2010

FIRST QUARTER BUDGET IMPLEMENTATION REPORT

Budget Office of the Federation
Federal Ministry of Finance, Abuja

FOREWORD

I am delighted to present you this Report which is the first in the series of Budget Implementation Reports for 2010. It provides detailed information on the allocation and utilization of public financial resources among competing socio-economic needs as appropriated in the Federal Budgets. These Quarterly Budget Implementation Reports serve as instruments through which the performance of Ministries, Departments and Agencies of Government can be assessed and held responsible for the expenditure and revenues they administer, and the achievement of the objectives of government as elucidated in its developmental policy documents. This report therefore provides information by which Government's performance in the management of national resources can be measured.

It is in this spirit that the preparation of this report is mandated by Section 30 of the *Fiscal Responsibility Act, 2007* which requires the Honourable Minister of Finance to submit these quarterly budget implementation reports to the Joint Finance Committee of the National Assembly and the Fiscal Responsibility Commission. These reports are also disseminated to the wider public through electronic and print media.

This Report is the result of the diligent monitoring, evaluation and analytical work conducted by the Budget Office of the Federation and I commend the team for their hard work and effort. I also recognize the important role of both the Fiscal Responsibility Commission and the National Assembly's Joint Finance Committee in promoting best practice in public financial management, and I look forward to continuing our cooperative work in this regard.

Finally, I commend the readers of these Budget Implementation Reports for taking the time to examine their contents and scrutinize the Government's performance in delivering on the promises inherent in the Budget. By so doing, we can all contribute towards ensuring value for money in the utilization of public resources for the benefit of all Nigerians. I enjoin the readers of this report to continue to display active interest in Government's delivery on its promises as this provides the necessary impetus for the effective and efficient utilization of public resources for the benefit of all Nigerians.

Olusegun Olutoyin Aganga
Honourable Minister of Finance

PREFACE

Section 30 of the *Fiscal Responsibility Act (2007)* requires the Honourable Minister of Finance, through the Budget Office of the Federation to monitor and evaluate the implementation of the Annual Budget implementation and render quarterly reports thereon. This Report, which is the first for the 2010 fiscal year, fulfils this obligation and also provides a means of demonstrating Government's commitment to the transparent and prudent management of public finances.

The 2010 Budget focused on projects and programmes aimed at achieving the goals set in the Government's developmental policies as set in the 7-Point Agenda, the Millennium Development Goals, and the Nigeria Vision 20:2020. In this regard, the 2010 Budget scaled up spending to the priority sectors in order to ensure the completion of key projects and the actualization of the Government's efforts at addressing the most pressing needs of Nigerians.

Budget implementation in the first quarter of 2010 was challenging on several fronts particularly as revenue receipts from both oil and non-oil sources were significantly below their projected estimates. On the expenditure side, average capital budget implementation by the MDAs was lower than expected in the first quarter. Several efforts, including the Budget Office's February Workshop on Budget Monitoring and Implementation which was designed to further reinforce MDAs' capacity to implement their capital budgets, were made to ameliorate identified constraints in MDAs' budget implementation processes. However, there is still considerable scope for efficiency improvement in both revenue collection and capital budget implementation. We expect these indices to improve going forward.

This Report is a product of the collaborative efforts of the Budget Office and other agencies of Government which provide key financial and macroeconomic data, and concerted efforts of the various departments of the Budget Office of the Federation, particularly the Budget Monitoring and Evaluation unit. I commend their efforts and wish them every success as they continue to perform this important function.

Dr. Bright Okogu
Director General, Budget Office of the Federation

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The 2010 Budget aims to build on the macro-economic gains achieved in the recent past through prudent fiscal management while focusing the Government's spending on policy priorities. Spending was therefore focused on policies to stimulate the economy by addressing infrastructural inadequacies, particularly in power and transportation, human capital development, food security, and the development of the Niger Delta.

Provisional data from the National Bureau of Statistics indicate that the tempo of recovery in the global economic activity which started in the second half of 2009 continued while the domestic economy recorded a modest growth in the first quarter of 2010. The real Gross Domestic Product (GDP) grew by 6.68% in the quarter compared to the 6.71% earlier projected. Core inflation remained within the single digit rate but rose from 9.1% in December 2009 to 9.3% as at end of the first quarter, while Food inflation dropped from 14.7% in the last quarter of 2009 to 13.7% in March 2010. Compared to the position in December 2009, broad money (M_2) and aggregate domestic credit rose by 2.25% and 6.13% respectively in the quarter with net growth in credit by 28.36% to the public sector. The foreign exchange market was relatively stable in the first quarter of 2010.

In spite of these improving macroeconomic indicators, the implementation of the Budget in the first quarter posed significant challenges to the Government's efforts to stimulate economic activities through the full implementation of the budget. Firstly, the non-passage of the budget as at the beginning of the quarter implied that the first quarter Capital Warrant release be based on the subsisting 2009 Budget for ongoing projects in line with the Financial Regulations. Thus, the implementation of new projects in the 2010 Budget only commenced after the 2010 Appropriation Act was passed. In addition, revenue receipts from both oil and non-oil sources underperformed during the period causing a financing gap that posed serious challenges to the implementation of the Budget within the period.

Specifically, data from the OAGF indicate that the amount available for distribution among the three tiers of government in the first quarter had a shortfall of 45% when compared with the quarterly projection of N1,460.72 billion. It is however noteworthy that the revenue receipts in the first quarter of 2010 exceeded receipts for the same period of 2009. Consequent on this shortfall, the Federal Budget suffered a significant shortfall in revenue of about 52.6% compared to the N771.66 billion projected for the quarter. The application of miscellaneous revenues amounting to N69.81 billion which accrued to the Government within the period reduced this shortfall to N336.09 billion. This shortfall was financed with drawings from the Net FGN's Consolidated share of the Excess Crude Account (N97.66

billion), FGN Bonds (N216.87 billion) and World Bank Concessionary Loan (N75 billion) to guarantee implementation of the Budget in the quarter.

A review of the expenditure side indicates that the actual non-debt recurrent expenditure for the quarter amounted to about N465.28 billion compared to N519.55 billion budgeted, due largely to the timing of transfers and debt service payments. On capital expenditure, while budgetary allocations were promptly released to the MDAs, actual utilization of the Capital Votes was below expectation. Of the N196.38 billion cash-backed to the MDAs, data from the OAGF indicate an average utilization of about 19%. Further reviews of the MDAs' performances reveal varied utilization rates among them. Seven (or 16.28%) of the MDAs had their respective utilization rates over the overall average utilization. Among these, three (or 6.68%) of the MDAs including Defence (81.53%), Agric. & Water Resources (78.83%) and Information & Communications (55.07%) had utilization rates of over 50% of their respective releases. It is noteworthy that fifteen (or 34.88%) of the MDAs including Transport, Niger Delta, Police Formations, and INEC did not utilize any portion of the Capital Vote releases to them in the quarter.

In order to effectively monitor and evaluate MDAs' implementation of their Capital Budgets in the first quarter of 2010, the Budget Monitoring and Evaluation teams in collaboration with selected Civil Society Organizations, the Media and the MDAs, conducted field visits to review the implementation of selected capital projects. The continued involvement of representatives from Civil Society Organisations and the Media is expected to bring a different perspective to the evaluation of projects. These monitoring calls indicate that additional effort must be put in by the MDAs to ensure ongoing projects are completed in the shortest possible time. The rate of work done varied across projects and across all MDAs and this report highlights major areas of concern which MDAs need to address.

In conclusion, while indications portray continued improvement in the global economic situation, the overall revenue to Government is expected to improve going forward. However, the Federal Ministry of Finance, the Budget Office of the Federation, and the Cash Management Committee have continued to work with MDAs to ensure that the Government's priority projects and programmes continue to receive significant funding. As MDAs undertake to implement the strategies agreed during our various Budget Implementation Workshops, the rate of capital vote utilization should improve from the second quarter and deliver on Government's promises to the Nigerian people.

1.0 INTRODUCTION

1. The 2010 Budget focuses on the Government's drive to achieve its developmental goals as entrenched in the Nigeria Vision 20:2020 and the Seven-Point Agenda. It is also anchored on the commitment of the Government to improve the socio-economic status of the Nigerian people by strategically implementing plans and programmes to boost economic activity and launch the nation onto a path of sustained development.

2. In the above respect, the Budget was planned to accelerate economic recovery through targeted fiscal interventions intended to further stimulate the economy and support private sector growth. This is to be achieved through the implementation of growth promoting strategies that will alleviate the effects of shocks from the external sector arising from the global economic recession by addressing challenges of infrastructural deficiencies among other measures. Capital expenditure was rationalized and prioritized to avoid spreading resources too thinly across too many initiatives.

3. The estimates of revenue and expenditure expressed in the Budget were based largely on the 2010-2012 MTEF, which sets out the Federal Government's fiscal policies over the medium-term. However, based on series of subsequent consultations with the National Assembly, the National Economic Council and other key stakeholders, the underlying assumptions and parameters, where appropriate, were adjusted to reflect current realities and policy considerations. As such, the 2010 Budget is based on this revised fiscal framework.

4. In a bid to move away from the recurring issues of underperformances in budgeted revenue and expenditure categories, the Budget Office has organized workshops since 2009 aimed at identifying the challenges to meeting the respective targets. A budget implementation workshop was held in February 2010 with the theme: *Strengthening budget implementation for enhanced project execution & service delivery*. The implementation of the outcomes of this strategic programme is expected to engender an improvement in the attainment of the goals of the Budget in 2010 and beyond.

5. This publication is the first of the 2010 Budget Implementation Reports, focusing on the achievement of revenue and expenditure targets and more critically, capital budget implementation by MDAs. The rest of this Report is structured as follows: Chapter 2 undertakes an analysis of revenue and expenditure in the first quarter; Chapter 3 presents an analysis of the economic environment for budget implementation within the period; Chapter 4 provides a detailed account of capital budget implementation while Chapter 5 provides a brief conclusion to this Report.

2.0 FINANCIAL ANALYSIS OF THE 2010 BUDGET IMPLEMENTATION

2.1 Key Assumptions and Projections

6. The Medium-Term Fiscal Framework (MTFF) was the basis on which the 2010 Budget was prepared. The key assumptions[1] of this framework are summarized in *Table 1* below.

Table 1: Key Assumptions and targets for the 2010 Budget

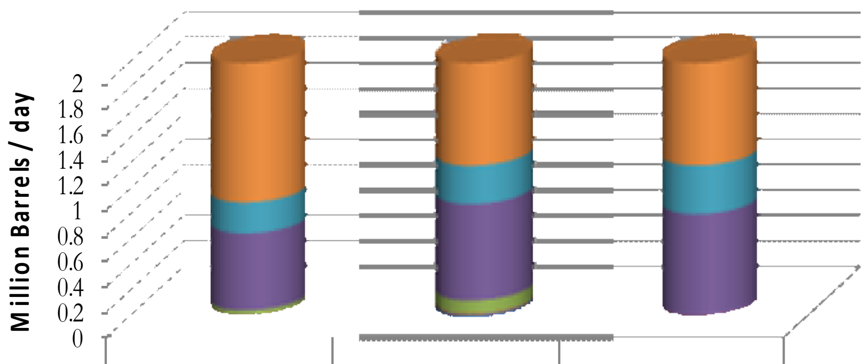
S/N	KEY ASSUMPTION & TARGETS	2010
1	Projected Production (in mbpd)	2.35
2	Actual Production (Average in mbpd over 1st Qtr)	2.35
3	Budget Benchmark price (per barrel in US)	67
	Technical Cost of JV Pbl to Oil Companies	
4	Operating expenses (T1) in US $	11.985
5	Capital expenses (T2) in US $	10.256
	Technical Cost of PSC/SC Pbl to Oil Companies	
6	Operating expenses (T1) in US $	7.842
7	Capital expenses (T2) in US $	11.944
	Technical Cost of Gas	
8	Operating expenses (T1) in US $	4.134
	Weighted Average Contributrion rates	
9	Weighted average rate of PPT-JV Oil	85.00%
10	Weighted average rate of PPT-PSC Oil	51.64%
11	Weighted average rate of PPT-SC Oil	85.00%
12	Weighted average rate of Royalties-JV Oil	18.67%
13	Weighted average rate of Royalties -PSC Oil	1.94%
14	Weighted average rate of Royalties SC Oil	18.50%
15	Average exchange rate (NGN/US$)	150
16	VAT Rate	5%
17	CIT Rate	30%
18	Weighted average Import duty rate	14%

Source: BOF, NNPC, FIRS and NCS

[1] A budget Amendment proposal, which was designed to reduce the Budget and also revise the oil price and output assumptions, was later submitted to the National Assembly.

7. These assumptions and targets were made after consultations with the revenue collecting agencies and also taking into account some fundamental economic considerations. These include, among others, the gradual recovery from the international economic meltdown, emerging peace in the Niger Delta region following the amnesty programme as well as the expected rise in the price of crude oil.

Chart 1: Breakdown of Oil Production by Business Arrangements 2008 – 2010



	2008 (Budget)	2009 (Budget)	2010 (Budget)
Joint Ventures	1.547	1.1	1.1561
Alternative Funding	0.244	0.302	0.3831
Prod. Sharing Contracts	0.607	0.76	0.8022
Independents	0.04	0.105	0
Service Contracts	0.012	0.01	0.0086
Marginal Fields	0	0.015	0

Year

Source: NAPIMS/NNPC

8. A key production assumption of 2.35 million barrels per day (mbpd) was made for crude oil production in the 2010 Budget. This figure is 0.06 mbpd or 2.62% higher than the projection of 2.292 mbpd used for the 2009 Budget. Chart 1 represents the contribution of the various business arrangements to this production estimate. The 2010 Budget also adopted a budget benchmark oil price of US$67 per barrel compared with US$45 per barrel set for the 2009 Budget. Details of the weighted average rate for major oil taxes accruing to the Federal Government are shown in Table 2.

Table 2: Detailed Assumptions for Oil Production and Taxes

Share of Oil Production	**Percentage**
Joint Ventures	49.19%
Alternative Funding	16.30%
Production Sharing Contracts	34.13%
Independents	0.00%
Service Contracts	0.38%
Marginal	0.00%
Total Production	100.00%
PPT Rates	
Joint Ventures	0.07%
Alternative Funding	0.02%
Production Sharing Contracts	0.05%
Independents	0.00%
Service Contracts	0.00%
Weigthed Average -JV	85.00%
Weigthed Average -PSC	51.64%
Weigthed Average -SC	85.00%
Royalty Rates	
Joint Ventures	0.21%
Alternative Funding	0.07%
Production Sharing Contracts	0.14%
Independents	0.00%
Service Contracts	0.00%
Weighted Average-JV	18.67%
Weigthed Average-PSC	1.94%
Weigthed Average-SC Oil	18.50%

Source: NNPC and BOF

2.2. Analysis of Revenue Performance

Overview

9. The international crude oil price averaged US$77.65 per barrel within the first quarter. This represents a margin of US$10.65 per barrel over the benchmark price of US$67 per barrel. Further direction of this margin in the following quarters of the year is dependent on the interplay of several factors including the pace of international economic recovery. Data from the Nigerian National Petroleum Corporation indicate that average oil lifting for the quarter stood at 2.35 mbpd. It is anticipated that this production figure will be maintained in the successive quarters of the year in view of the restored peace in the Niger Delta Region of the country, ceteris paribus.

10. In line with the revenue framework described in *Table 1*, the gross federally collectible revenue for 2010 was estimated at N8,061.35 billion. Out of this sum, oil revenue was expected to contribute N5,850.79 billion (or 72.58%) while the balance of N2,210.56 billion (or 27.42%) was projected for non-oil revenue and other sources. In the first quarter of 2010, a total of N2,015.34 billion was expected as gross collectible revenue.

Oil Revenue Performance

11. A review of the oil revenue in the first quarter shows that all the items underperformed against their budgeted quarterly estimates. As shown on Table 3, Crude Oil Sales amounted to N779.45 billion which was N39.46 billion (or 4.8%) below the budgeted quarterly estimate of N818.91 billion. Petroleum Profit Tax, and Royalties underperformed against the budgeted quarterly estimates of N399.41 billion, N140.89 billion by N156.99 billion (or 39.3%), and N6.80 billion (or 4.8%) respectively. Gas tax receipts are presently classified under Petroleum Profit Tax. Reconciliation work is ongoing to ascertain the Gas Tax and Gas Sales receipts. These will be analyzed in more detail in the second quarter report.

12. A comparative analysis of the actual net oil revenue inflows into the Federation Account in the first quarter indicates a performance of N481.71 billion, a shortfall by N581.83 billion (or 54.7%) when compared with quarterly projected oil revenue of N1,063.54 billion. Please see *Table 3* below. This underperformance is attributable to the shortfall arising from exchange rate differential between the budget benchmark of N150/US$ and the actual average exchange rate of N147.25/US$1 that prevailed

within the quarter and the onset of Modified Carry Arrangement (MCA) entitlement payments which led to a decline in the revenue receipts from JVs.

Table 3: Net Distributable Revenue as at March, 2010

S/N	DESCRIPTION	2009 ANNUAL ACTUAL	2010 ANNUAL BUDGET	QUARTERLY BUDGET	2010 1ST QTR ACTUAL	VARIANCE Q1 BUDGET/ACTUAL (4-3)	
	OIL REVENUE	**₦ bns**	**₦ bns**	**₦ bns**	**₦ bns**	**₦ bns**	**%**
1	Crude Oil Sales	1,438.56	3,275.66	818.91	779.45	-39.46	-4.8%
2	Petroleum Profit Tax (PPT)	797.16	1,597.63	399.41	242.42	-156.99	-39.3%
3	Royalties	388.02	563.55	140.89	134.09	-6.80	-4.8%
4	Gas Tax		49.97	12.49	0.00	-12.49	-100.0%
5	Gas	70.12	352.62	88.16	0.00	-88.16	-100.0%
6	Others	82.88	11.36	2.84	0.77	-2.07	-72.8%
7	**Sub-Total (1+2+3+4+5+6)**	**2,776.74**	**5,850.79**	**1,462.70**	**1,156.73**	**-305.97**	**-20.9%**
8	Joint Venture Cash Calls (JVCCs)	722.89	960.95	240.24	256.03	15.79	6.6%
9	**Sub-Total (7–8)**	**2,053.85**	**4,889.84**	**1,222.46**	**900.70**	**-321.77**	**-26.3%**
10	Domestic Crude Oil subsidy	43.65			101.08	**101.08**	
11	Excess Crude, PPT, Royalty	72.74			245.93	**245.93**	
12	NACOFED	0.03					
13	**Balance Oil Revenue (9-10-11-12)**	**1,937.43**	**4,889.84**	**1,222.46**	**553.69**	**-668.77**	**-54.7%**
14	Derivation	251.87	635.68	158.92	71.98	-86.94	-54.7%
15	**TO FEDERATION ACCOUNT (13-14)**	**1,685.56**	**4,254.16**	**1,063.54**	**481.71**	**-581.83**	**-54.7%**
16	**NON-OIL TAXES**						
17	Value Added Tax (VAT)	468.39	580.00	145.00	139.25	-5.75	-4.0%
18	Companies Income Tax (CIT)	565.07	587.00	146.75	132.23	-14.52	-9.9%
19	Customs & Excise Duties (Customs)	299.94	500.00	125.00	71.99	-53.01	-42.4%
20	**Sub-Total (17+18+19)**	**1,333.39**	**1,667.00**	**416.75**	**343.46**	**-73.29**	**-17.6%**
21	Cost of Collection – VAT	18.74	23.20	5.80	5.57	-0.23	-4.0%
22	FIRS Tax Refunds	22.6	3.40	0.85		-0.85	-100.0%
23	Cost of Collection – CIT	0.12	23.34	5.84	5.29	-0.55	-9.4%
24	Cost of Collection – Customs	21	35.00	8.75	5.04	-3.71	-42.4%
25	**NET NON-OIL REVENUE**	**1,270.93**	**1,582.06**	**395.51**	**327.57**	**-67.95**	**-0.17**
26	**TO FEDERATION ACCT**	**821.29**	**1,025.26**	**256.31**	**193.89**	**-62.43**	**-24.4%**
27	**VAT POOL ACCOUNT**	**449.65**	**556.80**	**139.20**	**133.68**	**-5.52**	**-4.0%**
28	**SUB-TOTAL: FEDERATION ACCOUNT (15+26)**	**2,506.85**	**5,279.42**	**1,319.86**	**675.60**	**-644.26**	**-48.8%**
29	**Add:** Balances of Special Accounts		6.64	**1.66**	0.00	**-1.66**	**-100.0%**
30	**TOTAL FEDERATION ACCOUNT**	**2,506.85**	**5,286.06**	**1,321.52**	**675.60**	**-645.92**	**-48.9%**
	TOTAL DISTRIBUTION						
1	Federation Account	2,506.85	5,286.06	1,321.52	675.60	-645.92	-49%
2	VAT Pool Account	449.65	556.80	139.20	133.68	-5.52	-4%
3	**Grand Total**	**2,956.50**	**5,842.86**	**1,460.72**	**809.27**	**-651.44**	**-45%**

Source: OAGF and Budget Office of the Federation

Non-Oil Revenue Performance

13. Government's efforts at expanding the revenue base have in recent times necessitated the introduction of policies aimed at improving revenue collection efficiency and the expansion of non-oil revenue sources. This was aimed at reducing dependence on oil revenue sources and also to engender better accountability by government agencies. Among deliberate measures of the Government in this regard was the Budget Office/Federal Ministry of Finance's workshop early in the year towards improving on collections/remittances of Internally Generated Revenues (IGR) and the proposed audit of MDA collections. In recent years, revenue from non-oil taxes has been on the increase due to recent reforms in the non-oil revenue collecting agencies such as the Federal Inland Revenue and the Nigerian Customs Services. Based on this trend, the non-oil revenue targets in recent budgets have been very ambitious and results driven. *Table 4* and *Table 5* below indicate non-oil revenue performance between 2005 and 2009.

Table 4: Non Oil Revenue Actual Performance (2005-2009)

Description	2005 N' m	2006 N' m	2007 N' m	2008 N' m	2009 N' m	5 - Year Average
Customs Duties & Excise	228,645.20	176,297.90	248,941.30	274,407.60	278,940.00	**241,446.40**
Company Income Tax	162,166.30	244,807.80	327,040.20	416,825.50	564,950.00	**343,157.96**
Value Added Tax	189,969.40	230,370.30	301,709.60	404,527.80	468,388.90	**318,993.20**
Education Tax	21,849.00	23,950.00	50,650.00	59,387.00	61,058.20	**43,378.84**
FGN Independent Revenue	52,483.20	106,600.00	152,290.00	198,234.20	64,114.70	**114,744.42**
Total	655,113.10	782,026.00	1,080,631.10	1,353,382.10	1,437,451.80	**1,061,720.82**

Table 5: Percentage Growth in Non-Oil Revenues (2005-2009)

Description	2006	2007	2008	2009	5 - Year Average
Customs Duties & Excise	-22.89%	41.20%	10.23%	8.41%	9.24%
Company Income Tax	50.96%	33.59%	27.45%	37.01%	37.25%
Value Added Tax	21.27%	30.97%	34.08%	15.79%	25.52%
Education Tax	9.62%	111.48%	17.25%	2.81%	35.29%
FGN Independent Revenue	103.11%	42.86%	30.17%	-67.66%	27.12%
Aggregate	19.37%	38.18%	25.24%	8.03%	18.17%

Source: OAGF and BOF

14. As at the end of the first quarter of 2010, the actual gross non-oil revenue amounted to N343.46 billion. This represents an underperformance of N73.29 billion

(or 17.6%) when compared with a quarterly projection of N416.75 billion. The Value Added Tax (VAT) for the same period amounted to N139.25 billion depicting a shortfall of N5.75 billion (or 4%) when compared with the quarterly budgeted estimate of N145 billion. Similarly, the Company Income Tax (CIT) and Customs & Excise Duties underperformed against their quarterly budgeted estimate of N146.75 billion and N125 billion by N14.52 billion (or 9.9%) and N53.01 billion (or 42.4%) respectively.

15. Consequently, the performance of the non-oil revenue heads after netting out the cost of collection was below their estimated figures. The actual net Value Added Tax (N133.96 billion), Company Income Tax (N126.94 billion) and Customs & Excise Duties (N66.95 billion) fell short of projected levels by N4.39 billion (or 3.17%), N13.97 billion (or 9.91%) and N49.3 billion (or 42.41%) respectively.

16. Reasons adduced for the low level of revenue collection in this category include the large scale loss of revenue due to the increased use of Negotiable Duty Credit Certificate, increased routing of Nigeria bound merchandise through neighbouring countries to enjoy the benefits of the ECOWAS Trade Liberalization Scheme, and the impact of the recent banking reforms on credit for import purposes. Other contributing factors include the lower collection of taxes due to relatively poor returns from Banks, and the shut-down or relocation of some companies from the country. Furthermore, a large number of companies operating here have their financial year ends outside the period under review.

A Comparative Performance Analysis

17. Despite the low performance levels of the various revenue heads during the quarter, it is worthy of note that the revenue receipts in the first quarter of 2010 exceeded actual receipts in the first quarter of 2009. A review of the performances of the Oil and Non-Oil Revenue inflow into the Federation Account in the first quarter of 2010 shows a performance of N91.39 billion (or 23.41%) and N38.52 billion (or 24.79%) over the net oil revenue of N390.32 billion and net non-oil revenue of N155.37 billion receipts in first quarter of 2009.

18. A breakdown of the performances shows that Crude Oil Sales - N779.45 billion, Petroleum Profit Tax (N242.42 billion) and Royalties (N134.09 billion) exceeded their respective 2009 positions of N451.72 billion, N149.30 billion and

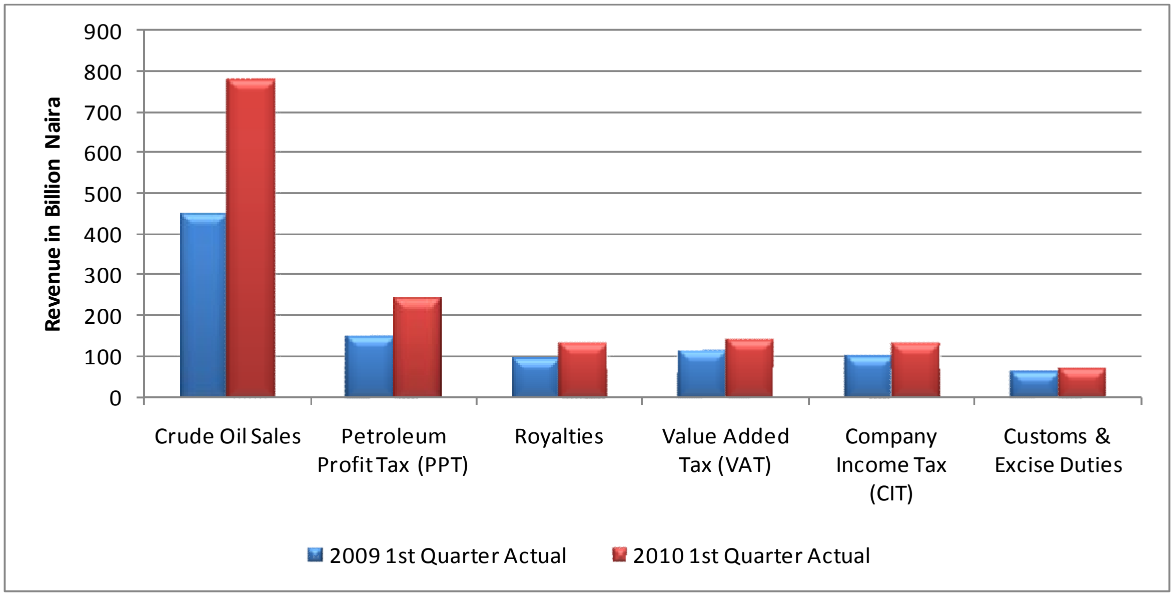
N98.86 billion by N327.73 billion (or 72.55%), N93.12 billion (or 62.37%) and N35.23 billion (or 35.64%) respectively. Similarly, Value Added Tax (VAT) at N139.25 billion, Company Income Tax (CIT) at N132.23 billion and Customs & Excise Duties at N71.99 billion exceeded the 2009 actual of N113.39 billion, N101.34 billion and N62.46 billion by N25.86 billion (or 22.81%), N30.89 billion (or 30.48%) and N9.53 billion (or 15.26%) respectively. These figures confirm the view that the 2010 Budget, as passed, was too large, and based on unrealistic assumptions and targets, especially on the oil side. The same can be said for the expenditure side, which showed a growth of about 44% year on year.

Table 6: Performance of Revenue in the First Quarter of 2009 Vs 2010

Description	**2009 1st Quarter Actual**	**2010 1st Quarter Actual**	**Variance**	
	N' bns	N' bns	N' bns	%
Oil Revenue (*Gross*)				
Crude Oil Sales	451.72	779.45	327.73	72.55%
Petroleum Profit Tax (PPT)	149.3	242.42	93.12	62.37%
Royalties	98.86	134.09	35.23	35.64%
Non-Oil Revenue (*Gross*)				
Value Added Tax (VAT)	113.39	139.25	25.86	22.81%
Company Income Tax (CIT)	101.34	132.23	30.89	30.48%
Customs & Excise Duties	62.46	71.99	9.53	15.26%

Source: OAGF and Budget Office of the Federation

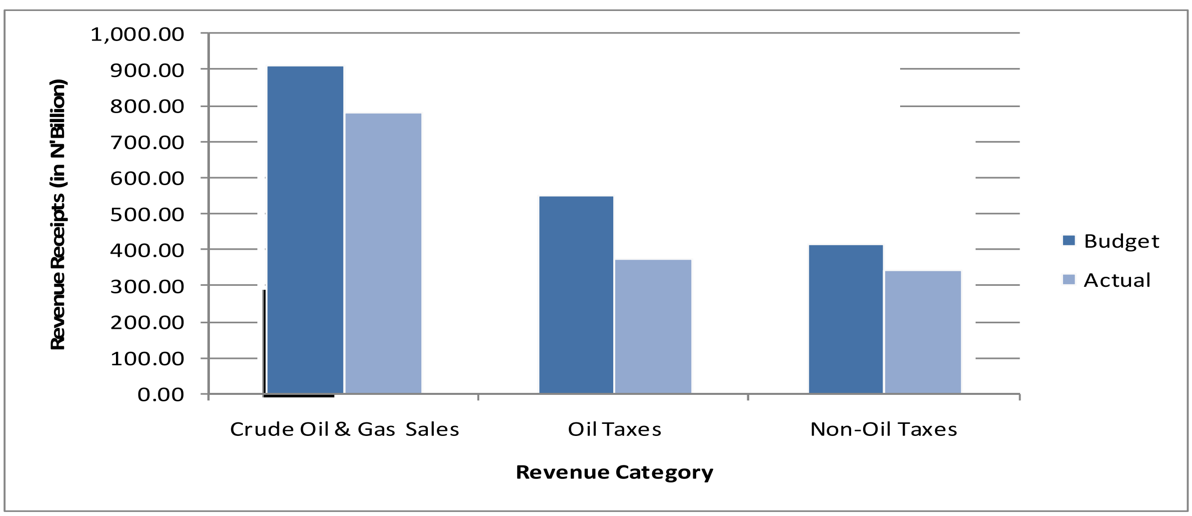
Chart 2: 2009 Vs 2010 Revenue Performance (First Quarter)



Source: OAGF and Budget Office of the Federation

19. In view of the continued improvement in the world economic situation and the growth in collection efficiency by the revenue collecting agencies, we anticipate that revenue receipts would continue to improve. *Chart 3* below is a graphical representation of the extent of actual performance of revenue categories compared to their budgeted estimates for the quarter.

Chart 3: Projected Vs Actual FAAC Revenue Receipts (as at March, 2010)

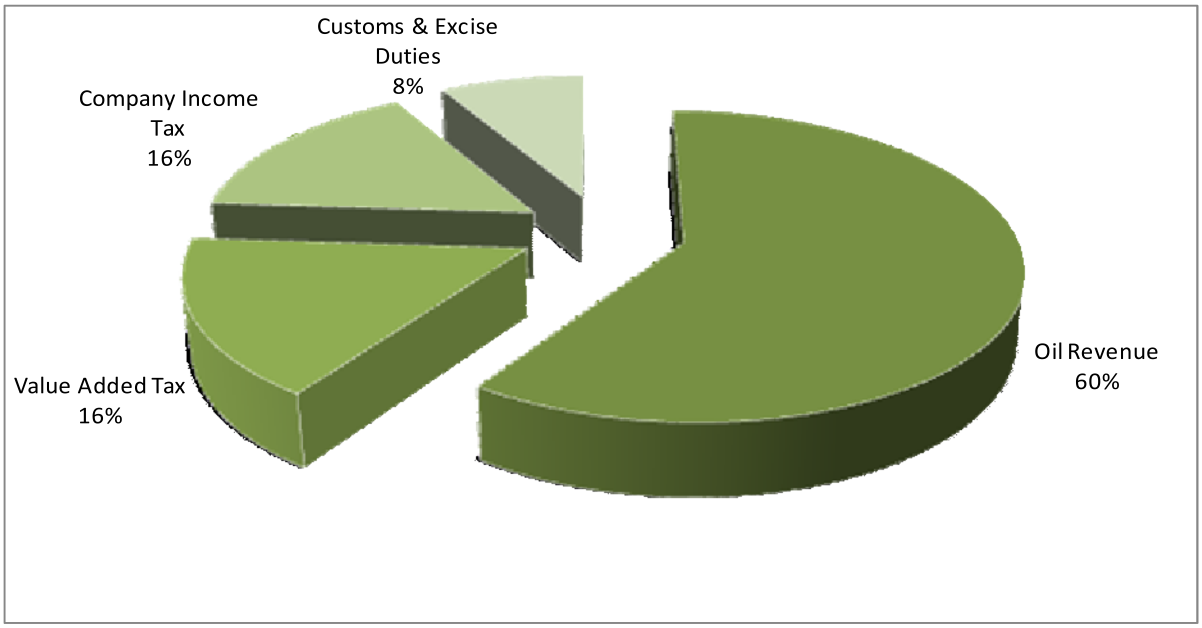


Source: Budget Office of the Federation

Distributable Revenue

20. The above performance of the oil and non-oil revenue receipts consequently impacted negatively on the amount available for distribution among the three tiers of government. The total distributable revenue that accrued for distribution in the first quarter amounted to N809.27 billion. This represents a shortfall of N651.44 billion (or 45%) when compared with a quarterly projection of N1,460.72 billion. *Chart 4* shows the contributions of each of the revenue sources to this position.

Chart 4: Contributions to Distributable Revenue by type (as at First Quarter 2010)



Source: Budget Office of the Federation

2.3 FGN Budget Revenue Sources

21. Based on the 2010 Fiscal Framework, the Federal Government was expected to receive the sum of N2,563.74 billion from the Federation Account for 2010 with other Non-Federation Account items contributing to a projected revenue of N3,086.64 billion for the 2010 Budget. The estimated quarterly share of the Federal Government from the Federation Account was put at N640.94 billion with other Non-Federation Account items adding up to an estimate of N771.66 billion. During the first quarter of 2010, the aggregate revenue receipts (excluding other funding sources) amounted to N365.76 billion. This represents a shortfall of N405.9 billion (or 52.6%). However, the inclusion of other funding items amounting to N69.81

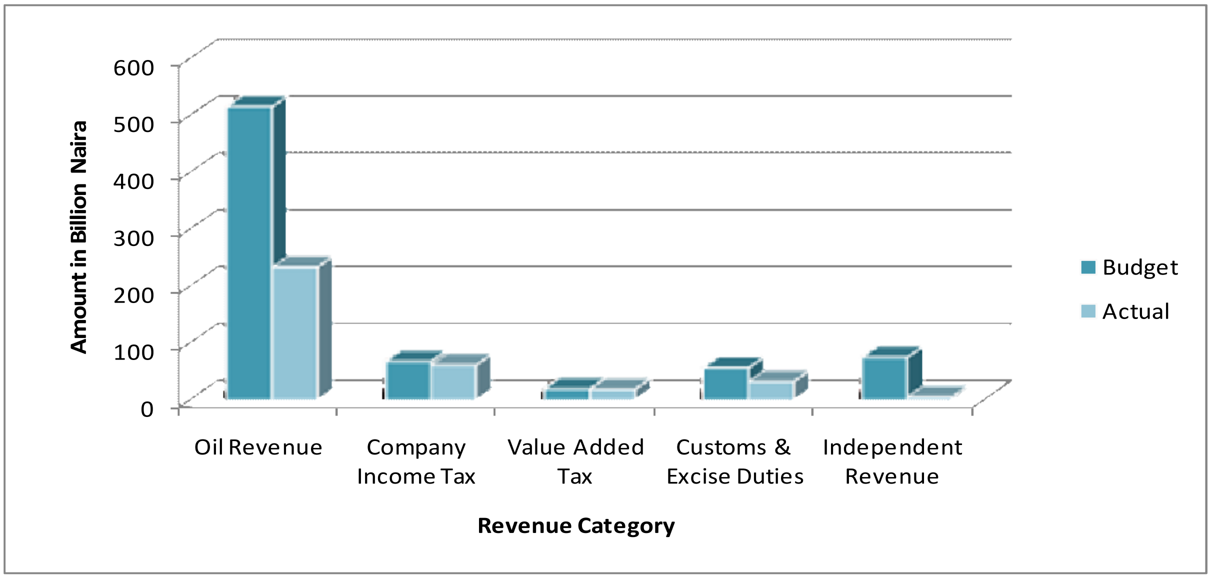
billion reduces the shortfall to N336.09 billion. These data are presented in *Table 6* below.

Table 6: Inflows to the 2010 Federal Budget (in N' Million)

DESCRIPTION	BUDGET		ACTUAL 2010	VARIANCE 1st Quarter Budget & Actual	
Inflows for Federal Budget (CRF)	Annual	Quarterly	1st Quarter	Amount	%
	N'm	N'm	N'm	N'm	
Share of Oil Revenue	**2,063,269.66**	**515,817.42**	233,629.33	-282,188.09	-54.71%
Share of Non-Oil	**875,135.20**	**218,783.80**	118,306.99	-100,476.81	-45.93%
Share of VAT	77,952.00	19,488.00	18,714.73	-773.27	-3.97%
Share of CIT	271,658.20	67,914.55	61,565.26	-6,349.29	-9.35%
Share of Customs	225,525.00	56,381.25	32,470.59	-23,910.66	-42.41%
Independent Revenue	300,000.00	75,000.00	5,556.40	-69,443.60	-92.59%
FGN's Share of Actual Balances in Special Accts	3,220.67	805.17	0.00	-805.17	-100.00%
FGN's Balances in Special Levies Accounts	15,475.97	3,868.99	1,239.00	-2,629.99	-67.98%
FGN's Unspent Balances of previous Fiscal Year	129,539.00	32,384.75	12,586.40	-19,798.35	-61.13%
Sub-Total	**3,086,640.50**	**771,660.13**	**365,761.71**	**-405,898.41**	**-52.60%**
Other Funding Sources	**-**	**-**	**69,811.86**	**69,811.86**	**-**
Transfer (CBN Abj Branch A/C to A/C)	-	-	10,408.83	10,408.83	-
E-Payment Transfer & RTGS Transfer	-	-	16,718.80	16,718.80	-
Refund	-	-	3,983.10	3,983.10	-
FGN Share of ECA (Augumentation)	-	-	21,877.94	21,877.94	-
FGN Share of ECA (Exchange Gain))	-	-	16,823.19	16,823.19	-
Total Revenue (*Inclg. Unspent Bal., ECA Augumentation & Other Revenues*)	**3,086,640.50**	**771,660.13**	**435,573.57**	**-336,086.55**	**-43.55%**

Source: Budget Office of the Federation and the OAGF

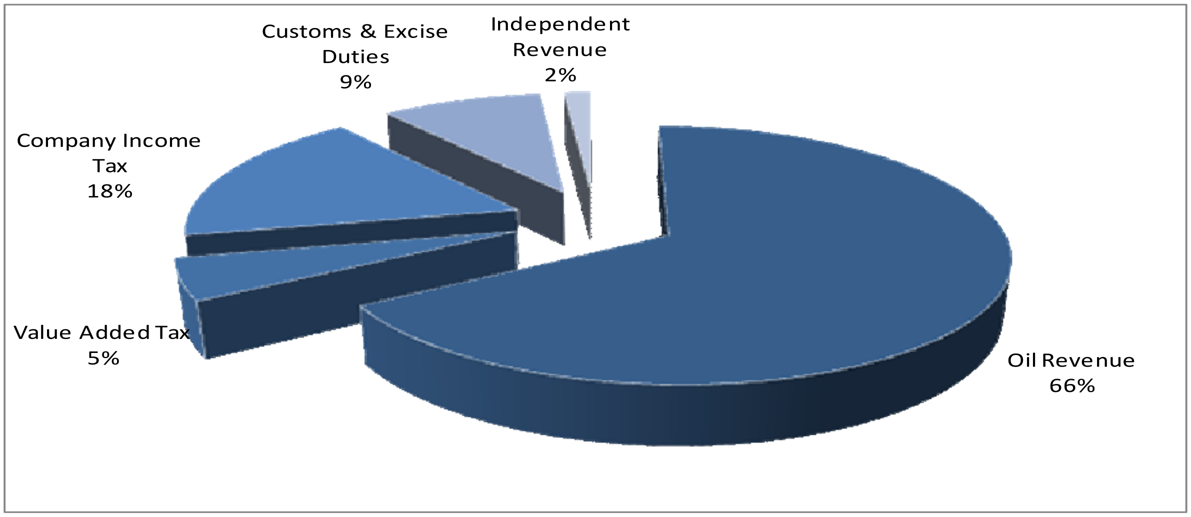
Chart 5: FGN Revenue (Budget Vs Actual as at March 2010)



Source: The OAGF and Budget Office of the Federation

22. During the period under review the FGN share of oil revenue in the first quarter of 2010 was N233.63 billion. This represents a shortfall of N282.19 billion (or 54.71%) when compared with N515.82 billion estimated receipt for the first quarter. On a similar note, the FGN's share of Value Added Tax, Company Income Tax and Customs & Excise Duties fell short of their quarterly estimates of N19.49 billion, N67.91 billion and N56.38 billion by N0.77 billion (or 3.97%), N6.35 billion (or 9.35%) and N23.91 billion (or 42.41%) respectively. The FGN Independent Revenue receipt in the first quarter was N5.56 billion indicating a shortfall of N69.44 billion (or 92.59%) when compared with the budgeted estimate of N75 billion. *Chart 6* below indicates the percentage distribution of inflows into the FGN budget as at March, 2010. Going forward, it is expected that the revenue collection ratio will improve since higher receipts of some of the revenue items tend to come in later in the year.

Chart 6: Percentage Contribution to the FGN Budget Revenue (as at March 2010)



Source: The OAGF and Budget Office of the Federation

2.4 Excess Crude Account

23. In its quest for fiscal prudence, the Federal Government set up the Excess Crude Account (ECA) to smoothen government spending and cushion against shortfalls and volatilities in revenue receipts associated with the vagaries of the international oil market. This is achieved by saving revenues in excess of budgeted revenue, based on the benchmark price for oil, into the Account. Crude oil price projection into the 2010 Federal Budget was based on US$67 per barrel while production averaged 2.35 mbpd in the first quarter. However, accruals into the account were based on the benchmark price of US$45 which was subsisting as at the quarter. As at March 2010, the total inflow into the Excess Crude Account amounted to N245.93 billion. This represents an increase of N196.89 billion when compared with N49.04 billion recorded in the first quarter of 2009. The performance of the Excess Crude Account during the quarter is presented in *Table 7*.

Table 7: Inflow into the Excess Crude Account

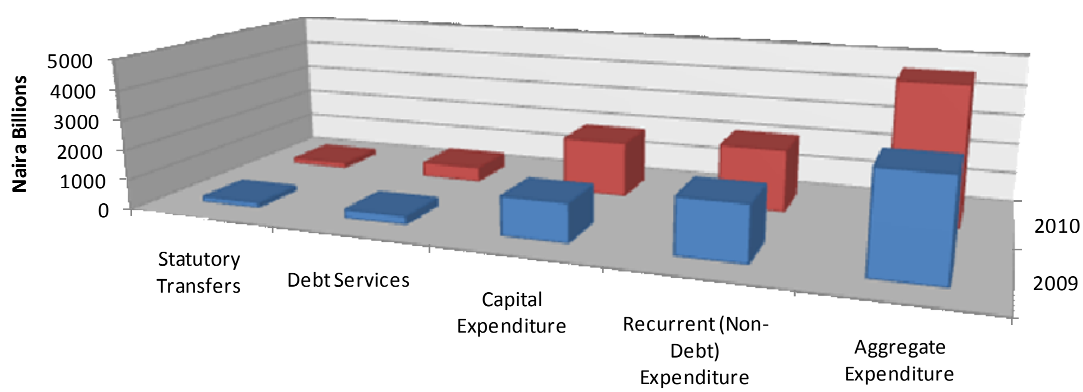
Description	2009 Actual (N' bns)		2010 Actual (N' bns)
	Annual	First Quarter	First Quarter
Crude Oil Sales	60.39	36.69	245.93
Petroleum Profit Tax	0	0	0
Royalties	12.35	12.35	0
Total	72.74	49.04	245.93

Source: Office of the Accountant General of the Federation

2.5 Expenditure Developments

24. Towards achieving the goals of the Government's socio-economic development plans, the 2010 Budget focused on projects and programmes which implementation would accelerate economic recovery. To this effect, it provides about 90% of MDAs' capital expenditure to five key sectors, namely: Critical Infrastructure; Human Capital Development; Land Reform & Food Security; Physical Security, Law & Order; and the Niger Delta Development. To actualize this, a total of N4,608.6 billion was appropriated in the FGN budget out of which N180.28 billion (or 3.91%), N497.07 billion (or 10.79%), N1,853.91 billion (or 40.23%), N2,077.36 billion (or 45.08%) were distributed as Statutory Transfers, Debt Service, Capital and Recurrent Non-Debt Expenditures respectively. The allocation of 40.23% of the total FGN 2010 Budget for Capital projects and programmes was a significant step-up over the allocations of 29.66% and 28.96% in 2008 Budget and 2009 Budget respectively. *Chart 7* and *Chart 8* below are graphical representations of the distribution of expenditure in 2009 and 2010.

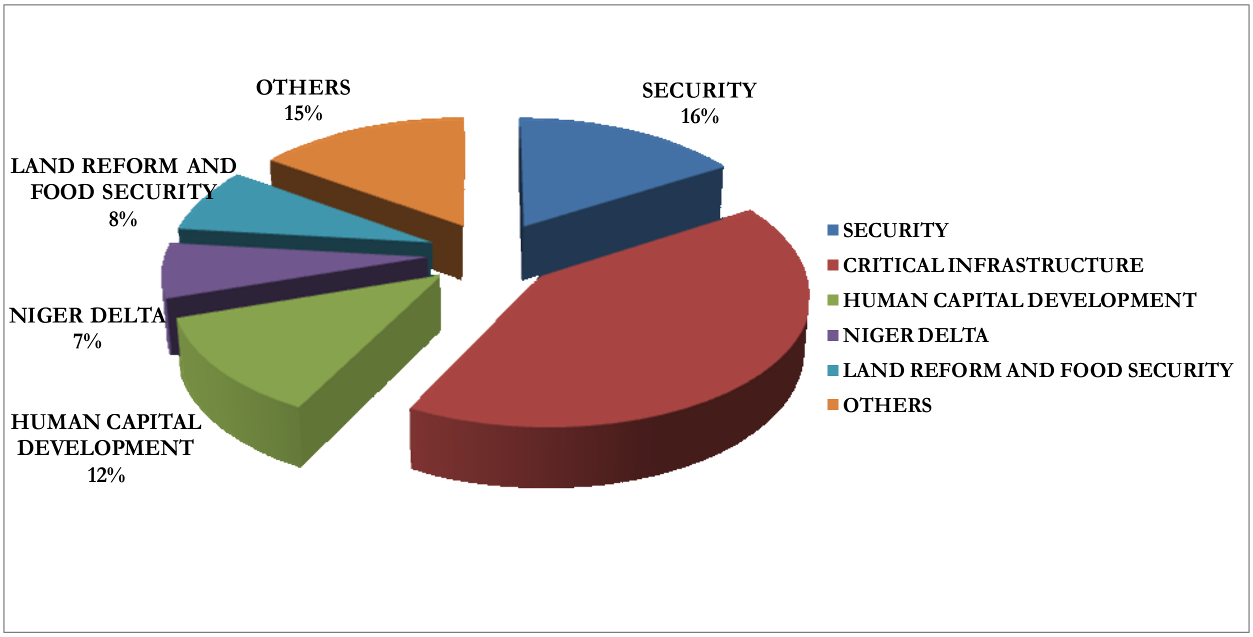
Chart 7: 2009 Budget Vs 2010 Budget Expenditure Profile



	Statutory Transfers	Debt Services	Capital Expenditure	Recurrent (Non-Debt) Expenditure	Aggregate Expenditure
2009	168.62	283.65	1,280.71	1,824.71	3,205.16
2010	180.28	497.07	1,853.91	2,077.36	4,608.60

Source: Budget Office of the Federation

Chart 8: Priority Sectors Capital Budget Allocation in the 2010 Budget

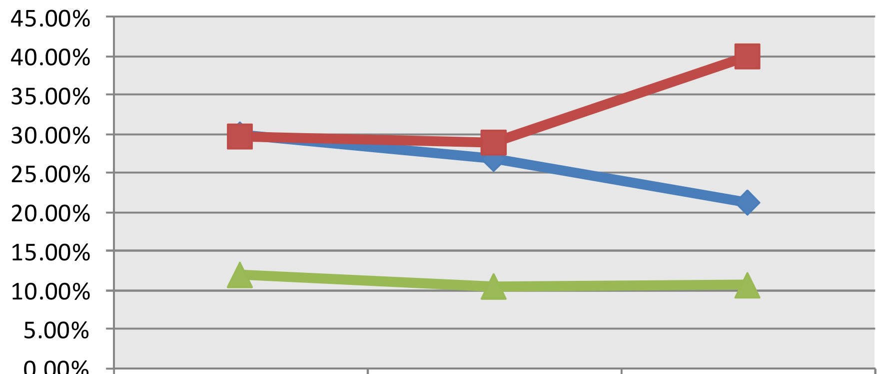


Source: Budget Office of the Federation

2.5.1 Non-Debt Recurrent Expenditure

25. There has been an upward trend in the level of Federal Government aggregate expenditure in recent years. In likewise pattern, recurrent expenditure has been rising in absolute terms within the last three years. But due to the constraints in revenue and the need to stimulate economic growth and launch the nation onto the path of sustained development, the government has taken bold steps to increase efficiency in expenditure by cutting down on recurrent expenditure in relative terms. *Chart 9* below depicts falling recurrent costs as a percentage of aggregate expenditure.

Chart 9: Payroll, Overhead & Capital Expenditure Trends (2008 – 2010)



	2008 Budget	2009 Budget	2010 Budget
Personnel Costs (MDAs)	29.88%	26.74%	21.14%
Capital Spending	29.66%	28.96%	39.96%
Overheads	12%	10.55%	10.68%

Source: Budget Office of the Federation

26. In order not to disrupt public spending and government activities, provisional releases for the first quarter expenditure (personnel, overhead and capital expenses) were based on the 2009 Budget as allowed under the Financial Regulations. This was done while awaiting the passage and signing of the 2010 Appropriation Bill. The necessary adjustments will be made in subsequent quarters when the 2010 Appropriation Act would have been operational.

27. Based on the above, the sum of N465.28 billion was released for non-debt recurrent expenditure for the quarter. This amount was N54.28 billion (or 10.45%) lower than the budgeted quarterly estimate of N519.55 billion. A look at the *Table 8* below shows that personnel cost for the quarter amounted to N280.39 billion which was N40.51 billion (or 16.89%) above the budgeted quarterly estimate of N239.88 billion. The operational system of releasing personnel cost to some MDAs whereby personnel cost or allowances of MDAs like Nigeria's Overseas Missions, Department of Petroleum Resources and Petroleum Training Institute are advanced in bulk early in the year accounts for this.

Table 8: FGN Budget Expenditure and Fiscal Account

DESCRIPTION	BUDGET		ACTUAL	Variance (as at 1st Quarter)	
	Annual	Quarterly Estimate	First Quarter		
	N'mn	N'mn	N'mn	N'mn	%
TOTAL INFLOW	**3,086,640.50**	**771,660.13**	**435,573.57**	**336,086.6**	**43.55**
EXPENDITURE:					
RECURRENT					
Personnel Cost	959,508.00	239,877.00	280,386.10	40,509.10	16.89
Pension Pension Redemption Funds	177,463.00	44,365.75	19,741.90	-24,623.85	-55.50
Overhead Cost	941,247.00	235,311.75	165,148.20	-70,163.55	-29.82
Sub-Total (Non-Debt)	**2,078,218.00**	**519,554.50**	**465,276.20**	**-54,278.30**	**-10.45**
Domestic Debts Interest on Ways & Means	463,155.00	115,788.75	62,319.40	-53,469.35	-46.18
Foreign Debts	33,916.00	8,479.00	9,548.30	1,069.30	12.61
Sub-Total (Debt)	**497,071.00**	**124,267.75**	**71,867.70**	**-52,400.05**	**-42.17**
Sub Total (Recurrent)	**2,575,289.00**	**643,822.25**	**537,143.90**	**-106,678.35**	**-16.57**
CAPITAL EXPENDITURE					
‡Capital	1,853,047.00	463,261.75	240,996.20	-222,265.55	-47.98
Sub Total	**1,853,047.00**	**463,261.75**	**240,996.20**	**-222,265.55**	**-47.98**
TRANSFER:					
Transfer (15% NDDC)	59,026.82	14,756.70	0.00	-14,756.70	-100.00
National Judicial Council	91,000.00	22,750.00	19,500.00	-3,250.00	-14.29
Universal Basic Education	59,143.35	14,785.84	11,080.40	-3,705.44	-25.06
Refund to UBA Plc	0.00	0.00	11.10	11.10	-
FCT/FIRS	0.00	0.00	2,910.40	2,910.40	-
Sub Total	**209,170.17**	**52,292.54**	**33,501.90**	**-18,790.64**	**-35.93**
TOTAL EXPENDITURE	**4,637,506.17**	**1,159,376.54**	**811,642.00**	**-347,734.54**	**-29.99**
Deficit / Surplus	**-1,550,865.67**	**-387,716.41**	**-376,068.43**	**11,647.99**	**-3.00**
FINANCING ITEMS					
Sales of Government Property	**9,559.73**	**2,389.93**	0.00	-2,389.93	-100.00
Privatization Proceeds	107,208.00	26,802.00	0.00	-26,802.00	-100.00
Net FGN's Consolidated Share of Proposed ECA of 2010 (US$2.1 bn)	309,130.11	77,282.53	97,662.10	20,379.57	26.37
FGN's Share of Signature Bonus (2010 Bid Rounds)	132,312.47	33,078.12	0.00	-33,078.12	-100.00
International Bond ($500m)	75,000.00	18,750.00	0.00	-18,750.00	-100.00
Domestic borrowing (FGN Bond)	917,591.00	229,397.75	216,870.00	-12,527.75	-5.46
World Bank Loan ($500) - 2009 Budget	0.00	0.00	75,027.20	75,027.20	
Sub Total	**1,550,801.31**	**387,700.33**	**389,559.30**	**1,858.97**	**0.48**
Net Surplus / (Deficit)			**13,490.87**		

Source: OAGF

‡ Expenditure in this category exceeds the N198.18 billion released via the 1st Quarter Capital Warrant and AIEs by about N42.12 billion. The sum of N50.6 billion carried forward from the 2009 Supplementary Budget for payments to the Ministry of Niger Delta account for this. This is provisioned for in the 2010 Supplementary Budget.

2.5.2 Debt Service

28. Provisional data from the Debt Management Office indicate a total outstanding FGN's securitized domestic debt of N3,466.37 billion as at 31st March, 2010. This represents an increase of N238.33 billion (or 7.38%) when compared to N3,228.03 billion as at 31st December, 2009. The increase in the domestic debt stock in the first quarter was attributed to the issuance of FGN bonds in the quarter to finance part of the 2010 Budget deficit. Out of the total domestic debt portfolio, FGN Bonds accounted for N2,173.43 billion (or 62.70%), Nigerian Treasury Bills (NTBs) constitute N837.32 billion (or 24.16%), Treasury Bonds represent N392.07 billion (or 11.31%), Development Stock make up N0.52 billion (or 0.02%) while Promissory Notes amounted to N63.03 billion (or 1.82%).

29. Nigeria's external debt stock[2] as at 31st March, 2010 stood at US$4,306.18 million. This represents an increase of US$358.88 million (or 9.09%) when compared to US$3,947.30 million in December, 2009. This increase was attributed to additional disbursements on IDA, ADF, and IFAD loans during the period under review. The breakdown of the external debt indicates that multilateral debt accounted for US$3,875.81 million (or 90.10%) while the balance of US$430.37 million (or 9.99%) is made up of Non-Paris Club and Commercial debt.

30. The sum of N71.87 billion was released for recurrent debt service during the quarter. This is N52.40 billion (or 42.17%) lower than the quarterly budgeted estimate of N124.27 billion. While debt payment is a function of their maturity profile, the recorded low release for debt service in the quarter is attributable to the fact that most payments fell due from the second quarter of the year. Domestic debt service payments for the period under review amounted to N57.81 billion. The payments consisted of N40.95 billion (or 70.8%) for FGN Bonds, N7.50 billion (or 12.96%) for NTBs while N9.38 billion (or 16.21%) was paid in respect of Treasury Bonds while N0.01 billion (or 0.02%) was payment in respect of Development Stocks.

31. External debt service payments during the quarter amounted to US$64.71 million. This is made up of US$58.12 million for multilateral creditors, US$2.71

[2] The external debt figure of N3.973.28 billion used in the 2009 4th quarter Report is provisional.

million for Non-Paris Club Bilateral Creditors, and the balance of US$3.88 million was paid to Non-Paris Club Commercial Creditors.

2.5.3 Statutory Transfers

32. These are statutory releases made to three agencies of government: the Niger Delta Development Commission (NDDC), the National Judiciary Council (NJC) and the Universal Basic Education Commission (UBEC). The releases to the NDDC are for the development of the oil producing areas while that of the NJC is to provide a secured and independent revenue source for the judicial arm of the government. The transfers to UBEC are aimed at funding the Government's programmes towards achieving basic education for all in the country. During the first quarter of 2010, N19.5 billion and N11.08 billion were released to the National Judicial Council and Universal Basic Education Commission respectively. Transfers to NDDC were not effected due to their delayed submission of demand note.

2.5.4 MDAs' Capital Vote Utilization

33. With an objective to achieve continuity in the implementation of on-going capital projects prior to approval of the 2010 Budget, the Budget Office of the Federation issued Capital Warrants[3] in respect of all ongoing projects on January 5, 2010.

34. During the quarter, a total of N198.18 billion was released through Capital Warrants of N197.32 billion and Authority to Incur Expenditure (AIE) of N856.06 million. N196.38 billion of this sum was cash-backed while N36.46 billion (or 18.57%) was utilized by MDAs as at 31st March, 2010.

35. An appraisal of the 43 MDAs reported on by the Office of the Accountant-General of the Federation (OAGF) revealed a relatively low level of utilization of capital releases in the first quarter. Data from the OAGF indicates an overall average capital utilization rate of 19% based on the total amount cashed backed to the MDAs as at 31st March, 2010. The low utilization rate might not be unconnected to the

[3]See Section 3.3 of the First Quarter BIR, 2009

extension of the 2009 Budget's capital implementation to 31st March, 2010 which gave room for its concurrent implementation with the 2010 Budget. Please see *Appendix 1*.

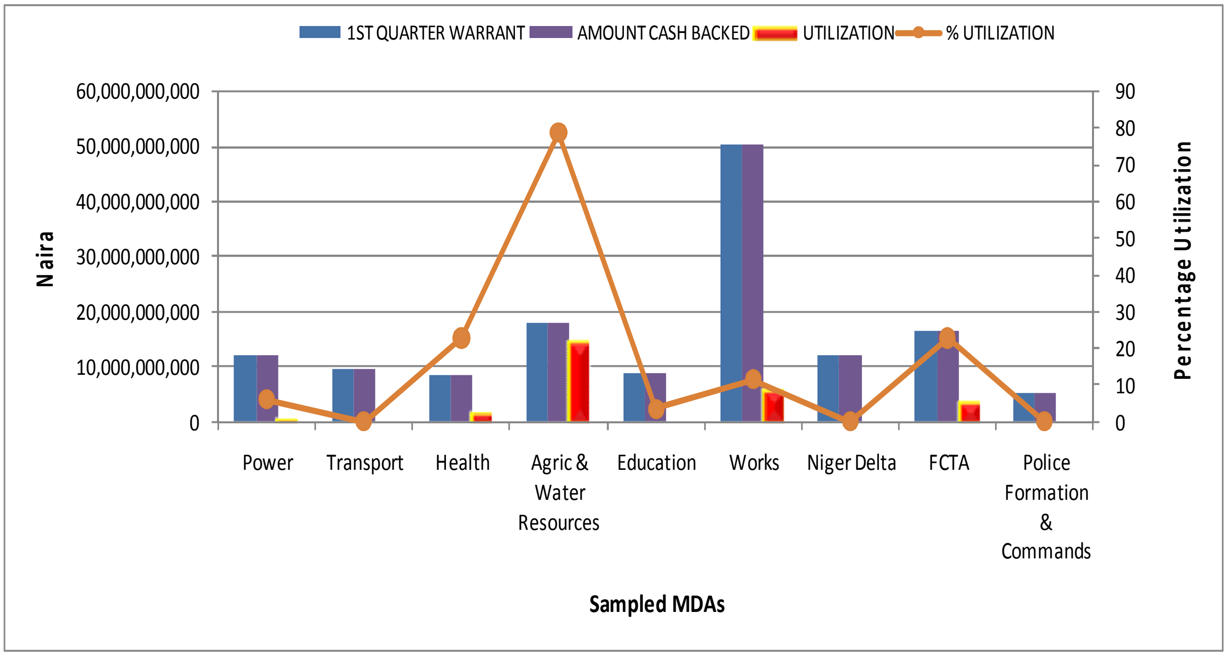
36. The above situation notwithstanding, a further review of MDAs' performance reveals varied utilization rates among the MDAs. On the whole, seven (or 16.28%) of the MDAs including Agriculture & Water Resources, Defence, Federal Capital Territory and Health had their respective utilization rates in excess of the overall rate. Of these, three of the MDAs including Agriculture & Water Resources, Defence, and Information & Communication had utilization rates of over 50% of their respective released amounts. It is noteworthy that fifteen (or 34.88%) of the MDAs were yet to utilize any portion of the Capital Vote releases to them. Key among these MDAs are: Transport, Niger Delta and Police Formations. *Table 10* below is an extract from *Appendix 1* highlighting the utilization rate of nine MDAs considered as key to the actualization of the 7-Point Agenda of the Government.

Table 10: A sample of MDAs' Capital Budget utilization (as at 31st March, 2010)

MDA	1ST QUARTER WARRANT	AMOUNT CASH BACKED	UTILIZATION		
	N	N	Amount (N)	As %age of Cashbacked Funds	As %age Total Budgetary Releases
Power	12,221,434,882	12,221,434,882	739,100,844	6.05	6.05
Transport	9,645,022,871	9,645,022,871	0	0.00	0.00
Health	8,351,220,826	8,351,220,826	1,914,536,813	22.84	22.93
Agric & Water Resources	17,970,225,588	17,970,225,588	14,165,926,232	78.83	78.83
Education	8,969,480,317	8,969,480,317	324,115,836	3.61	3.61
Works	50,453,447,436	50,453,447,436	5,842,672,318	11.58	11.58
Niger Delta	12,000,000,000	12,000,000,000	0	0.00	0.00
FCTA	16,662,500,000	16,662,500,000	3,805,033,067	22.84	22.84
Police Formation & Commands	5,331,157,500	5,331,157,500	0	0.00	0.00
Overall Average Utilization				**18.57**	**18.4**

Source: OAGF and BOF

Chart 10: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF

2.5.5 Deficit Financing

37. The total estimated revenue inflows to fund the FGN Budget in the first quarter of 2010 was N771.66 billion while the projected aggregate expenditure was N1,159.38 billion thereby creating a projected deficit of N387.70 billion. The anticipated shortfall in revenue was expected to be financed through estimated quarterly proceeds from the Sale of Government Properties of N2.39 billion, Privatization Proceeds of N26.8 billion, Net FGN's Consolidated Share of Proposed ECA of 2010 of N77.28 billion, FGN's Share of Signature Bonus (2010 Bid Rounds) of N33.08 billion, International Bond ($500 million) N18.75 billion and Domestic Borrowing (FGN Bond) of N229.4 billion.

38. However, during the first quarter of 2010, the actual total inflow into the FGN's account was N435.57 billion (see *Table 6*) while the actual aggregate expenditure was N811.64 billion (see *Table 8*) thereby resulting to a total deficit of N376.07 billion. This shortfall in revenue was financed with the FGN's Consolidated

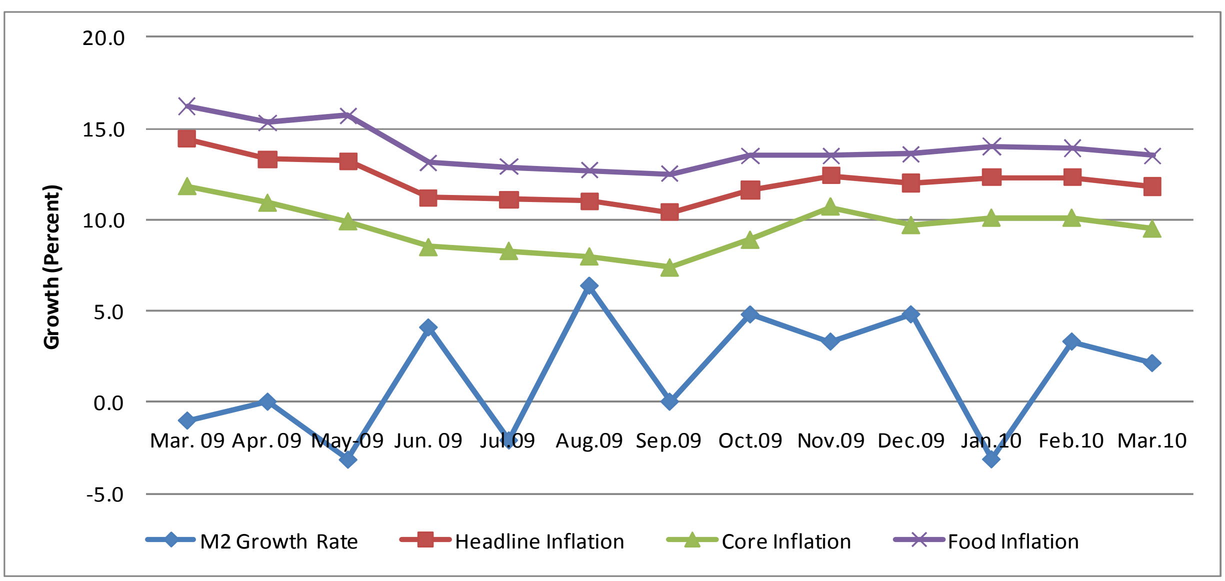
Share (net) of the ECA of 2010 (N97.66 billion), Domestic Borrowing [FGN Bond (N216.87 billion) and World Bank Loan [$500 million] (N75 billion).

3.0 MACROECONOMIC DEVELOPMENT AND ANALYSIS

39. The tempo of rebound in global economic activity which started in the second half of 2009 was sustained. The modest growth recorded in the domestic economy in 2009 continued in 2010. Provisional data from the National Bureau of Statistics showed that real Gross Domestic Product (GDP) grew by 6.68 percent in the first quarter of 2010 as against the 6.71 percent earlier projected. This was lower than 7.44 percent recorded in the fourth quarter of 2009. The growth was largely driven by the increase in oil production following relative peace in the Niger Delta although the non-oil sector, notably agriculture, wholesale and retail trade, and services were also major contributors.

40. The year-on-year headline inflation declined from 12.0 percent in the last quarter of 2009 to stabilize at 11.8 percent in March 2010. Core inflation rose from 9.1 percent in December 2009 and became steady at 9.3 percent in March 2010. Food inflation dropped from 14.7 percent in the last quarter of 2009 to 13.7 percent in March 2010. The stability in domestic price level could be attributed to a number of factors, namely the continuing monetary contraction, delay in passage of the 2010 Federal Budget and the improvement in the supply of petroleum products among others. This is shown in *Chart 11* below.

Chart11: Inflation and M2 Growth Rate



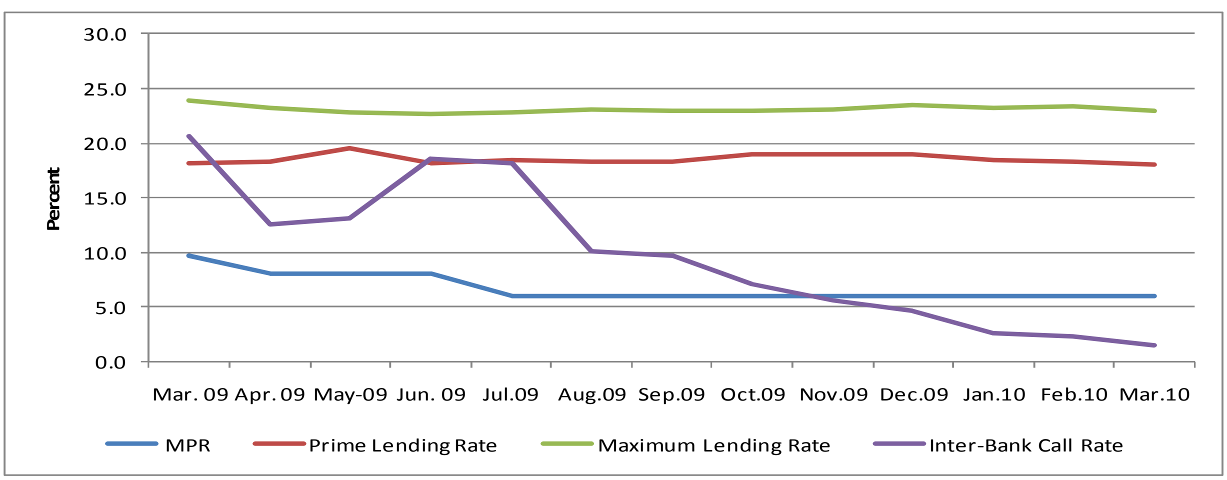
Source: Central Bank of Nigeria, 2010; National Bureau of Statistics, 2010.

41. Provisional data show that relative to December 2009 broad money (M_2) and aggregate domestic credit rose by 2.25 and 6.13 percent respectively when compared with March 2010. Net Credit to government which grew by 28.36 percent was the major contributor to the growth in aggregate credit in March 2010 as credit to private sector declined by 1.65 percent. The substantial growth of credit to government reflects the risk aversion of the Demand Money Banks (DMBs) and suggests the possible crowding out of private sector credit.

42. In the first quarter, the downward trend in interest rates in the domestic money market which began in July 2009 following the CBN's decision to guarantee interbank transactions continued. The low rate provides ample evidence of the surplus funds in the banking system that resulted from the huge volume of funds injected through fiscal operations. The weighted average interbank call rate which was 4.68% as of end December 2009 declined to 2.61 percent, 2.27 percent and 1.50 percent in January, February and March 2010 respectively.

43. In spite of the falling interbank rates, the DMBs interest rates structure failed to reflect this trend as the high retail lending rates persisted. The average maximum lending rate declined slightly to 22.88 percent in March 2010 from 23.32 percent in preceding month compared with 23.46 percent and 23.10 percent in December and November 2009 respectively. The average prime lending rate also declined marginally to 18.06 percent in March 2010 from 18.28 percent in February 2010. It was 19.03 and 18.93 percent respectively in December and November 2009.

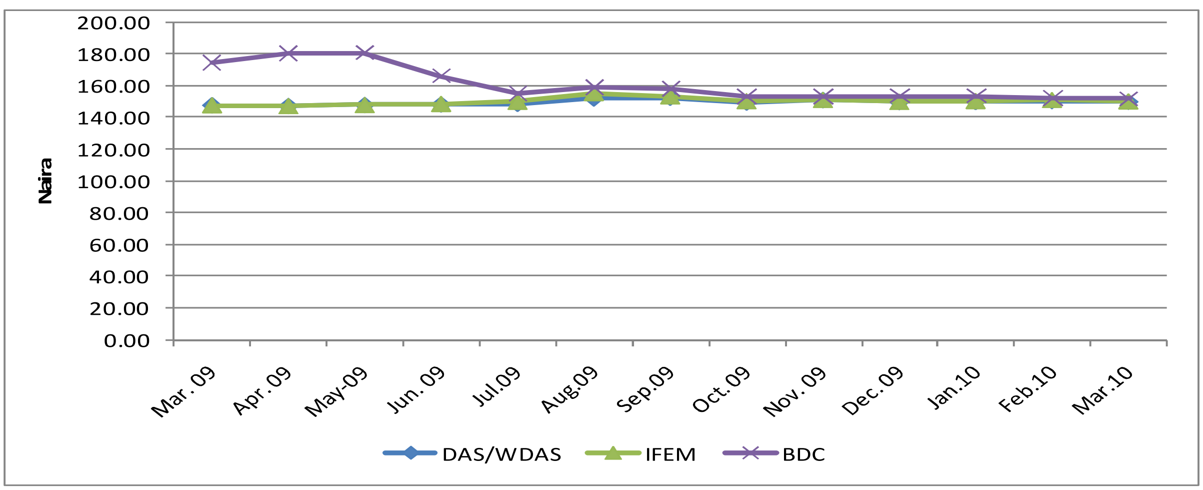
Chart 12: Interest Rates Trend



Source: Central Bank of Nigeria, 2010

44. The foreign exchange market was relatively stable in the first quarter of 2010. During the period the WDAS opened with an exchange rate of N149.08/US$1 and closed at N149.78/US$1, with an average closing rate of N149.94/US$ for the quarter. When compared with the average closing rate of N146.87/US$1 recorded during the first quarter of 2009, this represented a depreciation of N3.07 (or 2.09%). The average exchange rate depreciated marginally at the inter-bank market from N150.35/$ in the fourth quarter of 2009 to N150.46/$ in the first quarter of 2010. In the same vein, the premium between the WDAS average rate and the inter-bank market rate remained low at N0.52 (or 0.35%) in the first quarter of 2010, while that between the WDAS average exchange rate and the BDCs rate narrowed from N3.19 (or 2.13%) in the fourth quarter of 2009 to N2.48 (or 1.65%) in the first quarter of 2010.

Chart 13: Naira/US$ Exchange Rates Trend

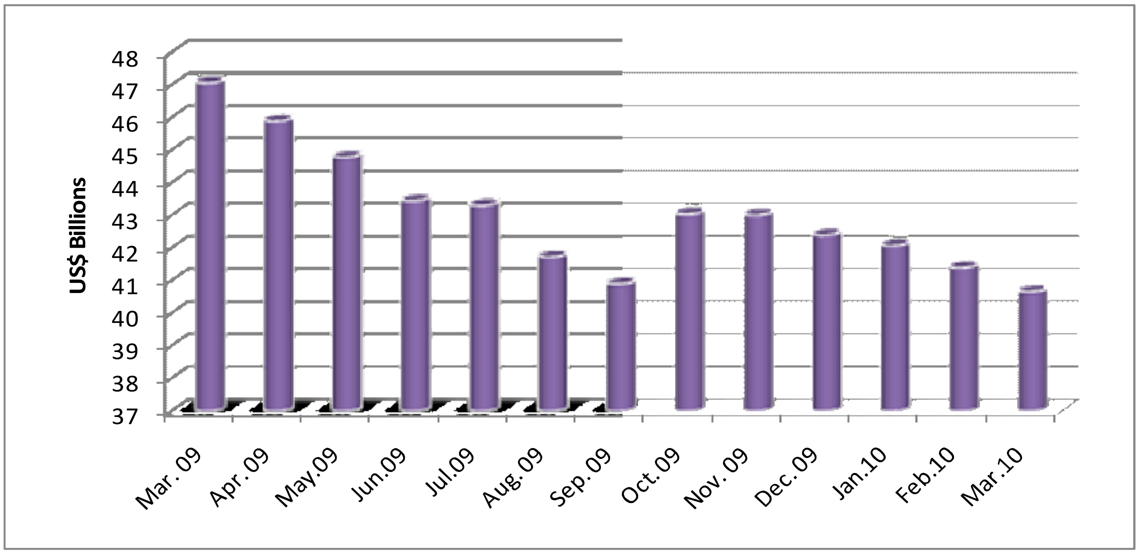


Source: Central Bank of Nigeria, 2010

45. The gross external reserves stood at US$40.68 billion as at 31st March, 2010, representing a decrease of US$0.71 billion (or 1.72%) relative to the level of US$41.39 billion as at 28th February 2010. The level of the external reserves as at the end of first quarter was sufficient to finance 17 months of imports which was well above the internationally recommended 3-months import cover. It is believed that with the price of crude oil in the international market not falling below the budget benchmark price in recent months, coupled with the improvement in Crude Oil output due to the

peace in the Niger Delta, there is likely to be an expansion in the level of foreign reserves in the near future.

Chart 14: Level of External Reserves



Source: Central Bank of Nigeria, 2010

4.0 CAPITAL PROJECTS IMPLEMENTATION REPORT

4.1 Expenditure Developments

46. The 2010 Budget is underpinned by the Government's desire to continue with its drive to transform the country's socio-economic landscape. This informed the allocation of over 40% of the 2010 Budget to capital expenditure of which over 85% was devoted to its priority sectors. These include the development of Critical Infrastructure; Food Security; Human Capital Development; the Niger Delta; Security, Law and Order; and Food Security which would contribute significantly to the actualization of government's developmental goals.

47. Following the challenges to budget implementation observed in the recent years, measures identified and approved to enhance smooth implementation of MDAs' capital projects were continued with. Some of these include the early release by the Budget Office of the First Quarter Capital Warrants on January 5, 2010 ahead of the approval of the 2010 Budget in line with the *Financial Regulation 418*[4] to achieve continuity in the implementation of on-going capital projects; and the bulk release of the FGN Development Fund Capital Warrants, instead of the former project-by-project method, to allow each MDA greater flexibility in setting their spending priorities for greater efficiency and output rather than maintaining idle funds for projects which are yet to commence while other pressing projects are delayed till latter dates for want of adequate funds. In addition, the government's policy on the simplified regulations under the Public Procurement Act 2007 continues with the decentralization of control over procurement processes and procedures to the MDAs and the enhancement of MDAs' CEO's approval authority aimed at improving project implementation turnaround times.

48. In our effort to enhance MDAs' capacities to implement their annual Capital projects, the Budget Office of the Federation organized a Two-day Workshop on Budget Implementation on February 15 and 16, 2010 with the objective of strengthening MDAs' budget implementation capacity. Drawing from the lessons of the 2009 Workshop on Budget Implementation and presentations from a rich selection of resource persons from the Legislature, MDAs, and the private sector on

[4] Please see Chapter 3 of the 2009 First Quarter Budget Implementation Report

current issues regarding budget implementation, the sessions exposed the participants to strategies that should improve their capacity to implement their capital budgets. Accordingly, it is hoped that this would impact significantly on the MDAs' capital budget implementation efficiency from the second quarter of 2010.

49. To further broaden the scope of monitoring and provide an independent viewpoint to the exercise, representatives of specialist and regional Civil Society Organizations (CSOs) and the Media were included as part of the monitoring and evaluation teams. This is intended to bring an objective and broader viewpoint to the monitoring and evaluation exercise.

4.2 Physical Monitoring and Evaluation

50. The budget monitoring and evaluation exercise for the first quarter of 2010 covered a sample of projects from selected MDAs across the country. This was carried out with an objective to assess the level of implementation of the 2010 capital budget by evaluating the actual work done against projected deliverables and the funds that had been accessed by the MDAs based on their quarterly allocations in the 2010 Budget. The exercise covered the following sectors: Agriculture and Water Resources, Aviation, Education, Federal Capital Territory, Health, Niger Delta, Power, Transportation, and Works.

51. In consideration of the bulk release of funds to MDAs, reference to the release of funds in the rest of this Report refers to releases made by the supervising MDA.

Health Sector

52. The health sector maintains a critical position to the actualization of the Government's desire to meet the goals set out in the Millennium Development Goals, the Nigeria Vision 20: 2020, and the 7-Point Agenda. This informs the over 30% increase in its capital budget allocation from N50.80 billion in 2009 to N67.28 billion in the 2010 Budget to fund the establishment, rehabilitation, and upgrading of medical facilities and programmes in the country. As at the end of the first quarter, N8.35 billion had been released, of which N1.91billion was utilized for the implementation of its projects and programmes.

53. The Ministry's deliverables in respect of 2010 Budget include the completion of critical on-going projects in sixteen University Teaching Hospitals (Ibadan, Lagos, Zaria, Benin, Ife, Jos, Ilorin, Port-Harcourt, Calabar, Maiduguri, Sokoto, Nnewi, Enugu, Kano, Abuja and Uyo; modernization of the following Specialist Hospitals: Irrua Federal Staff Hospital, Abuja, Federal Psychiatric Hospitals Enugu, Kaduna, Calabar, Maidguri, Benin-City, Sokoto, Yaba, Abeokuta and nineteen Federal Medical Centres in Umuahia, Owo, Abeokuta, Nguru, Owerri, Makurdi, Katsina, Gombe, Asaba, Bida, Gusau, Yola, Abakaliki, Ido-Ekiti, Lokoja, Azare, Janlingo, Birnin-Kudu and Keffi.

Federal Medical Centre, Yola:

54. This health institution was set up as a tertiary centre devoted to the provision of excellent and affordable services to the Community. It engages in research work as well as training of staff. In the 2010 financial year, the institution had an allocation of N667 million to execute its capital projects/programmes. At the end of the first quarter, the sums of N35.09 million and N29.17 million were released and utilized respectively to execute the following projects:

Completion of Maternity Block:

55. Contract for this project was awarded to Alfager Nigeria Limited in September 2007 at a cost of N120 million and is expected to be completed by December 2010. The objective of the project was to provide maternity facility for patients as well as offices. The sums of N50 million and N15.094 million respectively were appropriated in the 2010 Budget and released to the MDA as at the end of the first quarter. This amount was wholly utilized to achieve the completion of the sub-structure and the super-structure. The following are the levels of work done as at the end of the quarter: concrete work - 90%, Roofing - 70%, mechanical installation - 10%, and electrical installation - 50%. Outstanding works include finishing works on the building and furnishing. The project achieved 10% level of work in the first quarter to attain a cumulative work done to 45% at the end of first quarter.

National Post-Graduate Medical College of Nigeria, Ijanikin Lagos.

56. This project comprises the construction of the College's second wing of the Learning Resources Building made up of a seminar room, faculty suites and examination hall. It was contracted to Arbico Nigeria PLC in 2009 at a cost of N400million with completion scheduled for December 2011. It had an appropriation of N100 million in the 2010 Budget out of which N8.75million was released but not

utilized in the quarter as the MDA claims the released funds was received late in the quarter. The sum of N30 million was committed to the project in 2009 for consultancy.

Federal Neuro Psychiatric Hospital, Abeokuta

57. A total of N213.3million was allocated to the Hospital in the 2010 Budget for execution of its projects/programmes. These projects are the provision of Walkways at Lantoro annex;Multi – purpose conference/Lecture Hall; 0.45km asphalt road with drainage; and 3 blocks of four 2 bedroom flats. The sum of N2.57million was released for these projects in the first quarter but had not been utilized. As at the time of monitoring, the contract for these was yet to be awarded.

Federal Medical Centre, Umuahia

58. The sum of N610 million was appropriated for the Centre's projects in the 2010 Budget, out of which N21.75 million was released with no utilization as at the end of quarter. The projects monitored are the procurement of a Mamograph Machine, construction of Laboratory Block, and construction of House Officers Quarters. The sums of N61.54 million, N87.69 million and N76.92 were appropriated to the projects respectively.

Nnamdi Azikiwe University Teaching Hospital, Nnewi

59. The Teaching Hospital has an appropriation of N1.052 billion for its Capital projects/programmes in the 2010 Budget. Of this, the sum of N22.5 million was released with no utilization as at the end of first quarter. The following projects were monitored:

Construction of Administrative Building

60. The project is a two storey building conceived to provide office accommodation for staff at the permanent site. In the 2010 Budget, the sum of N150 million was appropriated for this project. The project was still at tendering stage as at the time of monitoring.

Completion of Theatre Complex

61. This project was conceived to provide an operational service for patients at the permanent site. It is a one storey building consisting of an operating theatre and

offices. The sum of N108.5 million was allocated to the project in the 2010 Budget. As at the time of visit, the contract for the project was yet to be awarded.

Completion of Specialized Clinics Block

62. This project was embarked upon to provide accommodation and improve clinical services to patients at the new site. Contract for the execution of this project was awarded to Jude Engineering Nig Ltd at a cost of N203.38 million in June 2009 and it is expected to be ready for use by December 2010. The sum of N131.38 million appropriated for the project in the 2010 Budget was yet to be utilized. N72 million has been committed to the project since inception with only block work completed.

Federal Medical Centre, Owerri

63. The Federal Medical Centre, Owerri, is a four hundred and thirty- seven bed capacity health facility. In the 2010 Budget, the sum of N490.43 million was allocated for the centre's capital projects which include:

Construction of Diagnostic Centre

64. This project is a two-storey building which would provide adequate office accommodation for its laboratory. Its construction was awarded to Skill Associates Nig Limited at a cost of N248.51 million in July 2009 with completion scheduled for December 2010. The sum of N100 million was appropriated for the project in the 2010 Budget while N33.1 million was released and utilized in the first quarter. The cumulative commitment on the project was N150 million while 60% level of implementation has been attained.

Federal Medical Centre, Abakaliki:

Completion of Multipurpose Ward consisting Children's, Emergency Ward, Isolation Ward, Accident and Orthopedic, Gynecology wing, Labour Ward, Administrative Block and Staff Canteen:

65. The project is aimed at the completion of a 2-storey building complex designed to consist of a children's emergency, isolation, accident, orthopedic and labour wards. Other components of the project are a gynecology wing, administrative office and a staff canteen. The contracts were awarded to various contractors. Contract for the children's ward was awarded at a cost of N79.29 million in 2007 to Maxima Concept Nig. Limited and was expected to have thirty beds in addition to staff offices. The Isolation ward was awarded to B.O. Nnolum at a contract sum of N48.45 million in 2007. It is expected to have thirty two beds for male and female patients when

completed. Furthermore, the contract is to build the accident and emergency ward which was awarded to Maxima Concept Ltd at a cost of N68.70 million in 2007. On completion, it would have wards of thirty beds, doctors call rooms and nurses stations. The contracts for the Administrative Block and Gynecology clinic with an operating theatre was awarded to B. Ben Integrated in 2009 at the cost of N182.03 million and N86.38 million respectively.

In the 2010 Budget, N392.5 million was appropriated for the completion of the Centre's capital projects/programmes of which a total of N29.3 million was released to the project and fully utilized to settle outstanding debt owed contractors for various lots. As at the time of monitoring, work was still ongoing with a third of the building already roofed. The contracts are scheduled for completion in December 2010.

Federal Neuro-Psychiatric Hospital, Kware, Sokoto State

66. The sum of N395m was appropriated for the execution of the hospital's eleven capital projects in the 2010 Fiscal Year with a view to improving its service delivery. The sum of N7.31 million representing 1.85% of the capital allocation had been released as at the time of inspection. The projects were renovation of wards, construction of additional borehole, purchase of medical equipments, upgrading of power supply, extension/rehabilitation of internal access road, street lighting, construction of two sewage and treatment plants, and 8.5km perimeter fence. Other features of the contract include the construction of the EEG/ECT unit, laundry Dept, drug rehabilitation ward and the purchase of two ambulances. The projects had passed through due process for award of contract at the time of inspection.

Picture 1: Ongoing work at the multipurpose ward

Federal Medical Center, Katsina

67. The total capital appropriation to the hospital in the 2010 fiscal year amounted to N323 million, while the sum of N80 million representing 24% of the capital allocation has been released for the hospital's nineteen (19) projects. The projects were supply of Obstetrics/Gynaecology (O/G) equipments Lots 1 & 2, awarded to Polar chemicals and Coscharis Nig. Ltd. at the cost of N14.36 million and N5.4 million respectively, procurement of Ear-Nose-Throat (ENT) and Eye equipments lots 1 & 2 were awarded to Polar chemicals and Coscharis Nig. Ltd. at the cost of N27.1 million & N2.9 million respectively; Supply of hospital furniture was awarded to Coscharis Nig. Ltd. at the cost of N36.5 million. Laboratory equipment lots 1 & 2 were awarded to Mainaco Industries at the cost of N9.6 million and Minjirya layo-Jat at the cost of N15million respectively. The supply of dental chairs & rehabilitation of street lights were awarded to MD & Sons at N14.3 million and Crescent Medical at N15 million respectively. These projects had not commenced as at the time of inspection.

Construction of surgical ward and Paediatric ward were awarded to Messrs Kabir. S. Katsinawa and Abdullahi Na-Imrana at a cost of N15 million each. At the time of inspection, the contractors had mobilized to site, and foundation work had commenced. About 10% of the project had been implemented as at the time of monitoring.

Picture 2 (a & b): Katsina medical centre Works

U*niversity of Uyo Teaching Hospital*

68. The sum of N501 million was appropriated in the 2010 fiscal year for the execution of its capital projects/programmes. As at the end of the first quarter of the year, the sum of N37.60 million had been released to the hospital but without utilization. The hospital's ongoing projects include the following:

Completion of 3 Storey Medical wards Block

69. The project was designed to provide in-patient internal medicine services in a defined and subspecialty set up. It will also provide increased bed capacity of the hospital to 200 in order to meet the standard of a Teaching hospital. The contract was awarded to Messrs Enorasol Int'l Ltd in July, 2009 at the cost of N130 million with a completion date of December, 2010. Investigations reveal that the project was initially stalled as the contractor pulled out of site due to outstanding certificates for payment. N37.60 million was released for the projects in the first quarter. Arrangement had been concluded for the contractor to mobilize back to site with the receipt of funds to make payments on the project as at the time of monitoring.

Work done as at the time of monitoring include evacuation of foundation trenches, casting of ground beams and reinforcement, laterite back filling, light concrete, etc. The sum of N55 million had so far been committed to the project to achieve 40% level of job completion.

Picture 3: Three storey medical ward building at UUTH

Agriculture & Water Resources Sector

70. The importance of this sector to the attainment of the Government's goals particularly bordering on Food Security, and Employment informed the increase to its capital vote from N138.93 billion in the 2009 Budget to N149.9 billion in the 2010 Budget. Of this amount, N17.97 billion representing 24.39% was released to the Ministry in the first quarter while N14.17 billion (or 78.83%) of this amount was utilized within the period under review. The key deliverables of this Ministry include: increasing the total land under cultivation nationwide by 5%; optimizing 220,000 hectares of irrigation infrastructure; irrigating 12,000 hectares of arable land to increase crop yields by between 50%-250%; and increasing its contribution to the national GDP by at least 5%. Projects monitored under this MDA include the following:

Upper Benue River Basin Development Authority, Yola:

Kaltungo Earth Dam Project

71. The construction of Kaltungo Dam is under the supervision of the Upper Benue River Basin Development Authority (UBRBDA). Upon completion, the project would ensure constant supply of portable water to Yola and environs and free it from flooding while providing irrigation to boost all year round farming. The impact of the project upon completion would aid all year round farming, provide employment opportunities, boost supply of drinking water, and free the area from constant flood. It was re-designed to its present size to accommodate a homogeneous

earth fill dam with a reservoir capacity of 22.m^3, a crest length 800m and crest elevation of 478 OMASL.

The contract was awarded to Abdullahi Jabbi and Sons Nig. Ltd at a cost of N261 million in September 2009 with completion scheduled for December 2010. The sum of N250 million was appropriated for the project's implementation in the 2010 Budget of which N40.69 million was released and utilized as at the end of first quarter. As at the time of monitoring, about 50% of the access road to the dam site had been cleared, and the 72,000m^2 dam site has been cleared. Other on-going works include excavation in core trench (3,700m^3), and filling in core trench (3,330m). Also, the excavation of the 7,800m^3 spillway area had been completed while 50% of construction work on the Dam embankment had been done. The project had achieved 40% overall level of completion at the end of the first quarter.

Picture 4: Ongoing work at Kaltungo earth dam

Chouchi Irrigation Project: (Jimeta, Yola)

72. This project was conceived in November, 1998 by the defunct Petroleum (Special) Trust Fund but was later handed over to the Federal Ministry of Water Resources in January, 2002. The project's objectives include: the provision of full irrigation facilities over some 1,200 Hectares of the Fadama area, lying between Jimeta and Yola town, in Adamawa State, direct water from Benue River to Beti River, feed the pumping stations, provision of adequate facilities for livestock and fisheries

development, and promote the enlightenment, motivation and training of farmers, pastoralists as well as fishermen in the project areas.

The contract was awarded to Messrs Impresit Bakalori PLC at a cost of N5.015 billion in October 2008 and is expected to be completed in December 2011. The sum of N500 million was appropriated to the project in the 2010 fiscal year of which N19.18 million was released for the first quarter but without any utilization. Work done as at end of the quarter includes on-going works for irrigation and water supply pipes, night storage reservoirs, irrigation and hydraulic structures, drainage structure and channels pumping station and power house.

The project had achieved 35% level of completion at the end of the first quarter

Picture 5: Chouchi irrigation project, Jimeta, Yola

Water Treatment Plant for Owena Multi-purpose Dam – Ondo State

73. The water treatment plant is an additional component of the Owena multi-purpose Dam and was awarded to S.C.C. Nig. Ltd at the cost of N7.4 billion plus Revised Estimated Total Cost (RETC) of N12 million. The project is aimed at providing on–site water treatment for consumption, fishing and irrigation purposes for Akure, Ondo and neighboring communities. Work commenced in May 2007 and was scheduled for completion in December 2009. Investigations reveal that the revision of the completion date for this project is awaiting approval of the requisite authorities.

In the 2010 Budget, the sum of N1billion was appropriated for the project out of which no funds were released in the first quarter. As at the time of monitoring, the project had achieved 92% level of completion with a total financial commitment since inception of €26.457 million plus N1.83 billion. Major components of the projects such as the impounding reservoir, existing intake treated water pumping station, and water treatment plant had reached about 90% level of completion. The team observed that, though not part of the contract or project's initial plan, the project is impacting positively on the people as they benefit from the 10km road and electricity extension provided by the company. This will better enhance their socio-economic well being which is the primary objective of the project.

Picture 6: Ongoing water treatment plant at Owena Dam

Education Sector

74. The education sector is a key to the actualization of the Government's Human Capital Development pillar in the 7-Point Agenda, and the attainment of the Millennium Development Goals. The Ministry had a total appropriation of N97.21 billion for the implementation of its capital projects/programmes in the 2010 Budget, which represents about 243% increase over the 2009 allocation of N40.01 billion. In the first quarter, the sum of N8.97 billion was released and fully cash backed while only N324.12 million representing 3.6% was utilized for the implementation of its projects/programmes including the following:

Federal University of Technology Yola, Adamawa State:

75. The institution was established to promote technological innovations for sustainable development through excellence in teaching, learning and research. The sum of N1.35 billion was appropriated to it in the 2010 Budget for the implementation of its capital projects/programmes out of which N86.99 million was released. However, none of this had been utilized as at the end of first quarter. Investigations reveal that this was due to the inability of the Governing Council to convene any tendering meeting.

University Of Agriculture, Abeokuta:

76. The sum of N2.43 billion was appropriated to the University in the 2010 Budget for the execution of sixteen (16) projects and programmes, out of which N30 million was released in the first quarter but not utilized. The projects included the following:

Construction of College of the Food Science and Human Ecology Building, Phase I:

77. The one–storey building, aimed at enhancing Teaching Research and Extension in the university was awarded to Messrs Balimax (International) Ltd at a cost of N98.3 million. Work commenced in March, 2010 and was expected to be completed within 24 weeks. The sum of N120 million was appropriated for the project in the 2010 Budget out of which N30 million was released. As at the end of the quarter, the team observed that physical work had not commenced because the contract for the project had just been awarded on 17 March 2010.

Construction of College of Environmental Resources Management, Phase II:

78. The objective of this project is to enhance and provide additional teaching materials, office accommodation and research facilities for the staff and students. Contract for the project was awarded to Messrs Nidave Industrial Ventures Ltd at a sum of N105.3 million. It commenced in March, 2010 and was expected to be completed in September of the same year. The sum of N120 million was appropriated for the project in the 2010 Budget. As at the end of the first quarter, the contract which was awaiting release of funds, was just being awarded.

Obafemi Awolowo University, Ile – Ife:

79. The sum of N1.43billion was appropriated to the University in the 2010 Budget for the execution of four (4) capital projects: revision of campus master plan; completion of mathematics and first year Laboratory building; purchase of teaching and research items; and infrastructures, power generation, computerization and research work. As at the end of March, the process for award of contracts for the execution of these projects was still ongoing.

Federal University of Technology, Minna:

80. The sum of N497.45 million was appropriated to the University in the 2010 Budget out of which N72.18 million had been released as at end of the quarter. Of this amount, N44.44 million had been utilized as at the time of the monitoring exercise. This was applied for the construction of an administrative block for its School of Information and Communication Technology (SICT) while the contracts for the construction of the Lecture Theatre and the purchase of teaching & research equipment were yet to be awarded.

Construction of Administrative Building for SICT Lot 1A:

81. The project was initiated to provide an administrative building for the school's Information and Communication Technology Department. The contract was awarded to Messrs New Complex Nigeria Limited at a cost of N840.46 million on the 18 August 2009 with completion scheduled for December 2010. When completed, it is anticipated that the project will provide office accommodation for staff and improve teaching skills and learning environment in the school.

In the 2010 Budget, the sum of N306.24 million was appropriated for execution of the project. As at the end of first quarter, N44.44 million had been released and fully utilized while a total of N64.86 million had been committed so far with 12.5% cumulative performance. Work done so far is shown in the *Picture 10 below.*

Picture 7: On-going construction of Administrative Building for Lot 1a at the Federal University of Technology, Minna.

University of Abuja:

82. A total of N1.86 billion was appropriated for the execution of the university's capital projects/programmes. In the first quarter, the sum of N122.57 million was released and fully utilized for the completion of its Central Administrative Blocks 1 & 2, Central Library and Convocation Square. Other projects under the 2010 appropriation should commence in the subsequent quarter of the year.

Completion of Central Library

83. The project involves the construction of four storey building at the university's permanent site with the aim of providing office accommodation for staff and space for reading and research work. The contract for this project was awarded to Messrs Habibu Engineering Nigeria Limited at a cost of N799.08 million. It commenced in May 2009 with 40 weeks completion period. The project was appropriated the sum of N255 million in the 2010 Budget. As at the first quarter, the sum of N17.02 million had been released and fully utilized to achieve 55% level of completion. A total of N295.79 million had been committed to the project since inception.

Picture 8: On-going construction of the Central Library at the University of Abuja

Convocation Square, Landscaping and Walkways:

84. This is an ongoing project which started in October 2008 and is expected to be completed in December 2010. It entails the construction of arcade seating bowl, shops, walkways and landscaping. The contract was awarded to Messrs Exsa Nigeria Limited at a cost of N425.58 million. When completed, it will give a face lift to the institution and promote its corporate image.

The sum of N147.22 million was appropriated to this project in the 2010 Budget while N44.08 million was released and fully utilized. As at the time of monitoring this project, the arcade sitting bowl had been completed while work was still ongoing on the shops and walkways. A total of N286.60 million had been spent to date to achieve a cumulative performance of 75%.

Picture 9: On-going construction of Convocation Square at the University of Abuja

Federal Polytechnic, Oko:

85. A total of N510.43 million was appropriated for execution of the Polytechnic's capital projects in the 2010 Budget. Of this amount, N17.44 million had been released as at end of the quarter to implement its projects.

Construction of 3km Internal Road/Drainage Network and Erosion Control, Oko:

86. The sum of N130 million was appropriated for the re-construction of a 3 km internal road/drainage network and erosion control at the institution's main campus in Oko. Of this amount, N4.45 million was received by the institution in the first quarter. The project was at tendering stage at the time of this monitoring exercise.

Federal University Of Technology, Owerri:

87. The Institution has a total of N897.45 million appropriated for all its capital projects/programmes in the 2010 Budget, out of which N74.83 million was released in the first quarter. The team monitored the following projects/programmes:

Construction of Centre for Energy Power System Research:

88. The project which was conceived to provide a centre for energy and power research at the university was aimed at enhancing research programmes. The sum of N100 million was appropriated for the project in 2010. As at the time of visit, funds had not been released for the project.

University of Nigeria, Nsukka:

89. The sum of N783.27 million was appropriated to the University in 2010 Budget for the execution of its capital projects/programmes. These include Teaching and Research Equipment, Internal roads, and Bridges, and Construction of Central laboratory for the College of Medicine. As at the end of the first quarter, N108.3 million had been released to the institution but there was no utilization. All the projects were at tendering and award stage at the point of this monitoring exercise.

Federal University of Petroleum Resources, Effurun:

90. The sum of N1.5 billion was appropriated to the University for the implementation of its capital projects in 2010. As at the end of the first quarter, a lump sum of N182.04 million was released for the execution of the following projects:

Construction of College of Engineering:

91. The project is a 2-storey building designed to provide lecture rooms, Laboratories, workshops and offices conducive for academic learning. The contract was awarded to Messrs Magitants Services Ltd on 17 December 2009 at the cost of N205.20 million with a completion date of 26 August 2010. The project has an allocation of N29 million in the 2010 Budget without any utilization as at the end of the quarter. The building is presently at the decking level. The sum of N115.45 million had been utilized on the project since inception to achieve 40% level of completion.

Construction of Female Hostel:

92. The project was conceived to provide accommodation for female students of the institution. The contract was awarded to Messrs Techno-Arch Int'l Ltd at the sum of N172.21 million on 4 January 2010. The project is expected to be completed on the 11 October 2010. Work-done so far include excavation of foundation, placement of Raft foundation and ground beams reinforcement, casting of reinforced concrete ground beams, backfill with Laterite and concrete ground floor slab. Erection of ground floor columns has been done while shattering to receive first floor slab was in progress. The total work done was at about 18% completion.

Construction of Main Auditorium:

93. The project is designed to provide ample space for lectures and programmed meetings. The contract for its construction was awarded to Messrs Obore Dynamic

Global Ltd at the cost of N90.20 million on 17 December 2009 with a scheduled completion date of 3 June 2010. Work done in the first quarter include excavation of foundation trenches, casting of ground beams, Laterite backfilling, blinding of light concrete, placement of reinforcement bars for ground floor slab, reinforcement of concrete frames on the ground floor, ground floor sand-crete block wall, first floor sand-crete block was raised to roof level, while placement of steel roof structures was in progress. The level of completion was 20%.

University of Benin:

94. The sum of N748.86 million was appropriated to the University for the execution of its capital projects/programmes in the 2010 Fiscal Year. At the end of the first quarter, N56.53 million was released to the institution for the execution of the following projects/programs:-

Faculty of Agriculture - Phase I:

95. The project is a three floor building designed to provide office accommodation, lecture halls, and laboratories in the faculty. The project was awarded to Messrs Ebonite Nig Ltd at the cost of N434.52 million on 12 November 2008 with a scheduled completion date of 12 November 2010. The sum of N150 million was appropriated for this project in the 2010 fiscal year. Of this, N56.53 million was released in the first quarter while N37.74 million was utilized to achieve 15% completion. N132.54 million had so far been spent on the project to achieve a cumulative work level of 25%.

Faculty of Pharmacy – Phase I:

96. The project was designed as a three floor framed structure with office accommodation, classrooms, and ancillary facilities. The contract was awarded to Messrs Satimah Nig. Ltd. at the cost of N392.42 million on 12 November 2008 with a scheduled completion date of 12 November 2010. The sum of N166.34 million was appropriated in the 2010 fiscal year out of which nothing had been released in the first quarter. The provision of ancillary facilities which included teaching aid resource equipments among others were yet to take off due to inadequate financing in the first quarter. As at the time of visit, the project had reached roofing level. A total of N124 million had been committed to the project to achieve 45% implementation.

Niger Delta Affairs

97. The development of the Niger Delta is one of the Government's focal points under its 7-Point Agenda. Towards actualizing its goals in this regard, the Ministry's capital budget allocation was increased by about 189% from N48 billion in 2009 to N90.91 billion in 2010. As at end of the first quarter, N12 billion had been released to the Ministry while there was no utilization. Its key deliverables for the 2010 fiscal year include completion of East-west Road, construction of the 673km Niger-Delta Coastal Road, Construction and Equipping of Skills Acquisition Centres in each of the Oil Producing States, and Environmental Support Programme for the Niger Delta including the execution of the Government's Reclamation/Shoreline Protection Programme. The following key projects were monitored by the team monitored:

East- West Road (Section III) Port-Harcourt – Eket:

98. The project designed to dualize the Port-Harcourt – Eket carriageway. The project was awarded to Messrs RCC Nig Ltd at the cost of N35.6 billion on 12 October 2006 with completion scheduled for 11 October 2010. The project also include the rehabilitation and improvement of the existing embankment and pavement layers and provision of new asphaltic concrete courses where necessary and the construction of additional lane running parallel to the existing carriageway. The sum of N7 billion was appropriated for the project in the 2010 Budget. Work done in the first quarter includes: site clearing -81%, earth works – 68%, culverts and drainages – 54%, pavements & surfacing – 40%, Bridgework/pilling – 100%, Bridgework/super-structure – 31%. These works were financed from the 2009 Supplementary Budget to achieve a cumulative performance of about 50% implementation.

East – West Road (Section IV), Eket – Oron

99. This project is an extension of the East-West road but from Eket to Oron. It comprises the dualization of the road, construction of six bridges, culverts and drainages, relocation of electrical poles and installations. It was awarded to Messrs Gitto Construzioni Generalli Nig Ltd at a cost of N26 billion in October 2006 with completion scheduled for April 2010. N6 billion was appropriated for the project in the 2010 Budget of which N1.5 billion was released in the first quarter. N1.48 billion was utilized to achieve 10.06% level of completion in the first quarter with a total commitment of N15.34 billion to achieve a cumulative 28.29% implementation.

<u>Works Sector</u>

100. The Ministry of Works occupies a crucial position in the Government's efforts at the restoration and development of Critical Infrastructure. The Ministry has an allocation of N211.23 billion representing 12.45% of the capital budget provision to Ministries in the 2010 Budget and 1.02% over its capital allocation of N209.09 billion in the 2009 Budget. Key among the MDAs' deliverables are Zonal Intervention Projects (ZIPS) of over N50 Billion across the country, Zonal Intervention Road
101. Projects across all 6 Geopolitical Zones to cover 2,400km, the completion of the construction and rehabilitation of over 3,000km of roads nationwide; and the maintenance of 10,000km of federal roads annually over the next three years. In the first quarter of the year, N50.45 billion was released and fully cash-backed to the Ministry out of which N5.84 billion or 11.58% was utilized to execute its capital projects in the first quarter. These projects include the following:

Reconstruction of Gombe –Numan-Yola Road, Yola – Numan Section

101. The project consists of the reconstruction of an existing 46.6km Yola-Numan Road in Adamawa State. Upon completion, the project is expected to link Adamawa and Taraba States, making the road accessible to commuters. The contract for this project was awarded to Triacta Nigeria Limited on 15 September 2008 at a cost of N4.08 billion and was expected to be completed on 31March 2011.

The project has an appropriation of N1.64 billion in the 2010 fiscal year out of which N500 million was released and fully utilized. As at the end of the first quarter, work done included site clearing, sub-base, binder course, wearing course, stone pitching, and top soiling while grassing was in progress. Outstanding works include the construction of two drainages in Ngurore and the replacement of handles of the fallen bridge, road markings and dressing of the shoulders. A total financial commitment of N2.5 billion has so far been made to achieve 36% level of completion.

Picture 10: On-going work on Numan -Yola road

Rehabilitation of Gombe-Numan-Yola Road Section II, C/No 5978:

102. This project is the design and rehabilitation of a 190km portion of Numan-Gombe Road in Adamawa and Gombe States. The contract was awarded to Messrs Triacta Nigeria Limited on 28 May 2009 at a cost of N8.52 Billion with an expected completion date of 27 November 2011. The sum of N2 billion was appropriated to the project in the 2010 Budget. Of this amount, N500 million was released and utilized. As at the time of monitoring, site clearance, scarification, earth works, sub-base and binder-base were in progress. The overall performance was 20.19% with an outstanding work including the stretch from Bambam to Kaltungo which involves total rehabilitation while Kaltungo to Gombe stretch requires partial rehabilitation. Upon completion, the rate of accidents on the road is expected to reduce significantly while minimizing vehicle maintenance and traffic congestion costs.

Construction of Gombe Bye-pass: Contract No. 6040

103. The bye-pass project is a 13km long road linking Yola-Gombe Road at about 2.3km from the existing Yola-Bauchi-Gombe intersection and terminates along Gombe-Biu Road. The contract for the project was awarded to Messrs Triacta Nigeria

Limited on 16 December 2009 at a cost of N3.092 billion and is expected to be completed by 15 June 2011.

The sum of N900 million was appropriated for this project in the 2010 Budget, out of which N250 million was released and utilized. Work done include excavation, bridge piling, pile cap, bridge abutment, piers, culverts, earth works, wing walls and cross beams. The project is expected to promote urban expansion, reduce traffic congestion within the Gombe metropolis town and promote economic development in the state. The project is currently constrained by the relocation of electric poles of PHCN and water conveyance poles from the Dadin Kowa water treatment plant. Effort is on to make compensation payment to residents whose houses and farms were within the layout. The financial commitment to the project since inception amounts to N1.009 billion. Information gathered from the MDA's site personnel indicate that initial challenges bordering on compensation constrained the commencement of work. As at the end of the quarter, the project had achieved 23% level of completion.

Picture 11: Construction of bridge at the Gombe Bye-pass

Dualisation of Kano – Maiduguri Road Section V (Damaturu – Maiduguri) C/No 5869:

104. The contract for the dualization of the 131.909km road from Damaturu in Yobe State through Beneshiek to Maiduguri in Borno State was awarded to Messrs CCECC Nigeria Limited on 3 August 2006 at a cost of N39.99 billion and is scheduled for completion on 31 August, 2012. The sum of N9 billion was appropriated for work on the project in the 2010 Budget, out of which N3 billion was released and utilized. Upon completion, the project should reduce traffic and armed

robbery activities along the highway, enhance easy transportation of agricultural produce to neighbouring countries of Chad and Cameroon leading to promotion of international trade.

As at the time of physical inspection, earth pavement and drainage works were in progress, with an overall 22% level of completion at the end of the first quarter. A total of N8.15 billion had been paid out of certificates worth about N10.69billion

Dualisation of Ibadan – Ilorin Road Section 1 (Ibadan – Oyo) Contract No. 1793:

105. The contract for this project which entails the construction of a 44.5km of a dual carriageway on crossing the existing Ibadan – Ilorin road at 13 + 845 (interchange) was awarded to P. W. Nigeria Limited at a contract sum of N19.7 billion. It commenced in March 2001 and had an initial completion period of twenty–six (26) months, which was later revised to 31 July 2010 sequel to budgetary constraints.

In the 2010 Budget, the sum of N3.1 billion was appropriated for the project, out of which N904.2 million was released and utilized to achieve 3% level of completion in the first quarter. As at 31 March 2010, site clearance and underpass was about 100% completed while earthwork, culverts, drains, bridges, pavement and surfacing works were in progress. N17.5 billion has been committed to the project since inception while the cumulative level of project implementation was 93%.

Dualization of Abuja – Abaji – Lokoja Road, Section I C/No. 5862:

106. The scope of work for this project entails the rehabilitation/dualization of approximately 42.15 km of the existing single carriage road from Airport junction to Sheda, with drains, culverts, 3Nos. bridges and 4Nos. major interchanges. When completed, the project is expected to reduce travel time, vehicle maintenance costs and accident rates on the road. The contract was awarded to Messrs Dantata & Sawoe Construction Company Limited on 18 July 2006 at the cost of N11.23 billion with 30 months completion period which was later revised to 1 February 2011.

The sum of N2.8 billion was appropriated for the project in 2010 Budget. Of this amount, N1.86 billion was released while N1.64 billion was utilized. Total commitment on the project so far amounted to N4.07 billion. 2% level of work (construction work at Giri interchange and earthwork towards Zuba) was achieved within the period under review to bring cumulative performance to 48.7%.

Information gathered at site indicate that delays in the progress of this project arose principally from the deteriorating condition of the existing carriageway which has increased the scope of work that needs to be done; delays in processing compensation assessment reports; and low budgetary provisions by the Ministry.

Picture 12: On-going construction of Giri interchange at the dualization of Abuja – Abaji – Lokoja road, Section I

Dualization of Abuja – Abaji – Lokoja Road, Section II: Sheda Village Junction – Abaji Road C/No. 5863:

107. The project involves the construction of approximately 54.7km long additional carriageway between km 30 and km 84 + 700 alongside the existing Abuja–Abaji Road. It also includes 4Nos. bridges, provision of lined drains and culverts among others. The contract was awarded to Messrs Reynolds Construction Co. (Nigeria) Limited on the 18 July 2006 at the cost of N9.63 billion with 30 months completion period which was later revised to June 2012.

The sum of N2.8 billion was appropriated for the project in the 2010 Budget, out of which N851.26 million was released while N721.85 million was utilized within the quarter to bring the aggregate expenditure on the project to-date to about N4.82 billion. 6% level of work was recorded during the period to bring the cumulative performance to 48.1%.

Discussions with the project engineer, the contractor's representative, and the MDA's personnel in our effort to ascertain reasons for this poor implementation indicate that the funding provisions made by the Ministry over the period fail to take the project's cash-flow requirements for completion within thirty months into cognizance.

Picture 13: On-Going construction of drainage at dualization of Abuja – Abaji – Lokoja Road, Section II: Sheda Village Junction – Abaji Road

Dualization of Abuja–Lokoja Road, Section III: Abaji–Kotonkarfi C/No. 5884:

108. The project involves the dualization of the existing 49.36km highway from Abaji to Kotonkarfi, construction of 111Nos. culverts, median and road side drains, 2Nos. bridges and improvement of the existing carriageway. When completed, it is expected that the increased traffic volume on the road would be better directed, minimize accidents, reduce travel time and improve economic and social benefits to the people. The contract was awarded to Messrs Bulletine Construction Company Limited at the cost of N9.7 billion. Work commenced 12 October, 2006 with 30 months completion period which was been revised to 10 September 2010.

The sum of N3.5 billion was appropriated for the project in the 2010 Budget. Of this amount, N450 million was released by the supervising Ministry while N108.42 million was utilized to achieve 1% level of work. Works done in the quarter include road clearing, soil leveling, pegging and removal of unsuitable materials. The sum of N3.95 billion has been spent on the venture since inception to achieve a cumulative implementation of 29.79%. As indicated by the resident engineer, the slow pace of work is attributable to the contractor's poor work management practice. The team could not confirm the contractor's position on this.

Dualization of Abuja–Abaji–Lokoja Highway, Section IV: Koton-Karfe – Lokoja Road C/No. 5885:

109. The contract entails the construction of 50km, 2-lane carriage ways with an existing width of 7.30m, pavements, drains, culverts and 7Nos. bridges. It was awarded to Messrs Gitto Constructioni Generali (Nigeria) Limited at a cost of N11.99 billion. Work commenced on the 11 October 2006 with 24 months completion period which was later revised to February 2011. The sum of N2 billion was appropriated for the project in the 2010 Budget, out of which N450 million was released and utilized to achieve 5% level of work during the quarter. N3.86 billion has been spent on the project since inception to bring the cumulative performance on the project to 20%.

The team observes that for a project which commenced since 2006 to still be at 20% level of implementations, particularly with the frequency of accidents resulting from the bad sections of the road, there is need to take urgent steps to resolve issues bordering on contractor capacity to deliver the project, the MDA's supervisory capacity.

Picture 14: On-going construction work at the dualization of Abuja – Abaji – Lokoja highway, Section IV: Koton-Karfe – Lokoja road

Dualization of Onitsha/Owerri Road and Onitsha Eastern By-Pass: C.No 5660:

110. The projects consist of the dualization of 47km length of road, 8km single carriageway Onitsha Eastern bypass, construction of two interchanges on the bye-pass and one bridge at Okija. It was awarded to CCC Construction Nig. Ltd. in October 2002 at a cost of N30.85 billion with a completion date of October 2005 which was later revised to December 2010.

The sum of N2 billion was appropriated to the project in the 2010 Budget out of which N900 million was released for the first quarter with no utilization. As at the time of monitoring, skeletal work was going on at the Onitsha Eastern Bye-pass section of the road due to the heavy rains.

Rehabilitation of Obiozara–Uburu–Mpu–Ishiagu–Enugu – Porthacourt Road: No. 5828:

111. The road project which is 42.5km long is in two phases. The first phase involves the construction of three bridges and was awarded to Setraco Nigeria Ltd in November 2005 at a contract sum of N1.18 billion and has since been completed while the second phase was awarded to same contractor in May 2007 at a contract sum of N6.8 billion with completion scheduled for March 2011.

The sum of N2 billion was appropriated for the project in the 2010 Budget. Of this amount, N500 million was released in the first quarter of 2010 though without any utilization. The total payments on the project to date are N5.5 billion to achieve 72.13% level of completion. Major constraints facing the projects include the persistent rainfall in the eastern region coupled with the type of soil in the area which makes earth works very difficult.

Picture 15: Ongoing work on the Obiozara-Enugu Road

Picture 16: One of the completed bridges on the Obiozara-Enugu Road

Rehabilitation of Nsukka-Obollo-Ikem-Ehamufu-Nkalagu-Road Contract No.5962:

112. The project entails the rehabilitation of the existing 85.6km Nsukka-Obollo-Ehamufu-Nkalagu road linking the Enugu-Abakiliki Road. The contract for the job

was awarded to MIFE construction Nig. Limited at a cost of N6.45 billion in December 2009 with completion scheduled for January 2012.

In the 2010 Budget, the sum of N2.5 billion was appropriated while the sum of N200 million was released and fully utilized to pay outstanding certificates for clearance of about 40km of road, scarification of bituminous surfaces over 14km, laying of sub-base materials over 14km. 1.1% implementation of the contract was achieved within the quarter. A total of N966.9 million has been committed to the project since commencement.

Rehabilitation of Funtua-Gusau-Sokoto Road, Route 85 Section II: Gusau-Talata-Mafara:

113. The rehabilitation of the 94km Gusau-Talata-Mafara section of the Funtua-Gusau-Sokoto Road with contract No. 5694 was awarded to Messrs Mother-Cat Limited at an initial cost of N2.198 billion in December 2002 with completion scheduled for August 2004. The project implementation commenced in February 2003. However, due to revision of the scope of this contract, the contract sum was reviewed to N3.698 billion with a completion date of 14 February 2008. This implied a revision of the completion period from 18 months to 60 months.

About 84km of the road had been rehabilitated as at the time of monitoring the project. The monitoring team was informed that the section so far completed had been maintained during the mandatory one year maintenance period from 24th march, 2009 to 23rd March, 2010. The contractor's payment request for certified works and augmentation of the contract sum to enable them complete the remaining 7km of the road is presently awaiting approval. The project had achieved about 88% level of completion as at the end of the first quarter of 2010.

The sum of N270 million was appropriated for its implementation in the 2010 Budget, no amount was released to the project in the first quarter of the year 2010.

Picture 17 & 18: Rehabilitation of Funtua-Gusau-Sokoto Road

Construction of Kano Western By-Pass Contract No.5960:

114. The construction of the Western Bypass was embarked upon by the Federal Government in order to reduce heavy traffic congestion in Kano metropolis. The contract was awarded to Messrs Dantata & Sawoe construction company (Nig) Ltd at a cost of N13.23 billion. The construction commenced on 20 May 2007 and was expected to be completed in May 2010. The contractor applied for the extension of this contract by 24 months due to their re-accessed funding – completion target mismatch.

The sum of N3.5 billion was appropriated for the project in the 2010 Budget. Of this amount, the sum of N700 million was released and utilized in the first quarter. Work done so far include construction of the interchange (fly-over), 2 river bridges, an over-pass bridge (over railway crossing), dualization of 9km of the road of 26km. The Project had achieved 43.52% level of completion as at the end of first quarter 2010.

Picture 19a: Work on the ongoing Kano Western Bye-pass

Picture 19b: Work on the ongoing Kano western Bye-pass

Rehabilitation of Access Road to Kaduna Refinery & Petrochemical Company (KRPC)-Contract No. 6027:

115. The rehabilitation of the access road to the Kaduna Refinery and Petro-Chemical Company (KRPC) consists of 2.269km dual carriageway which starts from the Eastern bye-pass interchange to the Kachia junction with the KRPC exit gate. The reconstruction/rehabilitation will enhance smooth traffic flow access to the Refinery and decongest the huge traffic of tankers around the Refinery. The contract for the rehabilitation was awarded to Messrs Mothercat Limited at a cost of N1.15 billion.

The rehabilitation commenced on 18 November 2009 and was expected to be completed by 17 May 2010.

The sum of N950 million was appropriated for the project in the 2010 Budget. Of this amount, N325.13 million was released and accessed to implement the Project in the first quarter. The Project had achieved 43% level of completion at the end of first quarter of 2010.

Picture 20 (a & b): Rehabilitation of access road to the Kaduna refinery

Rehabilitation of Access Road to Warri Refinery, Delta State:

116. The project was conceived to improve the quality of the road to the Warri refinery and improve easier access to the refinery by vehicles and products distributors. It entails a total rehabilitation and asphalt overlay. The contract was

awarded to Messrs Gomene Construction Nig Ltd on 22 October 2009 at the cost of N912.56 million with completion scheduled for 5 April 2010. The sum of N246 million was appropriated for this project in the 2010 Budget, while N146 million was released and fully utilized.

The work done includes asphalt overlay, culverts, and concrete surface at the trucks parking space. Cumulative implementation on this project as at the end of the first quarter is 65%.

Construction of Eleme Junction Flyover & Dualization of Access Road to Onne Port, River State:

117. The project which was conceived to expand the 1.5km length of existing carriageway by 3.65 meters on both sides to provide parking lanes for trucks at the port entrance. The team was informed that one side of the carriageways will be elevated to improve surface water drainage and control erosion while regulating course and asphaltic overlay are to be provided on the remaining stretch of the road, etc. The contract was initially awarded to Messrs Julius Berger (Nig) Plc in March 2006 which had to pull out in May 2007 due to security issues at the time. It was later re-awarded to RCC (Nig) Ltd in November 2009 with completion scheduled for 30 June 2010 at a contract sum of N7.24 billion.

The sum of N2 billion was appropriated for the project in the 2010 Budget. Of this, the sum of N400 million released in the first quarter was not assessed in the quarter. Work-done so far include road clearing – 83%, earthworks – 82%, culvert & drainages – 41%, surface dressing – 57%, and pavements – 64%, etc. The aggregate work done in the quarter was 9% bringing the cumulative work done stood to 10%.

Rehabilitation & Asphalt Overlay of Benin–Shagamu Dual Carriageway (Benin-Ofosu Section), Edo State:

118. The project is the re-surfacing of 75km stretch of the Benin-Ofosu section of the Benin-Shagamu Dual Carriage Way. This project is conceived to improve the road's quality as well as improve security on the road. The contract was awarded to Messrs RCC Nig Ltd on 1st February 2007 at a contract cost of N24.26 billion with completion scheduled for 17th September 2011.

The sum of N5 billion was appropriated for the project in the 2010 Budget, while N1.4 billion was released for the project in the first quarter of the year. Of this amount, N485.23 million was utilized to achieve 9% level of work in the first quarter bringing the cumulative performance to 13.60%.

Power Sector

119. Today, inadequate electric power supply remains a major constraint to growth in the Nigerian economy. The Government in an effort to address this problem, set targets of increasing total power generation to 6,000 megawatts by December 2009 which, however, could not be achieved by the Ministry. Given the Government's commitment to improving power supply, the capital budget of the Ministry has remained high with an appropriation of N189.78 billion in the 2010 Budget or about 100% increase over the N94.62 billion allocated to the sector in the 2009 Budget. Of this amount, N12.22 billion was released and fully cash-backed to the Ministry in the first quarter of the year. In spite of the situation with power supply, only N739.1 million or 6.05% was accessed by the Ministry for the implementation of its on-going capital projects in the first quarter.

The Ministry's key deliverables include: the completion of on-going Projects in Power Generation, Transmission and Distribution; Expansion, Management and Maintenance of New and Existing Power Plants in Afam, Ughelli, Egbin, Kainji, Jebba, Sapele, Shiroro Geregu, Omotosho and Olorunshogo; and the delivery of 10,000 MW of Power by 2011. The key projects monitored under this Ministry include the following:

Gombe – Yola – Jalingo 330 Kv S/C Transmission Line:

120. The project entails the installation of 330 KVA transmission lines from Gombe to Jalingo requiring the erection of towers, installation of insulators, and stringing of conductors. It was conceived to improve power supply to Adamawa and Taraba States. The contract was initially awarded to Messrs Siemens Limited on 13 December 2001 but it was re-awarded to Messrs Deytron Consortium Energy due to non-performance on 15 September 2008 at a cost of US$89.20 million. The project was scheduled for completion in April 2010.

It has an appropriation of N50 million in the 2010 Budget. As at the time of monitoring, all the tower foundations and tower erections have been completed while stringing was in progress and energizing outstanding. The financial commitment since inception is US$68.27 million to attain 60.9% level of job completion.

Picture 21: Ongoing work at the Jalingo Transmission Line

The team observed that implementation of the project faced challenges ranging from vandalization of works around Billiri/Kaltungo in Gombe, to claims for compensation particularly around Bambam in Gombe state which has resulted to the contractor's limited access to site.

2 x 150MVA 330/132KV Yola Substation and 330KV Line Bay Extension at Gombe:

121. This substation is designed as a load centre unit that steps down supply to Adamawa and Taraba States. The objective of this project is to increase the voltage level and stabilize power supply to consumers in Adamawa and Taraba States. Contract for execution of the project was awarded to Messrs MBH Power Ltd on 15 September 2001 at a cost of N1.039 billion. Work commenced in March 2009 and is expected to be completed in July 2010.

The sum of N234 million was appropriated to the project in the 2010 Budget which was fully released but not utilized in the quarter. As at the time of inspection, the structure and equipment erection, foundation work, cable trench construction and control building construction had been completed while outstanding works include cable laying, cable termination, road work and drainages. A total of N577.11 million has been committed to the project so far to attain 60% of job completion.

The Monitoring Team observed that the location of the project is wet and frequently water logged and that the project as designed lacks the provision of a proper drainage system. It is perceived that this may be very critical for the functional and economic life of the substation to prevent damages of electrical equipment.

Gombe – Damaturu-Maiduguri 330 KVA SC Transmission Line:

122. The project entails conveyance of power supply from Gombe to Dala and Maiduguri which requires the construction and erection of towers, installation of insulators and stringing of conductors. Its objective is to increase power supply to consumers in Damaturu and Maiduguri communities. On completion, the project would boost power supply to consumers in Damaturu and Maiduguri communities and also boost economic activities within the States.

The contract was awarded to KEC News Engineering on 23 May 2007 at a cost of US$30.15 million + N1.83 billion with an expected completion date of July 2010. The sum of N1 billion was appropriated for the project in the 2010 Budget out of which N578.6 million was released without any utilization in the quarter.

The Monitoring Team observed that tower members had been erected while earth wire and conductor stringing were in progress. The financial commitment since inception was $30.15million + N1.6 billion to attain 64% level of job completion.

Picture 22: On-Going Work at Damaturu Transmission Line

<u>Ogbomosho 2 x 60 MVA 132/33 KV Substation and 2 x 132 KV Line Bays at Ganmo:</u>

123. The substation project was contracted to Payma Bargh and Cartlark International Ltd at the contract sum of Euro 5,274,245.20 (offshore) plus N291,262,677 (onshore) in December, 2007 with a scheduled completion period of 18 months (June 2010). This was later revised to March 2011 due to the contractors' inability to deliver the finished job due to disputes between them. The project which is aimed at improving power supply to Ogbomosho and its environs had an appropriation of N1.4 billion in the 2010 Budget but no amount was released in the first quarter. As at 31 March 2010, compensation for land and survey works had been concluded, while site clearing and boundary fence wall were suspended.

The team observed that foundation work was yet to commence at the site as at the end of the quarter while the contractor had demobilized from the site (since December, 2009). Meanwhile, some materials/accessories including: 14 Radiator cases, 2 units of HV turrets packs, 1no. HV Neutral current case, 3nos Roller pallet (3 x 3), 6 HV Bushing, 3nos Grounding Bar case, and 123 drums of oil for the substation project had been procured and stocked in the King's (Soun) palace in Ogbomosho for safekeeping. In addition, 2nos power Transformers were said to have been cleared at the Apapa port and awaiting delivery to the project site. The contract may therefore need to be quickly re-accessed by the supervising MDA or determined and re-awarded accordingly so that the residents of the area could begin to enjoy the anticipated benefits of the project

The total releases and utilization on the project since commencement was N55.4million with cumulative work done at about 30%.

Jos-Kafanchan 132 Kv D/C Line And 2 X 60 Mva 132/33 Kv Sub-Station At Kafanchan.

124. The project entails the erection of 132 KV D/C Transmission line from Jos to Kafanchan. The project which started in April 2008 was awarded to Energo Nigeria at a contract sum of €4,944,916 (offshore) and N377.47 million (onshore). The sum of N235.16 million was appropriated to the project in the 2010 Budget while N28.41 million had been released in the quarter. As at the time of monitoring, works were ongoing erection of the Towers and stringing of the power lines. To enable the procurement of the requisite equipments, the entire offshore component sum of €4,944,916 has been committed while N131,532,426.15 of the local component has been committed to the project as at the time of monitoring. The cumulative work done presently stands at about 70% level of completion.

The team was however informed by the site personnel that issues bordering on compensation to the communities and the crisis in Jos have contributed to delays in the completion of this project.

<u>Federal Capital Territory Administration (FCTA)</u>

125. This Ministry maintains an important position to the Federal Government's achievement of its goal to provide Critical Infrastructure. In this regard, the Ministry's capital vote has maintained an upward trend with the allocation of N138.36 billion in 2010 or 3.91% over its 2009 allocation of N133.15 billion. Out of this amount, the sum of N16.66 billion was released and fully cash-backed to the Ministry in the first quarter while N3.81 billion or 22.84% was accessed to implement its ongoing projects.

126. The Ministry's key deliverables include: Completion of Office Building Complexes like the headquarter buildings of the Foreign Affairs Ministry, the Federal Secretariat Building Phase II, and the Shehu Shagari Complex; Environmental and Sewage Management; Water Supply; and the Construction of Millennium and Cultural Centre. Other projects include the Rehabilitation and expansion of the Outer Northern Expressways Lots I & II, the Design and development of Rail Transit in FCT (Counterpart funding), Construction and Equipping of 220 Bed Utako District Hospital, and the Design and Construction of the Vice President's Residence and residences for the National Assembly's Presiding Officers, and the Rehabilitation and Expansion of the Airport Expressway. Projects monitored by the teams in the first quarter include the following.

Construction of Tanks 1 & 6 and Associated Trunk Mains:

127. The project was conceived to provide potable water supply for FCT residents, to reduce the problem of water sharing and improve economic activities through industrial use and treated water for healthy living. On completion, the project would ensure portable water to Gwarimpa, Mbora District, Idu, Karmo Jahi Districts and Pyakasa. It would enhance physical health improvement and water would be available also for industrial usage, which would boost economic activities in Idu and Karmo Industrial areas. Work on the contract for implementation of this project which was

awarded to Messrs Sarplast (W.A.) Limited at the cost of N11.77 billion commenced on October, 2006. It is however, currently awaiting approval for the revision of the contract sum of N23.49 billion due to material price (particularly the price of ductile iron pipes which constitute about 70% of materials needed for the job) variations. The total financial commitment since inception is N5.49 billion.

The sum of N6 billion was appropriated for this project in the 2010 Budget. As at the end of the first quarter the project had achieved 20% overall completion which includes the reinforcement and concrete works for Tank 6, foundation and walls and the construction of precast elements. While concrete works on Tank 1 is currently at 92% level of completion, other works are in progress. These include: the installation of control systems, post chlorination systems, overhead cranes, distribution boards, Generating Sets and Instrumentation Equipment Tanks, Construction of precast elements for Tank 6, Laying of about 8Km of pipes between Dutse and Dawaki villages and Tank1, Site clearance for about 10Km of pipelines route.

It was gathered that sundry encroachment on pipeline routes was also delaying the progress of work at the project sites.

Abuja Rail Mass Transit Project Phase 1 (Lots 1& 3):

128. This project was designed to ease the transportation problem in the Federal Capital Territory. Upon completion, the project would reduce traffic congestion in the Federal Capital Territory thereby reducing stress and travel times. It was awarded to Messrs China Civil Engineering Construction Corporation (CCECC) in May 2007 at a cost of $841.65 million while work commenced in February 2008. In the 2010 Budget, the sum of N6.2 billion was appropriated to the project out of which N4.6 billion was released and utilized. The total financial commitment since inception is N17 billion.

As at the time of monitoring the project, progress made was as follows: Survey of the proposed line, Design, Formation level (32%); Bridges (8%); culverts (45%); Earthworks (60%); Run-off Protective Grass plantations (10%); and Rail Tracks (5%). Other outstanding jobs include: Communication Infrastructure and Signaling, Power Supply (2%); and Running Shed (2%). The cumulative work done as at the quarter is estimated at about 17%.

Picture 23: On-going construction site at the Abuja Rail Mass Transit Project, Phase I

Development of Idu Industrial Area 1b Engineering Infrastructure:

129. The project was conceived to improve infrastructural facilities in the Area which is located in Phase III of the development plan of the Federal Capital Territory. It includes the provision of roads, lorry parks, water supply, electricity, drainages, bridges, telecommunication network etc. The contract was awarded to Messrs Salini Nigeria Limited in September 2003 at a cost of N3.19 billion (onshore) and €73.11 million (offshore) with completion scheduled for September 2005. This was however revised to December 2011 with a new contract sum of N6.09 billion + €186.52 million. The sum of N6 billion was appropriated for the project in the 2010 Budget while no release was made to it in the first quarter. However, the sum of N4.84 billion + €72.3 million had been committed to the project since its inception to achieve 45% level of completion.

At the time of inspection, the monitoring team was informed that no work was carried out in 2009. Poor funding, delay in the implementation of the Budget, changes in the scope of work and encroachment on the right of way along Arterial Road 2 West (AR2W) by Paipe village, Idu-Abuja settlement were the major constraints facing the project.

Construction and Equipping of 220 Bed Utako District Hospital:

130. The project consists of the construction of the main hospital building including the wards, residential staff quarters, mortuary block, ancillary building, supply and the installation of medical and kitchen equipment. The contract was awarded to PPC Medical Systems in February 2008 at the cost of N4.26 billion with completion scheduled for November 2010. The sum of N2 billion was allocated to this project in the 2010 Budget but had not been accessed as at the end of the first quarter. A total of N1.66 billion had been spent since inception to achieve a cumulative implementation of 47.63%.

Construction of Nigeria Cultural Centre and Millennium Tower:

131. The project was designed as a multifunctional complex with facilities for cultural exposition, exhibition, socialization, recreation, sports and commercial activities including shops, restaurants and a hotel. Like other international capitals, defined by similar masterpieces, the monument component of this project is designed to beautify Abuja while its commercial component is expected to be a source of employment and generate sufficient income to pay for its maintenance. The contract was awarded to Salini Nigeria Ltd on 24 November 2005 at a sum of N62.14 billion. In July 2006, the contract price was reviewed downward by the Budget Monitoring and Price Intelligent Unit (BMPIU) to N53.13 billion with the National Square and the Connecting Tunnel integrated into the project. The objective of this adjustment was to ensure adherence to the Abuja Master Plan and to maintain a planned open space from the Three Arm Zone to the City Square with the cultural spine zone.

The project has an allocation of N11.5 billion in the 2010 Budget but there was no release by the Ministry in the quarter. The total amount certified on the project to-date amounts to N23.07 billion. As at the time of monitoring, the work done include structural works in parking areas 20%; connecting in tunnel retaining walls 15%, foundation in cultural centre 15%; and cylindrical tower attained 65 meters high. The contractor was on site and work was in progress as at the time of inspection.

Picture 24(a) & (b): Ongoing work on the Nigeria Cultural center & Millenium Tower

Provision of Engineering Infrastructure to the Abuja Technology Village (ATV), Phase I

132. The project was conceived to provide 33km of various categories of standard district roads, 25km of various sizes of storm sewer drainage loops, 2 km of river training, 35km of foul sewage, and 2 nos. fully equipped mini sewage treatment plant. Other features of the project include provision of 133km telecommunication ducts, 57 km of electrical cable networks, 33/11kVA injection electrical power substation, 1339 Nos. of street lightings, various ring and box culverts and 2 bridges, 20.13 km gas pipeline, etc. When completed, the ATV will accommodate industries, residences and recreation facilities in addition to a University. The contract for its

implementation was awarded to Messrs Gilmor Engineering (Nig) Ltd on 24 May 2007 at the sum of N20.87 billion with a completion date of 7 June 2010. The sum of N5 billion was appropriated for it in the 2010 Budget, while no fund was released for its execution in the first quarter.

A total sum of N727.20 million has been spent so far on the project to achieve 26% level of completion. Work done as at the time of monitoring are the completed survey of the project location, development of engineering design, construction of 19 culvets, earth works including rock excavations, laying of 16.5km storm pipes and 5km foul pipes. Also included are a 33/11 KVA injection electric power sub-station, and over 2km of road completed to partial stone best course level.

Construction of National Assembly Complex –Phase III, Part II

133. The project is aimed at providing office accommodation for thirty-two (32) senators and one Hundred & Seventy Five (175) members of House of Representatives. It also includes provision of a Power House, Committee Rooms, Kitchens, etc. The contract for execution was awarded to Messrs Julius Berger Nig PLC at the cost of N22.98 billion equivalent to N9.19 billion (Local Component) and €120.36 million (Foreign Component). The Project commenced on 24 October 2007 with a completion date of 31 March 2010.

The sum of N12 billion was appropriated for the project in the 2010 Budget. No amount of this was released for the project during the first quarter. The cumulative work done in the previous years include structural works, mechanical and electrical installations which include transformers, chillers, lifts, etc which are all completed while ceiling, tiling and painting works were in progress. The cumulative work done stood at 63.5% level of completion.

TRANSPORT SECTOR

134. The sector has an appropriation of N127.55 billion in the 2010 Budget for the implementation of its Capital Projects/Programmes. Of this amount, N9.65 billion was released and fully cash-backed to the Ministry while it is yet to utilize any portion of the funds in the quarter.

Rehabilitation of Onitsha River Port:

135. The project consists of the rehabilitation of a transit shed, workshop building, port quay structure, launching berth, outdoor storage area, fire brigade building, port operation building, and security post. Others are the integration of existing residential

houses, water supply, and installation of port handling equipment as well as the construction of roads, new residential quarters and fencing. The contract was awarded to Inter-Bau Construction Limited at a cost of N4.1 billion.

A total of N3.7 billion was allocated to the project in the 2010 Budget, but as at the time of monitoring, no release had been made for its execution. However, the sum of N983.5 million had so far been committed to the project to attain 20% completion level.

The transit shed workshop building and outdoor storage area had been completed while work is ongoing for the construction of residential quarters which include 9 three bedroom flats for senior staff, and 11 semi-detached two bedroom flats for middle level staff.

Picture 25: Transit Shed, Onitsha River Port

Nigerian Institute of Transport Technology, Zaria

Completion of Transport Technology Center:

136. This is a construction of a 2-storey building in the institute to accommodate laboratories, workshop, classrooms, simulators' rooms, etc. The project was awarded to Atidolf Nig Ltd at a cost of N856 Million in June 2005 with completion scheduled for March 2011. The project has an Appropriation of N390 million in the 2010 Budget out of which N229.04 million was released for the project's execution in the

first quarter. However, nothing was utilized as at the time of Monitoring. The project was about 40% completed while N366.14 million had been committed to it so far.

Students' Hostel Development, Phase II:

137. This project entails the provision of a 50 room studio apartment, and two common rooms for the institute's students made up largely of CEOs of the Ministry's parastatals in training. This project was awarded to Sanbath Nig Ltd. at the cost of N497 Million in 2008 with completion scheduled for December 2010. The sum of N229.04 million was released for the project in the first quarter without any utilization, while the sum of N215 million had been committed to the project since inception.

The building is presently at the second floor decking level at the time of monitoring the project. Cumulative work done is estimated at about 45%.

Picture 26: Ongoing work on the Students Hostel

Nigerian Railway Corporation, Lagos

138. The total capital budgetary appropriation to the corporation under the 2010 fiscal year amounted to N97.22 billion for the execution of its projects and programmes. Out of this amount, the sum of N5.2 billion had been released in the first quarter. However, this fund had not been assessed as at end of the quarter. Among projects visited in the monitoring are the following:

Major Rehabilitation of Rail Tracks, Bridges, Culverts from Lagos – Jebba:

139. The project which consists of the rehabilitation of railway tracks and signal network's western line stretching from Lagos to Jebba sections (Km 0 – 488) was awarded to Messrs CCECC (Nig.) Ltd at the cost of N12.29 billion in August, 2009 with completion scheduled for October 2010. The sum of N9 billion was appropriated for this project in the 2010 Budget, out of which N600 million was released but was not accessed in the first quarter.

As at the end of March, on–going works which represents part of the appropriation of 2009 include site clearance, excavation works, track, drainages, bridges and culverts rehabilitations, setting up of site offices in the affected sections; amongst others. The total financial commitment to the project to date was N3.2 billion to achieve 6.5% level of implementation. It was reported that the delay in the project delivery was due to bottleneck in bringing the necessary facilities and personnel (technicians) from China.

AVIATION SECTOR

140. Air travel also maintains a crucial position in the Government's developmental efforts. The key deliverables border on the provision of critical security and communication infrastructure that guarantee safe and comfortable air travel. These include: the installation of Aircraft Recovery Equipment in Abuja and Lagos Airports, Construction of Control Towers in Maiduguri, Ilorin, Ibadan, Akure, Benin & Kaduna Airports, Monitoring Equipment for 6 Zones and Abuja Airports, ATIS Equipment for 4 Airports (Enugu, Maiduguri, Ilorin & Yola), Procurement and Installation of LIDAR Based Windshear Alert system for Nnamdi Azikiwe, Mallam Aminu Kano, Murtala Mohammed and Port-Harcourt International Airports, and the Acquisition & Installation of Terrestrials Communication Facilities.

141. In the 2010 Capital Budget, the Sector was allocated the sum of N71.31 billion for its Capital Projects/Programmes. Out of this amount, the sum of N7.26 billion was released and cash-backed to the Ministry. As at the end of the quarter, the sum of N653.56 million representing 8.29% had been utilized.

Federal Airport Authority of Nigeria (FAAN), Lagos:

142. The sum of N48.7 billion was allocated to the Authority in the 2010 Budget for the execution of its capital projects and programmes. Of this amount, N4.1 billion was released in the first quarter to execute six (6) of its projects. Some of the Authority's projects monitored are:

Power Improvement at the Murtala Mohammed International Airport (MMIA), Ikeja, Lagos:

143. This project was conceived to improve power supply at the MMIA, Lagos through the complete replacement of the six (6) units of 2250KVA Generators; three old, inadequate and ailing units of main feeder transformers; and 11KV MV panels with 28 new upgraded panels of better current carrying capacity. It was awarded to Mantrac Nig. Ltd in December 2009 at a cost of N4.6 billion with completion scheduled for September 2010. The sum of N2.6 billion was appropriated for the project in the 2010 Budget but no funds had been released or accessed due to the internal prioritization of projects by the Ministry. As at the time of monitoring, approval for the procurement and installation of 4nos. 4.85MW Generators, 2nos. 15MW Power Transformers, and 11KV Switch Gear panels under the 2010 Budget cycle was still being awaited from the Federal Executive Council (FEC).

The team observed that the Phase I of the project for which the sum of N1billion was released under the 2009 Budget had not been completed. Further enquiry indicate that a Letter of Credit had been established for the procurement of two 4.85MW electricity plants and one 15MW electricity transformer under the 2009 budgetary provision.

Completion of Sam Mbakwe International Airport Air Field Lighting:

144. The contract for the installment of Air field lighting system at the airport located in Owerri was awarded to ADB-AFL Systems limited on 27 March 2007 at the cost of N592.22 million. The sum of N200 million was appropriated for the project in the 2010 Budget out of which N110 million was released in the first quarter without utilization. The sum of N402.71 million has been committed to the project since inception. As at the time of visit, the monitoring team was informed that a letter of credit had been established at the Central Bank of Nigeria to facilitate the procurement of the lightening equipments from abroad by the project engineer.

Power Supply Upgrade for Kano Airport:

145. The project entails the upgrading of power supply facilities at the Kano International Airport. It was awarded at a cost of N500 million to Fox Construction Ltd in 2009. The sum of N275 million was appropriated for the project in the 2010 Budget while the sum of N275 million representing 100% of the capital allocation has been released to the project with the aim of tracking the problem of frequent damage to AFL and terminal building lighting system and air incidents or accident. At the end of the first quarter, there was no utilization of fund for the quarter leading to 0% level

of achievement. The sum of N298.91million has been committed to the project so far to achieve 20% level of completion.

Picture 27 (a & b): Power upgrading works at the Kano International Airport

Construction of Expanded Metal (Bi-steel Lattice Post) Perimeter Wall Fence and Asphalt Road at Port Harcourt International Airport:

146. The project was designed to upgrade the Port-Harcourt International Airport operations to ICAO requirements. It aimed to curtail unauthorized access into the airport premise while easing improving the quality of the road network in the airport. The Project was awarded to Messrs Camitel Nig Ltd in November 2009 at the cost of N1.82 billion with completion scheduled for eight (8) months afterwards. The sum of N850 million was appropriated for the project in the 2010 Budget buts no release of funds was made to the project in the first quarter.

Work done include: delivery of foreign component materials for the works, partial completion of the erection of expanded metal perimeter wall fence and commencement of earthworks for the asphalt road. About 60% of the project had been implemented as at the end of the first quarter.

Picture 28: Bi-lattice metal fence at the Port-Harcourt International Airport

5.0 CONCLUSION AND RECOMMENDATIONS

147. The tempo of recovery in the global economic activity which started in the second half of 2009 was sustained while the modest growth in the domestic economy continued from the last quarter of 2009 into the first quarter of 2010. The real Gross Domestic Product (GDP) grew by 6.68% in the quarter compared to the 6.71% earlier projected. Core inflation remained within the single digit rate but rose from 9.1% in December 2009 to 9.3% in March 2010 while Food inflation dropped from 14.7% in the last quarter of 2009 to 13.7% in March 2010. Compared to December 2009 broad money (M_2) and aggregate domestic credit rose by 2.25% and 6.13% respectively in the quarter with the net growth in credit by 28.36% to the public sector. The foreign exchange market was relatively stable in the first quarter of 2010.

148. Implementation of the budget in the first quarter posed significant challenges to the Government's determination to stimulate economic activities through the full implementation of the budget. Firstly, the non-passage of the budget as at the beginning of the quarter meant that the first quarter Capital Warrant release was based on the subsisting 2009 Budget for ongoing projects in line with the Financial Regulations. Thus, the implementation of new projects in the 2010 Budget would only commence after the passage of the 2010 Appropriation Act.

149. Secondly, both oil and non-oil revenue receipts, according to provisional data from the OAGF, underperformed during the period. The amount available for distribution among the three tiers of government in the first quarter amounted to N809.27 billion, which implies a shortfall of N651.44 billion (or 45%) when compared with the quarterly projection of N1,460.72 billion. In the same vein, the estimated quarterly revenue to fund the Federal Budget fell short of the N771.66 billion projected for the quarter by N405.9 billion (or 52.6%), thereby creating a disturbing financing gap which threatened implementation of the Budget in the first quarter. To manage this challenge, the Government made recourse to miscellaneous revenues amounting to N69.81 billion and other sources. Going forward, it is expected that oil and non-oil revenues would continue to improve across the remaining quarters of the year particularly as the Government's effort at boosting the FGN Internally Generated Revenues and the planned audit of the FGN IGRs commence.

150. On the spending side, while budgetary allocations were promptly released to the MDAs, actual utilization of the Capital Votes was below expectation. Of the N196.38 billion or 99.09% of a total of N198.18 billion released to MDAs was cash-

backed, data from the OAGF indicate a discouraging average capital utilization of N36.46 billion or 18.57%. Matched against the budgeted quarterly releases of N198.18 billion, the position worsens to 18.4%. This above situation notwithstanding, a further review of MDAs' performance reveal varied utilization rates among the MDAs. Seven (or 16.28%) of the MDAs had their respective utilization rates over the overall average utilization rate of 18.57%. Among these, three (or 6.68%) of the MDAs including Defence (81.53%), Agric. & Water Resources (78.83%) and Info. & Communications (55.07%) had utilization rates of over 50% of their respective releases. It is noteworthy that fifteen (or 34.88%) of the MDAs including Transport, Niger Delta, Police Formations, and INEC were yet to utilize any portion of the Capital Vote releases to them.

151. Following the field visit of the Monitoring teams in collaboration with representatives of selected Civil Society Organizations and the Media, a number of issues emerged. Some of these issues include:

i. Inadequate project planning considerations by MDAs leading to poor project funding, site approval issues (with respect to compensation payments) and delays in meeting completion targets.
ii. A recurrence of stalled projects awaiting approval for revision of their terms and conditions of completion.
iii. Some MDAs continued with the practice of spreading available resources thinly among projects that they cannot fund the completion of some of their on-going projects. This oftentimes led to the extension of projects completion dates and cost variation. These, aside from denying the citizens of the benefits of the projects, cause enormous stress on public financial resources.
iv. Some unresolved issues like compensation payments for project sites tend to drag their execution, and frequently led to the extension of the project completion date.
v. Some MDAs' written submissions on the status of their projects were found to be different from the actual on-site situations.
vi. Failure of some MDAs' project Managers or Engineers to avail themselves of the responsibility to guide the Monitoring teams or answer relevant enquiries on their projects. This hampers the prompt completion of the field monitoring exercise.

158. The BOF continues to interact with the MDAs' officials and other stakeholders involved in the implementation of capital projects to find a lasting solution to these problems. The constraints faced by contractors, in particular, were also identified at

the Budget Implementation Workshop organised by the BOF in February 2010. Efforts are continuously being made to eliminate all bottlenecks that are currently impeding the budget implementation process. In this regard, the attention of the concerned MDAs has been drawn to these observations and some of these issues are currently under further investigation. We believe that by resolving these problems, capital utilization rates and thus the achievement of set deliverable targets will improve.

Recommendations:

i. Comprehensive project engineering designs and feasibility study reports should be approved prior to commencement of any relevant capital project in the Federal Budget.

ii. A detailed implementation plan should accompany all new project proposals sent for approval. All such approved plans should accompany MDAs' submissions to the Budget Office. This way, any default in the project implementation is easily flagged. MDAs should be sanctioned for non-adherence to this plan forthwith.

iii. The implementation of all projects which completion terms and conditions are undergoing review should be reassessed by the Government while appropriate sanctions should be meted to MDAs found wanting.

iv. MDAs not represented by their project teams at the monitoring sites should be sanctioned promptly. This way, the Government's efforts at promoting transparency and accountability will not be impeded.

159. The BOF will continue to publish quarterly budget implementation reports to track the progress of key projects. This effort, in line with its mandate under the Fiscal Responsibility Act 2007, has contributed significantly to improvements in MDA performance by providing the Fiscal Responsibility Commission, the Joint Finance Committee of the National Assembly, and other stakeholders with periodic information and analysis on the implementation of the Federal Budget. We believe this will foster an environment within which budget openness, transparency and accountability are enhanced thus increasing incentives for MDAs to deliver on promised deliverables to the benefit of all Nigerians.

APPENDIX I

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

2010 CAPITAL PERFORMANCE FOR MDAs AS AT 31st MARCH, 2010

MINISTRY	1ST QUARTER WARRANT =N=	PAYMENT THRO. AIEs	TOTAL RELEASES = N=	AMOUNT CASHBACKED =N=	CBN BALANCE @ 31st March, 2010 =N=	UTILISATION =N=	PERFORMANCE %
EDUCATION	8,969,480,317	-	8,969,480,317	8,969,480,317	5,712,149,087	324,115,836	3.61
FEDERAL CAPITAL TERRITORY	16,662,500,000	-	16,662,500,000	16,662,500,000	12,857,466,933	3,805,033,067	22.84
FOREIGN & INTER GOVT. AFFAIRS	1,314,361,585	-	1,314,361,585	1,314,361,585	1,288,714,635	11,000,000	0.84
FINANCE	823,003,249	-	823,003,249	823,003,249	823,000,249	3,000	0.00
HEALTH	8,351,220,826	-	8,351,220,826	8,346,220,826	5,916,560,220	1,914,536,813	22.94
COMMERCE & INDUSTRY	577,814,285	-	577,814,285	577,814,285	301,084,480	258,154,805	44.68
INFORMATION & COMMUNICATION	358,675,000	-	358,675,000	358,675,000	161,161,325	197,513,675	55.07
INTERIOR	2,880,298,577	-	2,880,298,577	2,880,298,577	2,565,751,165	314,547,412	10.92
HEAD OF SERVICE	666,703,883	-	666,703,883	666,703,883	633,531,153	33,172,730	4.98
JUSTICE	202,390,222	-	202,390,222	202,390,222	183,754,907	18,635,316	9.21
LABOUR & PRODUCTIVITY	143,068,372	-	143,068,372	143,068,372	132,855,745	10,212,627	7.14

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

2010 CAPITAL PERFORMANCE FOR MDAs AS AT 31st MARCH, 2010

MINISTRY	1ST QUARTER WARRANT =N=	PAYMENT THRO. AIEs	TOTAL RELEASES = N=	AMOUNT CASHBACKED =N=	CBN BALANCE @ 31st March, 2010 =N=	UTILISATION =N=	PERFORMANCE %
SCIENCE AND TECH.	2,144,297,517	-	2,144,297,517	2,144,297,517	1,873,118,349	174,153,563	8.12
POWER	12,221,434,882	-	12,221,434,882	12,221,434,882	10,802,917,362	739,100,844	6.05
TRANSPORT	9,645,022,871	-	9,645,022,871	9,645,022,871	9,645,022,871	-	-
AVIATION	7,260,737,164	621,063,000	7,881,800,164	7,881,800,164	6,943,237,164	653,563,000	8.29
WORKS	50,453,447,436	-	50,453,447,436	50,453,447,436	43,916,928,719	5,842,672,318	11.58
PETROLEUM	5,571,541,488	-	5,571,541,488	5,571,541,488	5,568,141,948	3,399,540	0.06
MINES & STEEL	885,227,043	-	885,227,043	885,227,043	808,903,667	59,643,376	6.74
NATIONAL WAGES & SALARIES	57,750,000	-	57,750,000	57,750,000	57,750,000	-	-
ENVIRONMENT,	1,817,975,772	-	1,817,975,772	1,817,975,772	1,783,716,517	32,124,256	1.77
TOURISM, CULTURE & NATIONAL ORIENTATION	1,219,472,000	-	1,219,472,000	1,219,472,000	897,844,179	211,627,821	17.35
NAT. PLANNING	549,701,733	-	549,701,733	549,701,733	525,071,571	24,630,161	4.48

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

2010 CAPITAL PERFORMANCE FOR MDAs AS AT 31st MARCH, 2010

MINISTRY	1ST QUARTER WARRANT =N=	PAYMENT THRO. AIEs	TOTAL RELEASES = N=	AMOUNT CASHBACKED =N=	CBN BALANCE @ 31st March, 2010 =N=	UTILISATION =N=	PERFORMANCE %
NATIONAL SPORTS COMMISSION	831,730,250	-	831,730,250	831,730,250	814,480,250	17,250,000	2.07
OFFICE OF NATIONAL SECURITY ADVISER	2,400,000,000	-	2,400,000,000	2,400,000,000	-	-	-
NIGER DELTA	12,000,000,000	-	12,000,000,000	12,000,000,000	-	-	-
NAT. POPULATION	193,287,452	-	193,287,452	193,287,452	193,287,452		-
CODE OF CONDUCT BUREAU	15,000,000	-	15,000,000	15,000,000	15,000,000	-	-
CODE OF CONDUCT TRIBUNAL	51,087,811	-	51,087,811	51,087,811	51,087,811	-	-
REV. MOB. ALL.	200,000,000	-	200,000,000	200,000,000	200,000,000	-	-
FCSC	75,000,000	-	75,000,000	75,000,000	75,000,000.00	-	-
INEC	1,270,345,000	-	1,270,345,000	1,270,345,000	1,270,345,000.00	-	-
FED. CHARACT. COMM.	25,000,000	-	25,000,000	25,000,000	25,000,000.00	-	-
NATIONAL ASSEMBLY	1,075,000,000	-	1,075,000,000	1,075,000,000	912,429,661	162,570,339	15.12
SUB TOTAL MDAs	186,875,380,777	856,063,000	187,731,443,777	187,726,443,777			-
CAPITAL SUPPLEMENTATION	10,450,000,000	-	10,450,000,000	8,650,000,000	8,650,000,000	-	-
Grand Total	197,325,380,777	856,063,000	198,181,443,777	196,376,443,777	139,254,559,864.68	36,461,272,675	18.57