of youth unemployment. In addition, the document claims that *“part of the key output of the project is economic empowerment of the beneficiaries, with ripple benefits on their dependants (Average of four per beneficiary) with result in positive effect on a projected 2,960,000 persons within and beyond four years”*.

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<sup>16</sup> This scheme under the Federal Ministry of Labour and Productivity is often referred to as CSWYE or the CSS.

<sup>17</sup> SURE-P Final Draft: Federal Government 41% Share at Work

<sup>18</sup> Community Service, Women and Youths Employment (CSWYE) Project Information Handbook, Federal Ministry of Labour and Productivity.

**Project Description: CSS/CSWYE Service Identification<sup>19</sup>:** Communities select services they require from the service menu of the CSS/CSWYE. Community services categories and menu fall under 7 sectors of the economy and include:

**Health:** The rehabilitation of hospitals, primary health care centres and clinics with emphasis on projects that involve the use of local labour. Projects can include improving buildings (painting, plumbing, electrical, new wings, etc) or revamping equipments in the buildings (beds, chairs, etc)

**Education:** The rehabilitation of primary, secondary and tertiary schools with focus on the classrooms, staff rooms, teacher’s quarters (painting, electrical, roofs, walls and floor, school sanitation, water infrastructure (toilet and plumbing) and repairs of school furniture, etc).

**Water and Sanitation:** Utilizing local labour in the construction of water supply projects particularly the sinking boreholes and miniwater schemes to serve small communities. Construction and operation of public toilets across the country.

**Environment:** Building of new and maintenance of existing solid waste management facilities, landscaping of public spaces, building and maintaining culverts, gutters and drainages, planting of trees, planting and maintaining green parks and solid waste management facilities, including local incinerators and hill side terracing.

**Water and Transport:** Manual clearing of unwanted species on waterways.

**Infrastructure Construction and Maintenance:** Construction, maintenance and rehabilitation of all other critical infrastructure needed to stimulate the local economy e.g. market, market yards for animals, access and feeder routes, wooden pedestrian bridges, garage, parking lots, etc; and

**Social Services:** Community security, traffic control, pupil’s truancy control, etc.

**Beneficiary Selection:** The selection of beneficiaries is done by the communities, with the participation of Community Leaders and Development Associations (CDAs) who are better placed to know the poor and qualified persons among them based on laid down criteria. Equity is adopted in the distribution of number allocated to each state. Criteria for beneficiary selection are well defined to ensure focus on the target population. The following criteria guide selection and midstream replacement of project beneficiaries:

- i. Must be a Nigerian

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<sup>19</sup> Community Service, Women and Youths Employment (CSWYE) Project Information Handbook, Federal Ministry of Labour and Productivity. All the information supplied hereunder before “Achievements” are from the Handbook.

- ii. Must come from a core poor household
- iii. Must be in the age bracket of 18 – 35years for male and 18 – 50 years for women
- iv. Must have no other source of income
- v. Must not have educational qualification above Senior Secondary School Certificate or its equivalent
- vi. 30% to be reserved for women
- vii. 20% to be reserved for other vulnerable persons including the physically challenged, widows, people living with HIV/AIDs, people living in border communities and Albinos
- viii. Must not select more than one beneficiary for one household at a time
- ix. Selection must be done by the community members (leaders of various groups) themselves who know the poor among them
- x. All sectors of the society in each state must be carried along in the selection of beneficiaries and replacement of already selected beneficiary, for any reason, must follow the same process as the initial selection and with the approval of the Federal Project Implementing Unit (FPIU)

Application forms are completed by all intending beneficiaries. These forms are endorsed by the Community Leaders and LGA project officials who then forward them to the State Project Officers within two (2) days. The state officers screen the completed forms for compliance to guidelines, list the qualified applicants and forward same to the project bank and the Federal Project Implementation Unit for further documentation. All the above information which are quite well thought out come from the Handbook.

#### **4.3.2 Achievements**

CSWYE through the Community Service Scheme (CSS) claimed to have engaged 119,000 beneficiaries<sup>20</sup> spread across various communities in the country<sup>21</sup>. This number is made up of over 8000 beneficiaries that were deployed in twelve states during the pilot stage. 3, 000 beneficiaries were said to have been deployed in each state of the Federation and FCT apart from Plateau state which has 2,272 beneficiaries. According to the report, the remaining 728 beneficiaries from Plateau were expected to be deployed by middle of August 2013<sup>22</sup>. The report noted that the beneficiaries were deployed in communities where they came from and were engaged in different community services thereby helping to maintain social

<sup>20</sup> SURE-P Progress Report, Ministerial Platform, July 2013 by Nze Akachukwu Nwankpo (Secretary SURE-P) and the SURE-P 2012 Annual Report (January, 2013)

<sup>21</sup> At least 19,000 persons in the South West part of the country have so far benefitted from CSWYE project of the SUPE-P. Disclosing this during a sensitisation and appraisal tour of the CSWYE project of SURE P, for the South West Geo Political zone, in Oyo State, Minister of Labour and Productivity, Chief Emeka Wogu said beneficiaries recorded man hours work output of 27, 550,000 in the past one year.

<sup>22</sup> Nothing has been reported so far as at the time the report was prepared.

infrastructure in these communities. The priority intervention activities were identified by the communities. Each of these beneficiaries was paid a monthly stipend of N10,000 which is a form of social safety net for them. The beneficiaries were supposed to provide their bank account details for direct payment into their bank account. In total, the scheme was said to have spent about N1.190b a month and N14.280b in a year to pay the beneficiaries their stipends. Over 360 communities are reported to have benefitted and this has improved the quality of their social and economic infrastructure including maintenance of drainages, waste and refuse disposal, security and traffic control. It was also reported that the project has raised citizens' confidence on good governance.

### 4.3.3 Observations

In 2012, N27 billion was budgeted for this programme. In 2013, the same amount was budgeted but was later reduced to N9b in the amended budget. There is no evidence that the criteria and basis for the selection of participants in the scheme has been strictly followed. It appears that participants are selected on the rule of the thumb which leaves the project open to abuse, nepotism and favouritism. According to the SURE-P 2012 annual report, the following challenges have beset the project:

- Delayed inauguration of the State Implementation Committee (SIC);
- Overbearing influence of SIC over the State Project Implementation Units;
- High expectation of SIC in terms of responsibility and remuneration from the project;
- Failure of SIC to fully adhere to the approved operational implementation guidelines;
- SIC members rejecting already selected beneficiaries in pilot states prior to their inauguration.

Pray, why would SIC members reject already selected beneficiaries prior to their inauguration? The Handbook states that the limiting factors include irregular and inadequate funding and lack of broad based political support. Why would the project be irregularly and inadequately funded when the subsidy funds are coming in on schedule? Researchers also found that there is no independent way of verifying the claim that 119,000 or 185, 000 persons have been engaged. This is against the background of governmental claims that it has established an automated database for the management of the scheme<sup>23</sup>. It should be recalled that Senator Abdul Ningi during a public hearing in October 2013 demanded on behalf of his Committee, the FCT's list of 3000 beneficiaries. But available information indicates that the list never got to the Committee. The minimum the SURE-P can do is to devise a portal available to all Nigerians indicating the names, address, phone numbers and other contact details of these Nigerians. The portal should also include the details and

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<sup>23</sup> The Guardian of Tuesday, January 21, 2014 at page 36.



locations of other projects. This is the only assurance that the activities and projects of SURE-P are real.

Further, the tasks assigned to beneficiaries of the scheme seem to duplicate the duties of local governments and states. Sanitation, refuse disposal, landscaping of public spaces, maintaining green parks, construction, rehabilitation and maintenance of markets, parking lots and garages, sinking community boreholes and mini water schemes, building and maintaining community culverts, gutters and drainage maintenance are clearly the duties of local governments<sup>24</sup>. This may amount to duplication of efforts and a waste of resources. Essentially, this component of SURE-P seems not properly targeted; it is not sustainable and will not deliver value for money.

3,500 persons in Oyo State were reported to have been engaged under the project. Launching the project in Ibadan (on 6<sup>th</sup> December, 2013), President Jonathan through the Minister of Labour and Productivity, Emeka Wogu, noted that those who benefited from the project comprised 1,982 males and 1,518 females, with all the beneficiaries of the project currently working in 144 service units spread across all the 33 local government areas of the state. He stated further that the beneficiaries had received a total of N246.8 million as stipends, while a total sum of N29.9 million had been remitted to the state as running/management cost between February and September 2013. Governor Abiola Ajimobi, while receiving the minister said, *“when you look at a state with about 10 million population and we are saying only 1,000 or 2,000 people have benefited, to me, this is terribly low.”* The governor also advised that such a life-transforming programme should be done without any political consideration. According to him, if the Peoples Democratic Party-led Federal Government discriminates against other political parties in the management of SURE-P, its aims would be defeated. Consequently, he called for the setting up of a committee comprising representatives of both the Federal Government and state governments in each of the 36 states of the Federation that would run the project. He also said that such committee, if constituted, would ensure synergy between the Federal Government and the State Government on the SURE-P scheme and other similar empowerment and poverty alleviation programmes in the states<sup>25</sup>.

However, this position by Governor Ajimobi apparently did not take into consideration the fact that states have their own allocations from SURE-P which could be managed to compliment the federal programme.

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<sup>24</sup> See Schedule Four of the Constitution of the Federal Republic of Nigeria, 1999.

<sup>25</sup> Information Nigeria (7 December, 2013): 3,500 Oyo People Benefits From SURE-P

## 4.4 GRADUATE INTERNSHIP SCHEME (GIS)

### 4.4.1 Objectives and Achievements

The second component of the Community Service, Women and Youth Employment (CSWYE) programme is the Graduate Internship Scheme (GIS)<sup>26</sup>. The SURE-GIS programme is intended to provide Nigerian graduates with quality temporary work experience that will make them stronger candidates for job openings in the labour market through a one-year internship placement. Available information indicates that over 112,952 unemployed graduates have registered for this scheme; some 3,107 organisations have registered their willingness to provide internship placement and 3,013 interns have been matched while 876 have been deployed<sup>27</sup>.

This Scheme which hopes to provide mentorship and upgrade the skills of Nigerian graduates has at July 2013 engaged 1,823 interns. These interns are currently being mentored and provided some skills by various firms across the country. The interns presently are being paid a monthly stipend of N18, 000 amounting to N32,814,000 a month for all 1,823 interns. A web based platform for registration of firms and graduates has been established while appropriate manuals have been designed. The Programme Implementation Unit is in the Ministry of Finance with state National Directorates of Employment serving as State Implementation Units. Funds have been released to all SICs for the identification, selection and deployment of 3000 beneficiaries per state. GIS claims to have social and economic safeguards vis; community participation in identification of services and beneficiary selection and social inclusiveness with 30% quota for women and 20% for other vulnerable groups.

The challenges encountered so far include<sup>28</sup>:

- Poor internet facility;
- Security situation especially in the northern states;
- Poor state of potential firms/organisations;
- Poor response from large organised private sector;
- Weakness identified in the web operational system for matching of interns with firms.

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<sup>26</sup> Another document from the SURE-P; "SURE-P: The Journey So Far, Jan 2012 – Jan 2013, describes the GIS as a design to enhance the employability of about 100,000 unemployed graduates throughout the federation, through internship programmes provided by interest public and private companies and institution. This document reports that by the end of November 2012, over 63,000 unemployed graduates has applied for placement on the programme and some 1,300 organizations had registered their willingness to provide internship places.

<sup>27</sup> SURE-P Final Draft: Federal Government 41% Share at Work

<sup>28</sup> See SURE-P 2012 Annual Report.

#### 4.4.2 Observations

The danger here is that twice the amount spent on the two employment schemes (CSS and GIS) would be expended on administrative costs. In 2012, when the Community Service Scheme piloted in five states – Niger, Adamawa, Delta, Oyo and Kwara – a total of N192,058,126 was spent on the scheme. Only N49, 132,500 went into the payment of stipends for the beneficiaries. Most of the expenditure went into administrative costs. A whopping N79, 402,746 of the money spent was for “DTA and Transport expenses for 259 SIC members and SIU staff from 36 States and FCT”.

The programme design appears unclear in terms of objectives and expected results. There are so many questions demanding answers. Will the programme equip participants with new skills that will make them employable? This is a pertinent question considering that despite the high unemployment rate in the country, there is a mismatch of available skills and the demands of industry and the service sector. How will any results be sustained? If there is a weak response from large firms in the organised private sector, it means they do not see the programme and the interns adding any value to their companies. For this programme to be successful, it must be a win-win scenario for the interns and the companies. The companies must not see it as mere charity. The programme appears to have been rolled out in a hurry without careful analysis of its contribution to the alleviation of poverty and the economy as a whole.

### 4.5 MATERNAL AND CHILD HEALTH CARE

#### 4.5.1 Objectives

The SURE-P Maternal and Child Health Care programme (MCH) aims to reduce child and maternal morbidity and mortality in Nigeria through the utilisation of cost effective demand and supply interventions to increase access to and provide quality delivery of health services to ensure that Nigeria is on track of achieving MDG goals 4 and 5<sup>29</sup>. It also seeks to tackle inequalities in the provision of primary health care<sup>30</sup>. Some of the expenditure so far are as indicated in Table 3.

Table 3: Extracts of Expenses in the MCH Intervention Scheme

Amount	Purpose
N209,257,229.76	Recruitment of 4,604 health workers (1,168 midwives, 2,188 community health workers and 1,248 village health workers)
N2,304,686.48	Training of health workers in Kuje and Karu and cash support for beneficiaries
N12,708,130	Two weeks state of readiness assessment in 9 pilot states – including

<sup>29</sup> SURE-P Annual Report 2012 at page 11.

<sup>30</sup> SURE-P Final Draft: Federal Government 41% Share at Work (accessed 27/3/2014)

	advocacy and sensitization
N9,079,100	Selection and assessment of 500 primary health centres and 125 general hospitals
N810,500,000	Purchase and supply of branded medical supplies and drugs to 500 PHCs
N93,579,775.99	Setting up state implementation units – rents, running costs, allowances and consultants
N4,302,190	Production of programme manual and advocacy materials
N600,000,000	Purchase of buffer drug stock

Source: 2012 Annual Report and Ministerial Platform Progress Report July 2013

## 4.5.2 Achievements and Challenges

### (i) Human Resources for Health and Service Delivery

In terms of achievements, the Progress Report as at July 2013<sup>31</sup> states that SURE-P has increased the supply of human resources for health and created jobs by recruiting 6,630 health care workers. These health care workers comprise: 1,304 midwives; 2,254 community health extension workers (CHEWs); and 3,072 female village health workers (VHWs). These new workers cut across the six geo-political zones of the country. They have been deployed to provide quality ante-natal, skilled birth delivery and post-natal services for previously under-served rural poor women. Maternal, neonatal and child health services are now accessible in 500 SURE-P supported Primary Health Centres (PHC) spread across the 36 states and FCT. A total of N209.257million was used to recruit the health workers. This amounts to N45,451 per health worker recruited. This is a little bit on the high side. The programme in 2013 plans to add additional 1500 midwives to bring the number to 2804; new 2,800 CHEWS to bring the number to 5,054 and additional 4,200 VHWs to bring the total to 7,272. Responding to the draft of this Study Report, the SURE-P MCH office, noted that as at December 2013, the number of health care workers deployed by SURE-P MCH increased to 11,896 workers made up of 2,554 midwives, 3,342 CHEWs and 6,000 VHWs.

The SURE-P MCH Programme has generated significant increase in the uptake of services at PHCs in communities hosting them. 223,786 pregnant women have received antenatal care services in SURE-P MCH supported facilities; 28,435 deliveries have been taken by skilled birth attendants in these same facilities and 19,514 new acceptors of family planning have been recorded in these same facilities.

The challenges encountered in the recruitment of health workers include<sup>32</sup>:

<sup>31</sup> SURE-P Progress Report, Ministerial Platform, July 2013 by Nze Akachukwu Nwankpo (Secretary SURE-P)

<sup>32</sup> SURE-P 2012 Annual Report at page 16.

- Shortage of midwives accommodation in the states;
- Low literacy level of the participants;
- Discrepancies in the list of midwives and CHEWs submitted;
- Shortage of information technology equipment for bio data capturing;
- Low response of midwives in the Northern zones when compared to the South.

## **(ii) Conditional Cash Transfer (CCT)**

SURE-P MCH has successfully launched the Conditional Cash Transfer (CCT) Pilot Programme. It is a demand side cash incentive of N5000 offered to pregnant women to encourage the uptake and use of PHCs after completing and fulfilling certain conditions. The inauguration of State Steering Committees has taken place in eight pilot states and the FCT namely Anambra, Bauchi, Bayelsa, Ebonyi, Kaduna, Niger, Ogun and Zamfara States. 45 PHCs in the six geo-political zones were chosen to administer the programme. The CCT was designed against the background that user fees charged by PHCs and transport costs were major barriers impeding access of poor and rural women to health services.

The CCT services available in the FCT are in 5 PHCs and a total of 2,150 beneficiaries have been enrolled into the programme as at 30<sup>th</sup> June, 2013 as follows:

- Dei-Dei Comprehensive Health Centre: 670 beneficiaries
- Old Dei-Dei Health Post: 200 beneficiaries
- Byazhin Health Centre: 272 beneficiaries
- Dutse Alhaji Health Centre: 449 beneficiaries
- Kuje Health Centre: 559 beneficiaries

Ward Development Committee (WDC) members have been enrolled in 32 pilot PHC facilities in the 8 pilot states. Beneficiaries are now being enrolled.

## **(iii) Health Facility Upgrade**

In 2012, SURE-P MCH selected 625 health facilities made up of 500 PHCs and 125 General Hospitals across the 36 states of the Federation and FCT in collaboration with states and local governments. These health facilities will be transformed into model health facilities with funding support from the SURE-P MCH Programme through extensive renovation and infrastructural upgrade which will include provision of boreholes and toilet facilities. According to the SURE-P 2012 Annual Report:

*“In each state and the FCT, 3-4LGAs/wards were selected and in each of these wards, 4 PHCs and GH were selected for the SURE-P MCH programme. The 4 PHCs and 1 GH formed what is called a “Cluster, so in each state 3 or 4 clusters*

*were formed. The health facilities selected were all from health facilities that had no form of donor partner”.*

SURE- P MCH has completed the Bill of Quantities Assessment of all 625 health facilities to determine the state of physical infrastructure upgrade required for their visible transformation. So far, 74 facility renovations have been approved and awarded. In addition, 313 boreholes have been approved and awarded. In 2013, the projection is to support additional 700 PHCs by the SURE-P MCH Programme to bring the number of upgraded PHCs to 1200. 175 new GH will be supported to bring the number of GHs supported to 300. Based on lessons learnt and hardship experienced by deployed healthcare workers, provision of accommodation for health workers is a paramount consideration for 2013. Responding to the draft report of this Study, SURE-P MCH indicated that it is supporting 1000 PHC facilities in rural and hard to reach communities across the 36 states and the FCT. It stated that the facilities were selected by the states based on an agreed criteria reached between the states and the SURE-P MCH PIU. However, the website [www.surepmch.org](http://www.surepmch.org) still indicates 500 PHC facilities and 125 GHs.

#### **(iv) Drug and Equipment Supplies**

The MCH committee has initiated the supply of essential drugs, health commodities and medical equipments to all 625 SURE-P supported primary and secondary health facilities. The SURE-P MCH Programme is committed to ensuring that no programme beneficiary will be required to pay any user fees when accessing services at any SURE-P supported PHC by ensuring all-year round availability and supply of basic maternal, newborn and child health drugs and health commodities. In addition, the right set of medical equipments will be available to provide quality antenatal, delivery and post-natal services to all programme beneficiaries accessing any SURE-P supported PHC across the country. The standard list of items include medical equipment, MAMA Kits, Midwifery Kits, outreach Kits, VHW kits, maternal neonatal and child health drugs and medical consumables<sup>33</sup>.

In 2012, a total of N810.5million was spent on drugs and equipment and by July 2013, the expenditure had gone up to N1.8billion. This is an increased expenditure of about N1billion. Also, N600million worth of buffer stock was procured and stored in zonal medical stores to stamp out “out of stock syndrome”. In all, 425 facilities across the country have been supplied a full complement of drugs, consumables and medical equipments

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<sup>33</sup> Page 25 of the 2012 Annual Report.

## **(v) Communications and Advocacy**

SURE-P has commenced communication and advocacy activities towards ensuring sustainability and to preserve the gains of the SURE-P MCH. The National Primary Health Development Agency (NPHDA) is constructively engaging state and local government authorities through advocacy visits and sensitisation meetings with a wide variety of stakeholders including state and local government officials, traditional leaders, community based organisations and professional associations. It has also developed a draft Memorandum of Understanding (MOU) that will be signed by State Governments to facilitate their ownership and partnership contribution to the SURE-P MCH Programme. Advocacy visits have been successfully conducted in the 13 states of the North East and North West geo-political zones and 11 states in the South East and South West geo-political zones; production and airing of radio and television jingles have commenced in 3 stations in the FCT and a quarterly MAMA magazines has been published and launched.

### **4.5.3 Observations**

Visits to the SURE-P headquarters to get a detailed breakdown of the expenditure for the provisions of MCH services did not yield any results. How much was actually used to procure the drugs and kits? SURE-P headquarters refused to provide details of expenditure on MCH and directed the researchers to the Budget Office of the Federation, which in turn declined giving the information.

At the initial stage of the research, location of the selected PHCs and GHs could not be independently verified but a website was later found based on information from SURE-P MCH. However, the locations in some states for example, Imo State seem to be based on political considerations rather than the stated rural and hard to reach communities. In Imo State, only five local governments benefitted from the 12 PHCs located in the state. The claim that thousands of health workers have been employed cannot also be independently verified since the names, addresses and locations of the employees are not available to the public.

Some of the stated challenges on the recruitment of health workers need further interrogation. The low literacy level of participants raises the concern of whether the programme needs health workers (may be CHWs) who have very low literacy; how will they be able to render services to the intended beneficiaries? A major challenge that will face this component of the MCH is about sustainability. The 2012 Annual Report states that a memorandum of understanding with clearly spelt out roles and responsibilities for federal, state and local government will be signed as binding agreements including a responsibility for state governments to absorb the SURE-P health workers into the state workforce. Although SURE-P MCH indicates that some states are already absorbing the health workers, the overall picture looks problematic because states may not easily give in to including new staff on their payroll if they did

not plan for them initially. Although MCH interventions done at the local level by FGN is saving lives, it would have been more appropriately left to states and local governments. This would over time build the capacity of these governments to undertake their basic responsibilities. The MCH interventions are laudable but the sustainability of the human resources for health for programme after the SURE-P intervention is in doubt.

Again, the criteria for the selection of the beneficiaries of the CCT are not clear since it is stated by SURE-P MCH that all pregnant women residing in the communities where the CCT pilot facilities are located are eligible to benefit from the cash incentives. Unidentified co-responsibilities are expected from these women according to the SURE-P MCH. The long term sustainability of this activity is also doubtful. For the PHC and GH facilities being upgraded and renovated, the authority to continue their maintenance after the end of SURE-P is not clear.

For the projections to increase the number of PHCs and GHs to be upgraded in 2013, there is no confirmation yet whether the increase did take place. The website [www.sure-pmch.org](http://www.sure-pmch.org) still contains the list of the 500 earlier indicated.

## **4.6 PUBLIC WORKS (FERMA)**

### **4.6.1 Objectives and Achievements**

SURE-P's Public Works (FERMA) programme is an adaptive scaling-up of existing FERMA direct labour activities. It is aimed at creating mass employment opportunities through the implementation of nationwide road maintenance public works programme. It is also aimed at providing safe and motorable road linkages across the economic zones of the country and achieving zero pot-holes on major federal roads. It is stated that:

*The FERMA-SURE-P Road Maintenance Public Works and Skills Acquisition project is designed as a component of SURE-P to enhance job creation opportunities in labour intensive public works programme to create social safety nets, skills acquisition and economic empowerment via maintenance of public infrastructure.. The project is centred on the FERMA designed Preventive Road Maintenance (PRM) programme. This involves the periodic application of relatively inexpensive pavement treatments to an existing road system in order to retard further deterioration, prevent massive failures and make the roads safe and motorable all year round.*

The SURE-P progress report stated its achievements to include: Fully kitted workforce deployed as at 30<sup>th</sup> April 2014 is 7179 and the number of roads covered is 40; length of roads covered is 4,905km across the 36 States of the Federation. The Public Works is made up of Social Safety Net (job creation); road infrastructure



maintenance and some level of skills acquisition. The project had stock piled various sizes of aggregates, stone base mix materials, bitumen products in various stores and field offices across the federation. The road maintenance activities focused on: Asphalt overlay, lane marking, concrete media coating, street lighting on 3<sup>rd</sup> Mainland Bridge; repairs of failed sections and pothole patching using pothole patchers and mini asphalt on 40 no designated SURE-P roads nationwide; repairs of damaged and vandalised bridge railings and crash barriers; lane marking and coating of concrete median barriers along some selected dual carriageways. It also includes the provision of bollards, road signs and replacement of kilometre pots and work zone safety devices; vegetation control, desilting of drains and carriage ways along all dual carriageways and major single carriageways that leads to state capitals.

The total budget so far has been N8bn and the challenges for the programme include:

- Delay in the release of funds;
- Operational monitoring capability due to wide range of project coverage and spread;
- Effective manning and training of huge number of personnel involved;
- Schedule slippages due to material and mobilisation delays;
- Effective stakeholder's management of expectations.

#### **4.6.2 Observations**

The statistics on the number of engaged persons seems to vary. In earlier publications, the number was stated to be 12,400 young Nigerians (10,000 workmen and 2,400 supervisors) while the response to the FOI request stated that it was 71,719. FERMA also gave out the names and addresses of beneficiaries.

Field work showed that several public works projects are being carried out under this programme but it is difficult to verify performance because they are not new construction work. Roads get patched and also depreciate within a short time. For example, the maintenance of section 4 of the Benin Ore Sagamu road is being undertaken by FERMA but what it is doing is minor patch work. The quality of work is poor and in a few months, the whole repair will need to be redone.

### **4.7 TECHNICAL VOCATIONAL EDUCATION AND TRAINING (TVET)**

#### **4.7.1 Objectives and achievements**

The SURE-P Vocational Training programme is focused on reducing unemployment and poverty in Nigeria through development of skills, building of institutional capacity and investing in training Infrastructure. It is a programme to boost the capacity of

youths for gainful employment and enterprise, thus making them financially independent. The identified vocational training areas are mechanical/fabrication skills, telecommunications, information and communications technology (ICT). Others are agricultural mechanisation and irrigation skills, housing development, artisanship and exposure to the creative arts, especially in the movies and music industry, technical knowhow in crop production and processing; marine, oil and gas industry, etc. This component of SURE-P had an effective start date of May 27 2013 and a budget of N8.6b in 2013. Table 4 shows some of the project activities, progress report and the associated costs.

**Table 4: Extracts of Activities in the TVET Budget**

<b>SN</b>	<b>Project Activity</b>	<b>Progress Till Date</b>	<b>Cost/Commitment</b>
1	Program framing and design by consultants	Completed	N42,800,000.00
2	Demand studies by consultants	Partially completed	N42,800,000.00
3	Office Rent for 42 staffs, 2NO blocks	Partially completed	N21,050,000.00
4	Office equipment and maintenance	Continuous	N20,441,000.00
5	Personnel and overhead cost	Continuous	N102,510,000.00
6	Project vehicle account	Completed	-
7	Consultants with TVET UK and British Council	On-going	-
8	Facilities update and upgrade	On-going	N1,712.600,000.00
9	Program publicity/advert	Partially done/On-going	N2,500,000.00
10	Beneficiaries' selection, placement and management.	18,500 trainees already registered. Registration is on-going	N171,200,000.00
11	Consultant/Trainers selection	700 consultants applications so far received	-

Source: SURE-P Report on TVET

**Table 5: Other Extracts of Activities in the TVET Budget**

	<b>Project Activity</b>	<b>Cost/Commitment</b>
1	Facility tour/inspection	N10,000,000.00
2	Completion of procuring project vehicle	N91,959,000.00
3	Additional advertisement/ publicity	N5,000,000.00
4	Completion of framing and design	N42,800,000.00
5	Beneficiaries selection, placement of trainees	N96,000,000.00
6	Project Retreat with stakeholders	N10,000,000.00

Source: SURE-P Report on TVET

**Table 6: Geographical Distribution of 1st Phase of TVET Citizen-Based Training**

Zone	Trade/Sector	Centres	Trainees	Total No. of Trainees
South west	Creative Industry	5	100x5=500	1200
	Marine	2	100x2=200	
	Hospitality	5	100x5=500	
FCT	ICT	5	50x2=250	950
	Artisan	5	100x5=500	
	Hospital	2	100x2=200	
North West	Agri-business	5	100x5=500	1200
	Creative industry	2	100x2=200	
	Artisan/Information Communication Technology	5	100x5=500	
North East	Artisan	5	100x5=500	1100
	Agric Business	2	100x5=500	
	Mechanic/Fabrication	2	100x5=500	
South East	Mechanic/Fabrication	5	100x5=500	1100
	Creative Industry	5	100x5=500	
	ICT	2	50x2=100	
North Central	Artisan	5	100x5=500	1100
	Agric Production	5	111x5=500	
	ICT	2	50x2=100	
South South	Marine	5	100x5=500	1200
	Oil & Gas	2	100x2=200	
	Mechanic/Fabrication	5	100x5=500	

Source: SURE-P Report on TVET

SURE-P funds in TVET have trained and achieved the following<sup>34</sup>:

- 150 Electrical/Mechanical Engineers for Power Industry at the National Power Training Institute of Nigeria (NAPTIN);
- Technicians at the National Automotive Council (NAC);
- 1000 Personnel including Rail Line Inspectors at the Nigerian Railway Corporation (NRC);
- A total of 18,593 trainees had been registered across the federation in areas of ICTs, Agri-business, Hospitality, Mechanical/Fabrication, etc;
- 44,000 applicants have been received from youths for skills training;
- Concluded rehabilitation in all 8 Federal government training centres;

<sup>34</sup> SURE-P Progress Report, Ministerial Platform, July 2013 by Nze Akachukwu Nwankpo (Secretary SURE-P)

- Training of 6,250 client based trainees by the end 2013, in the following client centres including NRC, NAPTIN, FERMA;
- Commenced training of 8,000 youths through the citizen based component of the TVET programme by August 2013.

In terms of value for money, it is envisaged that:

- *Employment generation:* This training program will provide 17,000 young Nigerians with skills and facilitate their employment (the hitherto unemployed) in the sectors identified in the demand study.
- *Re-gaining public confidence:* This programme will help accelerate government's infrastructure and Transformation Agenda and showcase government's commitment and focus on alleviating youth restiveness and improving the economic wellbeing of the citizenry.
- The result of the auditing and demand study will develop a scope of work towards:
  - a. Standardisation of Vocational Education in Nigeria - as certificates currently obtained from various vocational education centres have no standard to be measured against and as such are not recognised by some corporations hence the need for standardisation. The upgrade of the TVET centres will ensure that a common standard (certification) is created and maintained in all vocational centres.
  - b. Common Curriculum -the centres will adopt a common curriculum that meets with international standards thereby creating uniformity and acceptability.
  - c. Equipment and Infrastructure - the audit/study will lead to acquisition of relevant state of the art equipment and infrastructure needed to teach and train students.
  - d. Retraining of instructors of existing vocational centres.

It will lead to the establishment of national vocational training institute in the long term.

The current challenges include that the SURE-P Committee on TVET have identified the delay in release of funds as a key factor forestalling the take-off of various training activities. Other challenges include low operational monitoring capability due to wide range of project coverage and spread and schedule slippages due to material and mobilisation delays.

## **4.7.2 Observations**

In 2012, N8.6 billion was budgeted and in 2013, the same amount was also budgeted. About 10,000 youths are registered for the client based training while 7,850 are undergoing citizen based training. Eight training institutes across the country were identified as institutions where the youths will be trained. However, so much money is being spent on administration and other issues outside the training programme. For example, personnel and overhead for this project in 2012 cost N102.5m; purchase of 14 project vehicles cost about N92m; office rental cost N21 million. In all, N380 million was spent on such administrative expenses. This should be compared to N171.2m expended on some 18,500 trainees.

Again, there is no independent means of verifying the number of people trained and who have benefitted from the programme. Nigerians are left with the claims of the SURE-P team. The web portal [www.mysure-p.com](http://www.mysure-p.com) contains no information to facilitate the verification of claims. As a minimum, the names and details of beneficiaries of this scheme should have been uploaded to this portal.

## **4.8 MASS TRANSIT**

### **4.8.1 Objectives and Achievements**

The provision of mass transit was among the first interventions of the SURE-P. Under the mass transit programme, SURE-P is collaborating with stakeholders in the transport industry by applying part of its funds to support a revolving loan scheme for road transport operators across the country. The aim is to alleviate the suffering of Nigerians by reducing the cost of transportation and providing affordable and accessible means of transportation for the public, to cushion the effect of partial fuel subsidy removal.

In the year 2012, SURE-P stated that it disbursed N8.9 billion to the Infrastructure Bank for the mass transit programme. On its part, the Infrastructure Bank stated that it spent N9.1 billion which is about N200m more than it got from SURE-P. 19 registered transport operating companies nationwide were said to have benefited from this scheme. The mid-term report indicated that 809 buses were purchased and given out to operators selected from the six geo-political zones of Nigeria, including Abuja and Lagos. Each zone has at least one operator.

Tables 7 and 8 show summary details of the mass transit benefactors across the zones, the number of buses, loan sum, expected monthly repayments, number of defaults and total defaults.

**Table 7: Zonal Distribution of Buses, Loan Amount, Number of Buses and Recipients**

Zone	SURE-P BUDGET (N) MST	Loan By Infrastructure Bank (N)	No of Buses	Recipients
FCT	8.9bn	42,548,365.00	5	Annasai Nigeria Ltd
FCT		2,470,000,000.00	200	Abuja Urban Mass Transport Co
FCT		247,000,000.00	20	Shaanxi Auto Limited
FCT		247,000,000.00	20	Abuja Transport Co-operative Society Ltd
Lagos		1,235,000,000.00	100	LAGBUS Franchise Operators
Nationwide		403,487,239.00	42	NARTO
Nationwide		2,369,289,266.00	236	NURTW
Nationwide		370,738,460.00	42	RTEAN
North Central		227,620,000.00	13	Safetrip Limited
North East		42,548,365.00	5	Ani B. Barak Nigeria Ltd
North East		85,096,730.00	10	Mallam Madalla Enterprises
North West		302,100,000.00	25	Dabo Motors Limited
North West		35,625,000.00	3	Dash Gold Nigeria Ltd
North West		35,625,000.00	3	A.M.D. Nigeria Ltd
North West		35,625,000.00	3	Dabo Motors Limited
South East		247,000,000.00	20	ABC Transport PLC
South East		416,385,000.00	32	Autostar Travels & Tourism Ltd
South West		205,936,730.00	20	Ajetunmobi Integrated Service Ltd
South-South		118,750,000.00	10	Afemai Line Transport Ltd
TOTAL			9,137,375,155.00	809

Source: Progress Report on SURE-P Mass Transit Online<sup>35</sup>

**Table 8: Mass Transit Operators, Loan Amount, Monthly Repayments, and Defaults**

Beneficiary	Loan Amount	Monthly Repayment	Number of Default	Total Default(N)
ABC	247,000,000.00	7,264,705.88	3	21,794,117.64
Auto Star	373,445,000.00	8,118,369.57	10	81,183,695.70
NURTW	2,335,422,874.00	68,688,908.06	9	618,200,172.50
Safetrip	215,775,217.39	3,596,253.62	1	3,596,253.62
Ajetunmobi	205,936,730.00	4,476,885.43	10	44,768,854.30
Afemai	118,750,000.00	3,596,253.62	13	45,404,411.78
NARTO	403,487,239.00	4,476,885.43	11	130,539,989.10
RTEAN	370,738,460.00	3,492,647.06	13	104,773,912.60
Dabo Motors	302,100,000.00	11,867,271.74	2	17,770,588.24
Ani B Barak	42,548,365.00	8,059,531.74	12	15,017,070.00
Mallam Madala	85,096,730.00	8,885,294.12	12	30,034,140.00
Annasai	42,548,365.00	1,251,422.50	8	10,011,380.00

<sup>35</sup>Official Website of SURE-P: <http://sure-p.gov.ng/masstransit/index.php/achievement/beneficiaries?t...>

AUMTCO	2,470,000,000.00	42,586,206.90	4	170,344,827.60
Dashgold	35,625,000.00	1,047,794.12	-	Nil
AMD Nig Ltd	35,625,000.00	1,047,794.12	2	2,095,588.24
Dabo Motors	35,625,000.00	1,047,794.12	-	Nil
Total	7,319,723,980.39	175,185,146.46		1,295,535,001.32

Source: Progress Report on SURE-P Mass Transit (accessed 22<sup>nd</sup> March 2014)<sup>36</sup>

#### 4.8.2 Observations

The Mass Transit budget of N8.9b in 2012 represents 4.94% of the SURE-P vote and it was reduced to N6.10b in 2013 which is 2.23% of the vote. This may have taken into account that repayments by beneficiaries would have started in full gear in 2013. However, information on the disbursements of the 2013 funds is not yet available. The SURE-P reports did not indicate the criteria for the selection of the operators who benefitted from the scheme. However, there are names of a few reputable transit operators and labour unions in the list of beneficiaries. Table 8 on defaults show that the road transport unions in NURTW (N618.2n), NARTO (N130.5m) and RTEAN (N104.7m) are the greatest defaulters in terms of number of times and outstanding sums of money. Also, virtually all the operators, with the exception of two have defaulted at one time or the other. This is not a progressive record. There is no information as to mechanisms for the recovery of loans in the event of recalcitrant default. Since the scheme is supposed to be revolving, persistent defaults will lead to the collapse of the scheme.

In Abuja, it was discovered that buses that operated long before the SURE-P started are counted to be part of it by merely being affixed with SURE P funding stickers and labels. In November 2013, the Senate Ad-hoc Committee on SURE-P sought clarifications from the FCT Minister on the reasons for expending N140m to refurbish transit buses under the SURE-P scheme in April 2012<sup>37</sup>. This is an indication that the buses sent for refurbishment may not be new. One bus driver confirmed that his bus had operated since 2010 and that the SURE-P logo was stamped on it in 2013. The desk review of THISDAY Newspaper dated 21 October 2012<sup>38</sup> questioned; ‘why the subsidy buses suddenly withdrew from Abuja roads?’ Upon investigation, it was reported that almost all the 300 buses, especially the 200 supplied to the FCT have disappeared from the roads. It was discovered that between 20 – 30 buses out of the 100 supervised by the National Union of Road Transport Workers (NURTW) were either withdrawn from operations and parked behind the New Chelsea Hotel, Abuja for various reasons or major maintenance works. Maintenance of brand new buses that gets to the extent of grounding them for weeks and months questions the quality of the buses. Were they new or second hand buses? Frequent breakdowns and the

<sup>36</sup> Official Website of SURE-P: <http://sure-p.gov.ng/masstransit/index.php/achievement/beneficiaries?>

<sup>37</sup> THISDAY Newspaper, November 28 2013 at page 53.

<sup>38</sup> THISDAY, The Sunday Newspaper, October 21, 2012: Why Were ‘Subsidy’ Buses Suddenly Withdrawn from Abuja Roads? Page 26

need for constant repairs are not the hallmarks of new vehicles. There were unconfirmed allegations that less than 100 out of 200 buses supplied to the FCT were operational. It somewhat suggests that the procurement of these buses did not meet the cardinal objective of value for money.

Insider sources from both labour unions and the Federal Government who spoke on the condition of anonymity said most of the buses had been withdrawn from the roads for alleged default of the companies and beneficiaries to meet the repayment schedules of the buses supplied. It was also revealed that apart from issues of repairs, the buses were recalled because of the attitude of the transporters who had constantly defaulted in the loan repayment agreement to their guarantors – NURTW and creditor – Infrastructure Bank Plc. One of the sources in his words said; – “can you imagine that for two months, these people could not account for or make any returns because they felt it was government property and could be misused without accounting for it”. But the Managing Director of the Infrastructure Bank claimed that the labour body (NURTW) has been making payments and that the project was going smoothly.

Another poser that arose from the SURE-P mass transit disbursements was whether the authorities tied these funds to the improvement of local content and local automobile capacity. The confession of the FCT Minister at the Senate Ad-hoc Committee on SURE-P is troubling:

*“The Indian vehicles we bought, 350 and additional 500 were not durable, so we bought spare parts so that the vehicles will be on the road and our people will not be stranded on the road”<sup>39</sup>*

It is not clear the quantum of orders that arrived at the table of local vehicle manufacturers and assembly plants. These funds provided an opportunity to improve the capacity of the local plants to grow the economy by creating jobs and improving their profitability.

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<sup>39</sup> THISDSAY November 28, 2013 at page 53.



## Chapter Five

### SURE-P REPORT VERSUS FIELD OBSERVATION: INFRASTRUCTURE DEVELOPMENT PROJECTS

#### 5.1 INFRASTRUCTURE DEVELOPMENT

The infrastructure development component of SURE-P focuses on the completion of core road projects and railways that will enhance transportation of passengers and goods in the country. It is also expected to reduce the number of deaths arising from fatal accidents on the highways. Essentially, SURE-P's intervention augments existing budgetary provisions. It is not taking up entirely new projects. As such, it is expected to make appreciable progress and create impact in a short time. The improvement of roads and railways enhances economic activities and social integration as tangible benefits of the programme.

#### 5.2 ROADS AND BRIDGES

Overall, the road projects included in the 2012 SURE-P budget covers a total distance of 1,664km in addition to two new bridges across Rivers Niger and Benue<sup>40</sup>. The selected SURE-P roads and bridges intervention are said to be evenly distributed across the geopolitical zones of Nigeria. The SURE-P roads and bridges intervention aims to complete four ongoing core road projects and to construct two new bridges across the geopolitical zones of Nigeria. The on-going strategic roads include:

- Abuja-Abaji-Lokoja Dual Carriageway
- Benin-Ore-Sagamu Dual Carriageway
- Onitsha-Enugu-Port Harcourt Dual Carriageway
- Kano-Maiduguri Dual Carriageway

In addition, the SURE-P intervention mandate on roads and bridges extends to ensuring the construction and completion of the 2km Oweto Bridge and contributions for the construction of the second bridge over the River Niger.

#### 5.3 ABUJA-LOKOJA ROAD

##### 5.3.1 Progress so Far

This road project commenced in 2006 and eight years thereafter in 2014, the road is yet to be completed and work is still ongoing. Table 9 below gives the financial and

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<sup>40</sup> SURE-P Final Draft: Federal Government 41% Share at Work (accessed 27/3/2014)

other information on the road project as reported in the SURE-P progress report by the SURE-P Secretary in July 2013.

**Table 9: Financial and other Information on the Abuja – Lokoja (Section I-IV)**

	Section I (42km) Contract 5862 awarded to Dantata & Sawoe Construction Co. Ltd on 18 <sup>th</sup> July 2006; originally scheduled for completion on the 2 <sup>nd</sup> Feb 2009, shifted to 24 <sup>th</sup> April 2014.	Section II (54.7km) Contract 5863 awarded to Reynolds Construction Company (Nig). Ltd on July 2006 <sup>41</sup> , originally scheduled for completion on 2 <sup>nd</sup> February 2009, revised to 20 <sup>th</sup> April 2014.	Section III (49km) Contract 5884 awarded to Bulletine Construction Co Ltd on Sept 2006 <sup>42</sup> , originally scheduled for completion on 11 <sup>th</sup> April 2009, revised to 12 March 2014.	Section IV (50.1km) Contract 5885 awarded to Gitto Construzioni General Ltd on Sept 2006 <sup>43</sup> , to be originally completed on the 11 <sup>th</sup> October 2008, revised to 10 <sup>th</sup> April 2014	Total
Revised Contract Sum (N'bn)	N28.666	N31.237	N25.827	N31.087	N116.887
SURE-P Budget 2012 (N'bn)	N7.5b	N7.500	N5.000	N5.000	N25.000
SURE-P Amount Paid 2012 (N'bn)	N6.829b	7.500	N3.290	N1.392	N19.011
SURE-P Budget 2013 (N'bn)	N5.250b	8.000	N6.500	N5.250	N25.000
SURE-P Amount Paid 2013 (N'bn)	N0.987	3.539	N1.693	N0.839	N7.049
% completion before SURE-P	38.00%	38.00%	16.06%	16.28%	N/A
% completion to date SURE-P	63.80%	73.72%	30.97%	22.26%	N/A
Marginal change (%)	25.8%	35.72%	14.91%	2.98%	NA

Source: SURE-P Progress Report by the SURE-P National Secretary in July 2013

<sup>41</sup> In the 2012 SURE-P Annual Report it was recorded as 3<sup>rd</sup> August 2006

<sup>42</sup> In the 2012 SURE-P Annual Report it was recorded as 12<sup>th</sup> October 2006

<sup>43</sup> In the 2012 SURE-P Annual Report it was recorded as 18<sup>th</sup> July 2006

Section 1 is the International Airport Link Road Junction – Sheda Village Junction, (Contract No. 5862) is for the construction of 30km of additional carriageway, rehabilitation of the existing road; construction of 12km along Airport Spur Road (Giri Junction to Airport Link Road) and construction of three bridges and three highway interchanges. The 2012 SURE-P report states that only 43.82% of the budgeted sum was utilised in 2012. Information on the utilisation rate for the year 2013 is not available. The 2012 report listed the challenges of the road construction as follows:

- Burrow pits: unavailability of suitable fill materials in the immediate vicinity of the project.
- High accident rates: due to poor condition of the existing carriageway, etc.
- Difficulty in obtaining explosives for rock blasting.
- Heavy rainfall in 2012 that delayed work.
- Proposal to submit a variation to FMW.

Section 2 is the Sheda Village Junction to Abaji (Contract No. 5863) which is for the construction of additional carriageway between Sheda Village Junction to Abaji, limited rehabilitation of the existing carriageway and construction of four new bridges. The 2012 report listed the challenges of the road construction as follows:

- Burrow pits: unavailability of suitable fill materials in the immediate vicinity of the project.
- Incidences of high water table along the road alignment.
- Early onset and sustained rainy period in 2012 delayed progress of work.
- Non payment of outstanding compensation delayed demolition of structures along the right of way.
- Premature failure occurred between Ch.31+000- Ch.50+000.
- Delay in the relocation of facilities belonging to utility companies.

Section 3 is the Abaji – Kotonkarfi Road (Contract No. 5884) of 43km, which includes the construction of additional carriage way between Abaji and Kotonkarfi, and limited rehabilitation of the existing carriageway. Only 9.20% of the SURE-P 2012 budget was utilised by December 2012. The section has also witnessed time and cost overruns. The 2012 report listed the challenges of the road construction as follows:

- Non payment of outstanding compensation delayed acquisition of land, demolition of structures along the right of way. Compensation payments have now been made and the only outstanding claims relate to sections which have been charted but not yet processed for payment by the Ministry of Works.
- Non payment for works carried out delayed the project prior to the commencement of SURE-P intervention and prevented the contractor from mobilising adequately to site.
- Early onset and sustained rainy period in 2012 delayed the progress of work.

Section 4 is the Kontonkarfi – Lokoja Road (Contract No. 5885) which entails the construction of an additional carriageway between Kotonkarfi and Lokoja, limited rehabilitation of the existing carriageway and construction of seven new bridges. The reported challenges include:

- The contractor was prevented from working along some sections of the road by local communities. The issue has now been resolved.
- Non payment for works carried out delayed the project prior to the commencement of SURE-P intervention and prevented the contractor from mobilising adequately to site.
- Sections of the road were badly damaged by excessive flooding and a temporary diversion had to be created. The FMW has requested for re-design proposals of sections which are at the risk of flooding.
- Difficulty in obtaining explosives for rock blasting.

### 5.3.2 Observations

There are indications that the entire road did not benefit from sound engineering design and studies at the outset. Field observations show that work on Section 1 of the Abuja – Lokoja Road awarded to Dantata & Sawoe was actively ongoing. The site was very busy. However, it will be recalled that the contract<sup>44</sup>:

*...commenced in July 2006 and was scheduled for completion on February 2009 with an initial budget of N11.22b. Due to inadequate budgetary provisions and releases over the years, the project was rescheduled to be completed in April 2014 with a revised budget of N28.66b suggesting time and cost overruns of 62 months and N17.44b respectively.*

The new rescheduled completion date of April 2014 has been missed implying more time overruns. The challenges listed in the SURE-P report appear pedestrian. Which serious construction company will have difficulty in getting explosives to blast rocks or to get land fill materials for road construction? The demand for a variation after over six years of construction shows that the project design was not well thought out. From available evidence, this section may not be completed before the end of 2015.

In Section 2: Sheda Village Junction – Abaji being handled by Reynold Construction Company (RCC), work was also earnestly going on. It appeared that the contractor was rehabilitating the lane of the old road that seemed to be in good condition. Again, the challenges listed do not show evidence of proper planning from the beginning of the project. Getting land fill materials will not pose a problem for a serious minded construction company. The nature of the land and the level of the water on the road alignment should have been discovered in preliminary tests and studies for the road and should have been factored into the road design. This notion is further supported by the challenge of premature road failure. Apparently, these

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<sup>44</sup> See page 24 of the Review of 2013 Capital Budget Proposals of Key MDAs against Nigeria's Development Agenda; Centre for Social Justice, 2013.

challenges suggest that a proper design did not precede the construction. For non payment of compensation to delay the demolition of structures on the right of way implies that first things were not done first. The delay in the relocation of facilities belonging to utility companies suggests lack of collaboration between various MDAs of government. The new completion date of April 2014 has been missed and this has led to time overruns.

Section 3 of the Abuja – Lokoja is the Abaji – Kotonkarfi Road; the site visit shows that the quality of the work looked poor compared to the money reported to have been invested. The construction is slow and even the SURE-P team had called for increased levels of material and plant mobilisation<sup>45</sup>. Again, in terms of the listed challenges, it is clear that first steps such as land acquisition and removal of structures on the right of way did not precede construction. There were undue delays in processing and payment of compensation. Further, the delay in payments for works already carried out by the contractor is evidence of lack of commitment on the part of the government.

In Section 4 of the Road, the contractor complained that funds are not being disbursed to match the progress of investments on the road. When funds are eventually disbursed, they are virtually too little. Thus, the construction is not progressing to schedule. Again the issue of settling community issues and compensation came up. The challenge of excessive flooding that damaged portions of the road raises a question mark on whether appropriate studies, technical designs and plans for the road were done at the beginning of the project? The pedestrian difficulty in obtaining explosives for rock blasting shows no seriousness on the part of the company. The rescheduled time frame for completion has also been missed.

## 5.4 KANO - MAIDUGIRI ROAD

### 5.4.1 Progress So Far

The Kano-Maidugiri road links two important commercial centres in the North West and North East of Nigeria. Table 10 below shows the financial and other details of the project.

**Table 10: Financial and other Information of the Kano – Maiduguri (Section I-V)**

	Section I (101.5km) Contract 5878 awarded to Dantata &	Section II (117.776km) Contract 5879 awarded to Setraco Nig	Section III (96km) Contract 5880 awarded to Mothercat	Section IV (96km) Contract 5881 awarded to CGG Nig Ltd	Section V (132km) Contract 5869 Awarded to China Civil

<sup>45</sup> 2012 Annual Report at page 33.

	Sawoe Construction Co. Ltd on 28 <sup>th</sup> Sept 2006, to be completed on 14 <sup>th</sup> Feb 2010; new completion date is an unknown future date	Ltd on Sept 2006 <sup>46</sup> , to be originally completed on 11 <sup>th</sup> Feb 2010, revised to an unknown future date	Nig. Ltd on Sept 2006 <sup>47</sup> , original date of completion was 10 <sup>th</sup> April 2012; revised to an unknown future date	on 1 <sup>st</sup> February 2007, to be originally completed on the 10 <sup>th</sup> November 2009, revised to an unknown future date	Engineering Construction Co. Ltd on 3 <sup>rd</sup> August 2006 to be completed on 2 <sup>nd</sup> Dec, 2009, revised to an unknown future date
Revised Contract Sum (N'bn)	N55.123	N65.315	N45.181	N51.903	N67.795
SURE-P Budget 2012 (N'bn)	N4.0	N4.00	N4.00	N4.000	N4.000
SURE-P Amount Paid 2012 (N'bn)	N3.714	N4.00	N3.194	N4.000	N4.000
SURE-P Budget 2013 (N'bn)	N6.000	N7.00	N6.30	N6.000	N6.200
SURE-P Amount Paid 2013 (N'bn)	N3.338	N1.541	N2.655	N3.152	N3.158
Percentage completion before SURE-P	33.33%	51.02%	48.07%	31.82%	36.32%
Percentage completion after SURE-P	36.25%	46.88%	53.80%	47.44%	40.62%
Marginal Change (%)	2.92%	-4.14%	5.73%	15.62%	4.3%

Source: SURE-P Progress Report by the SURE-P National Secretary in July 2013

Section 1 is from Kano – Shuarin (Contract No. 5878). It is for the construction of additional carriageway from Kano to Shuarin, a distance of 101.5km, limited rehabilitation of the existing carriageway, construction of 3 River-bridges, culverts and other concrete works and 2 interchanges. As at December 2012, the SURE-P budget utilisation rate was 25.08%. The challenges faced by the project according to the 2012 Report include:

<sup>46</sup> In the 2012 SURE-P Annual Report it was recorded as 12<sup>th</sup> October 2006

<sup>47</sup> In the 2012 SURE-P Annual Report it was recorded as 12<sup>th</sup> October 2006

- Difficulty in obtaining explosives for rock blasting.
- Sections of the road badly damaged by excessive flooding and the FMW has requested for re-design proposals of sections which are at risk of flooding.
- Increase in scope of work leading to augmentation.
- Security challenges.

Section 2 is from Shuarin – Azare (Contract no.5879). it is for the construction of a new carriageway of 117.776km; rehabilitation of existing carriageway (Shuarin-Azare – Shuarin junction–Dutse); construction of 3 new bypasses viz- Kiyawa, Jama'are and Azare; Construction of 2No's River bridges at Kiyawa (75m), Jama'are; and construction of a flyover at Shuarin interchange (200m). The 2012 Report indicates the challenges and implementation issues as:

- As a result of high rate of rainfall on this section in 2012, a large proportion of vegetation and cross drainage structures were submerged in the rainy season from Kiyawa Bypass, Kiyawa – Jama'rre up to Jama'are Bypass. The contractor then proposed to make amendments to reach a raised formation level and provide additional free-flow box culverts around Kiyawa Bypass; provide a roundabout at the proposed amendments at the end of Kiyawa bypass and provide additional relief culverts, and also to extend the wing-walls of existing ones at the Jama'are bypass.
- Security challenges. Even though there were security challenges. The contractor took advantage of recent improvement in the security situation and achieved physical progress in permanent work.

Section 3 is from Azare to Potiskum (Contract No. 5880). It is for the construction of 101.843km of dual carriageway; reconstruction of the existing carriageway; construction of 2 bridges at Bulkachawa and Potiskum; interchange at Potiskum end; culverts and other concrete works; street lights, road signs, markings and other street furniture. From the 2012 Report, the implementation issues were:

- The contractor had applied for review of rates (which has a proposed bypass into Potiskum town). Progress of work was slow while awaiting approval of new rates. The augmentation has now been approved by the FMW.
- The Contractor was advised to take advantage of recent improvement in the security situation to speed up works.

Section 4 is from Potiskum – Damaturu (Contract No. 5881). It is for the construction of a new 7.3m wide carriageway from Potiskum to Damaturu (96.24km); reconstruction of the existing carriageway from sub-base to wearing course; construction of 2 River bridges at Mamudo and Damagum; culverts and other concrete works; 2 interchanges at Potiskum and Damaturu; construction of 5000m of new lined drains; installation of street lights at the median of the major towns along the road. The 2012 SURE-P budget utilisation was 31.25%. The 2012 Report identifies implementation issues as:

- The contractor has applied for a review of rates. Progress of work was slow while awaiting approval of new rates. The augmentation has now been approved by FMW.
- Insecurity in the north eastern part of the country is impacting progress of work as it affects the staffing levels needed for work to progress.
- The section between CH. 29+500 and CH.31+000 had a dangerous double curve which is now being corrected. The correction is already included in the approved revised bill.

Section 5 is from Damaturu – Maidugri (Contract no.5869). It is for the construction of additional carriageway from Damaturu to Maiduguri (131.5km); rehabilitation of the existing carriageway; construction of 2-span bridge at Benesheikh; culverts, drains and other concrete works. The 2012 SURE-P utilisation was 61.99%. The 2012 Report indicated the following implementation issues:

- Insecurity in the north-eastern part of the country impacted the progress of works, as it affects the staffing levels needed for work to progress.
- The Contractor has currently demobilized from site due to the security challenges in the area.
- The Contractor found it difficult to procure explosives for rock blasting.
- Priming done on some parts of the road has failed and needs to be redone.
- There is need to substantially complete the additional carriageway from Damaturu to Benisheikh, so as to divert traffic to additional carriageway and carry out the reconstruction of the existing carriageway.

#### **5.4.2 Observations**

Again, there are indications that the entire road did not benefit from sound engineering design and studies at the outset. From our field observation, Section 1 of the Kano – Maidugri road construction project awarded to Dantata and Sawoe has only seen 38% progress, up from 33.33% before the intervention of SURE-P funding. This is an increase of 1.75% from the July SURE-P documentation. The site visits show that progress has not justified the money spent and the quality of work is poor. The fact that a project started in 2006, with an original completion time of 2010, which time has now been adjourned indefinitely portrays the disarray and confusion associated with this project.

There are inconsistencies in the reportage of project's progress. While the July 2013 report indicates that the project was 33.33% completed before SURE-P intervention, the 2012 report indicates that the project was 24.79% completed after the full year expenditure of SURE-P money. The implication of the 2012 report is that the stage of completion before SURE-P intervention was definitely lower than 24.7%.



The damage to portions of the road by excessive flooding and the need for increase in the scope of work and augmentation raises technical posers. Best practices demand the completion of all engineering designs before the award of contract and mobilisation of contractor. From the foregoing, it appears that the background work was not done or not properly done before proceeding with the contract. Security challenges demand that government steps up the fight against the insurgency.

Section 2 of the Road from Shuari to Azare was awarded to Setraco Nig Ltd. The pace of work on the site is slow and many portions of the work look abandoned. The implementation issues recorded above on the failure of good portions of the road questions the credibility of the tests and technical designs undertaken as background to the construction. Alternatively, it suggests that no background tests and designs were done prior to the construction or the contractor simply abandoned the designs and went on a frolic of its own.

Also, the July 2013 report records that the rate of completion before SURE-P intervention as 51.02% and after SURE-P intervention, the completion rate declined to 46.88%. This is puzzling. On the other hand, the 2012 Report records progress of work at 58.41%. The implication of the conflicting and different percentages and progress of work is clear - someone is cooking figures. Like in Section1, there is no terminal date for the contract.

Section 3 of the work is Azare to Potiskum awarded to Mothercat Nig Ltd. The July 2013 report records that progress of work was 48% before SURE-P and accelerated to 53.8% thereafter. However, the 2012 Report indicated that the project was 61.55% completed at the end of the 2012. Again, these figures are not adding up. Our site visit indicates that work is ongoing, but very slowly. Like Sections 1 and 2, there is no terminal date for the contract.

Section 4 of the Kano-Maidugri road construction which spans Potiskum to Damaturu awarded to CGC Nig Ltd: The site visit indicates that the contractor has abandoned the site since 2013 because of insurgence. According to the implementation issues, the contractor applied for a review of rates. What was the basis for this application and the subsequent approval? Had there been an increase in prices based on an inflationary spiral as to demand a review of rates? Did the contractor deliberately under-quote to get the job and later seek an upward review of rates? There is also no terminal date for the construction.

Section 5 covering the Damaturu to Maiduguri axis was awarded to China Civil Engineering Construction Co. Ltd. The site visit indicates that work has stopped since 2013 after the killing of two Chinese expatriates by Boko Haram terrorists. The construction has reached Benesheikh, 72 kilometres away from Maidugiri. It is clear the progress on all sections of this road will be contingent on containing the insurgency and providing adequate security for the contractors.

## 5.5 BENIN-ORE-SAGAMU

### 5.5.1 Progress So Far

The Benin-Ore-Sagamu Road is very important to social and commercial life of the South East, South South and South West regions of Nigeria. Table 11 indicates the financial and other information on the construction project.

**Table 11: Financial and Other Information on the Benin–Ore-Shagamu (Section I-V)**

	Phase I Contract 5900 awarded to Reynolds Construction Co Ltd in 17 <sup>th</sup> December 2009, to be completed on the 30 <sup>th</sup> Dec, 2011; revised to 17 <sup>th</sup> September 2012	Phase II Contract 6000 awarded to Reynolds Construction Co. Ltd on 19 <sup>th</sup> December 2009 to be completed originally on 30 <sup>th</sup> Dec 2011; revised completion to 17 <sup>th</sup> Sept 2012	Phase III (83km) Contract 6133 awarded to Messrs Borini Prono on Dec 2012	Phase IVI (98km) Contract 6012 awarded to Messrs Borini Prono. May 2009 (completed as at January 2013)
Contract Sum (N'bn)	N24.266b	N24.266b	N65.223b	N2.498b
SURE-P Budget 2012 (N'bn)	N6.0b	N6.00b	0.00	N10.50b
SURE-P Amount Paid 2012 (N'bn)	N4.510b	N1.843	N9.317b	0.00
SURE-P Budget 2013 (N'bn)	N5.20	N7.8b	N7.80b	-
SURE-P Amount Paid 2013 (N'bn)	0.00	0.00	N3.630b	-
% completion Before SURE-P	55.61%	75.61%	0.00%	98%
% completion After SURE-P	90.84%	98.20%	0.00%	98%
Marginal change (%)	35.23%	23.39%	17.00%	0%

Source: SURE-P Progress Report by the SURE-P National Secretary in July 2013

Phase 1 is the reconstruction and asphalt overlay of Benin- Shagamu dual carriageway. It is Contract No 5900- Benin Ofosu Phase 11 in Edo State and a second Contract No. 6133 to cover a 9kilometre gap. A third part of this is the Benin Township Service Lane construction and junction improvement undertaken by the Edo State government.

Phase 2 involves the total reconstruction of Ajebandele to Ore and the reconstruction of the poor carriage way from Ore to Ofosu and from Ofosu to Benin.

### 5.5.2 Observations

There are also indications that the entire road did not benefit from sound engineering design and studies at the outset. In Phase 1, the challenges faced include poor traffic management and site progress not being well coordinated outside Benin City. Before the release of SURE-P's N4.510bn, the completion rate stood at 55.61%; after which it rose to 90.84% upon SURE-P intervention. The N4.5b SURE-P fund is less than one quarter of the budgeted sum of N24.266b and yet it increased completion by over 35%. The implication is that the project was over-invoiced if this statistics is credible. From this trajectory, not more than N13b would have been needed for the completion of this project. The section experienced time overruns as it missed the first and second completion timelines.

Phase 2 which is the Ofosu – Ajebandele portion awarded to Reynolds Construction Ltd had a completion rate of 75.11% before the SURE-P intervention. With N1.843bn released as the SURE-P intervention of the project, the progress of the work increased to 98.20%. If less than N2billion took the work from 75% to over 98% completion, what is the need for the provision of an extra N7b in the 2013 budget year? It is either the progress of work is exaggerated or there is over-invoicing of the project.

According to the July 2013 Report, in Phase 3, SURE-P had no budget for the year 2012, yet it went ahead to spend N9.317b. The source of this fund is unexplained and it is clearly spending without appropriation. A further sum of N3.630b has been spent in 2013 on this phase. On visiting the site, there is no evidence that over N12.9b has been sunk into this section of the road. Both lanes are badly failing. SURE-P funding should have taken the project beyond the 17% realised so far.

A site visit to Phase 4 shows that the claim of 98% completion is false. Several sections of the road have failed and are being patched by FERMA through KOPED Construction Ltd. The contradiction is that the July 2013 Report gives the contract sum as N2.498b while the SURE-P budget for 2012 was N10.50b. the figures are not adding up here if we place reliance on these figures. Alternatively, monies were appropriated without any empirical basis and on facts that had nothing to do with the state of the road. The fact that the report recorded no expenditure also shows that appropriation has been reduced to an exercise in allocating figures without any basis for the allocations.

One interesting fact that came out of the site visits to this road is the refusal of the authorities to accept that roads have a life span and after that life span, the roads should be scrapped and an entirely new construction undertaken. Simply attempting to rehabilitate and patch up roads that have virtually outlived their life span is an exercise in futility as the roads will continue to fail.

## 5.6 ONITSHA - ENUGU EXPRESSWAY

### 5.6.1 Progress So Far

This expressway links two important commercial towns in the heartland of the South East region. The financial and other details are as stated in Table 12 below.

**Table 12: Financial Information on the Onitsha – Enugu**

	Phase I, Section I <sup>48</sup> (52 km): Contract 5925 awarded in April 2006 to CCC Construction Nig Ltd.; originally scheduled for completion on 19 <sup>th</sup> Oct, 2011	Phase II, Section I <sup>49</sup> (49km): Contract 5929A awarded 16 <sup>th</sup> Dec 2009, to CCC Construction Nig Ltd; originally scheduled for completion on 15 <sup>th</sup> June 2011	Section II (56km): Contract 5988 awarded 14 <sup>th</sup> May 2009, to Nigercat Construction Nig Ltd; originally scheduled for completion on 27 <sup>th</sup> Nov, 2011
Contract Sum (N'bn)	5.092 )	4.613	7.251
SURE-P Budget 2012 (N'bn)	3.0	2.00	3.00
SURE-P Amount Paid 2012 (N'bn)	0.392	0.434	0.393
SURE-P Budget 2013 (N'bn)	2.000	3.00	2.00
SURE-P Amount Paid 2013 (N'bn)	0.00	0.00	0.00
% completion Before SURE-P	26.10%	8.61%	33.00%
% completion After SURE-P	36.66%	14.66%	45.00%
Marginal Change (%)	10.56%	6.05%	12.00%

Source: SURE-P Progress Report by the SURE-P National Secretary in July 2013

According to the 2012 SURE-P Report on the Phase I of the Road:

<sup>48</sup> Rehabilitation of 52km Enugu bound carriageway of Onitsha – Enugu road construction

<sup>49</sup> Rehabilitation of the Onitsha bound carriageway – Enugu road

*The total length to be constructed is 52 kilometres (Enugu bound). This contract was originally scheduled to be completed in October 2011. After initial mobilisation. The contractor observed that some quantities in the BEME were grossly underestimated but went on to progress the work beyond the provisions of the contract. Subsequently, the contractor made claims for variation which were prepared as augmentation by the Federal Ministry of Works but have not been approved for payment. The contractor originally stopped work due to non-payment but returned to site in 2012 following SURE-P's intervention. Due to flooding, the carriageway has suffered 'washouts' at three different sections which the contractor was requested to reconstruct under a separate additional contract by the Federal Ministry of Works. After reviewing the contractor's overall performance on the contract, the Federal Ministry of Works has decided to determine the contract and is presently seeking necessary approvals.*

Some of the challenges in Section 2 of the road were detailed as follows:

- Prior to SURE-P intervention, non payment for completed works by the FMW delayed site progress.
- Post SURE-P, the contractor has been observed to have serious capacity issues as they were only able to raise one certificate which was paid by SURE-P.
- The contractor reported that water seepage was observed at kilometre 1.5 which was not provided for in the original design. A proposal was therefore prepared to provide sub-surface drains at the affected carriageway section.
- Some sections of binder course failed due to prolonged exposure to traffic when the contractor demobilised from site.

### **5.6.2 Observations**

The first is that there was a deliberate attempt by the contractor to underestimate the cost of construction of the entire road. This was done so as to win the contract and thereafter call for a revision of cost. The contractor started calling for a review after mobilising to site. If it was not done deliberately, the gross underestimation was a sign of lack of capacity and incompetence. When the cost of this road is compared with the cost of similar projects, the gross underestimation will be clear. Secondly, the idea of awarding a contract of a 157 kilometre road by splitting it into three lots or different contracts and awarding same to two different companies makes no sense. This should have been one contract awarded to one company with the requisite skills and capacity to execute same. This would have made the contract administration easier.

The SURE-P 2012 Report indicated that no amount had been paid by SURE-P on the contracts for this road. However, the July 2013 Report indicated that as at the

end of 2012, N1.219b has been paid on the three contracts. This contradiction needs to be resolved.

The site visit showed that the road has become so bad that motorists are now going through an old road constructed before this expressway. As at March 2014, over 80% of the work is yet to be done and the little that has been done is shoddy and substandard. And the contractors have not been on site. Evidently, SURE-P has released little or no money for the road. Another key factor contributing to the poor progress of the construction seems to be failure of supervision. Apparently, the FMW had not followed up the supervision of this project with zeal and rigour. The contractors and the FMW were not always on the same page and this has led to the virtual abandonment of the contract. There appears to be lack of political will to implement this contract as no one in authority seems to care. There are also indications that the entire road did not benefit from sound engineering designs and studies at the outset.

## 5.7 EAST WEST ROAD

### 5.7.1 Progress So Far

The SURE-P Niger Delta (East-West) Road project aims to be a catalyst for economic growth and poverty reduction in Nigeria through the completion of the critical East West road project. This road project in the Niger Delta covers a total distance of 338km. Below are the sections and corresponding percentage completion with the intervention of SURE-P funds.

- Section 1 - Warri – Kaiama (87km): 72% Completed
- Section 2 – Port Harcourt - Kaiama (101km): 33% Completed
- Section 3 – Port Harcourt – Eket (99km): 87% Completed
- Section 4 - Eket – Oron (51km): 58.78% Completed

**Table 13: Financial and Other Information on the Niger- Delta: East – West Road (Section I- IV)**

	Section I (87km): Contract 5867 awarded to SETRACO Nig Ltd on	Section II- <sup>50</sup> (47km) Contract ID/09/003 awarded to SETRACO Nig Ltd on	Section II – II <sup>51</sup> (54km) Contract ID/09/002 awarded to SETRACO Nig Ltd on	Section III <sup>52</sup> (99km) Contract ID 5882 awarded to Reynolds Construction Company Ltd.	Section IV <sup>53</sup> (51km) contract 5883 awarded to Reynolds Construction Company Ltd.
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<sup>50</sup> Port Harcourt (River state) – Ahoada (River State) 47km

<sup>51</sup> Ahoada - Kaiama

<sup>52</sup> Port Harcourt (River State) – Eket (Akwa Ibom)

<sup>53</sup> Eket - Oron

	13 <sup>th</sup> July 2006, to be completed 31 <sup>st</sup> December 2014	30 <sup>th</sup> April 2009, to be completed Dec 2014	30 <sup>th</sup> April 2009 to be completed Dec 2014	On the 13 <sup>th</sup> Aug 2006, to be completed Dec 2014	On the 13 <sup>th</sup> Oct 2006, to be completed Dec 2014
Contract Sum (N'bn)	N122.166	N84.759	N48.973	N66.459	N37.509
SURE-P Budget 2012 (N'bn)	N4.700	N5.000		N8.000	N4.00
SURE-P Amount Paid 2012 (N'bn)	N4.700	N2.290	N2.385	N7.739	N0.403
SURE-P Budget 2013 (N'bn)	N11.670	N18.00		N8.600	N4.000
SURE-P Amount Paid 2013 (N'bn)	N6.724	N1.918	N1.318	N4.240	N0.879
% completion Before SURE-P	52.21%	23.17%	18.21%	73.44%	53.55%
% completion After SURE-P	66.52%	28.92%	27.31%	86.81%	58.45%
Marginal Change (%)	14.31%	5.75%	9.1%	13.37%	4.9%

Source: SURE-P Progress Report by the SURE-P National Secretary in July 2013

Section 1 is for the dualisation Warri to Kaiama; (Contract No.5867). The implementation issues in 2012 include:

- Programme of works for the Pile Caps was affected by the October floods. 5/11 Pile Caps were completed. Launching would commence again in January, 2013.
- The October flood caused a major setback to the progress of works between KM.47 to KM.60 on both existing and new alignments. The Ministry of Niger Delta Affairs is working with the contractor to augment the washed out sections.

The 2012 budget was fully utilised and project implementation reached 58.2% in 2012.

Section 2 is the Port Harcourt to Ahoada 47km and 54km; (Contract No. 002 and 003). The implementation issues in 2012 include:

- Insecurity in the Niger Delta is impacting progress of works as it affects the staffing levels needed for works to progress.
- There were delays due to lingering compensation issues which have now been largely resolved.
- This section was massively flooded in October to varying degree from Km.63 to Km.82; The flood caused adverse failed sections, potholes, development of

cracks on the existing road and wash-out of sand-fill and sand-cement sub-base on the new alignment.

Section 3 which is Port Harcourt to Eket is a distance of 99 kilometres (Contract No.5882). The 2012 budget was 96.7% utilised and project implementation reached 75% in 2012. The implementation issues in 2012 include:

- There was serious failure of the pavement around Km.0 – Km.15 (Eleme Junction Flyover - Onne Junction). The Contractor presented to the Ministry of Niger Delta Affairs, a plan to work on the failed sections. The new scope requires work on the Camber/Slope/Culverts and Drains and Turnouts which are not covered by the scope of Contracts No. 5882.

Section 4 which is Eket to Oron is a distance of 51 kilometres (Contract No.5883). The 2012 budget utilisation was N403m<sup>54</sup> and project implementation reached 61% in 2012. However, the 2012 annual report reported 0% budget utilisation rate. The implementation issues in 2012 include:

- The contractor's output in permanent works observed to be low.
- Short dry weather and low level of mobilisation of equipment, material and manpower by the contractor

## 5.7.2 Observations

**(i) Section 1:** Section 1 of the East-West Road begins at Delta Steel Company's (DSC) Roundabout near Effurun through Agbarho, Ughelli, Evereni and Patani in Delta State, down to Kaiama in Bayelsa State. The contractor in charge of this section is Setraco. Implementation reached 66.5% in July 2013 and had risen to 72% by the beginning of 2014. This section of the road project has fully been completed on the both sides of the dual carriageway; from the DSC Roundabout through Agbarho to Ughelli all the way down to Evereni. This section of the road has also been fully marked with road signs. Likewise, the road pavements and drainage slabs have been completed.

Work is in progress on one side of the dual carriageway between Evereni and Patani. Setraco personnel were seen laying stone overlays on the portion of the road where earth-work had been completed. The pace of work is however slow. The Setraco personnel on site were few. Besides, the portion of road with completed earth-work was quite a short distance of not more than a kilometre. Erosion control slabs and some minor bridges have been completed along Evereni and Patani axis of the road.

However, no appreciable progress has been made on the construction of the second Patani Bridge which construction work started since mid-2013. Residents of the area lamented that nothing has changed on the state of work on the new bridge since August 2013. No construction work is presently going on between Patani and

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<sup>54</sup> July 2013 Report of SURE-P.



Kaiama axis of the East-West Road. The initial completed earth-work with surface overlay had since been washed away by flood that is prevalent in the region.

**(ii) Section 2** This Section was originally awarded to construction giant, Julius Berger. Due to the incessant kidnap of its workers and huge ransom paid out in dollars, the company was frustrated and pulled out. This section was re-awarded to Setraco, in addition to Section 1. Kaiama – Mbiama Axis: This portion of the East-West Road dualisation project poses the greatest challenge to the target completion date of December 2014. The Kaiama-Mbiama subsection of the East-West Road has the highest number of major and minor bridges that will be built on the road project. This subsection also has the most difficult terrain because of its swampy nature. That was why it was previously awarded to Julius Berger.

Construction works are yet to begin on the new Kaiama Bridge which is the second longest bridge to be constructed on the Warri and Port-Harcourt axis of the project, after the new Patani Bridge. Preparation work for the construction of the major bridge at Mbiama has started. Dredging of the river and earthwork for the casting of beams for the bridge are in progress. Sand filling of the swampy portions has also commenced.

Mbiama/Ahoada/Elele – Choba Axis: The right side of the dual carriage way from Mbiama to Ahoada through Elele on the way to Choba in Port Harcourt is nearing completion. However, excavation of the old road for re-construction work is yet to commence. Besides, work on the new Choba Bridge has not started.

Choba – Rumuokoro Axis: No construction work has been done between Choba Junction (Delta Park) and University of Port Harcourt main gate but full construction work on one side of the road down to Rumuokoro Roundabout is about to be completed.

Rumuokoro – Eleme Junction Axis: Earthworks of excavation and sand-filling are in progress around Elemgbu and Rumudara areas. Selective surfacing of stone-dust/gravel is being done. Only one side of the road is being given attention. A hand-full of Setraco personnel were seen at the site.

**(iii) Sections 3 and 4:** Sections 3 and 4 of the road stretching from Eleme in Port Harcourt to Oron in Akwa Ibom, spanning 150 kilometers is still awaiting completion. The most advanced section of the Rivers/Akwa Ibom axis is the section III (99km) handled by RCC Nig. Ltd, valued at about N67b. Site visit revealed that RCC has increased the pace of work in the last few months, may be, to beat the December 2014 deadline. Facts on ground indicate that work on section III has reached advanced stage with more than 75 percent of the job already completed. However, work is temporarily suspended from Ogoni to Ikot Ukpung/Ukanafun where the Ogoni Bridge is located. The road is now completely tarred from Eleme to Ette Junction, with major earthworks already in progress from Ette Junction to Onna where it terminates.

With the sudden increase of pace of work by the company, the challenge is whether they can combine speed with quality. Some community members who spoke to our team expressed fear that the contractors, in their bid to complete the job before the deadline, may end up doing a shoddy work. For instance, some parts of the road at Eleme are already cracked. Communities around the project area worry that if the contractors are insincere in the delivery of the road, then the huge amount of money sunk into the job by FGN will be wasted. The project manager of RCC declined comments when CSJ visited the company's site at Ogoni but a source in the company who spoke on the condition of anonymity dismissed the worries.

While hope is very high that Section 3 may be completed on schedule, the situation of Section 4 of the road seems to be worsening as Gitto, the contractors handling it have failed to make any meaningful progress. The 51km road which is valued at about N37bn starts from Onna and terminates in Oron. Despite being the shortest out of the four sections, it is unfortunate that section 4 has been the slowest in execution and has the greatest part of the job yet undone. The December 2014 deadline will certainly be missed in this section. One major concern of road users is the Onna-Eket Bridge. With the old bridge almost collapsing and the new one still far from completion, the fear of road users is that the old bridge may collapse without any alternative. Residents have attributed the slow pace of work on the bridge to the attitude of the contractors handling the job.

Some of the community members alleged the contractors do not come to work every day; and when they come, they rarely do any reasonable work. They also alleged that staff mobilisation is low. Apart from the slow pace work on the bridge, Gitto has not made any appreciable progress on this section as no work has been done beyond the bridge.

The Rivers/Akwa Ibom axis of the East West-Road has become a death trap due to the dilapidated nature of the road; many lives and properties are lost almost on a daily basis through accidents and other forms of road mishaps. Many motorists and road users who ply the route blame the frequent road mishaps on the slow pace of work by the contractors and have called on relevant authorities to ensure a timely completion of the road. They urged the federal government to ensure that the road meets the required specifications. Some parts of the road already completed are now broken and riddled with potholes, which also result in frequent minor and fatal motor accidents.

In conclusion, it is doubtful if the contractors, particularly Setraco and Gitto will complete and deliver on their contract by December 2014. The contract from our assessment may not be delivered until the second quarter of 2015, unless the Ministry of Niger Delta Affairs and indeed, Federal Government of Nigeria, fulfil their obligations to the contractors, as well as get more serious with their supervision and project monitoring mandates. Officially, government put the completion to be at 68 percent as at December 2013 but by our own assessment, 55 percent is all that has

been achieved in over 7 years of the road project. There are also indications that the entire road did not benefit from sound engineering designs and studies at the outset.

## 5.8 RAILWAY PROJECTS

### 5.8.1 Progress So Far

The SURE-P Railway project is a component of the infrastructure development programme. It is focused on the rehabilitation and restoration of abandoned railway infrastructure and the construction of a new standard gauge railway line. The SURE-P Railway project aims to strengthen the Nigerian economy by increasing freight carriage capacity and reduction in cost of transportation.

According to the 2012 Annual Report, the Railway Project comprises:

- The rehabilitation of the Western Line (Jebba-Kano Line Rehabilitation Project). It is made up of two contracts. Contract 1 is Lagos to Jebba while Contract 2 is Jebba to Kano
- The rehabilitation of the Eastern Line (Port Harcourt-Maidugiri Rehabilitation Project). It is made up of three contracts. Contract 3 is from Port Harcourt to Makurdi; Contract 4 is from Makurdi to Kuru while Contract 7 is from Kuru to Maidugiri.
- The Nigerian Railway Modernisation Project (Abuja –Kaduna)

In 2012, the Ministry of Transport which is the implementing Ministry got a vote of N33.360b and in 2013, it got a vote of N77.420b for the project. SURE-P funds were used to accelerate and complete the rehabilitation of the Western Railway line running from Lagos to Kano. As at the end of 2013, SURE-P funds were expected to have delivered the following:

- 80% Completion of the Eastern Line (Port Harcourt – Maiduguri)
- 85% Completion of the Idu (Abuja) – Kaduna Line
- Sectional handovers/opening of sections of the line

There are seven rail projects being financed by SURE –P, all aimed at getting the railways working again in Nigeria.

**Table 14: Progress/Operation Report for Railways Project**

S/ N	Project	Contract or	Progress Before SURE-P intervention	Progress as at July 2013	Original Contract Sum (N'bn)	Amount paid to date by SURE-P (July 2013)	Remark
1	Lagos-Jebba Rehabilitation	Costain West		100%	N12.293	N11.6bn	Funded the completion

		Africa					of Western Line that enabled train movement from Lagos to Kano
2	PH-Makurdi Railway Rehabilitation Project	Esser W.A	25%	42%	N19.165	N3.482bn	Contractor fully on-site and achieving significant improvement with steady funding
3	Makurdi – Kafanchan-Kuru –Jos & Kanfanchan – Kaduna Junction Railway Rehabilitation Project	Mssrs CGGC	6%	30%	N19.165 bn	N3.758bn	Contractor fully on-site and achieving significant improvement with steady funding
4	Kuru – Maiduguri Railway Rehabilitation Project	LINGO	5%	14%	N23.720 b	N2.522bn	Contractor fully on-site and achieving significant improvement with steady funding
5	Abuja (Idu) – Kaduna Railway Modernisation Project	CCECC	35%	65%	N136.39 b	N6.457bn - (contractor) N7.94mn - (consultant)	Project completion fast tracked to present level of 65%
6	Design, Supply and Installation of Signalling on the Eastern Line (Port Harcourt – Maiduguri)	Ansaldo	5%	40%	N5.6	N502.423m	
7	Jebba – Kano	Yet to Be					

	Addendum	awarded					
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Source: SURE-P Progress Report by the SURE-P National Secretary in July 2013

### 5.8.2 Observations

The first observation is that SURE-P and the Ministry of Transport are investing in the narrow gauge old railway system built before independence by the colonial masters. This cannot be the future of railway transportation in Nigeria. What is needed is a modern speed train that can transport human beings and goods over long distances in record time. Only the Abuja to Kaduna Rail Project fits the description of new rail line.

The second issue is the facts from the field visit seem to suggest different levels of activity from the available official information. Table 15 highlights the issues.

**Table 15: Field Observations from the Railways**

<b>Project</b>	<b>Contract Sum (N'bn)</b>	<b>Contractor</b>	<b>Date of Award/Duration</b>	<b>Length of Rail (km)</b>	<b>Money Expended Previously</b>	<b>SURE-P Funds (N'bn)</b>	<b>% Before SURE-P</b>	<b>% After SURE-P</b>	<b>Remarks</b>
Lagos – Jebba	N12.293b	CCECC	Nov 2009	488		N11.6b	NA	100%	Completed and commissioned in Dec 2012
Jebba - Kano	N12.169b	Costain	Dec 2009	636		N8b	87%	100%	Completed
Port Harcourt - Makurdi	N19.165b	Esser WA	April, 2011	463	N4.02b	N3.482b	25%	42%	Non release of funds has slowed down expected progress
Makurdi – Kafanchan – Jos - Kaduna	N19.165b	CGGC	April 2011	554	N4.2b	N3.758b	6%	30%	Work slow due to non release of funds
Kuru - Maiduguri	N23.720b	Lingo	April 2011	640	N3.5b	N2.522b	5%	14%	Little funds, work has stagnated
Abuja - Kaduna	N136.39b	CCECC	Oct 2009	1,657	N2.863	N7.251	35%	65%	Work fast tracked by SURE P funds

SURE-P's appropriated funds for the Railways in 2012 and 2013 is N110.78b. As at July 2013, it has utilised only N29.115bn which is 26.28% of the funds leaving out N81.64b which is 73.7% of the vote. This huge fund was outstanding while work was being slowed down and stagnated due to non release of funds. This raises posers: Did the Ministry of Finance not release the money to the Ministry of Transport? Alternatively, did the Ministry of Transport sit on the released funds? There is absolutely no reason for the funds not getting to the contractors who were ready to carry on with the construction. SURE-P funds inexorably accrue as long as Nigeria imports refined fuel into the country. Are the funds being diverted to other purposes?

There are conflicting details in the data and information provided by SURE-P, including original costs and amounts paid till date. The secretary, Nze Akachukwu Nwankpo, in the July 2013 progress report presented at the Ministerial Platform gave figures that contradict information provided by the SURE-P website. For instance, while information provided by Nwankpo indicates that the Jebba Kano Rail Contract was yet to be awarded, SURE-P report on railways show that the contract was awarded on December 29, 2009 at the cost of N12.169 billion.

SURE-P is yet to release its 2013 report which would have provided an update on its activities so far including railway projects.

## Chapter Six

### SURE-P IN THE STATES

#### 6.1 OVERVIEW

54% of the subsidy savings is the share of the 36 States and the FCT; FGN takes 41% while the remaining goes to the Ecological Fund. The implication is that since FGN has been budgeting N180b for the three years 2012, 2013 and 2014, its share amounts to N540b being 41% of the SURE-P funds. 54% of the funds which accrues to States and the FCT should amount to N711.22b. The 5% Ecology Fund amounts to N65.85b. The implication of these figures is that a total of N1.317trillion would have accrued at the end of 2014. But this is a simplistic way to calculate the funds accruing to SURE-P considering that fuel consumption and by extension, importation may increase or decrease depending on the level of economic activity in the country. The actual figures will be with the relevant fiscal authorities.

Information on the expenditure of the 5% Ecology funds component is not available in the public domain. Whether it is managed separately from the existing Ecology Funds or lumped together is not clear. While the SURE-P funds at the federal level can be said to have made appreciable impact and are visible, the implementation of the programme and utilisation of funds at the state and local government levels are not separately budgeted and accounted for. The funds simply go into the normal funds of the state and through the regular appropriation and expenditure process. This creates doubts about the propriety of the expenditures and what exactly it is spent on. It would have been appropriate if the states have created a similar structure to the federal one so that the expenditure of the funds can be tracked and value for money determined.

It appears that states are at liberty to choose the priority sectors for the investment of SURE-P funds. For instance, the FCT administration decided to use N500m SURE-P allocation to refurbish a National Youth Service Corps camp<sup>55</sup>. Governor Theodore Orji of Abia State on his part says that he deployed the bulk of the state's share of the funds from the SURE-P to stop kidnapping and other criminal activities in the state. Orji made this known to newsmen in Umuahia while speaking on the gains of SURE-P in the State.

*"If there is anything SURE-P has done for us here, it has helped us to fight kidnapping and criminality and I recommend it to other states that are facing security challenges"*<sup>56</sup>.

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<sup>55</sup> See THISDAY of Thursday, November 28 2013 at page 53.

<sup>56</sup> See more at: <http://www.southeastnigeria.com/gov-orji-explains-how-he-used-sure-p-funds-to-stop-criminal-activities-in-abia/#sthash.nCYZArV1.dpuf>



However, there is another variant of SURE-P in the states. These are federal appointees managing federal SURE-P funds in the states. In many states, the state coordinators of the programme are politicians and the funds are either used to dispense political favours, empower favoured party supporters or have been outrightly misappropriated<sup>57</sup>. Available information about the management of these funds in the public domain have come from media reports based on allegations of misappropriation of the funds usually by opposition political parties.

## 6.2 KANO STATE

In Kano State, SURE-P funds management is a highly politicised issue. The first acclaimed coordinator of President Goodluck Ebele Jonathan in the state in 2011, Alhaji Al-Kasim Makoda is the coordinator of SURE-P in the state. The factionalisation of the party between loyalists of the State Governor, Rabiu Musa Kwankwaso also known as “Kwankwasiya” and the other faction known as “Jema’a” also affected the fortunes of SURE-P in the State. The SURE-P programme in the state appears very disorganised with beneficiaries handpicked by the coordinator and other party chieftains from a crop of loyalists. The handpicked beneficiaries never got training and ended up getting only a fraction of the money due to them. For example, the Graduate Internship Scheme is supposed to provide skill acquisition for graduates and prepare them for self employment with a monthly stipend of N18, 000. However, coordinators of the programme in the state just got some youths together and paid them what they wanted. Some got N6, 000 and others got as low as N4, 000. A beneficiary said that he was called based on his political affiliation and asked to sign a paper and then given N4, 000 without going for any training. He got the stipend for two months and it stopped. He was told that other party supporters had to benefit from the largesse.

The mismanagement of SURE-P funds in the state led to a protest by youths under the aegis of the National Youths Assembly of Nigeria, NYAN, Kano State Chapter. A statement signed by NYAN’s Speaker, Bashir Bello Roba and clerk of the body, Ahmad Musa called for removal of Makoda over allegations of unethical conduct in affairs of the scheme.

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<sup>57</sup> For instance, it was observed in the Sunday Trust Newspaper of February 10, 2013 that President Goodluck Jonathan’s campaign coordinators in the 2011 elections are the same persons in charge of SURE-P at the states. This is a huge coincidence and it is very controversial with opposition parties alleging that this is geared towards engineering President Jonathan’s victory in 2015 presidential polls. The coordinators, according to site observers include the following persons who worked for Jonathan in 2011 election campaign: Alhaji Bode Oyedele (Lagos), Mr Joseph Ishekpa (Nasarawa), Alhaji Garba A. Kurfi (Katsina), Alhaji Aliyu Mamman (Niger), Alhaji Adamu Yaro Gombe (Gombe), Hon Femi Akinyemi (Ekiti), Jarigbe Agbom Jarigbe (Cross River), Chief Abdullahi Ohioma (Kogi), Dare Adeleke (Oyo), Alhaji Al-Kasim Madoka (Kano), and Mr Bulus Daren (Plateau). It is also alleged that non-PDP persons were not involved in the process of executing any SURE-P projects

### 6.3 SOKOTO STATE

The SURE-P in Sokoto State has received over N4 billion in the last 18 months. This was confirmed by Malam Yahaya Abdulkarim, the coordinator of the programme in Sokoto. As in many other states, the coordinator is a politician linked to President Goodluck Jonathan's 2011 election campaign. The intervention funds have concentrated in specific areas of youth empowerment, environment, education, health and commerce. In education, for example, the programme had executed projects in the three state-owned boarding primary schools in Jabo, Balle and Isa. Also, some SURE-P funds are being used for the construction of three new primary schools in the three senatorial zones of the state. But CSJ's researchers could not get the exact figure of the amount of the programme funds involved.

SURE-P is also assisting in building new Almajiri model schools established by the FGN in Gagi, Tureta and Tambuwal, in Sokoto South, Tureta and Tambuwal local governments, respectively. The State SURE-P office also bought and supplied four tippers to the State Ministry of Environment at the cost of over N40 million. The State programme is only just starting its community service employment and vocational training drive starting with the recruitment of 100 youths from each of the local governments and commencement of three-month training.

### 6.4 LAGOS STATE

This quotation from concerned PDP stakeholders in Lagos State gives a clear impression of the perception of party stalwarts about the utilisation of SURE-P funds<sup>58</sup>:

*We are shocked to see that the SURE-P programme in Lagos has .. been hijacked by the Bode George faction again! They have given Union some slots but what about the neutral non-aligned people? They have continues (sic) with the politics of exclusion in Lagos State PDP and this will no longer be accepted.*

*We therefore call on the National Chairman of PDP, the Chairman of the South West Caretaker Committee, the Chairman of the SURE-P – Dr. Christopher Kolade, Federal Minister for Finance and Supervising Minister – Dr. Ngozi Okonjo Iweala to please remove Bode Oyedele immediately if the SURE-P is to succeed in Lagos State. Bode Oyedele is not fit to represent the interest of SURE-P in Lagos State as he is not a grassroots man and he is not accepted by the people. You cannot impose a man who has lost touch with his people..*

This perception, which has been heavily criticised by the opposition parties is that SURE-P is a conduit for distributing political largesse.

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<sup>58</sup> i-Reports.ng.com

This report below portrays the confusion and duplication of function that has followed SURE-P in Lagos State<sup>59</sup>:

*What could have been a clash between two government traffic agencies was averted on Tuesday when some officials of the Federal Task Force and those of the Lagos State Traffic Management Authority, LASTMA almost confronted themselves.*

*According to a report on PMNEWS online, some operatives of the Federal Task Force on Tuesday prevented officials of LASTMA, from controlling traffic on federal roads in Lagos. It was gathered that scores of the federal officials dressed in grey and black uniforms took control of traffic on Toll Gate and Ojota area while LASTMA officials had nothing to do. The federal task force men, sponsored under the Subsidy Reinvestment and Empowerment Programme, SURE-P, were said to have arrived Ojota, in Ikorodu Road as early as 7am and took over from LASTMA officials,*

*Reports say the situation led to confusion in the area and almost resulted to a clash before the police intervened to salvage the situation. Reacting to the matter, a statement from the Lagos State Government and signed by the Commissioner for Information and Strategy, Aderemi Ibirogba described the federal Task Force officials as usurpers posing as traffic officials on Lagos roads.*

*The statement stated that those dressed in grey and black uniforms men caused confusion on Lagos roads in their attempt to take over the job of LASTMA. It added that "It took the intervention of the Police from the Lagos Command, to get them off the road and return normalcy on the roads after about four hours of causing confusion, attempting to fight LASTMA and generally disturbing the peace of the areas".*

*The Commissioner appealed to the public to remain calm and go about their normal duties, no matter any form of provocation and or intimidation this faceless group or any other trouble makers may want to plunge them into. Kayode Opeifa, the Commissioner for Transportation in Lagos State, through a statement, called the federal Task Force men as illegal, saying their mission is to cause public disturbance as they did not have the backing or the support of the Lagos State Government.*

*However, Coordinator of the Task Force, Mr. Abdurazak Rafiu said the Taskforce was not illegal and that they were not thugs, saying that the programme is under SURE-P, adding that 5,000 of them would be deployed to Lagos roads to control traffic.*

This raises several posers: why is SURE-P attempting to duplicate the functions of LASTMA. What value will the SURE-P takeover of traffic control on federal roads add to the lives of Lagos residents?

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<sup>59</sup> PM News Online: May 20, 2014. See also Tribune Newspaper of May 21 2014.

## Chapter Seven

### CONCLUSIONS AND RECOMMENDATIONS

#### 7.1 CONCLUSIONS

The Study has analysed the implementation of SURE-P in the years 2012 and 2013 and reviewed information available on the subject up to the first quarter of 2014. In the first instance, it appears that SURE-P was hurriedly designed to assuage the anger of Nigerians over the increase in the pump price of petrol. The mandate of the SURE-P Committee is broad but the Committee is not involved in project identification. The tenure of SURE-P is from 2012-2015 which is, the terminal date of the President Goodluck Jonathan administration.

Projects are managed by Project Implementation Units (PIUs) that are located within FGN MDAs. To perform its oversight responsibility, the Committee has divided itself into Sub-committees, each made up of 3 to 4 members. The Sub-committees act on behalf of the main Committee to provide direct supervision to the projects. Sub-committees carry out site inspection, and are required to sign certificates that assure the main committee that the work that is claimed is fully verified. Payments are made on interim certificates raised by the Ministry, verified by the Committee and consultants. The Director-General of the Budget Office of the Federation is the designated Accounting Officer of SURE-P. SURE-P funds are domiciled in the Central Bank of Nigeria and the Accounting Officer processes payments after verification for direct payment to the beneficiaries. The Committee has a Secretariat for technical and administrative support, and for providing information to stakeholders and the general public.

In the sharing of SURE-P funds, FGN gets 41%, the States and Local Governments get 54% of the subsidy funds, while the remaining 5% is reserved for Ecological Funds. SURE-P fund is calculated through a template designed by the Ministry of Finance and Petroleum Products Pricing Regulatory Agency (PPPRA) and subscribed to by all stakeholders. The intervention areas of SURE-P can be divided into two broad categories; Social Safety Nets Programme and Infrastructure Development Programme.

Out of a budget of N180b in 2012, N93.5b was stated to have been carried over to 2013 and the average fund utilisation rate was 49.9%. A total of N72.441b was spent in 2012. There is a controversy on the actual sum carried over to 2013. The SURE-P Committee said that it received the sum of N164.9b in 2012 implying a shortfall of N15.1b. If the sum of N72.44b was spent in 2012, the implication is that what should have been carried over to 2013 from the original sum of N180b would be N107.6b. The insistence of the Ministry of Finance that only N93.5b was carried over needs

further clarification. The 2013 budget of SURE-P was N273.5b made up of N180b allocation and the carryover of N93.5b. A total of N185.2b was spent in 2013 and another carryover of N88.370b from the year entered the 2014 budget. This amounts to 67.71% expenditure for the year 2013. Cumulatively, this amounts to 58.5% expenditure over the two years. This is very poor considering that most SURE-P projects are augmentation of existing and ongoing projects that do not demand fresh contracting and bidding processes. Apparently, the bug of poor absorptive capacity that bedevils MDA capital budget implementation may have caught up with SURE-P projects. There is no official explanation of the reasons behind the carryover of funds - whether it is based on delays from contractors or the possibility that funds were not released and cash-backed.

The Social Safety Nets intervention of SURE-P consist of the Community Service Women and Youth Empowerment Programme (CSWYE); Maternal and Child Care; Public Works (FERMA), Vocational Training and Mass Transit Programmes. A common challenge prevalent for these social safety nets is the absence of public information about the beneficiaries who are stated to number in tens of thousands. There is no information portal where an independent person can access the names, addresses and phone numbers of these beneficiaries to verify whether they are real human beings. Whether it is in the health or employment sector or those receiving stipends, there is a dearth of concrete information. It is not enough to state sheer numbers and percentages when the details are not available. The relevant project implementing units, despite the portals established for administrative management of the programmes need to correct this situation. Otherwise, they should not blame Nigerians for categorising the programmes as providing the opportunity for mismanagement of public funds. The list of beneficiaries of CSWYE could not even be supplied to the leadership of a Senate probe committee. However, the only exception is FERMA. Upon being served with a Freedom of Information request and following same up with litigation, FERMA has supplied CSJ with the list of activities and beneficiaries. CSJ is verifying the claims made in their submission.

Although the criteria for the selection of the beneficiaries of the CSS appear clear, there is no evidence that this has been followed. Rather, there are reports of rejection of already compiled lists. The popular impression is that this provides opportunities for a “job for the boys” and to settle political associates. Many of the State Implementation Committees are led by stalwarts of the ruling Peoples Democratic Party suggesting the politicisation of the programme. Even among the members of the ruling party, there have been bickering over the sharing of a purported largesse.

A challenge for the Community Services Scheme and similar activities is the fact that participants are required to engage in activities that duplicate the functions of states and local governments. Sanitation, refuse disposal and drainage maintenance are clearly the duties of local governments. The clearest duplication is exemplified by the

face-off between LASTA and the Federal Task Force of Traffic Control in Lagos State. This amounts to waste and unnecessary turf war.

The long term sustainability of these safety net activities is questionable considering that beyond the activities that impart skills, they tend to give a hungry person fish rather than educate him on how to fish. This is not sustainable in the long run and will likely terminate in 2015 if there is a change in the administration. However, the technical and vocational education component of SURE-P is a step in the right direction. The fact that young men and women will be trained and empowered to improve their skills will go a long way to sustain the benefits of the programme. The mass transit component of the safety nets is a very laudable project. But there is need for caution to ensure that the funds loaned to the beneficiaries are paid back and the funds actually become revolving to improve public transportation. It may also be important to link the disbursements with the patronage of locally made and assembled vehicles. The fact that no part of the SURE-P funds targets the improvement of local refining capacity is problematic. The poor state of our local refineries has contributed in no small measure to the quantum of subsidies government is obliged to pay to fuel importers.

For the road projects, the variations in design and specification are indicators that the proper technical studies and designs were not done or at best, the projects were awarded with preliminary designs. There have been cost and time overruns arising from poor funding of the projects, to variations which have increased the scope of work. Projects which were initially scheduled for completion between 2006 and 2010 had been delayed with new completion timeframes in 2014 which have also been missed. In some instances, first things were not done first. Contracts were awarded and contractors mobilised to site only to find out that community issues relating to land acquisition and compensation had not been settled. The quality of the work being done by some of the contractors is also questionable considering premature failure of sections of the roads under construction. Some of the contractors were found to lack the requisite capacity to execute big ticket transactions.

There were pedestrian excuses for delaying projects such as getting landfill materials and difficulty in obtaining explosives for rock blasting. Security challenges in the North Eastern part of the country also facilitated delays in constructing roads traversing that territory. In one instance, a contractor deliberately under quoted the materials needed for construction and upon mobilisation to site started with a request for increased cost. Clearly, such contractor could not have been the lowest evaluated responsive bidder which has been responsive to the bid with regards to work specifications and standards in accordance with section 24 (3) of the Public Procurement Act of 2007. Further, the roads component of SURE-P queries the rationale for the continued carryover of funds considering that SURE-P intervention is by way of augmentation of existing federal commitments through the MDAs. It makes no sense that contractors are complaining about lack of funds to execute

projects while money is purportedly being carried over. The purported carryover suggests that the funds were diverted to another activity, not within the SURE-P mandate, and as such were not available in the first instance to the Committees and the PIUs.

The railway projects are geared to rehabilitate existing and abandoned rail lines, being the old narrow gauge built by colonial masters before independence. Only the Abuja to Kaduna line is new and is for the standard gauge rail line. This cannot be the future of railway transportation in Nigeria. What is needed is modern speed trains that can transport human beings and goods over long distances in record time on the standard gauge.

While the SURE-P funds at the federal level can be said to have made appreciable impact and are visible, the implementation of the programme and utilisation of funds at the state and local government levels are not separately budgeted and accounted for. The funds simply go into the normal funds of the state and through the regular appropriation and expenditure process. This creates doubts about the propriety of the expenditures and what exactly it is spent on. It would have been appropriate if the states have created a similar structure to the federal one so that the expenditure of the funds can be tracked and value for money determined. But the federal SURE-P structure at the state level including the SICs appear to have been politicised and an opportunity to settle political associates of the ruling party.

## **7.2 RECOMMENDATIONS**

Against the background of the conclusions, the following recommendations are imperative.

**(i)** All SURE-P funds should be released and cash backed as and when due to ensure continued and timely completion of projects. Carrying over of funds from year to year when there are outstanding claims by contractors and dearth of funds is delaying project implementation is not in the public interest.

**(ii)** Timely payment of contractors who have worked and delivered according to contract specifications should be the norm.

**(iii)** Contractors without the requisite capacity should be blacklisted and contracts revoked and re-awarded to companies that can do the job and on record time.

**(iv)** The Ministry of Finance, BOF and the SURE-P Committee should reconcile the actual amount of funds carried over from the year 2012 to 2013 considering the affirmation of the SURE-P Committee that it received only N164.9b in 2012 implying a shortfall of N15.1b. If the sum of N72.44b was spent in 2012, the implication is that

what should have been carried over to 2013 from the original sum of N180b would be N107.6b.

**(v)** The management of SURE-P through SICs should be separated and insulated from politics; technocrats with the right qualifications and orientation should be assigned to manage the funds and activities.

**(vi)** States should consider replicating the federal example of specifically managing SURE-P funds differently from other state funds. They should also consider ring-fencing SURE-P funds to avoid its being mismanaged or mixed up with other projects. This will facilitate accounting for the funds and showcasing achievements.

**(vii)** There should be an interface between FGN and State Governments on activities to be funded with SURE-P funds. FGN should not be replicating activities and services that are already being provided by States and Local Governments. This is not only an unnecessary duplication but a waste of funds.

**(viii)** All the Social Safety Net activities of SURE-P that involve individuals and communities getting benefits should benefit from enhanced transparency and accountability. Names, addresses and phone numbers of beneficiaries should be available on a public electronic portal. The exact location of projects should also be available on the portal.

**(ix)** There should be quarterly report of activities, expenditures and achievements on an ongoing basis.

**(x)** SURE-P can benefit from enhanced transparency and accountability through regular public and media engagement with facts and figures of activities and achievements.

**(xi)** SURE-P should focus more on the activities that are sustainable in the long term and these include the capacity building and training components and the infrastructure components. The activities that merely share money to beneficiaries are not sustainable in the long run.

**(xii)** SURE-P should seriously consider funding for improving local refining capacity even if the new refineries will be privatised upon completion. This can be done through a collaboration involving FGN and States.

**(xiii)** National Assembly Committees with the requisite mandate should improve their oversight over implementation activities of SURE-P

**(xiv)** The bidding process for projects should scrupulously and meticulously follow the PPA to ensure that the best evaluated responsive bidder gets the job -



responsive to the bid with regards to work specifications, standards and financial considerations.

**(xv)** Contracts for projects should not be awarded without appropriate technical studies and engineering designs. These designs and studies should precede the award of contract and mobilisation of contractor to site. Indeed, contracts should not be awarded based on preliminary engineering designs but on completed and final designs.

**(xvi)** Site acquisition and community issues should be fully settled before a contractor mobilises to site to avoid undue delays.