2010

SECOND QUARTER BUDGET IMPLEMENTATION REPORT

Budget Office of the Federation
Federal Ministry of Finance, Abuja

FOREWORD

It is my pleasure to present you this Report which is the second 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.

Section 30 of the *Fiscal Responsibility Act 2007* mandates the preparation and publication of Quarterly Reports to monitor and evaluate the implementation of the Annual Budget. These Quarterly Reports are required to be published to the Fiscal Responsibility Commission and the Joint Finance Committee of the National Assembly, and are to be widely disseminated to the general public. The 2010 Report for first quarter was duly published accordingly and the 2nd Quarter Report continues this reporting tradition.

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

In line with the *Fiscal Responsibility Act 2007*, the Honourable Minister of Finance, through the Budget Office of the Federation prepares reports on the implementation of the Federal Budget. These reports include the Quarterly, and Full-Year Budget Implementation Reports. This in-year reporting function is a part of our efforts, at the Federal Ministry of Finance, to promote budget openness, transparency and credibility as key components of our public financial management reforms.

The 2010 Budget places greater emphasis 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. As such, 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.

Implementation of the Budget in the second 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. Among several programmes of the government aimed at checking these challenges within the first half of 2010, the Budget Office had consultations with MDAs through Workshops on Budget Monitoring and Implementation and on boosting Independent Revenue Generation. These were designed to further reinforce MDAs' capacity to implement their capital budgets, and 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

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EXECUTIVE SUMMARY

The national economic growth has remained resilient with the impressive growth in output recorded in 2009 being sustained in the second quarter of 2010 while the modest growth in the domestic economy continued from the last quarter of 2009. Provisional data from the National Bureau of Statistics indicate that the real Gross Domestic Product (GDP) is projected to grow by 7.68% in the second quarter compared to the 7.23% revised for the first quarter of 2010 while it is projected to grow at 7.74% in 2010. Core inflation remained within the single digit rate of 7.7% down from 9.5% revised for March 2010. Data from the Central Bank of Nigeria indicate that Broad Money (M_2) and Net Domestic Credit declined by 1.54% and 9.68% respectively while credit to the private sector grew by 0.65% within the second quarter of 2010. The foreign exchange rates were relatively stable within the period.

Notwithstanding these improving macroeconomic indicators, the implementation of the Budget in the second quarter posed significant challenges to the Government's efforts to stimulate economic activities through the full implementation of the budget. Data from the Office of the Accountant-General of the Federation (OAGF) indicates that 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 budgeted expenditure within the period.

Specifically, both oil and non oil revenue receipts were significantly below the targets. The actual net oil revenue inflow into the Federation Account in the quarter amounted to N689 billion representing a shortfall by N377.01 billion (or 35.37%) when compared with the quarterly estimate of N1,066.01 billion though it improved over the first quarter's receipt of N482.07 billion. Similarly, the net non-oil revenue receipt was N283.56 billion representing a shortfall by N140.1 billion (or 33.07%) when compared with the quarterly estimate of N423.67 billion. Furthermore, the amount available for distribution among the three tiers of government in the second quarter had a shortfall of 34.71% when compared with the quarterly projection of N1,489.68 billion. In view of the position in the first quarter, the shortfall worsens to 40.19% (or N1,197.28 billion) when compared with the half-year projection of N2,979.35 billion.

Consequent on these developments, the estimated quarterly revenue to fund the federal budget fell short of the N785.72 billion projected for the quarter by N298.23 billion (or 37.96%). In the same vein, the revenue available for funding the federal budget fell short of N1,571.45 billion projected for the half year by N718.08 billion (or 45.7%) thereby creating a disturbing financing gap which threatened implementation of the budget in the period. However, this gap was bridged by application of the FGN's share of drawings from accumulated savings in the Excess Crude Account, Unspent Balance from the 2009 fiscal year, Domestic Borrowing and a World Bank Loan among other sources.

On the spending side, provisional data from the OAGF indicates that as at the end of the second quarter, only N124.79 billion (or 30.83%) of N404.82 billion (or 94%) of the capital expenditure releases cash-backed for drawdown by MDAs for the implementation of their capital projects had been utilized. Although this is an improvement over the performance of 18.57% in the first quarter of 2010, it leaves much room for further improvement. A further review of the 46 MDAs reported upon indicates varied utilization rates among them. Six MDAs had utilization rates above 50% while a total of sixteen MDAs had rates over the overall average. While twelve MDAs including Works and Power, which had their first quarter respective utilization rates below the overall average significantly exceeded the overall average utilization rates in the second quarter, two MDAs, including Health, with above average utilization rates in the first quarter dropped significantly in their utilization rates as at the end of the second quarter of the year. However, nine of the MDAs including Women Affairs, and the Police Service Commission, had not drawn on their funds within the period.

Towards assessing the impact of MDAs' capital expenditure, the budget monitoring and evaluation teams of the Budget Office conducted field visits to review a sample of selected MDAs' capital projects implementation sites. As is now the practice, the exercise was carried out in collaboration with selected Civil Society Organizations, the Media, and the MDAs. These monitoring calls indicate that additional effort must be put in by the MDAs to ensure that 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. Furthermore, several factors militating against full implementation of MDAs' capital projects in addition to specific recommendations have been highlighted in the report for further action.

Finally, as indications portray continued improvement in the global economic situation, the net revenue to Government is expected to improve while the MDAs improve on their spending efficiencies 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 and engender delivery on Government's promises to the Nigerian people.

1.0 INTRODUCTION

1. The 2010 Budget like the previous budgets of the present administration was conceived as a policy tool to facilitate the delivery of its developmental goals as entrenched in the Nigeria Vision 20:2020 and the Seven-Point Agenda. It derives from the Government's commitment 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. The Budget was consequently 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, which was assented to in April 2010, were based largely on the 2010-2012 MTEF, which sets out the Federal Government's fiscal policies over the medium-term as approved by the National Assembly. However, in the course of implementing the Budget, as expressed by Mr. President in his assent speech, the 2010 Budget needed to be amended to address the realities of revenue constraints, and realign budgetary allocations to some expenditure items so as to focus on the government's priorities. This informed the presentation of the 2010 Amendment Budget and Supplementary Budget for the National Assembly's consideration. These were awaiting passage as at the end of the quarter.

4. In its quest to aid MDAs realise government's missions through the national budgets, the Budget Office organised workshops aimed at identifying and finding solutions to the challenges to meeting revenue and expenditure targets. In this respect, a budget implementation workshop "*Strengthening budget implementation for enhanced project execution & service delivery*"; and a revenue enhancement workshop "*Enhancing Internally Generated Revenue generation, collection & remittance system in the federal public service*" were held in February and May 2010 respectively. In addition to these and several other policy considerations of the government, effort is currently ongoing by the Budget Office/Federal Ministry of Finance in collaboration with pilot MDAs towards instituting effective project management practices in the MDAs. The implementation of the outcomes of these strategic programmes and policies is expected to engender improvement in the attainment of the goals of the

Budget in 2010 and beyond.

5. This publication which covers the implementation of the 2010 Budget in the second quarter and as at the end of the first half of the year evaluates the performance of the Federal Government's income and expenditure targets and more extensively on the capital budget implementation by MDAs. The rest of this Report is structured as follows: Chapter 2 provides a detailed analysis of the government's revenue and expenditure receipts in the second quarter of 2010; Chapter 3: presents a brief review of the macroeconomic environment within which the budget was implemented in the period; Chapter 4: reports the outcome of physical monitoring of MDAs' 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 2010 Budget was prepared based on the 2010-2012 Medium-Term Fiscal Framework (MTFF). *Table 1* below gives a summary of the key assumptions[1] of this framework.

Table 1: Key Assumptions and targets for the 2010 Budget

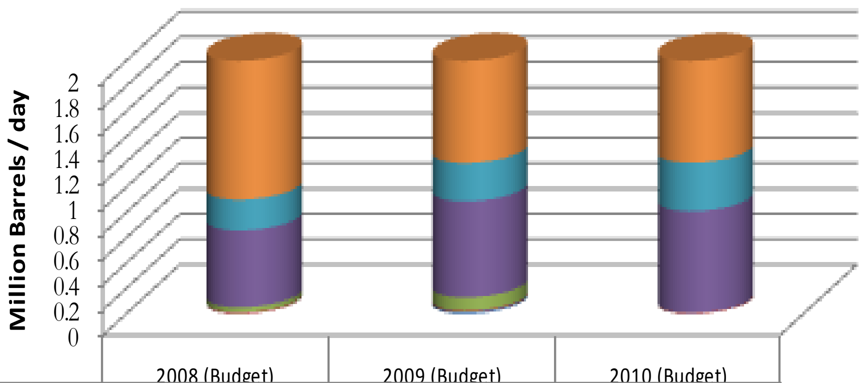
S/N	KEY ASSUMPTION & TARGETS	2010
1	Projected Production (in mbpd)	2.35
2	Actual Production (Average in mbpd over the 2nd Qt	2.39
3	Budget Benchmark price (per barrel in US)	67
	Technical Cost of JV Pbl to Oil Companies	
4	Operating expenses (T1) in US $	11.985
5	Capital expenses (T2) in US $	10.256
	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 proposal for the amendment of the 2010 Budget, with an objective to revise the oil price and production assumptions was awaiting the approval of the National Assembly as at the end of this quarter.

7. These assumptions and targets were the outcome of series of meetings with relevant revenue collecting agencies, and consultations with other key stakeholders while noting some essential economic factors. Some of these factors include the slow but steady recovery from the global economic meltdown, the return of peace in the Niger Delta region of the country due to the amnesty peace deal by the present administration and the fluctuation in the price of crude oil at the international market.

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. Crude oil production of 2.35 million barrels per day (mbpd) was one of the key assumptions made in the 2010 Budget. The figure represents an increase of 0.06 mbpd (or 2.62%) above the 2.29 mbpd production benchmark used in the 2009 Budget. A crude oil benchmark price of US$67 per barrel was also adopted in the 2010 Budget. This represents US$22 per barrel (or 48.89%) increase when compared with the US$45 per barrel figure set for the 2009 Budget. *Chart 1* above indicates the contributions of the various business arrangements to the production

estimates while *Table 2* below shows the details of the contributions and rates for the major oil taxes accruing to the Federal Government.

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%
Weighted Average -JV	85.00%
Weighted Average -PSC	51.64%
Weighted Average -SC	85.00%
Royalties 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%
Weighted Average-PSC	1.94%
Weighted Average-SC Oil	18.50%

Source: NNPC and BOF

2.2. Analysis of Revenue Performance

Overview

9. In the second quarter, the crude oil price at the international market averaged US$79.54 per barrel. This represents an increase of US$1.89 per barrel when compared with the average price of US$77.65 per barrel recorded in the first

quarter. The figure also represents a margin of US$12.54 per barrel (or 18.72%) when compared with the benchmark price of US$67 per barrel adopted for the fiscal year. The price of crude oil fluctuated between US$75.06 and US$85.29 per barrel during the first half of the year and the further direction of its movement in the subsequent quarters is dependent on the interplay of demand and supply factors in the international oil market. Provisional data from the Nigerian National Petroleum Corporation shows that the average oil lifting for the second quarter was 2.39 mbpd. Compared with the first quarter production of 2.35mbpd, and the benchmark production figure of 2.35 mbpd, this represents an increase of 0.04 mbpd. All things been equal, this trend in oil output is expected to continue to improve in the succeeding quarters of the year in view of the reinstated peace in the Niger Delta Region.

10. Based on the revenue framework generated from the assumptions in *Table 1,* the projected gross Federally collectible revenue for 2010 was N8,061.35 billion. Of this sum, N5,850.79 billion (or 72.58%) was expected to come from oil sources while the balance of N2,210.56 billion (or 27.42%) was expected from non-oil revenue and other sources. Arithmetically, this implies a projection of N4,030.68 billion as the gross federally collectible revenue in the first half of the year.

Oil Revenue Performance:

Second Quarter

11. An assessment of the oil revenue category indicates that only Crude oil sales and Royalties achieved the budgeted quarterly estimates in the second quarter. Crude oil sales amounted to N849.20 billion which was N30.29 billion (or 3.7%) higher than the quarterly budgeted estimate of N818.91 billion. The performance was also N70.36 billion (or 9.03%) higher than N778.84 billion recorded in the first quarter. Royalties was N11.52 billion (or 8.18%) over the estimated quarterly budget of N140.89 billion, and N18.32 billion (or 13.66%) over the first quarter performance of N134.09 billion. On the other hand, Petroleum Profit Tax underperformed against the budgeted quarterly estimate of N399.41 billion by N115.07 billion (or 28.81%) representing an improvement over the first quarter performance by N41.92 billion (or 17.29%). Gas sales and Gas Tax at CITA are presently being classified under the Crude sales and Company Income Tax (CIT)

revenue categories respectively. Work is ongoing between the Office of the Accountant-General of the Federation and the Central Bank of Nigeria towards reporting them appropriately. Other oil revenue items similarly achieved less than the budgeted quarterly revenue projected for the quarter.

Net oil revenue

12. The actual net oil revenue inflow into the Federation Account in the second quarter amounted to N689 billion thereby falling short of the quarterly budgeted estimate of N1,066.01 billion by N377.01 billion (or 35.37%). The amount is an improvement over the first quarter performance of N482.07 billion by N206.93 billion (or 42.93%). Please see *Table 3* below. The underperformance of net oil revenue in the second quarter can be attributed to payments on the Modified Carry Arrangement (MCA) which led to decline in the net receipts from JVs.

Year-to-date

13. In the first half of the year only receipts from Royalties which amounted to N286.50 billion had a positive variance of N4.72 billion (or 1.68%) when compared with the half year budgeted estimate of N281.78 billion. Compared with the respective budgeted estimates as at the end of the first half of 2010, all other revenue items underperformed in this category.

Table 3: Net Distributable Revenue as at June, 2010

S/N	ITEMS	2010 ANNUAL BUDGET			ACTUAL (per period)			VARIANCE: Second Qtr Actual Vs Qtrly Budget.		VARIANCE: Second Qtr Actual Vs First Qtr Actual		VARIANCE: Half Year Budget & Actual	
		Annual	Quarterly	Half Year	First Quarter	Second Quarter	Half Year						
A.	OIL REVENUE	N'bns	N'bns	N'bns	N'bns	N'bns	N'bns	N'bns	%	N'bns	%	N'bns	%
1	Crude Oil Sales	3,275.66	818.91	1,637.83	778.84	849.20	1,628.05	30.29	3.70	70.36	9.03	(9.78)	(0.60)
2	Gas Sales	352.62	88.16	176.31	-	-	-	(88.16)	(100.00)	-		(176.31)	(100.00)
3	PPT	1,597.63	399.41	798.82	242.42	284.34	526.76	(115.07)	(28.81)	41.92	17.29	(272.06)	(34.06)
4	Royalties Oil & Gas	563.55	140.89	281.78	134.09	152.41	286.50	11.52	8.18	18.32	13.66	4.72	1.68
5	Gas Tax @ CITA Rate	49.97	12.49	24.99	-	-	-	(12.49)	(100.00)	-	-	(24.99)	(100.00)
6	Rent	3.88	0.97	1.94	0.01	0.06	0.07	(0.91)	(93.98)	0.05	589.40	(1.87)	(96.55)
7	Gas flared Penalty	3.88	0.97	1.94	0.60	0.49	1.09	(0.48)	(49.16)	(0.11)	(18.05)	(0.84)	(43.56)
8	Refund by NNPC		-	-	0.61	-	0.61	-		(0.61)	(100.00)	0.61	
9	Misccellaneus Pipeline fees, etc.	3.60	0.90	1.80	0.16	0.35	0.51	(0.55)	(60.94)	0.19	114.84	(1.28)	(71.38)
10	Other oil & Gas Revenues	11.36	2.84	5.68	-	1.85	1.85	(0.99)	(34.98)	1.85		(3.83)	(67.49)
11	***Sub Total***	**5,862.14**	**1,465.54**	**2,931.07**	**1,156.73**	**1,288.70**	**2,445.43**	**(176.84)**	**(12.07)**	**131.97**	**11.41**	**(485.65)**	**(16.57)**
12	*Joint Venture Cash calls*	960.95	240.24	480.47	256.03	232.79	488.82	(7.45)	(3.10)	(23.24)	(9.08)	8.35	1.74
13	***Sub Total***	**4,901.20**	**1,225.30**	**2,450.60**	**900.70**	**1,055.91**	**1,956.60**	**(169.39)**	**(13.82)**	**155.21**	**17.23**	**(494.00)**	**(20.16)**
14	*Domestic Crude Subsidy*		-	-	100.67	91.00	191.67	91.00		(9.66)	(9.60)	191.67	
15	*Excess Crude oil, PPT, Royalty*		-	-	245.93	172.95	418.88	172.95		(72.98)	(29.67)	418.88	
16	***Balance of Oil Revenue*** *(13-14-15)*	**4,901.20**	**1,225.30**	**2,450.60**	**554.10**	**791.95**	**1,346.05**	**(433.35)**	**(35.37)**	**237.85**	**42.93**	**(1,104.55)**	**(45.07)**
17	*Derivation*	637.16	159.29	318.58	72.03	102.95	174.99	(56.34)	(35.37)	30.92	42.93	(143.59)	(45.07)
18	***TO FEDERATION ACCOUNT***	**4,264.04**	**1,066.01**	**2,132.02**	**482.07**	**689.00**	**1,171.07**	**(377.01)**	**(35.37)**	**206.93**	**42.93**	**(960.96)**	**(45.07)**
B.	**NON-OIL REVENUE**		-	-	-	-	-	-		-		-	
1	Value Added Tax (VAT)	580.00	145.00	290.00	139.25	143.13	282.38	(1.87)	(1.29)	3.88	2.79	(7.62)	(2.63)
2	Excise & Fees, import duty & other	650.00	162.50	325.00	71.99	68.71	140.70	(93.79)	(57.71)	(3.28)	(4.55)	(184.30)	(56.71)
3	Companies Income Tax	587.00	146.75	293.50	132.23	129.28	261.50	(17.47)	(11.91)	(2.95)	(2.23)	(32.00)	(10.90)
4	***Sub Total***	**1,817.00**	**454.25**	**908.50**	**343.46**	**341.12**	**684.58**	**(113.13)**	**(24.90)**	**(2.34)**	**(0.68)**	**(223.92)**	**(24.65)**
5	***Deductions of Collection Costs:***	***122.336***	***30.58***	***61.17***	***16.02***	***57.56***	***73.58***	***26.97***	***88.19***	***41.53***	***259.19***	***12.41***	***20.29***
7	Value Added Tax (4%)	23.20	5.80	11.60	5.57	5.73	11.29	(0.08)	(1.29)	0.16	2.79	(0.31)	(2.63)
8	Customs (7%)	45.50	11.38	22.75	5.04	4.81	9.85	(6.56)	(57.71)	(0.23)	(4.54)	(12.90)	(56.71)
9	FIRS (4%)	50.24	12.56	25.12	5.29	5.17	10.46	(7.39)	(58.83)	(0.12)	(2.23)	(14.66)	(58.36)
10	FIRS Tax Refunds	3.40	0.85	1.70	-	-	-	(0.85)	(100.00)	-		(1.70)	(100.00)
11	Customs & Excise Excess Revenue		-	-	0.13	-	0.13	-		(0.13)	(100.00)	0.13	
12	Excess Revenue Account					41.85	41.85	41.85		41.85		-	
13	***Net Non-Oil Revenue***	**1,694.66**	**423.67**	**847.33**	**327.44**	**283.56**	**611.00**	**(140.10)**	**(33.07)**	**(43.88)**	**(13.40)**	**(236.33)**	**(27.89)**
14	***TO FEDERATION ACCOUNT***	**1,137.86**	**284.47**	**568.93**	**193.76**	**146.16**	**339.92**	**(138.31)**	**(48.62)**	**(47.60)**	**(24.57)**	**(229.01)**	**(40.25)**
15	***VAT POOL ACCOUNT***	**556.80**	**139.20**	**278.40**	**133.68**	**137.41**	**271.08**	**(1.79)**	**(1.29)**	**3.73**	**2.79**	**(7.32)**	**(2.63)**
C.	***TOTAL DISTRIBUTION***												
1	***Federation Account***	**5,401.91**	**1,350.48**	**2,700.95**	**675.83**	**835.16**	**1,510.99**	**(515.32)**	**(38.16)**	**159.33**	**23.57**	**(1,189.97)**	**(44.06)**
2	***VAT Pool Account***	**556.80**	**139.20**	**278.40**	**133.68**	**137.41**	**271.08**	**(1.79)**	**(1.29)**	**3.73**	**2.79**	**(7.32)**	**(2.63)**
3	***Grand Total***	**5,958.71**	**1,489.68**	**2,979.35**	**809.51**	**972.56**	**1,782.07**	**(517.11)**	**(34.71)**	**163.06**	**20.14**	**(1,197.28)**	**(40.19)**

Source: OAGF and Budget Office of the Federation

Non-Oil Revenue Performance

14. In furtherance of Government's efforts at expanding the public revenue base, a number of policies aimed at improving the collection efficiency and the expansion of non-oil revenue sources have been introduced in recent years. These measures seek to, aside from improving on government revenues, reduce its dependence on oil revenue sources in funding the annual budgets and engender better accountability by government and its agencies. Measures adopted by the government in this regard include the implementation of the Fiscal Responsibility Act[2] relating to public revenue accounting and remittance, the government's reassessment of MDAs' scope for revenue collection and bilateral agreements on aggressive targets for the MDAs, and the scheduled Process Audit of past remittances of operating surpluses and other Internally Generated Revenue to ensure full compliance and timely remittances by the relevant agencies. On its part, the Budget Office of the Federation/Federal Ministry of Finance organized a Workshop in May, 2010 towards improving the collections, accountability, and remittance of Internally Generated Revenues (IGR) by MDAs. The outcome of this workshop, where a number of issues impeding the actualization of the expectations from MDAs were addressed, is expected to impact on their performances.

15. Among other policies of government, these measures have contributed to engendering a gradual growth in non-oil taxes. In view of this trend, the non-oil revenue targets for the annual budgets have also been very ambitious. *Tables 4 and 5* below indicate the trend in non-oil performance over the last five years.

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

Description	2005	2006	2007	2008	2009	5 - Year Average
	N' m	N' m	N' m	N' m	N' m	
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**

[2] See Sections 21-24, Part IV of the Fiscal Responsibility Act, 2007.

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

16. As at the end of the second quarter of 2010, the actual gross non-oil revenue fell short of the budgeted quarterly estimate of N454.25 billion by N113.13 billion (or 24.9%). This also implies a quarterly drop in revenue between the first quarter's collection (i.e., N343.46 billion) and the second quarter by N2.34 billion (or 0.68%). This follows the comparatively lower performances of all the key non-oil revenue items in the second quarter. The Value Added Tax, Customs & Excise Duties and Company Income Tax underperformed against their quarterly budgeted estimates of N145 billion, N162.5 billion and N146.75 billion by N1.87 billion (or 1.29%), N93.79 billion (or 57.71%) and N17.47 billion (or 11.91%) respectively. Comparing the second and first quarter figures, the Value Added Tax in the second quarter showed a positive performance of N3.88 billion (or 2.79%) over the collection of N139.25 billion in the first quarter. However, the actual receipts of Customs & Excise Duties and Company Income Tax were below their first quarter figures by N3.28 billion (or 4.55%) and N2.95 billion (or 2.23%) when compared with N71.99 billion and N132.23 billion respectively recorded in the first quarter.

Year-to-date

17. Cumulatively, the gross non-oil revenue as at the end of the first half of the year was N684.58 billion which is N223.92 billion (or 24.65%) below the half year budgeted estimate of N908.50 billion. All the non-oil revenue items (i.e., Value Added Tax, Customs & Excise Duties, and Company Income Tax) fell short of their respective quarterly estimates of N290 billion, N325 billion and N293.5 billion by N7.62 billion (or 2.63%), N184.30 billion (or 56.71%) and N32.0 billion (or 10.9%) in the period. The net non-oil revenue as at half year was lower than the estimate of N847.33 billion by N236.33 billion (or 27.89%).

18. Consequently, the performance of the net non-oil revenue in the second quarter was N283.56 billion which is lower than the quarterly estimate of N423.67 billion by

N140.1 billion (or 33.07%). The actual net Value Added Tax (N137.41 billion), Company Income Tax (N124.11 billion) and Customs & Excise Duties (N63.9 billion) fell short by N1.8 billion (or 1.29%), N10.08 billion (or 7.51%) and N87.22 billion (or 57.72%) when compared with the budget estimates of N139.2 billion, N134.19 billion and N151.12 billion respectively. A further review indicates a shortfall of N236.33 billion (or 27.89%) between the half year estimate of N847.33 billion for the first half and the actual receipt of N611 billion for the period.

19. Several reasons have been proffered for this below par performance under this category. Among these are the large scale loss of revenue due to the increased use of Negotiable Duty Credit Certificate, increased routing of Nigeria bound merchandise through our neighbouring countries with the aim of enjoying 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 yield from tax collection due to relatively poor returns from Banks, and the shut-down or relocation of some companies from the country. These developments are being regularly addressed through the government's infrastructure development efforts, and its Economic Management Team reviews and policy amendments. Furthermore, a large number of companies operating in the country have their financial year-ends outside the period of this report. With the continued improvement in the world economic situation which would boost international trade; financial year end for several companies; the collection levels should be significantly better in the second half of the year.

Comparative Revenue Performance Analysis

20. From the foregoing, notwithstanding the low performance levels of the various revenue heads during the second quarter of 2010, data from the OAGF and Budget Office indicate that the revenue receipts exceeded actual receipts in the second quarter of 2009. A review of the gross Oil and Non-Oil revenue receipts in the second quarter of 2010 indicate an improvement over the performance N586.87 billion and N275.45 billion respectively for the same period in 2009 by N701.83 billion (or 119.59%) and N65.67 billion (or 23.84%). Similarly, the half year receipts for 2010 also recorded an improved performance of N1,110.67 billion (or 83.21%) and N131.94 billion (or 23.87%) over the 2009 half year net oil and non-oil revenue receipts of N1,334.76 billion and N552.64 billion respectively. Please see *Table 6* below.

21. A breakdown of the actual performances in the second quarter of 2010 indicate that Crude Oil Sales of N849.20 billion, Petroleum Profit Tax of N284.34 billion and Royalties of N152.41 billion exceeded their respective 2009 second quarter positions of

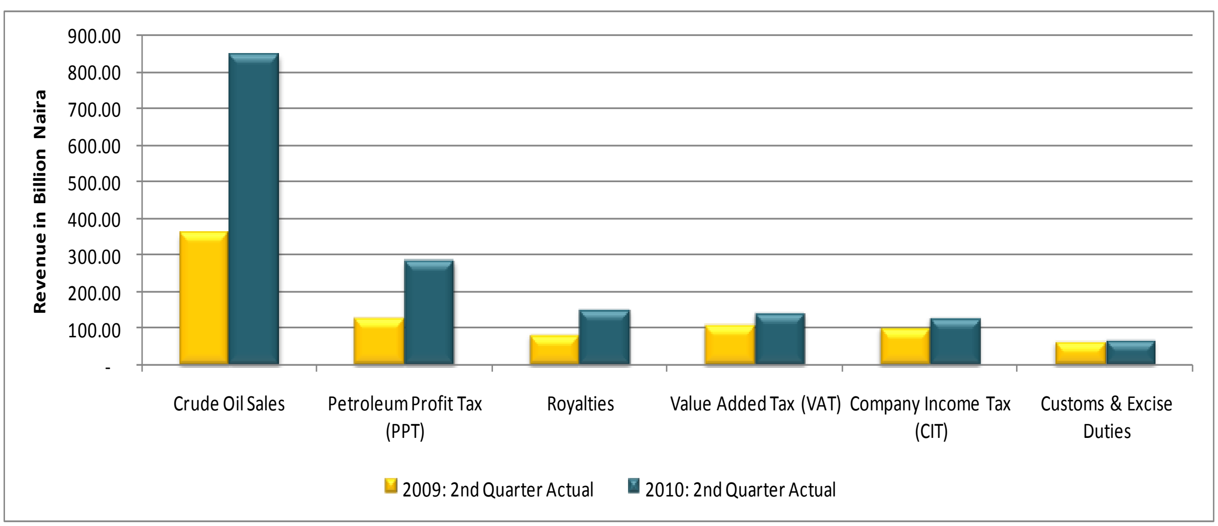
N358.58 billion, N126.43 billion and N82.98 billion by N490.62 billion (or 136.82%), N157.91 billion (or 124.9%) and N69.43 billion (or 83.67%) respectively. Similarly, Value Added Tax (VAT) of N143.13 billion, Company Income Tax of CIT of N129.28 billion and Customs & Excise Duties of N68.71 billion exceeded the 2009 receipts of N108.81billion, N102.28 billion and N64.36 billion for the same period by N34.32 billion (or 31.54%), N27.0 billion (or 26.40%) and N4.35 billion (or 6.76%) respectively.

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

Revenue Items	2009		2010		Variance	
	2nd Quarter Actual	Half-Year Actual	2nd Quarter Actual	Half-Year Actual	2nd Quarter 2009 Vs 2nd Quarter 2010	
Oil Revenue (Gross)	N'bns	N'bns	N'bns	N'bns	N'bns	%
Crude Oil Sales	358.58	831.45	849.20	1,628.05	490.62	136.82
Petroleum Profit Tax (PPT)	126.43	275.73	284.34	526.76	157.91	124.90
Royalties	82.98	181.85	152.41	286.50	69.43	83.67
Non-Oil Revenue (Gross)						
Value Added Tax (VAT)	108.81	222.21	143.13	282.38	34.32	31.54
Company Income Tax (CIT)	102.28	203.62	129.28	261.50	27.00	26.40
Customs & Excise Duties	64.36	126.81	68.71	140.70	4.35	6.76

Source: OAGF and Budget Office of the Federation

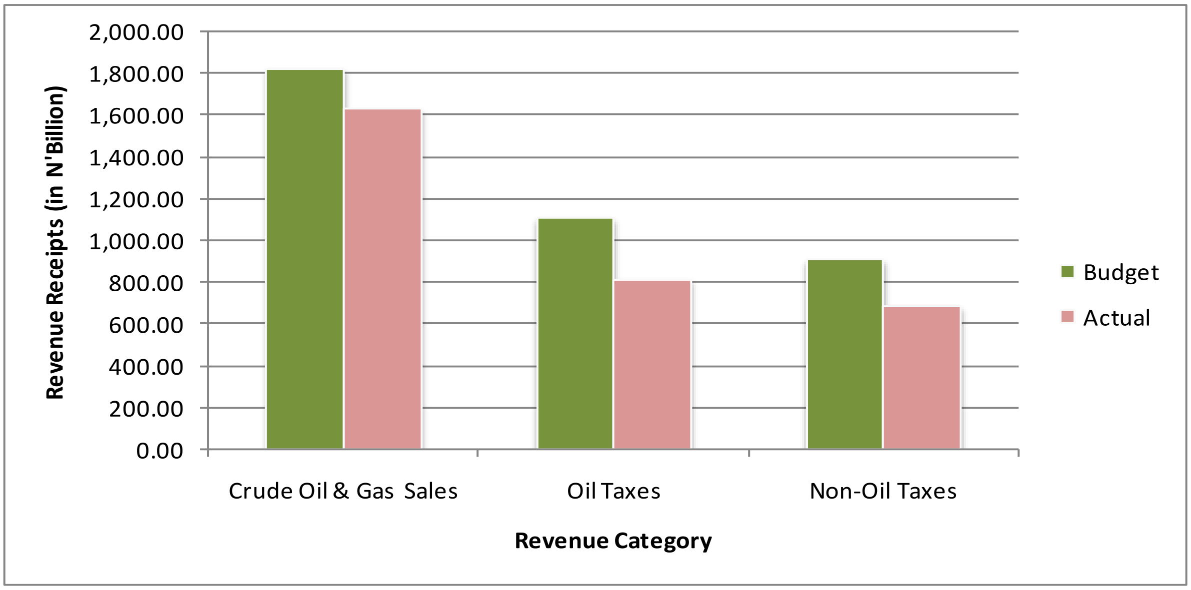
Chart 2: 2009 Vs 2010 Revenue Performance (Second Quarter)



Source: OAGF and Budget Office of the Federation

22. As the world economic situation and the various revenue collecting agencies' collection efficiencies improves, the government's revenue receipts would continue to improve all things being equal in the course of the year. *Chart 3* below is a graphical representation of the actual performance of revenue categories compared to their budgeted estimates for the first half of the year.

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



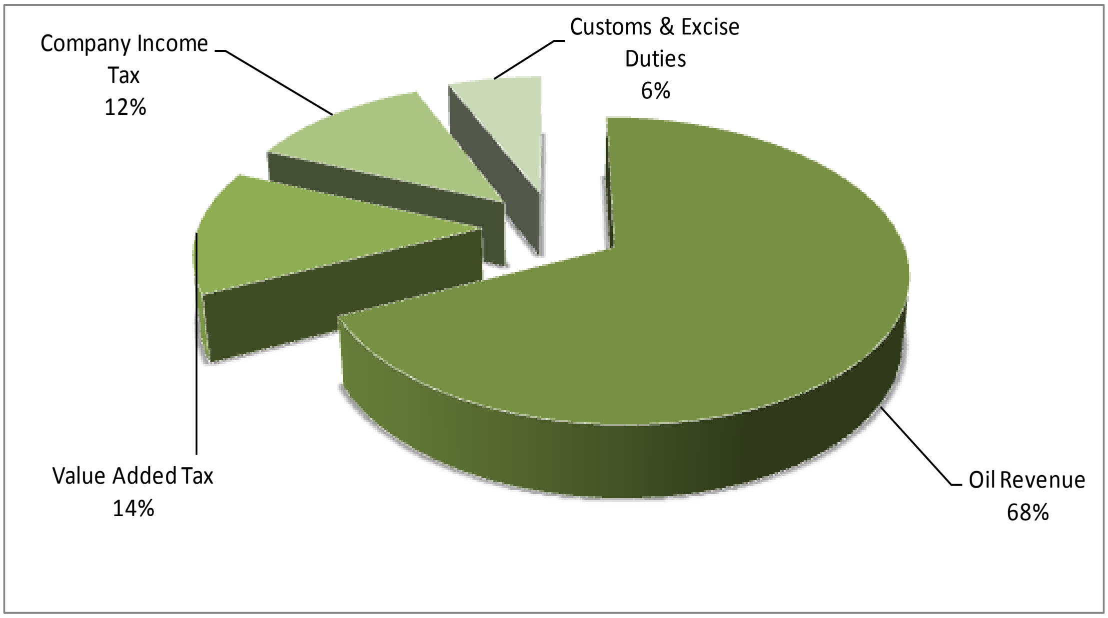
Source: Budget Office of the Federation

Distributable Revenue

23. The low performance of the oil and non-oil revenue receipts expectedly impacted the amount of funds available for distribution among the three tiers of government negatively. A total of N972.56 billion accrued for distribution to the three tiers of government in the second quarter of 2010. This amount represents a shortfall of N517.11 billion (or 34.71%) when compared with the quarterly estimate of N1,489.68 billion. It however improved over the first quarter position by N163.06 billion (or 20.14%). *Chart 4* below shows each revenue category's contributions to distributable revenue in the second quarter.

24. Furthermore, the aggregate distributable funds as at the end of the first half of 2010 falls short of the budgeted estimate by N1,197.28 billion (or 40.19%). Considering the anticipated growth in revenue collections in the second half of the year, a gradual reduction in this shortfall in distributable revenue is expected.

Chart 4: Contributions to Distributable Revenue (in the Second Quarter 2010)



Source: Budget Office of the Federation

2.3 FGN Budget Revenue Sources

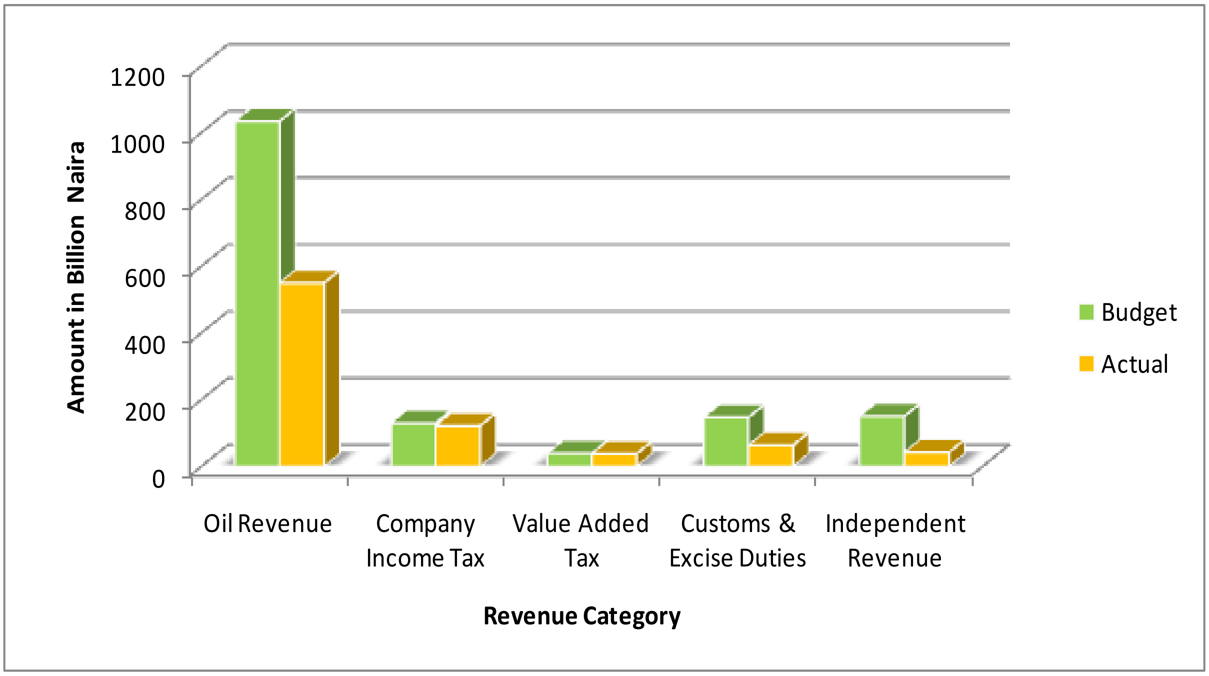
25. Following the approval of the 2010 Fiscal Framework, the Federal Government was expected to receive the sum of N2,619.92 billion from the Federation Account into the Consolidated Revenue Fund for 2010 with other Non-Federation Account items contributing an estimate of N3,142.89 billion. The estimated quarterly share of the Federal Budget from the Federation Account was put at N654.98 billion with other Non-Federation Account funds adding up to a projection of N785.72 billion. In the second quarter of 2010, the aggregate revenue receipts with the exclusion of other funding sources amounted to N487.49 billion. This figure represents a shortfall of N298.23 billion (or 37.96%). However, with the inclusion of other funding items amounting to N303.96 billion, it reduces the shortfall to N5.73 billion (or 0.73%). The second quarter performance was N355.77 billion (or 81.66%) above the first quarter performance of N435.69 billion. On the other hand, the first half of the year actual performance of N1,227.14 billion was N344.31 billion (or 21.91%) below the half year budgeted estimate of N1,571.45 billion into the Consolidated Revenue Fund. These data are presented in *Table 6* below.

Table 6: Inflows to the 2010 Federal Budget as at June 2010 (N' billions)

DESCRIPTION	2010 BUDGET			2010 ACTUAL			VARIANCES					
Inflows for the Federal Budget (CRF)	Annual	Quarterly	Half Year	First Quarter	Second Quarter	Half Year	2nd Quarter Budget Vs Actual		2nd Quarter Vs 1st Quarter		Half Year Budget Vs Actual	
	N'bns	N'bns	N'bns	N'bns	N'bns	N'bns	N'bns	%	N'bns	%	N'bns	%
Share of Oil Revenue	**2,068.06**	**517.02**	**1,034.03**	**233.80**	**334.16**	**567.97**	**(182.85)**	**-35.37**	**100.36**	**42.93**	**(466.06)**	**-45.07**
Share of Non-Oil	**929.82**	**232.45**	**464.91**	**118.25**	**127.01**	**245.26**	**(105.44)**	**-45.36**	**8.76**	**7.41**	**(219.65)**	**-47.25**
Share of VAT	77.95	19.49	38.98	18.71	19.24	37.95	(0.25)	-1.29	0.52	2.79	(1.02)	-2.63
Share of CIT	258.68	64.67	129.34	61.57	39.89	101.46	(24.78)	-38.31	(21.67)	-35.20	(27.88)	-21.56
Share of Customs	293.18	73.30	146.59	32.41	30.99	63.40	(42.30)	-57.71	(1.42)	-4.37	(83.19)	-56.75
Independent Revenue	300.00	75.00	150.00	5.56	36.89	42.44	(38.11)	-50.82	31.33	563.87	(107.56)	-71.70
FGN Bal of Special Accounts	15.48	3.87	7.74	1.24	-	1.24	(3.87)	-100.00	(1.24)	-100.00	(6.50)	-83.99
Transfer (Unspent balance of 2009)	129.54	32.38	64.77	12.59	26.31	38.90	(6.07)	-18.74	13.73	109.07	(25.87)	-39.94
Sub-Total	***3,142.89***	***785.72***	***1,571.45***	***365.87***	***487.49***	***853.36***	***(298.23)***	***-37.96***	***121.62***	***33.24***	***(718.08)***	***-45.70***
Other Funding Sources	**-**	**-**	**-**	**69.81**	**303.96**	**373.77**	**303.96**		**234.15**	**335.40**	**373.77**	
Transfer (CBN Abj Branch A/c	-	-	-	10.41	12.36	22.77	12.36		1.95	18.74	22.77	
Distribution of Excess Crude	-	-	-	21.88	152.90	174.78	152.90		131.02	598.88	174.78	
Excess Crude Proceeds	-	-	-	16.82	-	16.82	-		(16.82)	-100.00	16.82	
Unspent Bala. (E-Payment	-	-	-	16.72	3.75	20.47	3.75		(12.97)	-77.57	20.47	
Unspent Bal. (Refund)	-	-	-	3.98	134.95	138.94	134.95		130.97	3288.11	138.94	
Total Revenue (Including Unspent Bal., ECA Augumentation & Other Revenue	**3,142.89**	**785.72**	**1,571.45**	**435.69**	**791.45**	**1,227.14**	**5.73**	**0.73**	**355.77**	**81.66**	**(344.31)**	**-21.91**

Source: Budget Office of the Federation and the OAGF

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



Source: The OAGF and Budget Office of the Federation

26. In the second quarter of 2010 the FGN share of Oil Revenue was N334.16 billion. This represents a shortfall of N182.85 billion (or 35.37%) when compared with a quarterly projected figure of N517.02 billion. Similarly, the non-oil revenue (i.e., VAT, CIT, and Customs) receipts were short of the quarterly estimates of N232.45 by N105.44 billion (or 45.36%). Specifically, the FGN's share of Value Added Tax, Company Income Tax and Customs & Excise Duties fell short of their quarterly projection of N19.49 billion, N64.67 billion and N73.3 billion by N0.25 billion (or 1.29%), N24.78 billion (or 38.31%) and N42.30 (or 57.71%) respectively. The FGN Independent Revenue receipt for the second quarter was N36.89 billion representing a shortfall of N38.11 billion (or 50.82%) when compared with the estimate of N75 billion.

27. Comparatively, the oil revenue receipts into the Consolidated Revenue Fund in the second quarter of 2010 exceeded the first quarter oil revenue receipt of N233.8 billion by N100.36 billion (or 42.93%). Similarly, the non-oil revenue receipts in the second quarter exceeded the receipt of N118.25 billion in the first quarter by N8.76 billion (or 7.41%). The FGN's Independent Revenue category had a 563.87% growth over the first quarter's performance of N5.56 billion. Though the aggregate position as at the end of the first half was still at a deficit of N107.56 billion (or 71.7%), collections in this respect should improve in the course of the year as the independent revenue sources make necessary remittances. *Charts 6a* and *6b* below are graphical

representations of the respective revenue items' contribution to the FGN budget in the second quarter, and as at the end of the first half of 2010.

Chart 6a: Contribution to the FGN Budget Revenue (for the second quarter)

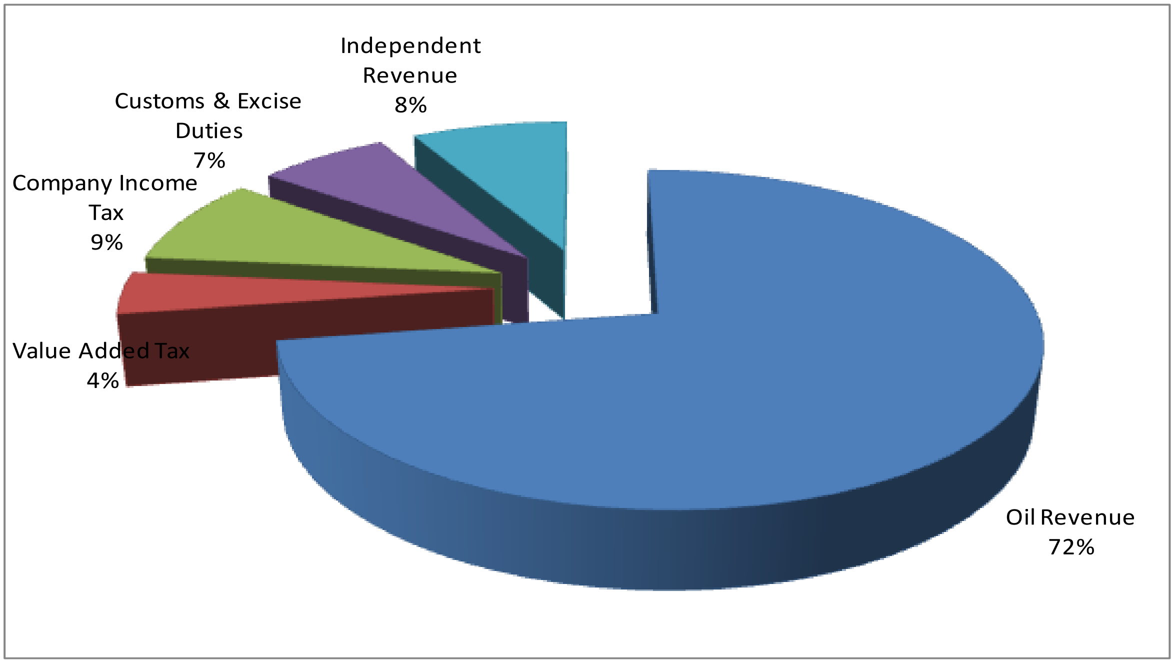
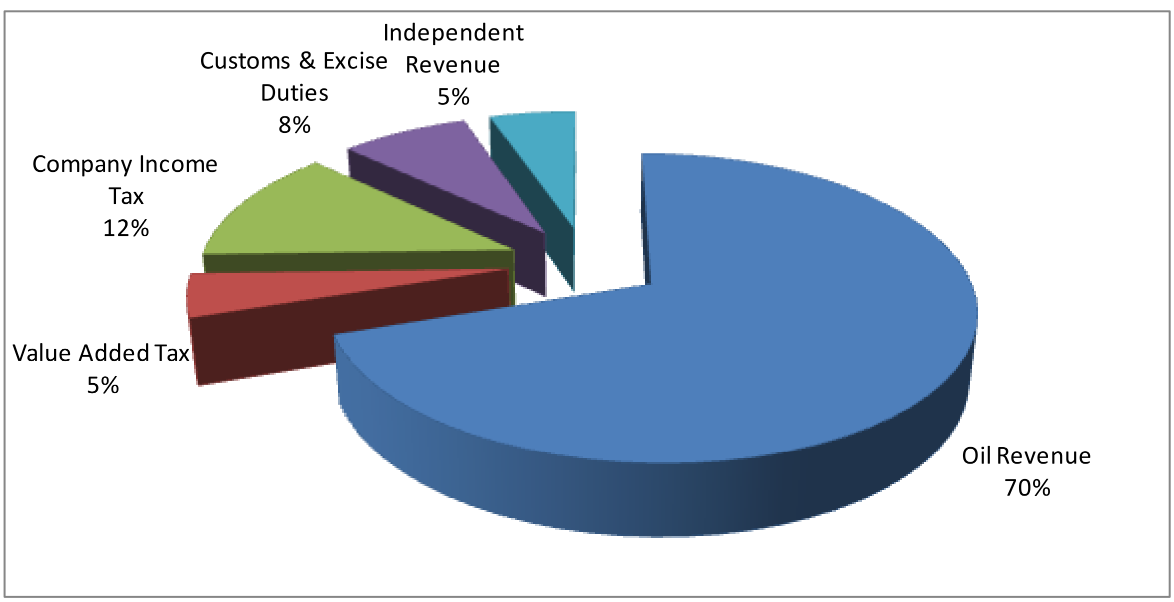


Chart 6b: Contribution to the FGN Budget Revenue (for the first half)



Source: The OAGF and Budget Office of the Federation

2.4 Excess Crude Account

28. The Excess Crude Account was set up by the Federal Government to smoothen government's budgetary spending and guide against shortfalls and volatilities in revenue receipts associated with price volatility in 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 the market price averaged US$77.65 per barrel and US$79.54 per barrel in the first and second quarters respectively. While production was benchmarked at 2.35 mbpd in the Revenue Framework, gross oil production in the first and second quarter averaged 2.35 mbpd and 2.39 mbpd respectively.

29. The inflow into the Excess Crude Account in the second quarter amounted to N172.95 billion. This figure represents a shortfall of N72.98 billion (or 29.67%) when compared with the total inflow of N245.93 billion in the first quarter of 2010. The 2010 second quarter inflows to this account also indicates an increase of N172.47 billion (or 35,931.25%) when compared with N0.48 billion recorded in the second quarter of 2009. Similarly, the total inflow of N418.88 billion into the Excess Crude Account in the first half of 2010 represents an increase of N369.36 billion (or 745.88%) when compared with the total inflow of N49.52 billion recorded in the first half 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

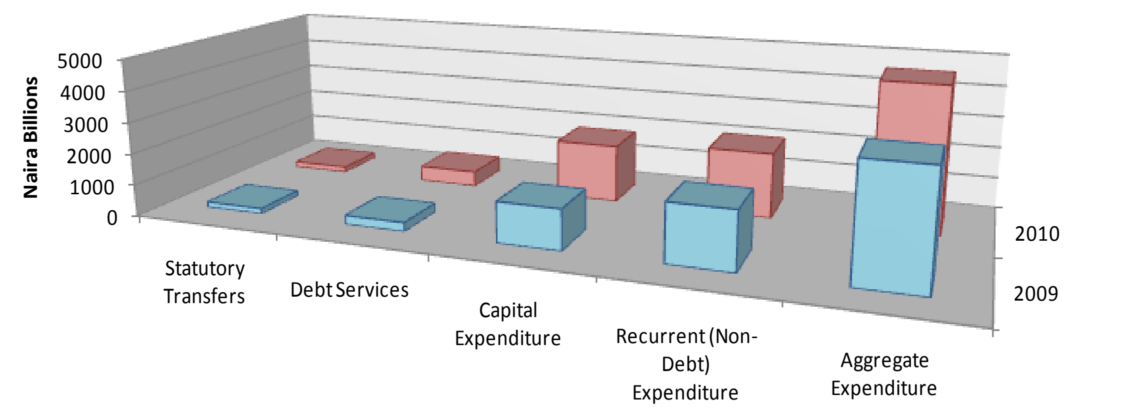
Description	2009 Actual (N' bns)		2010 Actual (N' bns)		
	Annual	Half Year	First Quarter	Second Quarter	Half Year
Crude Oil Sales	60.39	37.17	245.93	172.95	418.88
Petroleum Profit Tax	-	-	-	-	-
Royalties	12.35	12.35	-	-	-
Total	**72.74**	**49.52**	**245.93**	**172.95**	**418.88**

Source: Office of the Accountant General of the Federation

2.5 Expenditure Developments and Revision

30. In a bid to realize the Government's developmental plans, the 2010 Budget concentrated on projects/programmes that will stimulate national economic recovery. In so doing, about 90% of MDAs' capital expenditure was allocated to five key sectors: Critical Infrastructure; Human Capital Development; Land Reform & Food Security; Physical Security, Law & Order; and the Niger Delta Development. To actualize this goal, a total of N4,608.6 billion was appropriated in the FGN 2010 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 Services, Capital and Recurrent Non-Debt Expenditures respectively. The allocation of 40.23% of the total FGN 2010 Budget to capital projects/programmes was a significant increase over the allocations of 29.66% and 28.96% in 2008 and 2009 Budgets respectively. *Chart 7* and *Chart 8* below are graphical demonstrations of the distribution of expenditure in 2009 and 2010.

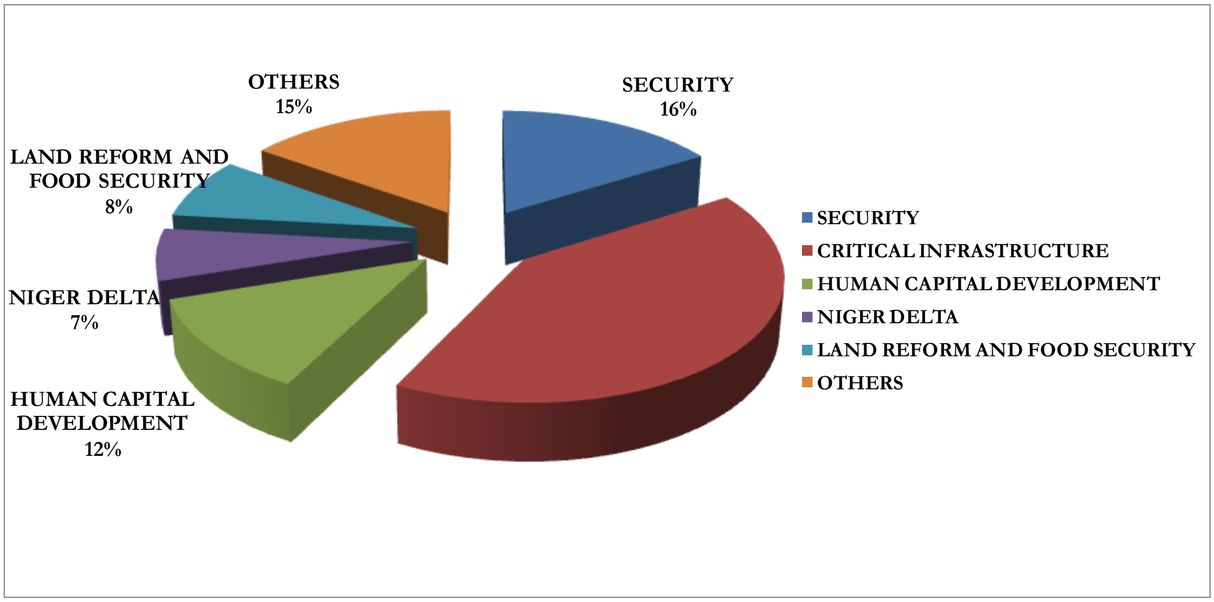
Chart 7: 2009 Budget Vs 2010 Budget Expenditure Profile



	Statutory Transfers	Debt Services	Capital Expenditure	Recurrent (Non-Debt) Expenditure	Aggregate Expenditure
2009	168.62	283.65	1,280.71	1,824.71	3,557.69
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



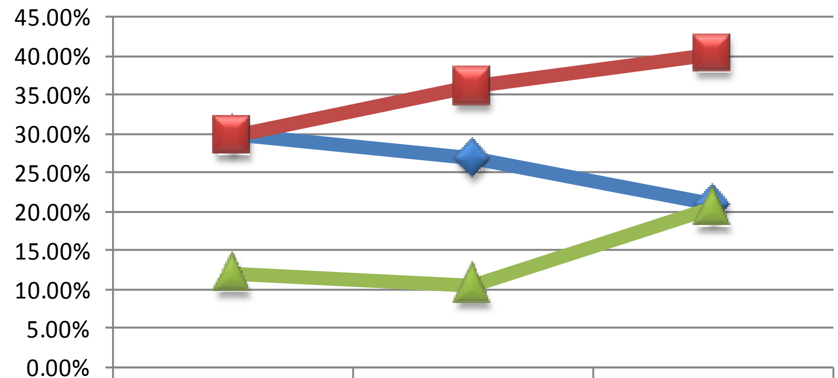
Source: Budget Office of the Federation

31. However, in the light of serious shortfall in projected revenue, and its implications for financing the level of aggregate expenditure as passed by the National Assembly, the Government engaged with key stakeholders to revise the 2010 Revenue Framework and the 2010 Appropriation Act. In this connection, several revenue scenarios were run in collaboration with oil and non-oil generating/collecting agencies, while consultations held between the Executive and Legislative arms of Government, and with other tiers of Government. Accordingly, a proposal seeking the revision of the 2010 Revenue Framework and the 2010 Budget based on the realities was awaiting the approval of the National Assembly as at the end of the first half of 2010. This revision imply a reduction in aggregate revenue for the Federal Government Budget, and a reduction to the Overhead and Capital budget line items approved in the 2010 Appropriation.

2.5.1 Non-Debt Recurrent Expenditure

32. Similar to the trend in the FGN budgets, recurrent expenditure has been rising in absolute terms in recent years. However, due to the constraints in revenue and the need to stimulate economic growth while launching the nation onto the path of sustainable development, the government took a bold step to boost efficiency in expenditure by cutting down on recurrent expenditure in relative terms. *Chart 9* below illustrates falling personnel cost 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%	20.82%
Capital Spending	29.66%	36.00%	40.23%
Overheads	12%	10.55%	20.42%

Source: Budget Office of the Federation

33. The sum of N616.57 billion was released in the second quarter of 2010 for Non-Debt recurrent expenditure. This amount was N97.01 billion (or 18.67%) higher than the quarterly budgeted estimate of N519.55 billion and N170.79 billion (or 38.31%) higher than N445.78 billion recorded in the first quarter. The cumulative Non-debt recurrent releases of N1,062.35 billion for the first half of the year was higher than N1,039.11 billion which was projected for the half year by N23.24 billion (or 2.24%). *Table 8* below presents the fiscal position of the federal government as at the end of the first half of 2010. The personnel cost for the second quarter amounted to N280.89 billion which is N41.01 billion (or 17.1%) over the quarterly budgeted estimate of N239.88 billion. As explained in the First Quarter Report, this difference is attributable to the operational system of the personnel cost releases whereby bulk releases of personnel cost or allowances of some MDAs like Nigeria's Overseas Missions, Department of Petroleum Resources and Petroleum Training Institute are made to them in advance, usually in the first half of the year. The Personnel Cost for the second quarter of the year was N21.57 billion (or 8.32%) higher than N259.32 recorded in the first quarter. The sum of N540.21 billion recorded for both quarters was N60.46 billion (or 12.60%) over N479.75 billion projected for the first half.

Table 8: FGN Budget Expenditure and Fiscal Account (in N' billion)

DESCRIPTION	BUDGET			ACTUAL			VARIANCE					
	Annual	Quarterly	Half Year	First Quarter	Second Quarter	Half Year	2nd Quarter Budget Vs Actual		2nd Quarter Vs 1st Quarter		Half Year Budget Vs Actual	
	N'bns	N'bns	N'bns	N'bns	N'bns	N'bns	N'bns	%	N'bns	%	N'bns	%
TOTAL INFLOW	**3,142.89**	**785.72**	**1,571.45**	**435.69**	**791.45**	**1,227.14**	**5.73**	**0.73**	**355.77**	**81.66**	**(344.31)**	**(21.91)**
EXPENDITURE												
RECURRENT												
Personnel Cost	959.51	239.88	479.75	259.32	280.89	540.21	41.01	17.10	21.57	8.32	60.46	12.60
Pension & Gratuities	177.46	44.37	88.73	40.81	56.93	97.73	12.56	28.31	16.12	39.50	9.00	10.15
Overhead Cost, MYTO,	941.25	235.31	470.62	145.65	278.75	424.40	43.44	18.46	133.11	91.39	(46.22)	(9.82)
Sub Total (Non-Debt)	2,078.22	519.55	1,039.11	445.78	616.57	1,062.35	97.01	18.67	170.79	38.31	23.24	2.24
Domestic Debts & Int. on Ways & Means	463.16	115.79	231.58	62.32	88.63	150.95	(27.16)	(23.46)	26.31	42.22	(80.63)	(34.82)
Foreign Debts	33.92	8.48	16.96	9.55	10.07	19.62	1.59	18.73	0.52	5.43	2.66	15.67
Sub Total (Debt)	497.07	124.27	248.54	71.87	98.70	170.56	(25.57)	(20.58)	26.83	37.33	(77.97)	(31.37)
Sub-Total (Recurrent)	2575.289	*643.822*	1,287.64	517.64	715.26	1,232.91	71.44	11.10	197.62	38.18	(54.74)	(4.25)
CAPITAL EXPENDITURE:		-	-	-	-	-	-		-		-	
*Capital Releases	1,853.05	463.26	926.52	241.00	204.12	445.11	(259.15)	(55.94)	(36.88)	(15.30)	(481.41)	(51.96)
TRANSFER:		-	-	-	-	-	-		-		-	
Transfer (15% NDDC)	59.03	14.76	29.51	-	-	-	(14.76)	(100.00)	-		(29.51)	(100.00)
National Judicial Council	91.00	22.75	45.50	39.00	6.50	45.50	(16.25)	(71.43)	(32.50)	(83.33)	-	-
Universal Basic Education	59.14	14.79	29.57	11.08	11.08	22.16	(3.71)	(25.06)	(0.00)	(0.00)	(7.41)	(25.06)
Refund to UBA Plc		-	-	0.01	-	0.01	-		(0.01)	(100.00)	0.01	
FCT/FIRS		-	-	2.91	5.26	8.17	5.26		2.35	80.77	8.17	
Sub Total	209.17	52.29	104.59	53.00	22.84	75.84	(29.45)	(56.32)	(30.16)	(56.91)	(28.74)	(27.48)
TOTAL EXPENDITURE	**4,637.51**	**1,159.38**	**2,318.75**	**811.64**	**942.22**	**1,753.86**	**(217.15)**	**(18.73)**	**130.58**	**16.09**	**(564.89)**	**(24.36)**
Deficit /(Surplus)	(1,494.61)	(373.65)	(747.31)	(375.96)	(150.77)	(526.73)	222.88	(59.65)	225.19	(59.90)	220.58	(29.52)
FINANCING ITEMS												
Sale of Govt. Property	9.56	2.39	4.78	-	-	-	(2.39)	(100.00)	-		(4.78)	(100.00)
Privitization Proceeds	107.21	26.80	53.60	-	-	-	(26.80)	(100.00)	-		(53.60)	(100.00)
FGN Share of Excess	309.13	77.28	154.57	97.66	-	97.66	(77.28)	(100.00)	(97.66)	(100.00)	(56.90)	(36.81)
Signature Bonus	132.31	33.08	66.16	-	-	-	(33.08)	(100.00)	-		(66.16)	(100.00)
International Bond ($500m)	75.00	18.75	37.50	-	-	-	(18.75)	(100.00)	-		(37.50)	(100.00)
Domestic Borrowing (FGN	917.59	229.40	458.80	216.87	150.00	366.87	(79.40)	(34.61)	(66.87)	(30.83)	(91.93)	(20.04)
World Bank Loan ($500)		-	-	75.03	-	75.03	-		(75.03)	(100.00)	75.03	
Sub Total	**1,550.80**	**387.70**	**775.40**	**389.56**	**150.00**	**539.56**	**(237.70)**	**(61.31)**	**(239.56)**	**(61.49)**	**(235.84)**	**(30.42)**
Net Deficit / Surplus				**13.60**	**(0.77)**	**12.83**						

Source: OAGF

2.5.2 Debt Service

34. Data from the Debt Management Office as at end of the first half of 2010 indicate that the outstanding Federal Government's securitized domestic debt stock was N3,764.76 billion. This represents an increase of N290.39 billion (or 8.61%) over N3,466.37 billion which was recorded in the first quarter of 2010. The increased volume of FGN Bonds by N235 billion in the quarter to part finance the deficit of the 2010 Budget is largely responsible for this. Of the total domestic debt stock, FGN Bonds constitute N2,408.43 billion (or 63.97%), Nigerian Treasury Bills (NTBs) represents N901.02 billion (or 23.93%), Treasury Bonds accounts for N392.07 billion (or 10.41%), Development Stocks make up N0.22 billion (or 0.01%) and Promissory Note amounted to N63.03 billion (or 1.67%).

35. Nigeria's external debt stock as at 30th June, 2010 was US$4,269.71 million. This represents a decrease of US$36.47 million (or 0.85%) when compared to US$4,306.18 million in the first quarter. A breakdown of this amount indicates that multilateral debt accounted for US$3,860.68 million (or 90.42%) while Non-Paris Club and Commercial debt accounts for the balance of US$409.03 million (or 9.58%).

36. During the quarter, the sum of N98.7 billion was released for recurrent debt servicing. This figure is lower than the quarterly estimate of N124.27 billion by N25.57 billion (or 20.58%) and is N26.83 billion (or 37.33%) higher than the N71.87 billion released in the first quarter. Furthermore, the cumulative debt service releases (N170.56 billion) in the first half was N77.97 billion (or 31.37%) below the half year budgeted estimate of N248.54 billion. This gap between the quarterly estimates and releases is expected to thin out in the course of the year as debt service payments fall due. The actual domestic debt service payment for the second quarter of 2010 amounted to N87.05 billion. The payments consist of N70.92 billion (or 81.48%) for FGN Bonds, N6.72 billion (or 7.73%) for NTBs, N9.38 billion (or 10.77%) for Treasury Bonds and N0.02 billion (or 0.02%) for Development Stocks.

37. The cumulative external debt service payment as at the second quarter of 2010 amounts to US$112.88 million while payment in the first quarter was US$64.71 million thereby aggregating to US$177.59 million. This is comprised of: US$133.88 million to Multilateral Creditors, US$3.44 million to Non-Paris Club Bilateral Creditors, US$40.26 million to Non-Paris Club Commercial Creditors and US$0.01 million to other creditors (England/CITI Bank).

2.5.3 Statutory Transfers

38. These are statutory releases made to three departments of government: the Niger Delta Development Commission (NDDC), the National Judiciary Council (NJC) and the Universal Basic Education Commission (UBEC)[3]. In the second quarter of 2010, N6.5 billion and N11.08 billion were released to the National Judicial Council and Universal Basic Education Commission respectively. Transfers to the NDDC as at the end of the first half are yet to be made as their request was still being awaited.

2.5.4 Capital Expenditure Performance:

MDAs' Capital Vote Utilization:

39. Recent reviews of MDAs' capital projects' implementation through our budget monitoring and evaluation efforts indicate a low level of capital vote's utilization. In some instances where capital projects are significantly utilized some of these projects were observed to have been executed at escalated costs due principally to weak project management practices in the MDAs. In the government's effort to facilitate smooth implementation of the annual capital budgets, the Budget Office of the Federation/Federal Ministry of Finance, building on the previous works, organized a Workshop for MDAs in the first quarter of 2010. Covering issues bordering on project planning and presentation for the annual budget, procurement planning, implementation, and reporting, it helped strengthen the implementation of MDAs' capital projects/programmes by identifying and proffering solutions to the identified challenges. The implementation of these outcomes however rests with the MDAs.

40. Furthermore, in the practice of continually improving on the delivery of its promises, the government has continued to review budget implementation processes. Some of these include the removal of bottlenecks in the procurement process while ensuring timely funds releases to MDAs, several monitoring and evaluation reports reveal a retinue of questionably implemented projects. However, while these measures gradually yield positive outturns for the implementation of our national budgets, government is looking further to the implementation of standardized programme and project portfolio management processes in Nigeria to manage capital expenditure programs and further build the capacity of MDAs in project management. This is with a view to improving government's spending efficiency and the effective delivery of services, which is

[3] See Section 2.3.5 of the 2010 First Quarter Budget Implementation Report

of interest, rather than emphasis purely on funds utilization.

41. A sum of N423.88 billion was released for MDAs' capital budget implementation in the second quarter of 2010. These were made through Capital Warrants of N397.63 billion, Authority to Incur Expenditures (AIEs) of N16.45 billion and Capital Supplementation of N9.8 billion. However, due to shortfalls in revenue receipts in the period, N404.82 billion (or 94%) was cash-backed by the OAGF while only N124.79 billion (or 30.83%) was utilized by MDAs as at 30 June 2010.

42. Based on data from the Office of the Accountant General of the Federation (OAGF), an appraisal of forty-six MDAs reported upon shows a low level of utilization of capital releases in the first half of the year. The data indicates an overall average capital utilization rate of 30.83% based on the total amount cashed backed to the MDAs as at 30 June 2010. Matched against the total releases of N423.88 billion for the period, the position worsens to 29.44%. The low utilization rate might not be unconnected to previously reported impediment to MDAs' capital budget implementation like improper planning and procurements, and the late cash-backing of the capital releases due to liquidity challenges. Please see *Appendix 1*.

43. A review of the MDAs' performances indicates varied level of utilization among the MDAs. On the whole, sixteen (or 34.78%) of the MDAs including: Defence, Federal Capital Territory Administration, Agriculture, Works, Environment, Power, Foreign Affairs, Tourism & Culture and Commerce & Industry each utilized over the overall average utilization rate of 30.83%. Six out of these (or 13.04% of the MDAs) including Agriculture, Presidency, Foreign Affairs, Environment, National Planning and Office of National Security Adviser had utilization rates of over 50% of their respective released amounts. It is noteworthy that nine (or 19.57%) of the MDAs were yet to utilize any portion of the capital budget funds released to them. Key among these MDAs are: Women Affairs, Federal Civil Service Commission, and Police Service Commission.

44. Comparatively, a further review of the utilization rates indicates that while only seven (or 16.28%) of the MDAs had utilization rates above the overall average of 18.57% in the first quarter, seventeen (or 36.96%) of the MDAs had their utilization rate above the overall average rate of 30.83% as at the second quarter. Twelve MDAs (or 26.09%) which had their first quarter respective utilization rates below the overall average, significantly exceeded the overall average utilization rates in the second quarter. MDAs in this category include the Federal Ministry of Works, Environment, Power, National Planning Commission,

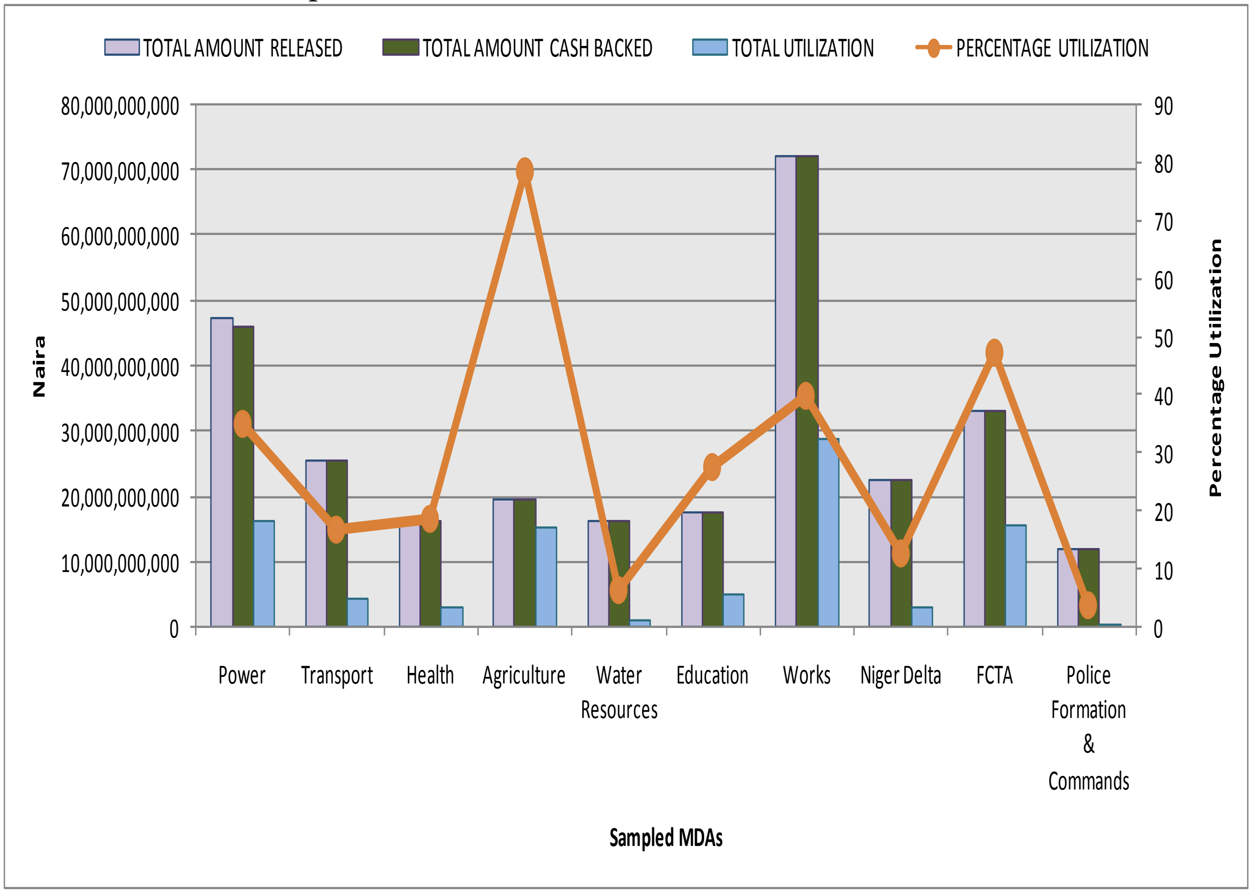
Presidency and Federal Ministry of Finance. On the other hand, two MDAs with above average utilization rates in the first quarter dropped significantly in their utilization rates as at the end of the second quarter of the year. These MDAs are the Federal Ministry of Health (from 22.94% to 18.53%) and Federal Ministry of Information & Communication (from 55.07% to 26.44%). *Table 10* below is an extract from *Appendix 1* highlighting the utilization rate of ten MDAs considered as key to the actualization of the Administration's goals.

Table 10: A sample of MDAs' Capital Budget utilization (as at 30th June, 2010)

MDA	1st QUARTER WARRANT	2nd QUARTER WARRANT	PAYMENT THROUGH AIEs	CAPITAL SUPPLEMENTATION	AMOUNT RELEASED	AMOUNT CASH BACKED	UTILIZATION		
	N	N	N	N	N	N	N	As %age of Cashbacked Funds	As %age Total Budgetary Releases
Power	12,221,434,882	23,653,197,490	11,500,000,000	-	47,374,632,372	45,891,504,947	16,052,930,734	34.98	33.89
Transport	9,645,022,871	15,806,863,660	-	65,000,000	25,516,886,531	25,516,886,531	4,282,411,849	16.78	16.78
Health	7,996,824,800	7263332610		940,000,000	16,200,157,410	16,182,354,044	2,998,914,569	18.53	18.51
Agriculture	16,036,657,458	3,358,989,753	-	-	19,395,647,211	19,342,020,545	15,197,461,811	78.57	78.36
Water Resources	1,850,528,527	14,316,192,933	-	-	16,166,721,460	16,166,721,460	1,017,326,944	6.29	6.29
Education	7,403,020,883	10,244,778,975	-	-	17,647,799,858	17,647,799,858	4,887,143,240	27.69	27.69
Works	50,453,447,436	21,483,959,994	-	-	71,937,407,430	71,937,407,430	28,750,947,858	39.97	39.97
Niger Delta	12,000,000,000	10,579,059,441	-	-	22,579,059,441	22,579,059,441	2,849,799,806	12.62	12.62
FCTA	16,662,500,000	16,315,578,167	-	-	32,978,078,167	32,978,078,167	15,553,946,348	47.16	47.16
Police Affairs, Formation & Commands	5,376,015,391	6,655,374,294	-	-	12,031,389,685	12,031,389,685	432,732,731	3.60	3.60
Overall Average Utilization (by all MDAs)								**30.83**	**29.44**

Source: OAGF and BOF

Chart 10: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF

2.5.5 Performance of the Financing Items

45. The sum of N785.72 billion was projected to fund the 2010 Budget quarterly while aggregate quarterly expenditure was projected at N1,159.38 billion resulting in a projected deficit of N373.65 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 for 2010 of N77.28 billion, FGN's Share of Signature Bonus (2010 Bid Rounds) of N33.08 billion, International Bond ($500 million or about N18.75 billion) and Domestic Borrowing (FGN Bond) of N229.4 billion.

46. While a few of these quarterly estimates planned to fund the deficit have been fully or partially realized, some others are yet to yield any contribution. Of the quarterly financing contribution of N229.4 billion scheduled for the FGN Bonds, only N150 billion was realized in the second quarter. The planned World

Bank loan of US$500 million for the year was fully realized within the first half of the year. Nothing was realized from the other financing items in the quarter. Furthermore, as at the end of the first half of 2010, the FGN share of Excess Crude, Domestic Borrowing (FGN Bond), and the World Bank Loan have respectively yielded N97.66bn (i.e., N56.9bn or 36.81% less than budget), N366.87 billion (i.e., N91.93bn or 20.04% less than budget), and N75.03bn (i.e., 100% realized).

2.5.6 Deficit Financing

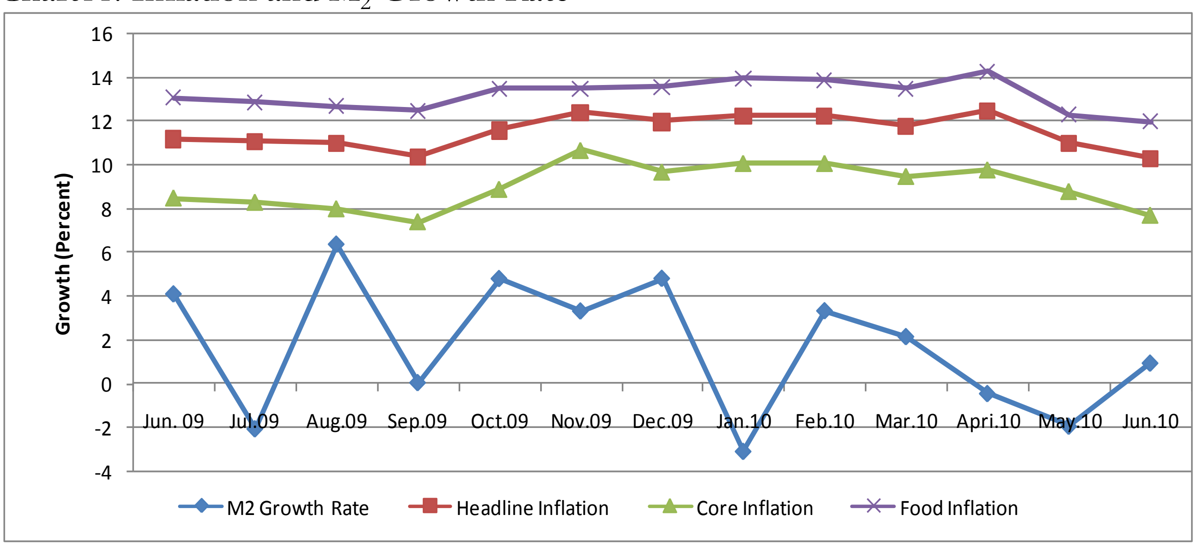
47. The total revenue receipts to fund the 2010 Budget in the second quarter of 2010 was N487.49 billion while the actual aggregate expenditure was N942.22 billion resulting to a gross deficit of N454.77 billion. The application of funds from other financing sources, identified in *Table 6* above, however increased the gross finances for the Budget in the quarter to N791.45 billion improving the deficit position to N150.77 billion in the quarter (Please see *Table 6*). This deficit is N225.19 billion (or 59.9%) lower than the N375.96 billion deficit recorded in the first quarter. In the first half of the year, the cumulative inflow into the FGN's account was N1,227.14 billion while the aggregate expenditure was N1,753.86 billion resulting to a total deficit of N526.73 billion. The shortfall in revenue for the first half of the year was financed with the FGN's Consolidated Share (net) of the ECA for 2010 (N97.66 billion), Domestic Borrowing [FGN Bond] (N366.87 billion), and World Bank Loan [$500 million] (N75.03 billion).

3.0 MACROECONOMIC DEVELOPMENT AND ANALYSIS

48. The remarkable growth in output[4] recorded in the second half of 2009 continued in 2010. Provisional data from the National Bureau of Statistics (NBS) indicate that Nigeria's real Gross Domestic Product (GDP) grew by 7.23% in the first quarter of 2010 and is expected to grow by 7.68%, 7.76% and 8.13% in the second, third and fourth quarters of 2010 respectively. On the whole, the GDP is projected to grow at 7.74% which is higher than the rate of 6.66% as revised for 2009. The non-oil sector is projected to remain the prime driver of overall GDP growth, with agriculture, wholesale & retail trade and services contributing 2.49%, 2.03% and 2.11% respectively.

49. Year-on year, the headline inflation rate declined from 11.8% in March to at 10.3% in June 2010. In the same way, core inflation fell from 9.5% in March to 7.7% in June while food inflation dropped to 12% in June from 13.5% recorded in March 2010. The downward trend in the domestic price level is attributable to a number of factors including: the continuing underperformance of monetary aggregates and its associated constrained demand; adequate food supply; stable exchange rates; and improvement in the availability of petroleum products. This is depicted in *Chart 11* below.

Chart11: Inflation and M_2 Growth Rate



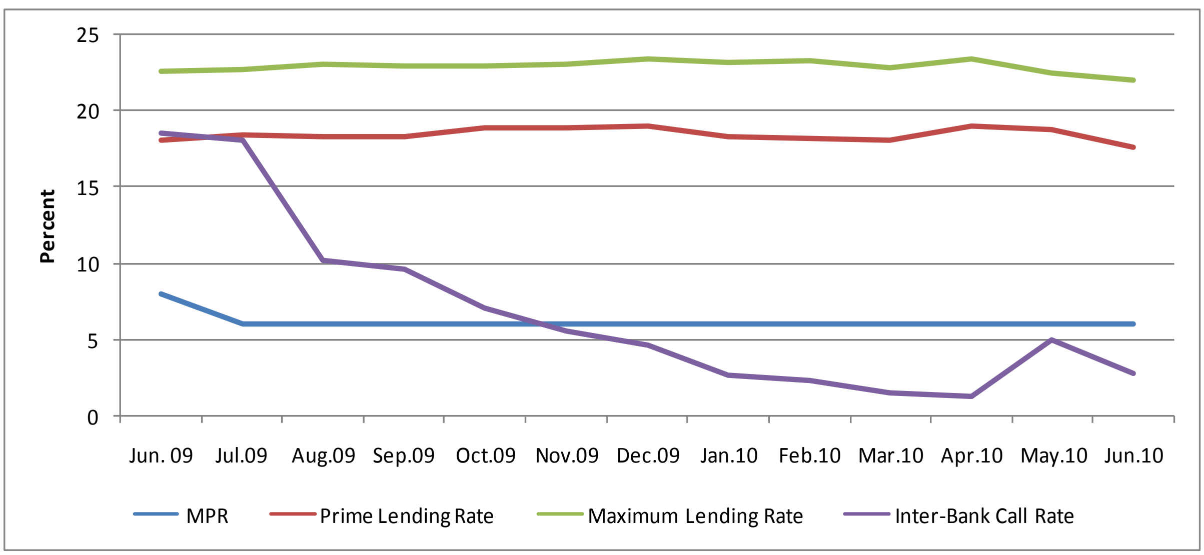
Source: Central Bank of Nigeria, 2010; National Bureau of Statistics, 2010.

[4] Communiqué No. 71 of the Monetary Policy Committee Meeting, 5 July 2010, Central Bank of Nigeria.

50. The data also indicate that relative to March 2010, Broad Money (M_2) declined from N11.01 trillion in March 2010 to N10.84 trillion in June 2010. Credit to the private sector which grew by 0.65% between March and June 2010 contributed largely to a 1.16% increase in Net Domestic Credit from N8.51 trillion to N8.61 trillion in June 2010. Credit to government declined by 9.68% within the same period. In order to grow the economy and improve the growth of credit to the private sector, further efforts are needed to boost the credit market so as to enhance the flow of credit to the real economy.

51. The development in interest rates structure indicated that the retail lending rates were still relatively high even though they were on the decline. The average maximum lending rate dropped from 23.62% in March to 22.03% in June 2010 while the average prime lending rate also moved from 19.03% in March to 17.65% in June 2010. The inter-bank call rates segments of the money market which were 1.27%, 4.94% and 2.73% in April, May and June respectively, averaged 2.98% in the second quarter was much higher than the average rate of 2.13% obtained in the first quarter of 2010. The rise in the average inter-bank call rate was due to the short-lived tight liquidity conditions in May 2010.

Chart 12: Interest Rates Trend

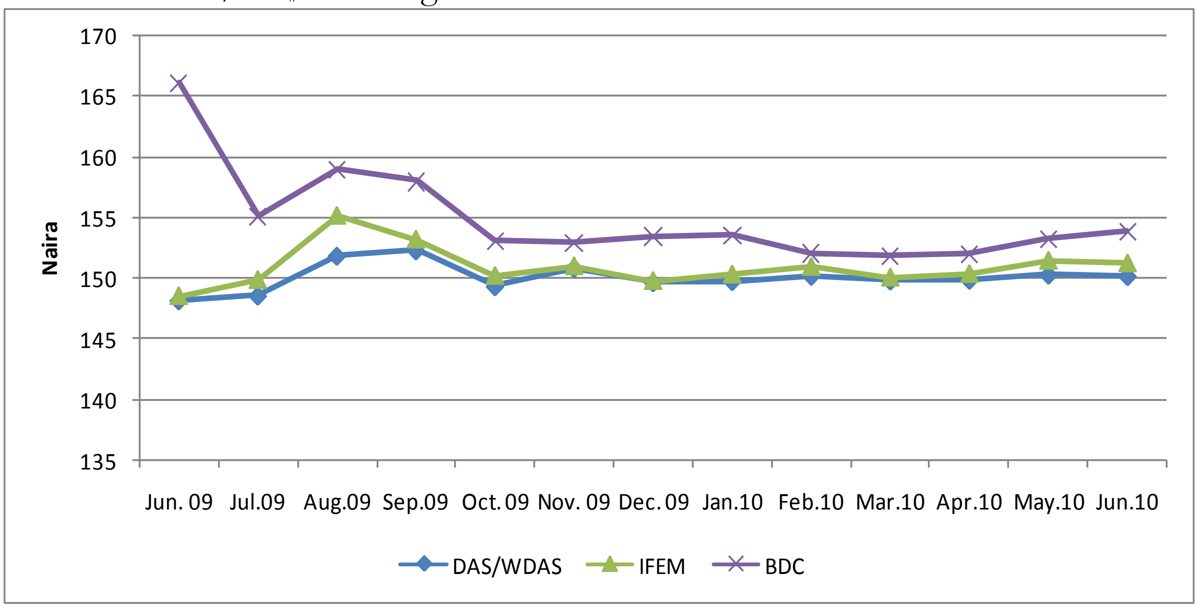


Source: Central Bank of Nigeria, 2010

52. The foreign exchange market maintained relative stability in the first half of the year. This indicates increased confidence in the Naira and the effectiveness of current exchange rate policy position. In the second quarter, the WDAS opened with an exchange rate of N149.89/US$1 and closed at N150.19/US$1 with an average closing rate of N150.13/US$1. When compared with the average closing

rate of N149.94/US$1 recorded during the first quarter of 2010, the figure represented a depreciation of N0.19 (or 0.13%). At the inter-bank market, the average exchange rate depreciated marginally from N150.08/$ in March to N151.27/$ in June 2010. In the same vein, the premium between the WDAS average rate and the inter-bank market rate remained low at N0.92 (or 0.61%) in the second quarter of 2010, while that between the WDAS average exchange rate and the BDCs rate rose slightly to N2.91 (or 1.94%) in the second quarter from N2.55 (or 1.70%) in the first quarter of 2010.

Chart 13: Naira/US$ Exchange Rates Trend

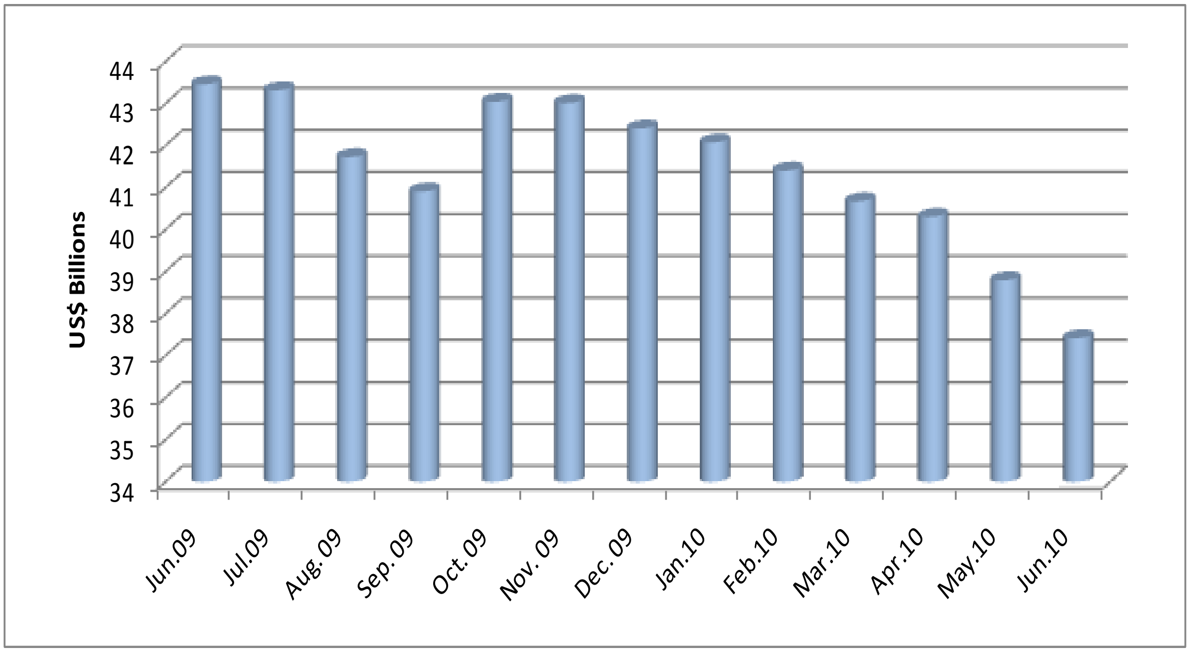


Source: Central Bank of Nigeria, 2010

53. The gross external reserves stood at US$37.42 billion as at 30th June, 2010, representing a decrease of US$3.26 billion (or 8.01%) relative to the level of US$40.68 billion as at 31st March 2010. The fall in external reserves can be attributed to the withdrawals made by the three tiers of government to augment funding of the 2010 Budget shortfall. The level of the external reserves as at the end of the second quarter was sufficient to finance at least 16 months of imports[5] which was well above the internationally recommended best practice of 3-months import cover. It is believed that with the continued rise in the price of crude oil in the international market over the benchmark price in recent months, coupled with the improvement in crude oil production due to the peace in the Niger Delta, a reverse in this trend is expected in the near future.

[5] Data and Statistics from the Central Bank of Nigeria: Money and Credit Statistics

Chart 14: Level of External Reserves



Source: Central Bank of Nigeria, 2010

4.0 CAPITAL PROJECT IMPLEMENTATION REPORT.

4.1 Introduction

54. The development of 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 about 90% was devoted to its priority sectors including 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. Several measures are continually being put in place by the government[6] to aid actualization of its deliverables.

55. 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 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. In view of the government's goals, and pursuant to provisions of the Fiscal Responsibility Act, 2007, the Budget Office of the Federation goes further to physically monitor the implementation of MDAs' capital projects in the quarter.

56. To broaden the scope and provide 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 practice is intended continue in the following quarters of the year.

[6] Paragraph 47, 2010 First Quarter Budget Implementation Report

4.2 Physical Monitoring and Evaluation

57. The Budget Monitoring and Evaluation teams' evaluation which covered all the six geopolitical zones of the country, undertook physical and detailed assessment of selected MDAs' implementation of their respective capital budgets. The objective was to assess the extent of their implementation of budgeted capital projects within the period and compare the achievements of the MDAs against their deliverables as at end of the second quarter of 2010. The team visited various projects in the Health, Water Resources, Education, Transportation, Aviation, Power, FCTA and Works sectors at various locations as reported below:

Works Sector

58. The Ministry is saddled with the responsibility of the provision and rehabilitation of road network nationwide. Government in its wisdom allocated the sum of N211.23 billion, representing 12.45% of the capital budget to the Ministry in the 2010 budget, which is 1.02% over its 2009 (N209.09 billion) budgetary allocations. The sum of N71.946b was released and fully cash backed to the Ministry in the half year of 2010 while N28.75 billion was utilized to achieve a cumulative performance of 39.97%. The MDA's key deliverables include amongst others: Presidential initiatives projects (PIPS) of over N55 billion across the country, zonal intervention projects of over N50 billion across the country, Highways Rehabilitation and Construction, Rehabilitation of bridges, Engineering Design of New roads.

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

59. The project consists of the construction of 44.05km of a new dual carriage way on a new alignment crossing the existing Ibadan – Ilorin Road at 13 + 845 interchange. It was awarded to Messrs P. W. Nigeria limited at a contract sum of N19.7 billion. The work commenced in March 2001 with an initial completion period of twenty - six (26) months, which was extended to 31st July, 2010 as a result of in adequate budgetary provision by the ministry.

60. The sum of N3.1 billion was appropriated to the project in the 2010 Budget. The certificates of work done forwarded by the contractor to the Federal Ministry of Works was still being processed for payment as at the time of visit, the work had attained 96.8% level of completion while total budgetary commitment on the project to date was N17.5 billion. Ongoing works included amongst others, construction of culverts, drains, bridges, earthworks, pavement

and surfacing. The Project when completed will reduce travel time, lowering vehicle operating costs and reduction in accidents rate. The major challenge was budgetary constraint.

Picture 1: Ongoing construction of 2nd flyover bridge over the Ibadan-Ilorin Road

Rehabilitation of Access Road to Kaduna Refinery and Petrochemical Company (KRPC), Contract No. 6027.

61. The rehabilitation of access road to the Kaduna Refinery and Petrochemical 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 project is to enhance smooth traffic flow access to the refinery and decongest the huge traffic of tankers around the refinery. The contract was awarded to Messrs Mothercat Nig Limited at a cost of N1.15 billion while rehabilitation work commenced on 18 November 2009 with completion scheduled for 17 May, 2010.

62. The sum of N950 million was appropriated for the project in the 2010 Budget while N325.13 million was released and fully utilized in the first quarter. As at the second quarter, work was still ongoing and 27% level of work was achieved to record a cumulative work performance of 70%. However, the cash backing of the capital warrant was being awaited as at the time of the monitoring

exercise. Work done in the quarter include:

i. Pavement strengthening/resurfacing on access road to the refinery from Kachia road
ii. Building of additional carriageway on access road to refinery from Kaduna Eastern by-pass road has been completed up to binder course level.
iii. Reconstruction of the existing carriageway on access road to refinery from Kaduna Eastern by-pass has been completed up to binder course level.
iv. Re-instatement of all eroded shoulders have been completed.
v. Provision of new culverts/extension of some existing ones are in progress on both sections of the projects.
vi. Provision of drains, kerbs and other ancillary works has reached advance stages.

Picture 2: a. Rehabilitation of Refinery – Kachia Road
b. Rehabilitation of Access Road to Kaduna Refinery

__Dualization of Onitsha/Owerri Road and Onitsha Eastern By-Pass, Contract No. 5660__

63. The projects consists of the dualization of 47km length of road, 8km single carriageway Onitsha Eastern Bye-pass, construction of two interchanges on the by-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, due to insufficient budgetary

provision. The sum of N20.7 billion has so far been committed to the project to achieve 73.29% level of completion.

64. The sum of N2 billion was appropriated to the project in the 2010 Budget. The second quarter release was yet to be accessed by the company at the time of monitoring the project, while work was going on along the Onitsha Eastern Bye-pass but at a slow pace because of the rains.

Reconstruction and asphalt overlay of Benin - Shagamu Dual Carriageway (Benin – Ofosu Section), Edo State.

65. The project is to reconstruct and overlay asphalt of 75 km x2 length of the Benin and Lagos bound carriageway width of 9.1m and 2.7m outer surface dressed shoulder. It is aimed at reducing travel time, vehicle operating cost, accident rates as well as reduces incessant robbery attacks on the highway. The project was awarded to Messrs RCC Nig. Ltd and it was awarded on 1st February, 2007 at a cost of N16.676 billion with a completion date of 7th September, 2011. The sum of N5 billion was appropriated in the 2010 Budget, but no release was made in the second quarter.

66. As at the time of monitoring the percentage of work done in the second quarter was 18% bringing the cumulative performance in the year to 30%. The second quarter allocation was yet to be accessed by the contractor as at the time of visit.

The Reconstruction of Gombe-Numan-Yola Road (Yola-Numan Section), Contract No 5964.

67. The project for the reconstruction of 46.6km length of the road involves the scarification of the carriageway and shoulders, removal of unsuitable materials and upgrading of the shoulders to the standard width of 2.75m. The contract was awarded to Messrs Triacta Nig. Ltd on 15th September, 2008 at a cost of N4.08 billion and was expected to be completed by 28th March, 2011.

68. The sum of N1.64 billion was appropriated in the budget but there was no release by the Ministry for second quarter allocation as at the time of monitoring. The financial commitment since inception was N3.45 billion to achieve 80% level of completion. The progress of work included site clearing 44.821km, earthworks 32.221km, crushed stone base 32.22km, sub-base 32.221km, asphaltic concrete binder course 44.821km, asphaltic wearing course 35.100km and hard surface dressed shoulder 40.821km. The outstanding works were Ngurore Bridge,

shoulder dressing and road markings. On completion, the road will serve as a link between Adamawa and Taraba States as well as promote international economic activities with neighbouring Cameroon.

Rehabilitation of Gombe-Numan-Yola Road Section II, Contract No 5979.

69. The project has a length of 190km. The Road from Gombe to Kaltugu & Cham to Maman (27km) involves palatine repairs while Kaltugu to Cham which is 63km long requires total rehabilitation. The contract was awarded to Messrs Triacta Nig Ltd on 28th May, 2009 at a sum of N8.5 billion with an expected completion date of 27th November, 2011.

70. In the 2010 fiscal year, the sum of N2 billion was appropriated to the project, but there was no release by the Ministry in the second quarter at the time of monitoring. The sum of N2.4 billion had been committed to the project to-date to achieve 36.15% level of job completion. As at the time of inspection, work-in-progress include site clearance of 43.425km, scarification of 43.425km, earthworks of 21.400km, sub-base of 42.570k, base course of 40.925km, binder course of 37.830km and surface dressing of 32.1km; while culvert and drains, wearing course and bridge works were outstanding.

71. Upon completion, there would be a reduction in travelling time, reduced vehicle maintenance cost and an increase in the socio-economic activities within the area. The monitoring team observed that the volume of traffic along the road is slowing down the pace of work.

Picture 3: Ongoing work on Rehabilitation of Gombe-Numan-Yola Road, Section 2

Construction of Gombe Bye-Pass: Contract No. 6040

72. The project is a 13 km road linking Yola – Gombe at about 2.3km from the existing Yola-Bauchi-Gombe intersection and terminates at a point along Gombe-Biu Road. The Contract was awarded to Messrs Triacta Nig Ltd on 16th December, 2009 at a cost of N3.092 billion and it is scheduled for completion by 15th June, 2011.

73. The sum of N900 million was appropriated for the project in the 2010 fiscal year, but no release had been made by the Ministry as at the time of visit. The sum of N1.269 billion had been committed to the project since inception to achieve 34% level of completion. At the time of monitoring this project, the following works were on-going: Bridge erection, excavation, piling, pile cap, bridge abutment, piers, culverts, earthwork and cross-beams. Upon completion, the project would boost economic activities in the State, decongest the volume of traffic in the metropolis, and reduce the cost of vehicle maintenance & accidents.

74. The monitoring team observed that the project is currently constrained by the relocation of electric poles of PHCN and Dadin Kowa water plant. Delay in paying compensation to farmers whose houses and farmland fell within the road works is also affecting progress of the project.

Picture 4: Ongoing bridge construction works at the Gombe Bypass

Dualization of Kano-Maiduguri Road Section V (Damaturu-Maiduguri) Contract No. 5869

75. The project involves the construction of an additional carriageway and the improvement of the existing one measuring 131.909 km and stretches from Damaturu (Yobe State Capital) through Benesheik to Maiduguri (Borno State Capital). The contract was awarded to Messrs CCECC Nig Ltd on 3rd August, 2006 at a cost of N39.99 billion and is expected to be completed on 31st August, 2012. The sum of N9 billion was appropriated to the project in the 2010 Budget but no fund has been released by the Ministry as at the time of monitoring. The total financial commitment to date was N13 billion to achieve 29% level of completion.

76. As at time of inspection, the work in progress includes site work, earth works, pavement works, drainage works, sub-base, stone base, binder and wearing courses. Upon completion, the project is expected to open up the economic potentials of the state and being an international route, it should promote commercial transactions with neighbouring Cameroon and Republic of Chad. There would also be a reduction of travel time, vehicle operating cost and accident rates. The monitoring team was informed by the site Engineer that delay in the payment of certificates due to low budgetary provision from the Ministry in the previous years slowed down the pace of work.

Agriculture & Water Resources Sector

77. One of the major goals of the present administration is to fashion out a sustainable policy for the provision of potable drinking water, food security and job creation in the country. In order to ensure the optimal performance of this sector, government embarked on the improvement of rural access infrastructure and the resuscitation of the River Basin Development Authorities (IRBDAs) so as to provide additional land for cultivation and idle irrigation facilities around our dammed water bodies thus generating excellent opportunities for increased farm output and employment prospects in the rural areas. In this respect, the sector had a capital budget allocation of N138.93 billion in the 2010 Budget. Of this amount, N16.17 billion was released and fully cash-backed as at end of the first half of 2010 while N1.017 billion had been utilized to achieve a cumulative performance of 6.29% within the period under review.

78. The Ministry's main deliverables include: construction of dams in Osun, Ogun, Akwa Ibom, Katsina, Imo and Jigawa States, equipping Biotechnology

Laboratories and outstations amongst others for the implementation of the following capital projects/programmes:

Construction of Kontagora (Auna) Dam and Irrigation Project

79. In 1980, Malaysia International Consultants Nigeria Limited (MINCO) designed a dam on the Kontagora River for the Niger River Basin Development Authority (NRBDA). The dam site was located in Niger State near the town of Gategi to satisfy the irrigation water supply needs for the areas between the Kontagora River in the East and the Kainji Lake in the West and by the Northern part of Auna. The project entails the construction of the embankment, headwork, spillway, irrigation and downstream works. It commenced initially in 1991 but was abandoned in 1994 due to funding and unresolved technical matters. The project cost was later revised to N11.39 billion with a completion date of February 2007.

80. Due to observed poor documentation on the project's design, Tahal/WADSCO Consultants was consulted to review and design the project in order to produce detailed design drawings. Further to this revised design and approval of the conceptual design of the project, the contractor submitted a Revised Estimated Total Cost (RETC) which after due review by the consultants stood at N28.92 billion (inclusive of 5% VAT) with a new completion date of July, 2011. Approval of this request is being awaited.

81. The Project was allocated the sums of N3.3 billion in 2009 and N3 billion in 2010 while N1.8 billion was released and fully utilized as at the second quarter of 2010. As at the period of this report the contractor had submitted twenty three claims in certificate Nos. 1-24 amounting to N13.33 billion (the amount comprise 25% local component N3.33 billion and 75% foreign component Euros 63.12 million) but only the sum of N7.83 billion (N2.17 billion and Euro 35.71 million) had been paid to the contractor as at May, 2010. Work done within the period under review includes downstream dumping of riprap material, laying of topsoil in downstream embankment, filling and compacting of clay materials in layers, construction of toe and chimney drains, soil excavation, rock blasting, construction activities at service and emergency spillways and intake tower all leading to a cumulative project performance of 55%.

In order to meet up with the new completion date of July, 2011, the team recommends that the MDA prioritizes its projects properly to provide proper funding arrangement for the project so as to promptly achieve the targeted deliverables of the project.

Picture 5: On-going Construction Work at Intake Tower (Kontagora Auna Dam and Irrigation Project)

Akwa-Ibom State ADB Assisted Project – FG Contribution

82. This project was designed to improve water supply in the urban areas of the state namely: Itu, Oron, Eket, Ikot Abasi, Abak, Ikot Ekpene, Etinan and Uyo. It was also designed to re-organize and reinforce operations of the Akwa-Ibom Water Corporation. It is an African Development Bank (ADB) supported project with a contribution from Akwa-Ibom State Government and Federal Government of Nigeria. The contract was awarded to a consortium of ten contractors namely: Messrs MEDAL, Messrs AIM Consultant Limited, Messrs Jos Hansen & Soehne GMBH, Messrs SCOA Nigeria Plc. Messrs PONT-a-Mouson S. A, Messrs N. Stephen Building Company, Messrs CAT JV, Messrs Nitoks Consultant Ltd, Messrs SOBEK GROUP LLC & PAULL CC and Messrs ALCON Nig. Limited at the sum of N15.2 billion.

Picture 6: Akwa-Ibom water project

83. The contract commenced in 2000 and was completed in 2005. The sum of N723.84 million was appropriated in 2010 Budget to cater for Federal Government contribution/counterpart funding which was yet to be released. At completion, the daily production of water supply has moved from16, 000 million cubic meters to 172,550 million cubic meters to meet with the demand of the state.

Aviation Sector

84. In its effort to turn around ailing infrastructure in this sector as well as guarantee safe, effective and efficient air travel operations in the country, the present Administration fashion out policies for the transformation of the Sector. The key deliverbles for this sector includes Construction of control towers in Maiduguri, Ilorin, Ibadan, Akure, Benue and Kaduna Airports; Aircrafts recovery equipment in Abuja and Lagos Airports; monitoring equipment for six (6) geo – political zones and Abuja Airports; ATIS Equipment for four (4) Airports (Enugu, Maiduguri, Ilorin and Yola); Procurement and Installation of LIDAR based Wind-shear Avert system for Nnamdi Azikiwe, Mallam Aminu Kano, Murtal Mohammed and Port Harcourt International Airports; and Acquisition and Installation of terrestrial communication facilities.

85. The sum of N16.45 billion was released and fully cash-backed to the Ministry in the half year while N653.56 million was utilized to achieve 3.97% level of performance in the execution of its capital projects and programmes. The following projects were monitored in this sector:

Federal Airport Authority of Nigeria (FAAN), Lagos

86. The Federal Airport Authority of Nigeria Lagos was allocated the sum of N48.7 billion in the 2010 Budget for the execution of its capital projects and programmes. Out of this amount, the sum of N5.79 billion was released in the second quarter but had not been accessed. A total of N11.3 billion had been released to the agency as at the second quarter.

Refurbishment/Remodeling of Kano International Airport Terminal Building

87. The project is aimed at providing successful facilitation of Pax, Cargo and Mail etc. The Contract had not been awarded as the time of Monitoring. The sum of N1.35 billion was appropriated for the refurbishing and remodelling of the Kano International Airport Terminal building in the fiscal year and same had been fully released to the agency. It has TRIAD ASSOCIATES as Consultant, and the

sum of N59.29 million had been committed to the project since inception on consultancy services.

Runway Extension/Expansion and Resurfacing at Enugu Airport

88. The project was conceived to provide modern and lengthy runway of 3.5km. This would facilitate easy landing and take-off of aircrafts at the airport for safety of passengers. The contract was awarded to P.W Nigeria Limited at a cost of N4.58 million in June 2006 with a planned completion with a completion date of December, 2010. The sum of N440 million was appropriated in the 2010 Budget, while no release had been made by the Ministry as at the time of monitoring. The sum of N2.93 billion had been committed to the project since inception to achieve 43% level of completion.

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

89. The project was designed to upgrade the airport operation to meet ICAO standards. It is also aimed at constructing roads with drains and culverts around the boundary of the Airport Land-marks. The project was awarded to Messrs Camitel Nig. Ltd in November 2009 at the cost of N1.82 billion including N200 million compensation to the host community. It is scheduled for completion in November 2010. The sum of N850 million was appropriated for the project in the 2010 Budget but as at the time of visit, no amount had been released for the second quarter.

90. The actual performance for the second quarter was 10% while the cumulative performance to date was 70%. Work done includes delivering of foreign components materials for the work, progression of expanded metal (by-steel lattice post), perimeter wall fence and commencement of earth works on the asphalt road network. The fencing aspect is expected to secure the Airport boundary from external intrusion.

Picture 7: On – going construction of Asphalt Road at Port-Harcourt International Airport

Ministry of Federal Capital Territory (MFCT)

91. The mandate of the Federal Capital Territory Administration is to provide good infrastructures and facilities which will provide an environment conducive for smooth socio-economic activities within the Federal Capital Territory. Its key deliverables for the year include rehabilitation and Expansion of the Outer Northern expressways Lots I and II; design and construction of the Vice President's and National Assembly Presiding officers Residences. Others include the Design and development of Rail Transit in FCT (counterpart funding); construction and equipping of 220 Bed Utako District Hospital; and Rehabilitation and Expansion of Airport Expressway. It had an appropriation of N138.36 billion for its projects in 2010 out of which N32.98 billion was released and fully cash backed in the half year under review to accomplish its planned deliverables. At the end of June, 2010, the FCT Administration utilized N15.56 billion to achieve a cumulative performance of 47.16%.

Complementary Engineering Infrastructure facilities to the Federal Capital City – Addendum Phase II

92. Contract for the Engineering Infrastructure project to the FCT was awarded to Julius Berger Nigeria PLC in April, 2005 at the sum of N31.6 billion (N14.8 billion plus E173.39 million). The project commenced in June, 2006 and is scheduled for completion in March 2011. The scope of the project include

amongst others, the development of the main carriageway of the Ring Road 1 with total length of 32.685km at equivalent width of 7m; development of the interchange of Arterial N5 over Ring Road II including street lighting; and road 5 from Ring Road II up to N30; dualization of road S20 from N5 to N8 / N9. The sum of N5.3 billion was appropriated to the project in 2010 out of which N1.52 billion was released and utilized. The financial commitment since inception was N28.49 billion (N12.6 billion + E158.7 million) while the cumulative performance was 87%.

93. As at the time of monitoring, work completed to date includes 14.4km (7m width) of Arterial Road II from Ring Road I / NII junction and Ring Road 2 / NII; 120m of Future main interceptor line across NII at CH2 + 800 and CH5 + 460; and 0.4km length of sewer, storm water supply and telecommunication ducts as well as some culverts of different types; while Ring Road/Arterial N5 Interchange amongst others were in progress. The project team informed that the contractor was being owed an outstanding sum of N1.4 billion, and thus the need for adequate budgetary provision to offset the debt to ensure that the contractor deliver on schedule.

Picture 8: Ongoing Construction of Ring Road II /Arterial N5 Interchange

Rehabilitation and Expansion of Outer Northern Expressway: Lot II

94. The project was conceived to construct the left and right service carriageway; additional lane of main carriageway; and the rehabilitation of existing carriageway from chainage km 19-500 to chainage km 39-400 (Asokoro/OSEX Roundabout) of the Abuja – Kubwa – Zuba Expressway. It was awarded to M/S CGC Nig. Ltd at the contract sum of N81.9 billion in May, 2009. Actual work commenced in June 2009 and was initially scheduled for completion in April 2011; but due to additional jobs to the scope of the contract, approval is being expected for the extension of delivery date to March, 2010.

95. The sum of N9.9 billion was appropriated for this project in the 2010 Budget. The Ministry was however yet to release funds to the project for the quarter. At the time of monitoring, works concluded include amongst others 5nos 900mm and 10nos 1200mm dais pipe culverts; 2nos 3m x 3m single cell box culverts; while Earthworks from CH 19 + 500 - 39 plus 500 and 2nos service carriageway permanent structures were 75% and 40% completed respectively. The overall performance was 18%. A total of N21.3 billion had been committed to the project while the sum of N3 billion was still outstanding for payment to the contractor.

Picture 9: Kerb Stones Work in Progress at Lot II Service Carriageway

Development of Karmo Residential District Infrastructure

96. Karmo Residential District is within Phase III of the Federal Capital City and the residential abode of workers in Idu Industrial Area of Abuja. The contract for the development of the area (engineering infrastructure (i.e., road, water, electricity, drainage/sewage works) was awarded to Messrs SCC Nigeria Limited on 11th February 2002 at an initial cost of N6.4 billion plus Euro 166.46 million. Due Process Certification was obtained in November, 2002 which culminated in an addendum contract being entered into on 19th December, 2002 at the cost of N14.22 billion plus Euro 251.45 million. The reason for the cost variation was due to an increase in Nos. of plots from 103 to 164 along with associated roads and services, changes in specification, additional works and fluctuation in basic prices of construction materials.

97. The contractor commenced work on site in September, 2003 and was expected to have been completed in September, 2006 but was extended to September, 2012. When completed, the project will provide residential and official layouts for people and corporate organizations and also help to decongest and ease the pressure on facilities in the metropolis. The sums of N1 billion and N9.2 billion were appropriated to the project in 2009 and 2010 respectively while N2.26 billion was released and fully utilized in the second quarter of 2010.

98. As at the time of monitoring, the amount of works certified to date stood at N8.4 billion plus Euro 147.71 million while N7.84 billion plus Euro 136.51 million had been paid leaving an outstanding liability of N551.33 million plus Euro 11.2 million. Actual performance of work within the quarter include 15,732.03m^3 earth works, 50,645m^2 asphaltic binder course, 2,856.70m storm water drainage, 4,509.39m UPVC sewer drainage, 1,400m steel pipe water supply network, and 3,200m UPVC water supply network, bringing work done on the project to a cumulative performance of about 63% level of completion.

99. The team observed that delays in re-settlement of the displaced indigenes on the project site as reported by the project officials, is militating against the timely completion of the project.

Construction of National Assembly Complex – Phase III Part II

100. The project is aimed at providing office accommodation for thirty two (32) Senators and one hundred and seventy five (175) members of the House of Representatives. It also includes provision of a power house, Committee Rooms,

Kitchen etc. The contract was awarded to Messrs Julius Berger Nig. Plc at the cost of N22.98 billion equivalent to N9.19 billion (Local component) and Euro120,363 million (Foreign component). The project commenced on 24th October 2007 with a completion date of 31st March 2010. The sum of N12 billion was appropriated for the project in 2010 Budget while no amount has been released to it as at the time of monitoring in the second quarter. The amount committed to the project so far were N6.26 billion plus Euro 82 million since the beginning of the project bringing the achievement to 63.5%.

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

101. The construction of 77km of standard gauge railway tracks in the Federal Capital Territory was conceived to ease transportation problem in the metropolis. The contract was awarded to Messrs CCECC Nig Ltd in May 2007 but work actually commenced in February, 2008. The project total cost is US$841.65 million. The sum of N6.2 billion was appropriated for the project in the 2010 Budget but there was no release by the Ministry in the second quarter.

102. As at the time of inspection, the following had been achieved: detailed engineering design and survey 92%, Enumeration (concluded) and payments were made for 21 kilometres of land from Idu Ring Road to Gwagwa/Dei-dei/ Kajini, earthwork activity, cutting to level and back filling to sub-grade level, site clearing for a distance of about 13km, construction of bridges and culverts and construction of Idu Railway training centre for 7nos of buildings had been completed. Outstanding works included Arial survey 90%, general survey 50%, construction of 77km of standing gauge, procurement 25%, manufacture and installation 20%, testing 10%, training and pre-operation and five years full maintenance of approximately 60.65km of standard gauge railway tracks within FCT. The financial commitment to the project from inception was N21 billion bringing the cumulative performance to 21% level of completion. On completion, the project will reduce transport cost, traffic congestion, and boost economic activities in the FCT .

Picture 10: Ongoing work at Abuja Rail Transport station

Education Sector

103. The education sector is critical to achieving the Administration's human capital development pillar of the 7 point agenda and the attainment of Millennium Development Goals. The Ministry had an appropriation of N97.21 billion representing 243% increase in the 2010 budget over the previous year's allocation of N40.01 billion. The sum of N17.65 billion was released and fully cash-backed in the half year while N4.89 billion representing 27.69% performance was utilized for the implementation of its capital projects/programmes.

104. The MDA's deliverables include the development of infrastructure, construction and equipping of Federal Technical Colleges, Federal Government Colleges, Polytechnics and Universities across the nation. It also includes the development of minimum academic standard and capacity building programmes across the country's institutions of learning.

University of Agriculture, Abeokuta

105. The Institution has a total of sixteen (16) projects and programmes for execution in the 2010 fiscal year. These include the construction of College of Food Science and Human Ecology Building, Phase II; Construction of College of Environmental Resources Management, Phase II; Farm centre, Students' Hostel; 2500 Sitter Auditorium; Dam Construction and Water Treatment; Rehabilitation of roads; amongst others. The sum of N2.43 billion was appropriated to the

university in the 2010 Budget out of which N321.4 million was released in the second quarter but was yet to be cash-backed due to liquidity issues. The team monitored the following projects:

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

106. The one–storey building which is aimed at enhancing Teaching Research and Extension in the university was awarded to Messrs Balimax International Ltd at the cost of N98.3 million. It commenced in March 2010 and is scheduled for completion in October 2010. The sum of N120 million was appropriated in the 2010 budget but no fund has been accessed as at June, 2010. At the time of the team's visit, block work had reached lintel (slab) level, and most of the materials (viz: electrical piping's, plumbing, cement, iron rods and granite, amongst others) had been supplied. Total level of implementation to date was 38%.

Picture 11: Construction of College of Food Science and Human Ecology Building, Phase I

Construction of College of Environmental Resources Management, Phase II.

107. The Project for the extension of the existing college building is aimed at enhancing additional Teaching, Office accommodation and Research facilities. It was awarded to Messrs Nidave Industrial Ventures Ltd in March, 2010 at the contract sum of N105.3 million, and is scheduled for completion in September, 2010.

108. The sum of N120 million was appropriated to the project in the 2010 Budget but no fund was released to the project by the Federal Ministry of Education in the second quarter. As at the time of monitoring, block work had reached lintel level, a significant quantum of materials such as plumbing, electrical fittings and tilling materials had been procured and stocked for work continuation. The project had attained 50% level of completion.

Obafemi Awolowo University, Ile – Ife

109. A total of N1.43 billion was appropriated to the University in the 2010 Budget for the execution of four (4) capital projects which include the revision of Campus Master Plan, completion of the Mathematics and 1st year Laboratory building, purchase of Teaching and Research items, and other infrastructure - power generation and computerization. Out of the sum of N1.43 billion appropriated for these project, N177.6 million had been released but not yet utilised because the projects were undergoing pre-qualification processes.

Construction of National Library Headquarters Building, Abuja

110. The project when completed will provide office accommodation for staff, reading space and other research materials for the public. This objective is in conformity with the planned deliverables of the Federal Ministry of Education which includes among others the development of educational infrastructures for enhanced learning and capacity building. The contract for the project was awarded to Messrs Reynolds Construction Company Nigeria Limited (RCC) in April 2005, at a cost of N8.59 billion and was expected to be completed in February 2008. However, due to price variations the contractor requested for variation of the contract sum to N15.69 billion and an extension of the delivery date which was not promptly acceded to. This situation led to the abandonment of the project site by the consultant and the contractor.

111. Following this development, several stakeholders meetings and wide consultations were held to address the issues raised by the contractor. Consequent on these, the Federal Executive Council's approval was obtained to revise the cost from N8.59 billion to N17.01 billion on Wednesday, 17 March 2010. The new contract for the project was severed into two parts: builders work and engineering services/specialist works. RCC is to continue with the builders work while the mechanical and electrical works were to be re-advertised afresh and both phases are to be completed in 21 months. RCC for the builders work had been re-mobilized to site with an advanced payment of N1.71 billion.

112. The sum of N2 billion was appropriated to the project in 2010 while N618.68 million was released but not yet utilized as at the end of the second quarter. Actual work done within the quarter includes completion of outstanding columns and beams of the 2nd base floor, generator bases 3Nos., parapet wall, fuel storage tanks, 80% of the columns of the first basement and 70% of the ground floor columns. Other works in progress are the construction of outstanding retaining walls, generator houses, triangular wall, reinforcement and slab of the ground floor, back filling and external works. Cumulative project performance was 14.2%.

Picture 12: On-going Construction of National Library Building Headquarters, Abuja

<u>University of Ilorin</u>

113. The institution was appropriated a total of N1.25 billion in the 2010 Budget. As at the time of the monitoring exercise, the team was informed that the sum of N38.97 million was released and utilized on the project in the first quarter while the second quarter capital warrant had been released but was awaiting cash backing. The following ongoing projects were inspected by the team:

Completion of COHS/BSS (ICT)

114. The contract for this project was awarded to Messrs Boves International at the cost of N300.2 million. It commenced on the 22nd of December 2008 and was scheduled for completion on the 12th of October 2009 but had been extended to 10th September, 2010 due to the inability of the contractor to meet up with the work schedule. When completed it will provide office accommodation for staff and lecture hall for student thereby making teaching and learning environment very conducive for both staff and students.

115. The project was appropriated a total of N97 million in 2010 but only N13 million was released and utilized on the project in the first quarter while the second quarter allocation was awaiting cash backing. The sum of N191.76 million had been spent on this venture since inception. Planned deliverables for the quarter includes internal plastering of the ground floor, concrete work at the service areas and block work on the first and second floors. The project was at 55% level of completion.

Picture 13: On-going Construction of COHS/BSS (ICT) at the University of Ilorin

Completion of FBSS

116. The project was initiated to provide offices and lecture halls for staff and students for enhanced teaching and knowledge in the university. The contract was awarded to Messrs BASG Engineering Nigeria Limited at the cost of N125.12 million. Work commenced on the 2nd of January, 2009 and was expected to have been completed on the 14th of July, 2009 but was extended to 14th of June, 2010 due to the inability of the contractor to meet up with the work schedule.

117. A total of N80 million was appropriated for the project in 2010. As at the first quarter, only the sum of N25 million was released and utilized while the total amount committed to date stood at N105.69 million. Plastering, concrete work at the stair wall area & board room, floor finishing, electrical and plumbing works and burglar proofing at the ground and first floor were the planned deliverables for the quarter. The project was at 60% level of completion as at the period of this report.

Picture 14: On-going Construction of FBSS at the University of Ilorin

Federal University of Petroleum Resources, Effurun

118. The sum of N1.5 billion was appropriated to the Institute for implementation of its 2010 capital projects. However, no amount was release to it in the quarter by the Ministry. The projects monitored in the institution include:

Construction of Main Auditorium

119. The project aimed at providing ample space for large classes and other sundry accommodation was contracted to Messrs Obore Dynamic Global Ltd at the cost of N90.20 million on 17th December, 2009 with a scheduled completion date of 3rd June, 2010. The sum of N268.64 million was appropriated in 2010 fiscal year. As at 30th June, 2010, no fund had been released for it by the Ministry in the second quarter.

120. Work in progress include excavation, casting of ground beams, labourite backfilling, blinding of concrete, placement of reinforcement bars, ground floor slab, reinforcement of concrete frames, first floor raised to roofing level and placement of steel roof structures. The sum of N30.12 million had so far been utilised to achieve 45% level of completion.

Construction of College of Science Building

121. The project was designed to provide lecture rooms, laboratories, workshops and offices for conducive academic learning. It was awarded to Messrs Nelson Benjamin Ltd on 17th December, 2009 at the cost of N125.14 million with a completion date of 26th August, 2010. The sum of N227.67 million was appropriated in 2010 Budget while no fund was released by the Ministry in the quarter. As at the time of monitoring, completed works include: excavation, ground beams reinforcement, laterite backfilling, blinding of laterite earth, ground floor slab, first floor slab, sand Crete block wall, casting of ground and floor frames while the casting of 1st floor frames and sandcriet blockwall were in progress. A total of 69.62 million had so far been utilized in the year to achieve 40% cumulative level of completion.

Federal College Of Education (Technical) Gombe.

122. This college was established in line with the requirements for the development of technical education in the country. The institution had an appropriation of N873.34 million for the implementation of its capital projects/programmes. As at the time of monitoring, the second quarter allocation had not been released by the Ministry. However, the team was informed that the governing council of the institution had given approval for commencement of the tendering process based on the N40.46 million released in the first quarter. It was observed by the inspecting team that late budgetary releases by the Ministry were responsible for the institution's non-performance in respect of its deliverables for

the quarter.

Transport Sector

123. The major thrust of this sector is the attainment of an efficient intermodal system that will effectively link the different modes of transportation in the country. This is emphasized by the improvements in rail, road and marine transport as encapsulated in the Administration's 7-Point Agenda. This sector had an appropriation of N127.55 billion in the 2010 Budget, out of which N25.52 billion was released and fully cash backed in the half year while N4.28 billion was utilized representing 16.78% for the implementation of its capital projects/programmes.

124. The Ministry's deliverables include: upgrading of signalling equipment, rehabilitation of Rail Tracks and Bridges in Lagos-Jebba, Jebba -Kano and Ajaokuta–Warri Line; rehabilitation of Onitsha Port and Cargo Handling Equipment, and Equity on Lagos-Ibadan Single Tracks. It also includes Port-Harcourt-Maiduguri Line, counterpart funding for the new Lagos-Ibadan and Abuja-Kaduna standard Garrage Railways, construction of River Ports in (Baro, Degema, Oputa, Idah), Dredging of Lower Niger (Warri-Baro) and the construction of River Ports at Lokoja and Cargo Handling Equipment.

Nigerian Railway Corporation, Lagos

125. The Nigerian Railway Corporation had an appropriation of N98.7 billion in the 2010 budgetary provisions for the execution of its projects. Out of this amount, the sum of N5.2 billion was released in the second quarter to execute the following projects:

Major Rehabilitation of Rail Tracks, Bridges, Culverts From Lagos – Jebba

126. The project which is to rehabilitate the railway track and signal network's western line (Lagos – Jebba) Km 0 – 488 was awarded to Messrs CCECC (Nig.) Ltd at the total cost of N12.29 billion in August 2009 and is expected to be completed in October, 2010. In the 2010 budget, the sum of N9 billion was appropriated out of which N600 million was released in the first quarter while N510.7 million was utilised in the second quarter.

127. As at the time of monitoring, site clearance in most of the sections had been completed; while excavation works, track rehabilitations, tamp and grade to line and level top of embankment, culverts, drains and bridges, setting up of site

office at Abeokuta, Ibadan, Ilorin and Jebba; as well as the setting up of concrete sleepers factory at Ibadan, were in progress. The overall progress of work was 38% while total commitment since inception was N3.52 billion. The team was informed that the slow rate of work was attributable to the bottleneck in getting in the necessary foreign technical expertise from china.

Picture 15: Newly laid track in Lagos Area (3.6 Guage): Lagos – Jebba Rail Line

Power Sector

128. This sector ineffectiveness has in the recent past posed serious threat to the development of the nation's economy and the actualization of the country's Vision 20:2020. In an attempt to address the numerous challenges in the sector, the leadership made huge financial commitment to the sector and set a key deliverable of delivering 6,000 MW of power by December 2009. This was however not achieved. Because of the determination of the Government to transform this sub-sector, the capital budget of the Ministry remained very high with an appropriation of N189.58 billion in the 2010 Budget representing about 100% increase over 2009 Budget allocation of N94.62 billion.

129. The key deliverables of the Ministry includes the expansion, management of new and existing power plants in Afam, Ughelli, Egbin, Kanji, Jebba, Sapele, Shiroro, Geregu, Omotosho and Olorunshogo; delivery of 10,000 MWTs of power by 2011. It also includes the completion of on-going projects in Power Generation, Transmission and Distribution.

130. The sum of N47.37 billion was released in the half year of which N45.89 billion was cash backed while N16.052 billion was utilized for the implementation of the Ministry's capital projects and programmes in the first half. The capital utilization performance of the sector in the half year was 34.98%.

2 x 60 Mva 132 Kv Sub-Station At Kafanchan & Line Bay Extension at Jos Substation

131. The 2 x 60 MVA 132 KV S/S at Kafanchan, and Line Bay Extension at Jos Substation started in September 2008 and is expected to be completed by December, 2010 at a cost of Euro 4.55million (offshore) and N277.18 million (onshore). It was awarded to VALENZ/ELECTROMON TAZ Consortium. The sum of N235.16 million was appropriated to the project in the 2010 Budget of which N27.97 million had been released and fully utilized for the execution of the project. As at the time of inspection, control building had been completed while work in progress includes foundation work for substation, supply of equipment such as anchor bolts for erection of the pillar leading to 45% level of completion.

Nsukka – Ayangba 132 KV Double Circuit Transmissions

132. The construction of 132KV double circuit (DC) transmission line from Nsukka to Ayangba in Enugu and Kogi states respectively covers 75km. On completion, it is expected to improve electricity supply to Enugu, Kogi and its environs as well as boost economic activities in the states. The contract for the project was awarded to Messrs PPCL/Westcom J.V. on the 15th December, 2009 at a cost of US$6.38 million and N341.5 million.

133. The sum of N403.98 million was appropriated to the project in the 2010 Budget but there was no release by the Ministry as at the end of June. As at the time of monitoring, the engineering design of the first phase had been completed while the second phase which involves cognizance, detail survey (field work), data processing and representation, tracking of a pre-define route (path) from Nsukka to Ayangba were in progress. All the engineering design, procurement of all the line materials and 50% foundation work which is part of tower erection had been completed as at the time of monitoring. The project has attained 30% averaged level of performance.

2 X 150mva 330/132kv Yola Substation and 330kv Line Bay Extension, Gombe.

134. The project was designed as a load centre unit for stepping down of voltage from Gombe - Adamawa substation which requires circuit breakers, isolators, current transformers and supporting structures like steels, gantrys, chimneys, equipment structures, fittings and conductors. The contract was awarded to Messrs MBH Power Limited in March, 2009 at a cost N1.039 billion and is expected to be completed by July 2010.

135. In the 2010 Budget, the sum of N234 million was appropriated, while nothing was released to the project by the Ministry as at the end of the second quarter. However, the release for the first quarter was utilized to achieve the completion of foundation work, the structure and equipment erection, cable trench and control building construction. Work in progress includes cable laying 95%, cable termination 92%; road work 90% and drainages 80%. Upon completion, the project is expected to increase the level of voltage and stabilize power supply to Adamawa and Taraba States. The financial commitment to the project since inception was N577.11 million to attain 55% level of completion.

Picture 16: Ongoing work at Yola Sub-Station

Gombe-Damaturu-Maiduguri 330kv Transmission Line

136. The project involves conveyance of power from Gombe to Damaturu (in Yobe State) and Maiduguri (Borno State). The contract was awarded to KEC News Engineering on 23rd of May, 2007 at a cost of US$30.15 million and N1.83 billion with an expected completion date of July 2010. The objective of the project is to improve power supply to Borno and Yobe States.

137. The sum of N1 billion was appropriated to the project in the 2010 Budget, but no fund was released by the Ministry as at the end of second quarter. A total of $30.15 million plus N1.6 billion has been committed to the project to achieve 70% level of completion. During physical inspection, the progress of work includes Tower Erection and stringing works were at various levels of completion; while energizing is still outstanding. Completed works include procurement, survey, factory acceptance test, manufacturing, soil investigation, bush clearing, and foundation for the remaining towers.

138. The monitoring team was informed by the Site Engineers that access to Tower locations is becoming very difficult due to farming activities along the line by the villagers despite the fact that they have been compensated. Besides, some portion of the line has been cut off by the construction of the state University in Damaturu (Bukar-Abba Ibrahim University, Damaturu).

Damaturu 1x 150mva 330/132kv S/C and 330kv Line Bay Extension at Gombe

139. This substation was designed as a load centre unit for the stepping down of Voltage from Gombe-Damaturu and Maiduguri which requires circuit breakers, Isolators, current transformers, voltage transformers and supporting structures like steels, Gantrys Chimneys, equipment structures, fittings and conductors. The project was awarded to Persain Cartlark on 29th of February 2008 at a cost of $12.95 million plus N482.51 million and is expected to be completed by December, 2010.

140. The sum of N1 billion was appropriated in 2010 fiscal year but the second quarter has not been released by the Ministry. The financial commitment since inception is $3.45 million plus N258.98 million to attain 25% level of completion. As at the time of monitoring, 150 MVA Autotransformers, 75MVA shunt Reactors and other accessories had already been procured, while Topographical Survey, Soil investigations and Top soil removal has been completed. Other work in progress includes equipment foundation, Gantry foundation, 4nos. Pad and Chimney and construction of a perimeter blockwall fence has attended 50%

completion level. The outstanding works were gravelling, Road network, provision of terminal cables and the link to the bay extension in Gombe States.

141. The Site Engineer informed the monitoring team that the contract for the Maiduguri substation had been terminated for lack of performance and is yet to be re-awarded. The monitoring team was informed that the soil of Damaturu substation is loose and requires embankment and stone pitching to reduce the impact of flooding. Also, way-leave issues were part of the constraints slowing down the progress of the work.

Picture 17: Ongoing work on the Damaturu sub-station

Health Sector

142. This sector is critical to the present administration's desire to improve general health care delivery in the country. This informs the decisions of the government to increase its budgetary allocation from N50.903 billion in 2009 to N67.28 billion (representing 30%) in 2010 budget to fund the establishment, rehabilitation and upgrading of medical facilities and programmes in the Country. Of this amount, N16.2 billion was released and N16.18 billion cash backed in the half year while only N3 billion was utilized for the implementation of its projects and programmes. This represents 18.53% level of performance for the fiscal year.

143. The deliverables of the Ministry includes the modernisation of five (5) Specialist hospitals in Irrua, Federal Psychiatric Hospital in Enugu, Kaduna, Calabar, Maiduguri and Benin City; completion of on-going projects for the modernisation of sixteen University Teaching Hospitals (Ibadan, Lagos, Calabar, Benin, Ife, Jos, Ilorin, Port Harcourt, Kano, Maiduguri, Sokoto, Nnewi, Enugu, Abuja and Uyo) and the modernisation of TB and Leprosy Referral Hospital in Zaria.

Federal Neuro Psychiantric Hospital, Abeokuta

144. The Hospital was appropriated a total of N213.3 million in the 2010 budgetary provision for the execution of capital projects / programmes including: construction of walkways at Lantoro Annex, construction of Multi – purpose conference / Lecture Hall; construction of 0.45km asphalt road with drainage; construction of 3 blocks of four 2 bedrooms flats. Out of the N213.3million appropriated for the project, N28.25million was released in the second quarter but yet to be accessed. A total of N30.83 million had been released so far in the year while the sum of N2.58 million was utilised.

Picture 18: Ongoing Construction of 0.45km Asphalt Road at the Neuro- Psychiantric Hospital, Abeokuta.

145. As at the time of visit, three (3) out of the six (6) projects as listed below were just being awarded:

a) Construction of Multi-purpose Conference / Lecture Hall, Lantoro Annex was awarded to Timmy Manuel Nig. Ltd at the cost of N35 million;
b) Construction of 0.45km asphalt road with drainage was awarded to Abdel Najeem Ventures Ltd at the cost of N15 million which had mobilised to site and site clearing was in progress as shown in the picture below; and
c) Sinking of 10nos. boreholes and laying of pipes awarded to Entop Nigeris Limited at the cost of N18 million.

National Agency for Food and Drug Administration and Control

146. A total sum of N535 million was appropriated to the agency in 2010 Budget for the execution of its capital projects/programmes. As at the time of the monitoring, the sum of N37.62 million had been released and utilized in the first quarter by the agency while the second quarter's capital warrant was awaiting cash backing. The only ongoing project visited by the team was the Networking of the Agency while others were yet to take off.

Networking of the Agency's Operations

147. This is an ongoing project designed to network the Agency's Headquarter with its operations nationwide. The contract was awarded to Aglobus Technical Limited at a cost of N300 million in 2007. It entails the supply and installation of 50Nos. HP Desktop Computers and 100Nos. HP Micro towers at the Headquarters and the state offices. When completed, it will aid the efficiency and effectiveness of the organization in its operations through effective monitoring and communication.

148. In the 2010 Budget, the sum of N50 million was appropriated to the project. As at the time of monitoring, the sum of N39.63 million had been released while N39.38 million was utilized. Total commitment on the project since inception was N63.14 million while cumulative performance recorded was 21% level.

5.0 CONCLUSION AND RECOMMENDATIONS

149. The macroeconomic environment under which the 2010 Budget was implemented in the period remained resilient with continued growth in the impressive growth in output recorded in the domestic economy in the last quarter of 2009. The key indices of real Gross Domestic Product (GDP), and Core Inflation remained improved in the quarter over the first quarter. Though Broad Money (M_2) and Net Domestic Credit declined by 1.54% and 9.68% respectively, credit to the private sector grew by 0.65% within the second quarter of 2010. The foreign exchange market rates remained relatively stable within the period.

150. Despite this improving macroeconomic environment, 2010 has so far presented significant challenges for the implementation of the 2010 Budget as passed. Specifically, on the revenue side, both oil and non oil revenue receipts were significantly below the targets. The actual net oil revenue inflow into the Federation Account in the quarter amounted to N689 billion representing a shortfall of N377.01 billion (or 35.37%) when compared with the quarterly estimate of N1,066.01 billion though it improved over the first quarter's receipt of N482.07 billion. Similarly, the net non-oil revenue receipt was N283.56 billion representing a shortfall of N140.1 billion (or 33.07%) when compared with the quarterly estimate of N423.67 billion. Consequent on these developments, the estimated quarterly revenue to fund the federal budget fell short of the N1,571.45 billion projected for the half year by N718.08 billion (or 45.7%) thereby creating a disturbing financing gap which threatened implementation of the budget in the period. However, this gap was bridged by the FGN's share of drawings from accumulated savings in the Excess Crude Account amongst other sources.

151. On the spending side, while N404.82 billion (or 94%) of the capital expenditure releases made to MDAs were cash-backed as at 30 June, 2009, data from the OAGF indicate a gross utilization of N124.79 billion (or 30.83%) by all the MDAs. Although this is an improvement over the 18.57% performance as of the first quarter of 2010, it leaves much room for improvement. Of the 46 MDAs reported upon, 6 MDAs had utilization rates above 50% while a total of 16 MDAs had rates of above the overall average. However, 9 of the MDAs including Women Affairs, and the Police Service Commission, had not drawn on their funds as at 30 June 2010. It is expected that as the various programmes and policies of Government begin to take effect MDAs will improve on their performance.

152. The Budget Office's Monitoring and Evaluation teams, in collaboration with relevant officers from MDAs, representatives of Civil Organisations and the Media visited selected projects to assess their level of implementation. Several facts including the following however emerged from the exercise:

i. **Stalled Projects:** A recurrence of stalled projects, with huge capital funds already expended, awaiting approval for revision of their terms and conditions of completion. This has the potential of absolute loss in capital funds investments by the Government particularly where such approvals are delayed outside the contract terms or where they are not approved at all.

ii. **Poor resource allocations:** Some MDAs continued with the practice of spreading available resources thinly among projects in a manner that poses fundamental challenges to financing 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.

iii. **Poor project planning practices:** 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.

iv. **Project site issues:** 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. **MDAs' data inconsistencies:** Some MDAs' written submissions on the status of their projects were found to be different from the actual on-site situations.

vi. **Poor representations:** 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 towards working out lasting solutions to these obstacles. These have been through various mediums including workshops, written communications, etc and efforts are continuously being made to eliminate all bottlenecks observed to be impeding budget implementation. 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.

5.1 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 may be 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 through this monitoring and evaluation exercise would not be impeded.

159. In line with its mandate under the Fiscal Responsibility Act 2007, the Federal Ministry of Finance/Budget Office will continue in its effort to contribute significantly towards improving MDAs' implementation of their budgeted programmes/projects 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 30th JUNE, 2010

MINISTRY	1ST QUARTER WARRANT =N=	AMENDED 2ND QUARTER WARRANT =N=	PAYMENT THRO. AIEs =N=	CAPITAL SUPPLEMENTATION =N=	TOTAL RELEASES = N=	AMOUNT CASHBACKED =N=	CBN BALANCE @ 30th June, 2010 =N=	UTILISATION =N=	PERFORMANCE %
PRESIDENCY Total	1,405,917,355	1,558,274,939	235,000,000	8,650,000,000	11,849,192,294	11,835,785,628	2,788,453,462	9,047,332,165	76.44
GOVT. OF THE FEDERATION (SGF) Total	1,606,521,575	2,877,391,736	1,350,000,000	0	5,833,913,311	5,700,833,475	4,178,154,581	1,522,678,893.92	26.71
YOUTH DEVELOPMENT Total	667,186,874	655,390,397	-	-	1,322,577,271	1,322,577,271	794,938,523	527,638,748	39.89
POLICE AFFAIRS Total	44,857,892	175,177,444	-	-	220,035,335	220,035,335	202,621,359	17,413,976	7.91
POLICE FORMATION Total	5,331,157,500	6,480,196,850	-	-	11,811,354,350	11,811,354,350	11,378,621,619	432,732,731	3.66
WOMEN AFFAIRS Total	41,072,220	430,339,672	-	-	471,411,892	471,411,892	471,411,892	-	-
AGRICULTURE Total	16,036,657,458	3,358,989,753	-	-	19,395,647,211	19,342,020,545	4,144,558,733	15,197,461,811	78.57
WATER RESOURCES Total	1,850,528,527	14,316,192,933	-	-	16,166,721,460	16,166,721,460	15,149,394,516	1,017,326,944	6.29
AUDITOR-GEN. Total	75,000,000	162,691,236	-	-	237,691,236	237,691,236	237,691,236	-	-
ICPC Total	100,342,625	33,586,197	-	-	133,928,822	133,928,822	133,928,822	-	-
DEFENCE Total	8,585,274,417	9,064,550,036	441,750,000	-	18,091,574,453	18,091,574,453	10,123,158,994	7,856,200,290.00	43.42
EDUCATION Total	7,403,020,883	10,244,778,975	-	-	17,647,799,857	17,647,799,857	12,760,656,618	4,887,143,240	27.69

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FEDERAL CAPITAL TERRITORY ADMINISTRATION Total	16,662,500,000	16,315,578,167	-	-	32,978,078,167	32,978,078,167	17,424,131,819	15,553,946,348	47.16
FOREIGN & INTER GOVT. AFFAIRS Total	1,314,361,585	1,335,984,438	2,300,000,000	-	4,950,346,023	4,950,346,023	2,400,459,295	2,549,886,729	51.51
FINANCE Total	823,003,249	295,666,456	-	-	1,118,669,705	1,096,156,197	719,467,023	376,689,174	34.36
HEALTH Total	7,996,824,800	7,263,332,610	-	940,000,000	16,200,157,410	16,182,354,044	12,909,342,204	2,998,914,569	18.53
COMMERCE & INDUSTRY Total	565,314,285	1,249,909,979	-	-	1,815,224,264	1,165,006,809	794,664,791	370,342,019	31.79
INFORMATION & COMMUNICATION Total	321,175,000	800,537,039	-	-	1,121,712,039	1,103,250,099	811,604,401	291,645,698.30	26.44
INTERIOR Total	2,880,298,577	1542604731	-	-	4,422,903,307	4,422,903,307	3,657,419,487	765,483,820	17.31
HEAD OF SERVICE Total	679,864,582	1,467,318,721	-	-	2,147,183,303	2,147,183,303	1,398,820,382	748,362,922	34.85
JUSTICE Total	202,390,222	715,815,298	-	-	918,205,520	918,205,520	891,801,990	26,403,531	2.88
LABOUR & PRODUCTIVITY Total	143,068,372	647,564,436	-	-	790,632,808	790,632,808	703,682,140	86,950,668	11.00
SCIENCE AND TECH. Total	2,068,047,517	5,213,184,645	-	-	7,281,232,162	7,256,471,756	6,314,066,191	942,405,566	12.99
POWER Total	12,221,434,882	23,653,197,940	11,500,000,000	-	47,374,632,821	45,891,504,947	29,838,574,214	16,052,930,734	34.98

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TRANSPORT Total	9,645,022,871	15,806,863,660	-	65,000,000	25,516,886,531	25,516,886,531	21,234,474,682	4,282,411,849	16.78
AVIATION Total	7,260,737,164	8,586,999,175	621,063,000	-	16,468,799,339	16,468,799,339	15,625,159,948	653,563,000.00	3.97
WORKS Total	50,453,447,436	21,483,959,994	-	-	71,937,407,430	71,937,407,430	43,182,485,573	28,750,947,858	39.97
PETROLEUM Total	4,953,073,264	2,807,080,178	-	-	7,760,153,442	7,760,153,442	7,556,764,815	203,388,626.60	2.62
MINES & STEEL Total	885,227,043	570,524,397	-	-	1,455,751,440	1,455,751,440	1,353,778,782	101,972,658	7.00
NATIONAL WAGES & SALARIES Total	57,750,000	21,988,225	-	-	79,738,225	79,738,225	79,738,225	-	-
ENVIRONMENT, Total	1,817,975,772	3,258,740,875	-	-	5,076,716,647	5,076,716,647	5,019,552,042	57,164,605.14	81.38
TOURISM, CULTURE & NATIONAL ORIENTATION Total	1,219,472,000	608,244,897	-	140,000,000	1,967,716,897	1,967,716,897	1,256,420,032	711,296,865	36.15
NAT. PLANNING Total	549,701,733	190,444,453	-	-	740,146,185	740,146,185	323,116,807	417,029,378	56.34
NATIONAL SPORTS COMMISSION Total	831,730,250	895,537,649	-	-	1,727,267,898	1,727,267,898	1,262,006,336	465,261,562.31	26.94
OFFICE OF NATIONAL SECURITY ADVISER Total	2,400,000,000	8,484,964,410	-	0	10,884,964,410	10,884,964,410	6,850,718,705	4,034,245,705	37.06
NIGER DELTA Total	12,000,000,000	10,579,059,441	-	0	22,579,059,441	22,579,059,441	19,729,259,634	2,849,799,806	12.62
SPECIAL DUTIES Total	-	16,882,600	-	-	16,882,600	-	-	-	-

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ICRC Total	-	22,691,667	-	-	22,691,667	22,691,667	22,691,667	-	-
NAT. POPULATION Total	193,287,452	179,147,309	-	-	372,434,761	372,434,761	222,706,225	149,728,536	40.20
CODE OF CONDUCT BUREAU Total	15,000,000	107,558,500	-	-	122,558,500	122,558,500	122,558,500	-	-
CODE OF CONDUCT TRIBUNAL Total	51,087,811	30,651,793	-	-	81,739,604	81,739,604	32,940,554	48,799,050	59.70
REV. MOB. ALL. Total	200,000,000	97,085,257	-	-	297,085,257	297,085,257	274,175,922	22,909,336	7.71
FCSC Total	75,000,000	38,575,833	-	-	113,575,833	113,575,833	113,575,833	-	-
POLICE SERVICE COMMISSION Total	-	13,368,115	-	-	13,368,115	13,368,115	13,368,115	0	-
INEC Total	1,270,345,000	874,995,250	-	-	2,145,340,250	2,145,340,250	2,145,340,250	-	-
FED. CHARACT. COMM. Total	25,000,000	60,165,490	-	-	85,165,490	85,165,490	74,610,383	10,555,108	12.39
NATIONAL ASSEMBLY Total	1,075,000,000	2,026,417,667	-	-	3,101,417,667	3,101,417,667	2,577,476,815	523,940,852	16.89
FPO Total	-	4,333,863	-	-	4,333,863	4,333,863	-	4,333,862.54	100.00
STF Total	103,761,124	128,759,137	-	-	232,520,261	232,520,261	-	232,520,261.00	100.00
CAPITAL SUPPLEMENTATION Total	10,553,761,124	10,408,122,915	-	-	18,466,884,039	5,029,410,422	-	236,854,124	4.71
Grand Total	**197,234,416,477**	**200,402,880,284**	**16,447,813,000**	**9,795,000,000**	**421,385,109,761**	**404,819,529,752**	**270,073,511,598**	**124,789,759,497**	**30.83**