2010

Third Quarter Budget Implementation Report

Budget Office of the Federation

Federal Ministry of Finance, Abuja

FOREWORD

I am pleased to present this 3rd Quarter Budget Implementation Report for 2010, which provides detailed information on the allocation of public resources among competing socio-economic needs through the Federal Budget. These Quarterly Budget Implementation Reports serve as instruments through which the Ministries, Departments and Agencies of Government can be held responsible for the expenditure and revenues they administer, and the achievement of the objectives of government as elucidated in its developmental policy documents.

It is in this spirit that the preparation of this report is mandated by Section 30 of the *Fiscal Responsibility Act, 2007* which requires the Honourable Minister of Finance to submit these quarterly budget implementation reports to the Joint Finance Committee of the National Assembly, and the Fiscal Responsibility Commission. These reports are also disseminated to the wider public through electronic and print media. The 2010 1st and 2nd Quarters Budget Implementation Reports were duly published earlier in the year, and the 3rd 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. 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 our in-year 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.

Mr. Olusegun O. Aganga
Honorable Minister of Finance

PREFACE

Section 30 of the *Fiscal Responsibility Act (2007)* requires the Honourable Minister of Finance, through the Budget Office of the Federation to monitor and evaluate the implementation of the Annual Budget implementation and render quarterly reports thereon. This in-year Report, which is the third for the 2010 fiscal year, is a part of our efforts, at the Federal Ministry of Finance, to promote budget openness, transparency and accountability as key components of our public financial management reforms.

The 2010 Budget places greater emphasis on measurable targets and outputs against which the performance of Federal Ministries, Departments and Agencies (or MDAs) may be assessed. This is in line with our move towards the adoption of results-oriented performance-based budgeting. Accordingly, our periodic reporting work aligns with Mr. President's directive that greater emphasis should be placed on monitoring and reporting on the actual deliverables to be achieved by the MDAs with the financial resources made available to them.

The 2010 fiscal year has been challenging on several fronts as revenue collections have been below expectation. In addition, average capital implementation, though improved over the first and second quarters leaves room for improvement. Several efforts have been made to ameliorate these constraints and the results of these efforts have continued to yield better capital expenditure execution rates as the year progressed. Revenue performance has also improved in the third quarter over the first and second quarters of the year due to higher oil and non-oil receipts. However, there is still considerable scope for better efficiency in both revenue collection and quality of expenditure. We expect these indices to improve in the final quarter of the year.

The concerted efforts of various departments of the Budget Office of the Federation and other agencies of Government which provide key financial and macroeconomic data, have led to the production of the third Quarter Budget Implementation Report. Once again, I congratulate the members of the team whose industry and collective efforts resulted in the preparation of this Report, and wish them every success as they continue this important reporting work.

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

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EXECUTIVE SUMMARY

The spending plans for Government's priorities for 2010 as defined by its developmental policies defined the path for the allocation of resources in the 2010 Budget. As such, budgetary allocations were focused on the development of critical infrastructure, transformation of the Niger Delta, human capital development, food security and land reform, security, law and order and wealth creation.

The national economic growth remained resilient with the impressive growth in output recorded since 2009 being sustained through the third quarter of 2010. Provisional data from the National Bureau of Statistics (NBS) indicates that economic growth remained robust with real GDP growth rate of 7.7% against 6.6% in the same period of 2009 while the oil and non-oil sectors grew by 4.4% and 8.3% respectively. The data also indicate a year-on-year decline in headline inflation from 14.1% in the second quarter to 13.6%. Despite the volatility in the exchange rate due to external pressures, there was relative stability in the third quarter closing at N151.03/US$1 compared to N150.47/US$ in the second quarter. The total external debt stock as at end of the quarter was US$4.53 billion of which 91.58% are from concessional sources while the total domestic debt was N4,229.43 billion.

In spite of these improving macroeconomic indicators, the implementation of the Budget in the first three quarters of 2010 was relatively slow thereby posing significant challenges to the Government's efforts at stimulating economic activities through the full implementation of the budget. Specifically, revenue receipts from both oil and non-oil revenue sources underperformed within the period causing a financing gap that posed serious challenges to the execution of the budget as passed. Data from the Office of the Accountant-General indicate that though the amount available for distribution in the third quarter exceeded the quarterly estimate by N32.86 billion (or 3%), there was an aggregate shortfall about N651.94 billion (or 17%) year-to-date. Similarly, the aggregate revenue available for implementation of the Federal Government Budget as at end of the three quarters fell short of the projected level of N1,728.22 billion by N85.39 billion (or 4.9%). However, the shortfall was made up by drawings from the unspent balances from the 2009 fiscal year, augmentation from accumulated savings in the Excess Crude Account, and exchange rate gains from Excess Crude Savings.

In the course of the third quarter, Government approved two supplementary budgets and an amendment to the 2010 Budget. These were aimed at engendering fiscal consolidation and provision for evolving socio-political developments including agitations for wage increases, Power Holding Company of Nigeria staff monetization, and the Independent National Electoral Commission 2011 Elections. The actual non-debt recurrent expenditure as at end of the third quarter amounted to about N1,664.72 billion compared to N2,001.94 billion budgeted for the period. Government spending to meet debt service obligations fell short of estimates by 50.9% as N199.75 billion was utilized rather than the estimate of N406.79 billion. Statutory transfers were fully made within the quarter.

Further review of provisional data from the OAGF indicates that as at end of the third quarter, the sum of N530.46 billion was cash-backed for drawdown by MDAs for the implementation of their capital projects. Of this amount, N278.88 billion (or 53.47%) was utilized by MDAs. Although this shows an improvement over the second quarter performance of 30.83%, it is lower than the utilization of N327.98 billion for same period of 2009 in absolute terms, and leaves much room for improvement. Capital utilization rates by some of the MDAs were not encouraging, although performance varied widely. A further review of MDAs' performances reveals varied utilization rates among them. Twenty six (or 52%) of the MDAs including: Interior, Niger-Delta, Agriculture, Water Resources, Defence, Federal Capital Territory Administration, Works, Commerce & Industry, Mines & Steel, Health, and Police Affairs had utilization rates above the overall average utilization rate of 53.47%. Of these, eleven (or 22% of the MDAs) including Defence, Federal Capital Territory Administration, and Agriculture utilized over 70% of their respective cash-backed releases. It is noteworthy however, that six (or 12%) of the MDAs including Police Service Commission, and INEC were yet to utilize any portion of the capital budget funds released to them.

In order to effectively monitor and evaluate MDAs' implementation of their Capital Budgets as at end of the quarter, the Budget Monitoring and Evaluation teams in collaboration with selected Civil Society Organizations, the Media and the MDAs, conducted field visits to review the implementation of selected capital projects. These field visits indicate that although much progress has been made by the MDAs in the implementation of their capital projects, additional effort must be put in to ensure that ongoing projects are completed on schedule and within budget. The rate of implementation varied across projects and across all MDAs and this report highlights major areas of concern which MDAs need to address.

Finally, while indicators portray continued improvement in the world economic situation, and in budget revenues, the Government will continue to implement policies to enhance the quality and efficiency of public expenditure. 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. Furthermore, the continued review and publishing of this Report which fosters an environment of transparency, accountability, and openness is expected to challenge the MDAs to achieve the promised deliverables for the benefit of the Nigerian people.

1.0 INTRODUCTION

1. The Federal Government's annual budgets are ideally crafted towards achieving its developmental policy objectives enshrined in the Vision 20:2020, Millennium Development Goals and the Seven-Point Agenda. The Budget 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. In the quest to realign provisions of the 2010 Budget, as passed to meeting these objectives while adopting more realistic revenue assumptions, the Government engaged with key stakeholders to revise the 2010 Revenue Framework and the 2010 Appropriation Act, and subsequently proposed an amendment to the 2010 Budget. This was passed in July 2010. However, this revision could not cater for some of the Government's key ongoing projects and programmes which are without adequate provisions in the Amendment Budget, and some evolving national emergencies including labour unions' wage agitations and the provisions for the national elections. Based on these realities, two Supplementary Budgets were passed by the National Assembly in July and August 2010.

3. Achieving full implementation of the annual budget by the MDAs has remained a major challenge in recent years. In this regard, the Budget Office of the Federation/Federal Ministry of Finance had implemented measures toward improving on the budget revenues and on delivery of planed projects/programmes by MDAs. In this regard, two workshops "*Strengthening budget implementation for enhanced project execution & service delivery*"; and "*Enhancing Internally Generated Revenue generation, collection & remittance system in the federal public service*" were held in February and May 2010 respectively while an audit of MDAs' Internally Generated Revenues is ongoing. The Federal Ministry of Finance/Budget Office of the Federation is presently in the process of engaging a Programme and Project Portfolio Management of global repute towards instituting effective project management practices in our MDAs. The outcome of these efforts is expected to stimulate improvement in the attainment of the objectives of the Budget in 2010 and beyond.

4. This publication which covers the implementation of the 2010 Budget in the third quarter and in the year-to-date appraises the performance of the Federal Government's income and expenditure targets and more comprehensively 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 third 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

5. The 2010-2012 Medium-Term Fiscal Framework (MTFF) was the basis on which the 2010 Budget was prepared. *Table 1* below provides a summary of the key assumptions[1] of this framework.

Table 1: Key Assumptions and targets for the 2010 Budget

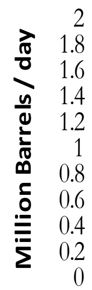
S/N	KEY ASSUMPTION & TARGETS	2010
1	Projected Production (in mbpd)	2.25
2	Actual Production (Average in mbpd over the 3rd Qtr	2.39
3	Budget Benchmark price (per barrel in US)	60
	Technical Cost of JV Pbl to Oil Companies	
4	Operating expenses (T1) in US $	11.985
5	Capital expenses (T2) in US $	10.256
	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] An amendment of the 2010 Budget was passed by the National Assembly in August 2010 with a revision of the benchmark crude oil production volume and oil price from 2.35 to 2.25 mbpd and from US$67 to US$60 respectively.

6. The above assumptions and targets were reached following consultations with major revenue collecting agencies and other key stakeholders while noting critical economic factors. These factors include the slow but steady recovery from the global economic meltdown, the relative calm in the Niger Delta region of the country due to the amnesty peace deal of the present Administration and the instability in the price of crude oil at the international market particularly within the first half of 2010.

Chart 1: Breakdown of Budget 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

7. Following the revenue gaps observed at the beginning of the fiscal year and the attendant fiscal risks that could arise, the seemingly over-ambitious projections for oil benchmark production and price needed to be revised downward to somewhat more realistic levels. Consequently, oil production and price were revised downward from the initial levels of 2.35 million barrels per day (mbpd) and US$67/barrel to 2.25mbpd and US$60/barrel respectively. Compared with the 2009 Budget benchmarks, the revised production benchmark is 0.04 mbpd (or 1.75%) lower than 2.29 mbpd for 2009 while the crude oil benchmark price of

US$60 per barrel is US$15 per barrel (or 33.33%) higher than the US$45 per barrel adopted in 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

8. During this quarter, crude oil price averaged US$78.43 per barrel at the international market, representing a decline of US$1.11 when compared with average price of US$79.54 recorded in the second quarter of the year. This also indicates an increase of US$17.54 per barrel when compared with the benchmark price of US$60 per barrel. Crude oil price ranged between US$75.06 and US$79.45 per barrel during the first three quarters of the year averaging US$78.54 as at end of the third quarter. Data from the Nigerian National Petroleum Corporation indicate that the average oil lifting (including Condensates) for the third quarter was 2.53 mbpd implying an increase by 0.14 mbpd when compared with second quarter figure of 2.39 mbpd; and an improvement of 0.28 mbpd over the budget benchmark oil production figure of 2.25 mbpd. This trend in international oil price is expected to continue in the next quarter of 2010 in the light of ongoing global economic recovery and the harsh weather conditions across Europe and America. Similarly, production is expected to maintain a steady level of growth in view of the return of peace to the Niger-Delta Region.

9. Sequel to the revision to the oil benchmark assumptions, the projected gross federally collectible revenue for 2010 was put at N6,999.15 billion. N4,902.33 billion (or 70.04%) of this sum is expected to come from oil sources while the balance of N2,096.82 billion (or 29.96%) is expected from non-oil sources. This implies that a gross federally collectible revenue of N5,249.36 billion was projected for the first three quarters of the year.

Oil Revenue Performance:

Third Quarter

10. A review of the oil revenue category show that receipts from Crude Oil Sales, Royalties, and Petroleum Profit Tax were higher than their budgeted quarterly estimates in the third quarter. Crude Oil Sales was N977.9 billion indicating an increase of N277.40 billion (or 40%) over the quarterly budgeted estimate of N700.5 billion. The performance was also N128.7 billion (or 15%) higher than the N849.2 billion recorded in the second quarter. Amounting to N165.20 billion, Royalties was N44.4 billion (or 37%) higher than the quarterly budgeted estimate of

N120.8 billion and N12.79 billion (or 8%) higher than the second quarter performance of N152.41 billion. Similarly Petroleum Profit Tax amounted to N354.9 which was N54.11 billion (or 18%) higher than the quarterly budgeted estimate of N300.79 billion and N70.56 billion (or 25%) higher than the second quarter receipt of N284.34 billion. The performance of under the 'Other oil revenue' category however continued to perform below the budgeted estimates. In the third quarter, N2.22 billion was collected representing a performance of N0.62 billion (or 22%) below the budget of N2.84 billion. Gas sales and Gas Tax at CITA are currently being classified under the Crude sales and Company Income Tax (CIT) revenue categories respectively as at the time of this Report. Work is ongoing between the Office of the Accountant-General of the Federation and the Central Bank of Nigeria towards reporting them appropriately.

Net oil revenue

11. During the quarter, the actual net oil revenue inflow into the Federation Account was N865.91 billion indicating a performance of N8.66 billion (or 1%) over the quarterly estimate of N857.25 billion. The third quarter figure showed an improvement of N176.91 billion (or 26%) over the second quarter figure of N689 billion. Please see *Table 3* below. The shortfall in net oil revenue in the third quarter could be largely ascribed to payments on the Modified Carry Arrangement (MCA) which led to decline in the net receipts from JVs.

Year-to-date

12. In the first three quarter of the year, only Crude Oil Sales and Royalties (Oil & Gas) had a positive variance when compared with their respective aggregate budgets as at the third quarter. Crude Oil Sales amounted to N2,606.55 billion indicating an increase of N505.05 billion (or 24%) over the three quarter budgeted estimate of N2,101.51 billion. Similarly Royalties Oil & Gas was N451.69 billion which was an increase of N89.3 billion (or 25%) over N362.4 billion projected for the three quarters of the year. All other items under this group underperformed when compared with their respective budgeted estimates.

Table 3: Net Distributable Revenue as at September, 2010 (Oil Revenue at benchmark assumptions)

S/N	DESCRIPTION	BUDGET		ACTUAL			VARIANCE					
		2010 ANNUAL	QRTLY BUDGET	2010 1ST QTR ACTUAL	2010 2ND QTR ACTUAL	2010 3RD QTR ACTUAL	QTR 3 BUDGET Vs ACTUAL		QTR 3 Vs QTR 2		ACTUAL Vs BUDGET (3 QTRS)	
A.	OIL REVENUE	₦ bns	₦ bns	₦ bns	₦ bns	₦ bns	₦ bns	%	₦ bns	%	₦ bns	%
1	Crude Oil Sales	2,802.01	700.50	779.45	849.20	977.90	277.40	40%	128.70	15%	505.05	24%
2	Petroleum Profit Tax (PPT)	1,203.18	300.79	242.42	284.34	354.90	54.11	18%	70.56	25%	(20.73)	-2%
3	Royalties	483.20	120.80	134.09	152.41	165.20	44.40	37%	12.79	8%	89.30	25%
4	Gas Tax	49.97	12.49	-	-	-	(12.49)	-100%	-		(37.48)	-100%
5	Gas	352.62	88.16	-	-	0.38	(87.78)	-100%	0.38		(264.09)	-100%
6	Others	11.36	2.84	0.77	2.75	2.22	(0.62)	-22%	(0.52)	-19%	(2.77)	-33%
7	**Sub-Total**	4,902.33	1,225.58	1,156.73	1,288.70	1,500.60	275.02	22%	211.90	16%	269.28	7%
8	Joint Venture Cash Calls (JVCCs), Domestic Gas Development,	960.95	240.24	256.03	232.79	236.76	(3.48)	-1%	3.97	2%	4.87	1%
9	**Sub-Total**	3,941.39	985.35	900.70	1,055.91	1,263.84	278.49	28%	207.93	20%	264.40	9%
10	Domestic Crude Oil subsidy			100.67	91.00	140.86	140.86		49.86	55%	332.53	
11	Excess Crude, PPT, Royalty			245.93	172.95	151.91	151.91		(21.04)	-12%	570.79	
12	**Balance Oil Revenue**	3,941.39	985.35	554.10	791.95	971.07	(14.28)	-1%	179.11	23%	(638.92)	-22%
13	Derivation	512.38	128.10	72.03	102.95	105.16	(22.94)	-18%	2.21	2%	(104.14)	-27%
14	**TO FEDERATION ACCOUNT**	3,429.01	857.25	482.07	689.00	865.91	8.66	1%	176.91	26%	(534.78)	-21%
B.	NON-OIL REVENUE										-	
15	Value Added Tax (VAT)	580.00	145.00	139.25	143.13	147.34	2.34	2%	4.21	3%	(5.28)	-1%
16	Companies Income Tax (CIT)	587.00	146.75	132.23	129.28	213.15	66.40	45%	83.87	65%	34.40	8%
16	Customs & Excise Duties (Customs)	400.00	125.00	71.99	68.71	80.98	(44.02)	-35%	12.27	18%	(153.32)	-41%
17	**Sub-Total**	1,567.00	416.75	343.46	341.12	441.47	24.72	6%	100.35	29%	(124.19)	-10%
	Deduct: Collectsion Costs	77.94	21.24	15.90	15.71	20.09	(1.15)	-88%	4.38	86%	(12.02)	-19%
18	Cost of Collection – VAT	23.20	5.80	5.57	5.73	5.89	0.09	2%	0.17	3%	(0.21)	-1%
19	FIRS Tax Refunds	3.40	0.85				(0.85)	-100%			(2.55)	-100%
20	Cost of Collection – CIT	23.34	5.84	5.29	5.17	8.53	2.69	46%	3.35	65%	1.48	8%
21	Cost of Collection – Customs	28.00	8.75	5.04	4.81	5.67	(3.08)	-35%	0.86	18%	(10.73)	-41%
22	**TO FEDERATION ACCT**	932.26	256.31	193.89	188.01	279.93	23.62	9%	91.93	49%	(107.11)	-14%
23	**Total VAT Pool Account**	556.80	139.20	133.68	137.41	141.45	2.25	2%	4.04	3%	(5.07)	-1%
24	***Net Non-Oil Revenue***	*1,489.06*	*395.51*	*327.57*	*325.41*	*421.38*	*25.87*	11%	*95.97*	52%	*(112.18)*	*(0.09)*
25	**Sub-Total: FEDERATION ACCT**	4,361.26	1,113.57	675.96	877.01	1,145.84	32.27	3%	268.83	31%	(641.89)	-19%
26	**Add:** Balances of Special Accounts	6.64	1.66	-	-	-	(1.66)	-100%			(4.98)	-100%
27	**TOTAL FEDERATION ACCOUNT**	4,367.90	1,115.23	675.96	877.01	1,145.84	30.61	3%	268.83	31%	(646.87)	-19%
C.	TOTAL DISTRIBUTION											
1	Federation Account	4,367.90	1,115.23	675.96	877.01	1,145.84	30.61	3%	268.83	31%	(646.87)	-19%
2	VAT Pool Account	556.80	139.20	133.68	137.41	141.45	2.25	2%	4.04	3%	(5.07)	-1%
3	**Grand Total**	4,924.70	1,254.43	809.63	1,014.41	1,287.29	32.86	3%	272.88	27%	(651.94)	-17%

Source: OAGF and Budget Office of the Federation

Non-Oil Revenue Performance

13. In recent years, the Government had made tremendous effort by coming up with a number of policies aimed at expanding the revenue base of the economy through improvement in revenue collection efficiency and diversification of non-oil revenue sources. These measures are intended to improve government revenues, reduce its over dependence on oil revenue sources in funding the annual budgets, and engender better accountability in the activities of government and its agencies. Some of the measures adopted by the government in this regard include the full implementation of provisions of the Fiscal Responsibility Act[2] relating to public revenue accounting and remittance, the government's focus on the generation of independence revenue through the MDAs' and ongoing Process Audit of MDAs' remittances of operating surpluses and other Internally Generated Revenue to ascertain their full compliance and timely remittances. As a way of supporting the government initiatives, 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 the workshop, where a number of issues impeding the actualization of the expectations from MDAs were addressed, is expected to continue to impact on the MDAs' performances. *Tables 4 and 5* below indicate the trend in non-oil performance over the last five years.

Table 4: Actual performance of Non-Oil Revenue category (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

14. In the third quarter of 2010, actual gross non-oil revenue was higher than the budgeted estimate of N416.75 billion for the quarter by N24.72 billion (or 6%). This also indicates an N100.35 billion (or 29%) performance over N341.12 billion collected in the second quarter. Comparatively, the Value Added Tax and Company Income Tax were higher than their respective quarterly budgets while receipts from Customs and Excise Duties fell below its quarterly projection. Value Added Tax and Company Income Tax were N2.34 billion (or 2%) and N66.4 billion (or 45%) higher than their quarterly estimates of N145 billion and N146.75 billion respectively. On the other hand, Customs and Excise Duties was N44.02 billion (or 35%) when compared with its quarterly budgeted estimate of N125 billion. Compared with the second quarter performance, the receipts in the third quarter exceeded the receipts in the second quarter. In the third quarter, Value Added Tax, Customs & Excise Duties and Company Income Tax grew by N4.21 billion (or 3%), N12.27 billion (or 18%) and N83.87 billion (or 65%) when compared with their second quarter performances of N143.13 billion, N68.71 billion and N129.28 billion respectively.

Year-to-date

15. Cumulatively, the gross non-oil revenue receipts as at the end of the three quarter part of the year was N1,126.06 billion which was N124.19 billion (or 10%) lower than the budget for same period. Receipts from Value Added Tax and Customs & Excise Duties fell short of their three quarters budgets of N435 billion and N375 billion respectively by N5.28 billion (or 1%) and N153.32 billion (or 41%) respectively. On the other hand Company Income Tax for the period was N34.4 billion (or 8%) higher than the projected estimate of N440.25 billion. Consequently, the net non-oil revenue for the three quarters was lower than the estimate of N1,186.53 billion by N112.18 billion (or 0.09%).

16. While there has been an upward trend in the receipts in the non-oil category, several reasons have been proffered for underperformance against the budget. Some of these include 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 currently being tackled by 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 and the financial year end for several companies, the collection levels should be considerably better in the last quarter of the year.

Comparative Revenue Performance Analysis

17. In spite of the low performance of some revenue heads during the third quarter of 2010, data from the OAGF indicates that the revenue receipts exceeded actual receipts in the third quarter of 2009. A review of the gross Oil and Non-oil revenue receipts in the third quarter of 2010 shows an improved performance of N953.12 billion (or 174.9%) and N44.09 billion (or 11.1%) respectively over the performances of N544.88 billion and N397.38 billion recorded in the same period of 2009. Please see *Table 6* below. In the same vein, the net Oil and net Non-oil receipts for the three quarters of 2010 also recorded an improved respective performance of N921.34 billion (or 82.6%) and N503.85 billion (or 88.3%) over N1,115.63 billion and N570.51 billion for the same period in 2009.

18. A further look at the actual performances in the third quarter of 2010 showed that Crude Oil Sales of N977.9 billion, Petroleum Profit Tax of N354.9 billion and Royalties of N165.2 billion exceeded their respective 2009 third quarter receipts of N303.59 billion, N168.33 billion and N72.96 billion by N674.31 billion (or 222.24%), N186.57 billion (or 110.84%) and N92.24 billion (or 126.43%) respectively. Likewise, Value Added Tax (VAT) of N147.34 billion, Company Income Tax of CIT of N213.15 billion and Customs & Excise Duties of N80.98 billion exceeded the 2009 receipts of N127.10billion, N191.64 billion and N78.64 billion for the same period by N20.24 billion (or 15.92%), N21.51 billion (or 11.22%) and N2.34 billion (or 2.98%)

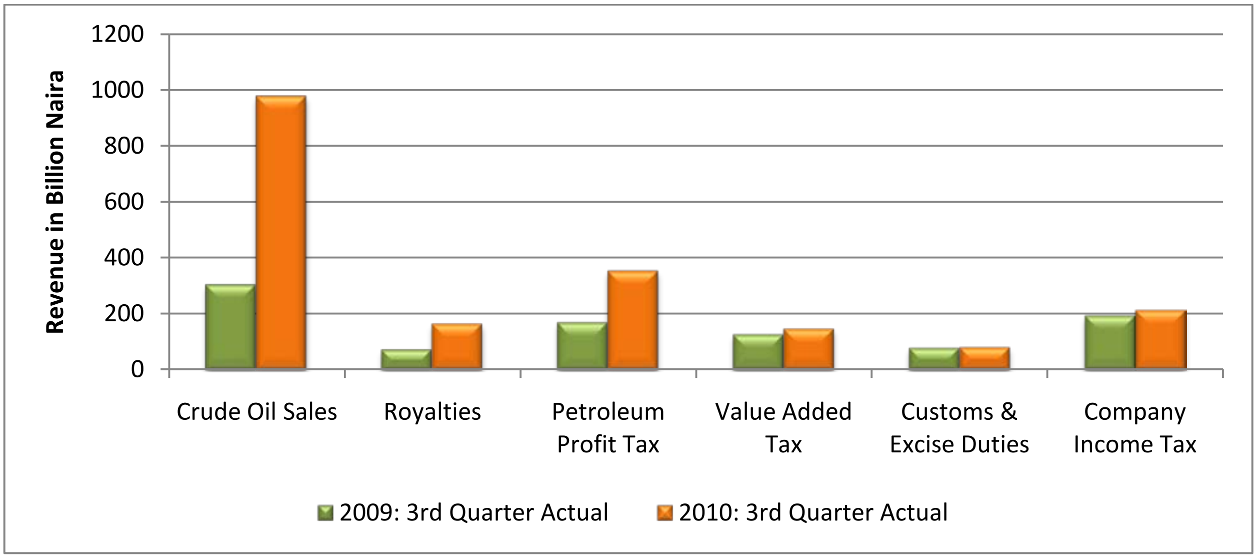
respectively. The higher oil prices in the international oil market and improved production volumes witnessed in 2010 so far largely account for the net increase in oil revenues. Similarly, the non-oil revenues have improved over the 2009 position following improvements in the economic environment, and better efficiency in revenue collection by the collecting agencies.

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

	2009		2010		Variance	
Revenue Items	3rd Quarter Actual	3 Quarters Actual	3rd Quarter Actual	3 Quarters Actual	3rd Quarter 2009 Vs 3rd Quarter 2010	
Oil Revenue (Gross)	N'bns	N'bns	N'bns	N'bns	N'bns	%
Crude Oil Sales	303.59	1,135.04	977.90	2,606.55	674.31	222.11
Petroleum Profit Tax (PPT)	168.33	444.06	354.90	881.66	186.57	110.84
Royalties	72.96	254.81	165.20	451.69	92.24	126.43
Non-Oil Revenue (Gross)						
Value Added Tax (VAT)	127.10	349.30	147.34	429.72	20.24	15.92
Company Income Tax (CIT)	191.64	395.26	213.15	474.65	21.51	11.22
Customs & Excise Duties	78.64	205.45	80.98	221.68	2.34	2.98

Source: OAGF and Budget Office of the Federation

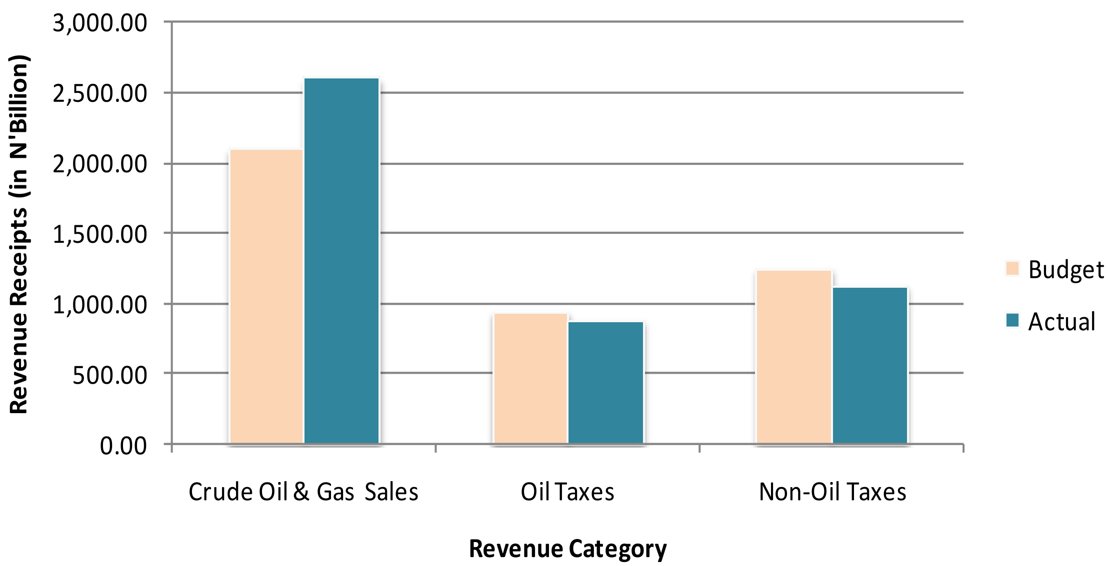
Chart 2: 2009 Vs 2010 Revenue Performance (Third Quarter)



Source: OAGF and Budget Office of the Federation

19. As the world economic condition and the various revenue collecting MDAs' revenue collection efficiencies improves, the government's revenue receipts would continue to get better all things being equal. *Chart 3* below is a graphical illustration of the actual performance of revenue categories compared to their budgeted estimates as at the third quarter of the year.

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



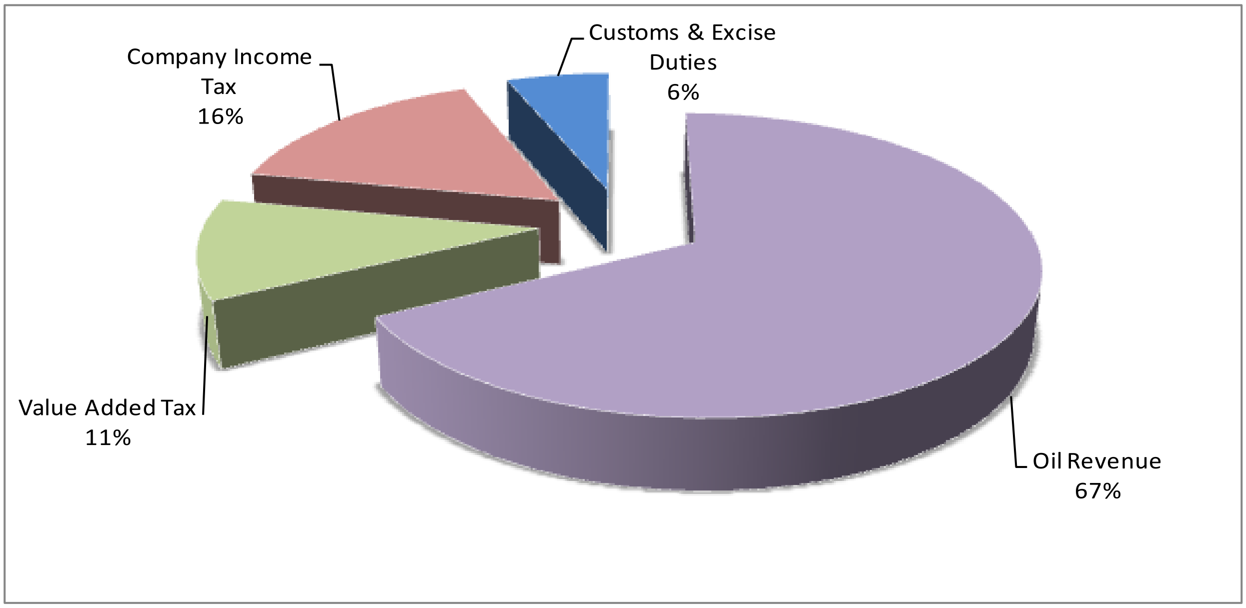
Source: Budget Office of the Federation

Distributable Revenue

20. The shortfall in oil revenue collected in the third quarter of 2010 expectedly affected the amount of funds available for distribution among the three tiers of government. During the quarter, a total of N1,287.29 billion accrued to the three tiers of government for distribution. This figure represents a shortfall of N32.86 billion (or 3%) when compared with the quarterly projection of N1,254.43 billion. However, this performance was N272.88 billion (or 27%) over the second quarter figure of N1,014.41 billion. *Chart 4* below shows each revenue category's contributions to distributable revenue in the third quarter.

21. Similarly, the aggregate distributable fund of N3,111.34 billion for the first three quarters of the year was N651.94 billion (or 17%) below N3,763.28 billion budgeted estimate for the same period. This cumulative shortfall in distributable revenue is expected to further narrow down by the end of the last quarter as receipts from oil and non-oil revenues improve.

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



Source: Budget Office of the Federation

2.3 FGN Budget Revenue Sources

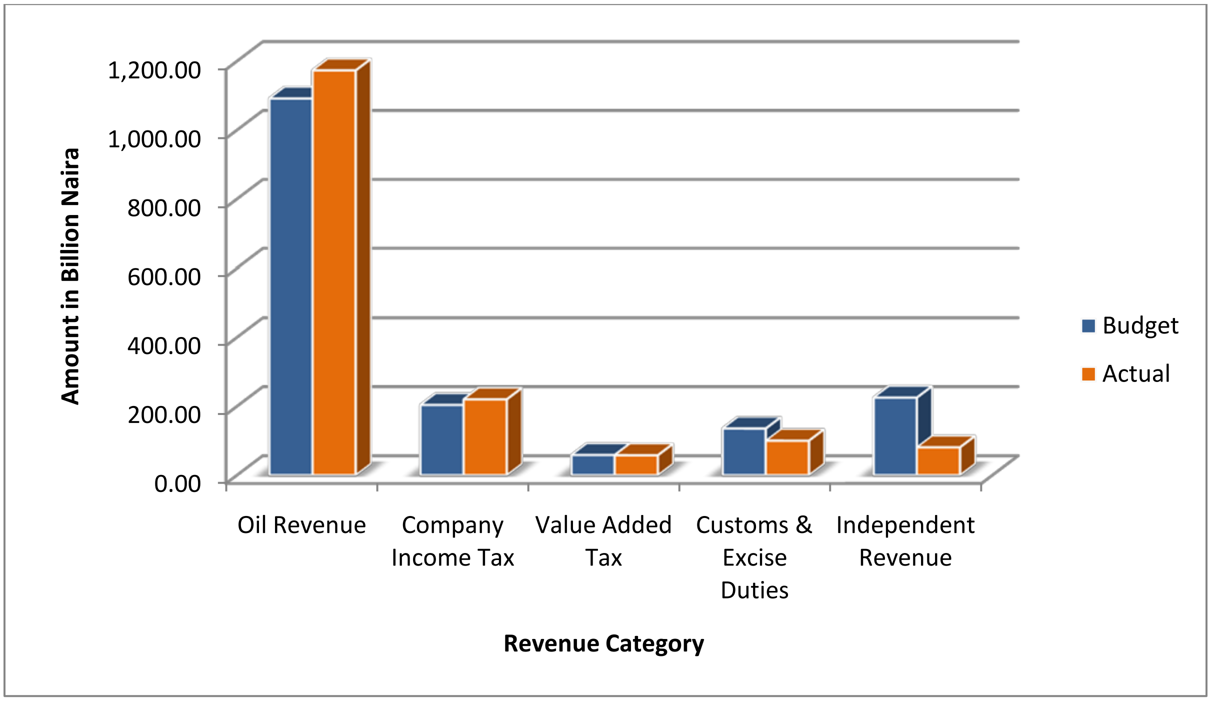
22. Based on the 2010 Amended Budget Framework, revenue accruing to the Federal Budget amounts to N2,433.83 billion. In view of the above, the estimated quarterly share of Federal Budget from the Federation Account was N608.46 billion. In the third quarter of 2010 the FGN share of Oil Revenue was N430.4 billion. This represents a performance of N66.53 billion (or 18.3%) over the quarterly estimate of N363.88 billion. Similarly, the FGN shares of Value Added Tax and Company Income Tax of N19.8 billion and N98.3 billion in the third quarter were respectively higher than their quarterly budgeted estimates of N19.49 billion and N67.91 billion by N0.32 billion (or 1.6%) and N30.39 billion (or 44.7%) respectively. On the other hand, receipts from Customs & Excise Duties and the FGN Independent Revenue receipts fell below the estimates for the quarter. While the receipt of N36.53 billion for Customs & Excise Duties was lower than the budget of N45.11 billion by N8.58 billion (or 19%), the Independent Revenue receipt of N15.63 billion fell short of the budget of N75 billion by N59.38 billion (or 79.2%). These data are presented in *Table 6* below.

Table 6: Inflows to the 2010 Federal Budget as at September 2010

DESCRIPTION	2010 BUDGET			2010 ACTUAL				VARIANCES					
Inflows for the Federal Budget (CRF)	Annual	Quarterly	3 Quarters	Quarter 1	Quarter 2	Quarter 3	First 3 Quarters	Actual Quarter 3 Vs Quarterly Budget		Quarter 3 Vs Quarter 2		First 3 Quarters: Actual Vs Budget	
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	%	N'm	%	N'bns	%
Share of Oil Revenue	**1,455,500.52**	**363,875.13**	**1,091,625.39**	**255,681.20**	**487,065.27**	**430,403.08**	**1,173,149.55**	**66,527.95**	**18.3%**	**-56,662.19**	**-11.6%**	81,524.16	7.5%
Share of Non-Oil	**830,030.20**	**207,507.55**	**622,522.65**	**128,715.78**	**159,667.21**	**170,254.46**	**458,637.45**	**-37,253.09**	**-18.0%**	**10,587.25**	**6.6%**	-163,885.20	-26.3%
Share of VAT	77,952.00	19,488.00	58,464.00	18,714.73	19,236.81	19,803.01	57,754.55	315.01	1.6%	566.21	2.9%	-709.45	-1.2%
Share of CIT	271,658.20	67,914.55	203,743.65	61,565.26	60,190.91	98,300.35	220,056.52	30,385.80	44.7%	38,109.45	63.3%	16,312.87	8.0%
Share of Customs	180,420.00	45,105.00	135,315.00	32,470.59	30,993.00	36,526.09	99,989.68	-8,578.91	-19.0%	5,533.09	17.9%	-35,325.32	-26.1%
Independent Revenue	300,000.00	75,000.00	225,000.00	15,965.19	49,246.50	15,625.00	80,836.69	-59,375.00	-79.2%	-33,621.50	-68.3%	-144,163.31	-64.1%
FGN's Share of Actual Balances in Special Accts	3,286.28	821.57	2,464.71	-	-	-	-	-821.57	-100.0%	-	-	-2,464.71	-100.0%
FGN's Balances in Special Levies Accounts	15,475.97	3,868.99	11,606.98	1,239.00	0.00	9,807.00	11,046.00	5,938.01	153.5%	9,807.00	-	-560.98	-4.8%
FGN's Unspent Balances of previous Fiscal Year	129,539.00	32,384.75	97,154.25	33,288.30	164,595.40	5,524.40	203,408.10	-26,860.35	-82.9%	-159,071.00	-96.6%	106,253.85	109.4%
Sub-Total (Exc Unspent Bal. & ECA & Augmentation)	2,304,292.97	576,073.24	1,728,219.73	385,635.98	646,732.48	610,464.54	1,642,833.00	34,391.29	6.0%	-36,267.95	-5.6%	-85,386.73	-4.9%
Other Financing Sources	**-**	**-**	**-**	**38,700.00**	**152,900.00**	**112,320.00**	**303,920.00**	-	-	-	-	303,920.00	-
Distribution of Excess Crude Savings (Augumentation)	-	-	-	21,880.00	152,900.00	112,320.00	287,100.00	-	-	-	-	287,100.00	-
Excess Crude Proceeds (Exchange gain)	-	-	-	16,820.00	-	-	16,820.00	-	-	-	-	16,820.00	-
Total Revenue (including unspent balance, ECA Augumentation, etc.)	2,433,831.97	608,457.99	1,825,373.98	457,624.28	964,227.88	728,308.94	2,150,161.10	119,850.94	19.7%	-235,918.95	-24.5%	324,787.12	17.8%

Source: Budget Office of the Federation and the OAGF

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



Source: The OAGF and Budget Office of the Federation

23. During the third quarter of 2010, the aggregate revenue receipts with the exclusion of other funding sources amounted to N610.46 billion indicating a positive performance of N34.39 billion (or 6%) over the quarterly estimates though lower than the receipts in the second quarter by N36.27 billion (or 5.6%). This position however improved with the inclusion of funds from 'Other financing sources' with the aggregate funds amounting to N728.31 billion leading to a net positive performance over the quarterly budget, and the budget for the first three quarters by N119.85 billion (or 19.7%) and N324.79 billion (or 17.8%) respectively.

24. *Charts 6a* and *6b* below are graphical representations of the respective revenue items' contribution to the FGN budget in the third quarter, and in the year-to-date.

Chart 6a: Contribution to the FGN Budget Revenue in the Third quarter (*excluding FGN's Unspent Balances and FGN's Balances in Special Accounts*)

Customs & Excise Duty 6%

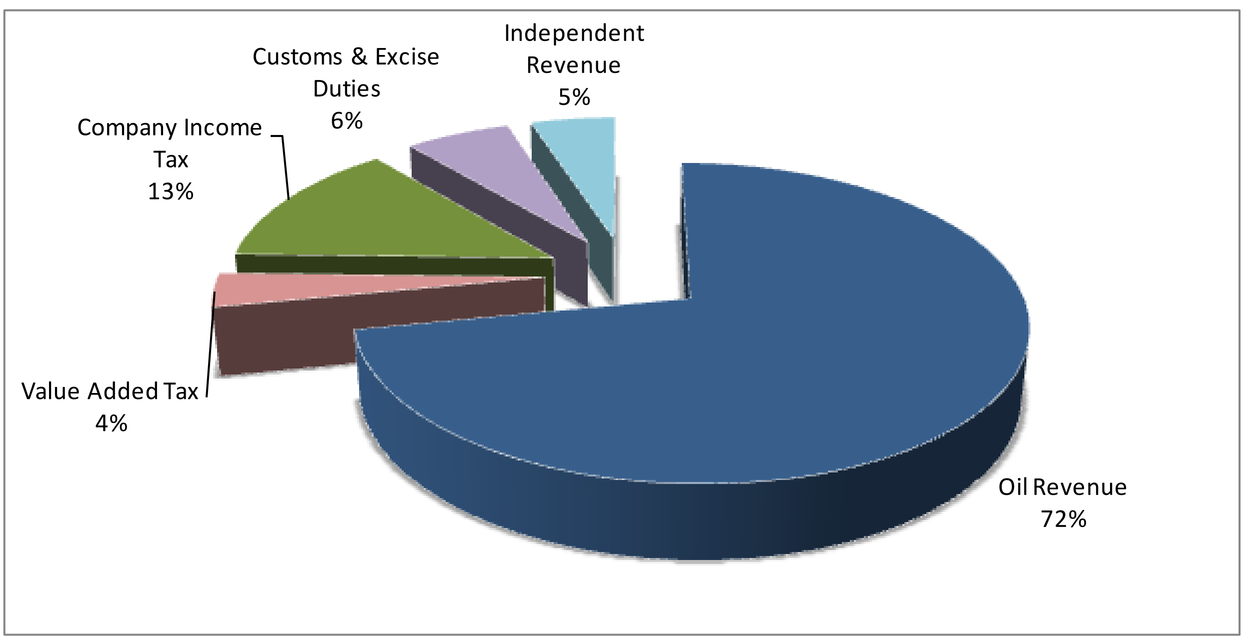
Independent Revenue 3%

Company Income Tax 16%

Value Added Tax 3%

Oil & Gas Revenue 72%

Chart 6b: Contribution to the FGN Budget Revenue in the year-to-date (*excluding FGN's Unspent Balances and FGN's Balances in Special Accounts*)



Source: The OAGF and Budget Office of the Federation

2.4 *Excess Crude Account*

25. The Excess Crude Account (ECA) was set up by the Government to smoothen its budgetary spending and cushion against shortfalls and volatilities in revenue receipts associated with price instability 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 for the 2010 Federal Budget was initially based on US$67 per barrel but was later revised to US$60 per barrel in the 2010 Amendment Budget while the market price averaged US$77.65 per barrel, US$79.54 per barrel and US$78.43 in the first, second and third quarters respectively. Benchmark oil production was initially projected at 2.35 mbpd in the Revenue Framework and later revised to 2.25 mbpd in the 2010 Amendment Budget. Gross oil production in the first, second and third quarters averaged 2.35 mbpd, 2.39 mbpd and 2.53 mbpd respectively.

26. Inflow into the Excess Crude Account in the third quarter of 2010 amounted to N151.91 billion. This implies a decline by N21.04 billion (or 12.16%) when compared with the inflow of N172.95 billion in the second quarter of 2010. The inflow in the third quarter however exceeds N23.22 billion recorded in the third quarter of 2009.2010 third quarter inflows to this account also indicates an increase of N128.69. Similarly, the total inflow of N570.79 billion into the Excess Crude Account in 2010 to-date indicates an increase of N498.05 billion (or 684.70%) when compared with the total inflow of N72.74 billion recorded within the same period in 2009. These data are presented in *Table 7*.

Table 7: Inflow into the Excess Crude Account

Description	2009 Actual (N' bns)		2010 Actual (N' bns)			
	Annual	3 Quarters	First Quarter	Second Quarter	Third Quarter	Year-to-date
Crude Oil Sales	60.39	60.39	245.93	172.95	151.91	570.79
Petroleum Profit Tax	-	-	-	-		-
Royalties	12.35	12.35	-	-		-
Total	**72.74**	**72.74**	**245.93**	**172.95**	**151.91**	**570.79**

Source: Office of the Accountant General of the Federation

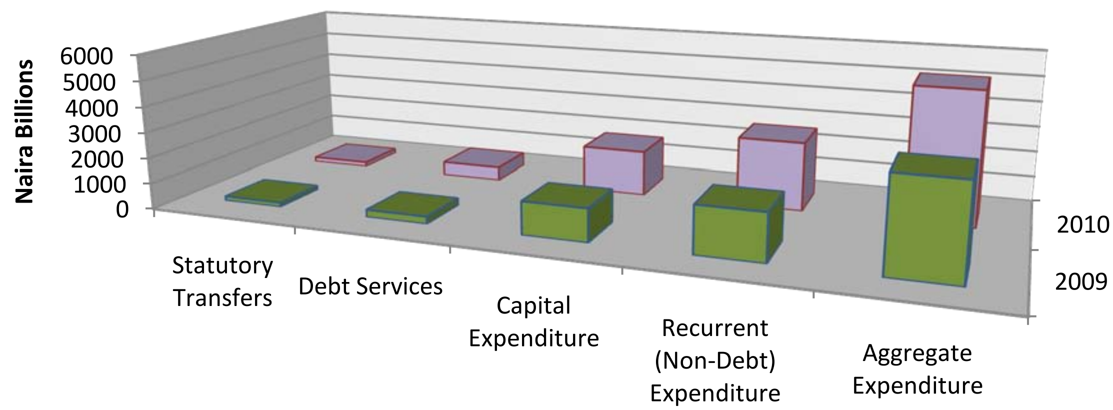
2.5 Expenditure Developments and Revision

27. Towards achieving its developmental goals through the 2010 Budget, the Federal Government gave priority to projects/programmes that will stimulate national economic recovery. In this respect, about 90% of MDAs' capital expenditure in the 2010 Appropriation Act were allocated to the government's priority sectors: Critical Infrastructure; Human Capital Development, Land Reform & Food Security, Physical Security, Law & Order, and the Niger Delta Development.

In consideration of the need to better align the provisions in the 2010 Budget as passed, to the priorities of the Government while adopting more realistic revenue assumptions, the Government proposed an amendment to the 2010 Budget. In doing this, the Government engaged with key stakeholders to revise the 2010 Revenue Framework and the 2010 Appropriation Act. However, this revision could not cater for some key ongoing projects and programmes without adequate provisions in the Amendment Budget aside from some evolving national emergencies including Labour unions' wage agitations, and the provisions for the national elections. Based on these realities, a supplementary budget was respectively passed by the National Assembly in July and August 2010.

28. Consequently, as at the end of the third quarter, we had three budgets running: the 2010 Amended Budget - N4,427.19 billion, Supplementary Budget I – N644.75 billion and Supplementary II – N87.72 billion all aggregating to N5,159.66 billion. Of this aggregate, Statutory Transfers had N183.58 billion (or 3.56%), Debt Service had N542.38 billion (or 10.51%), Capital expenditure had N1,764.69 billion (or 34.2%) while Recurrent (non-debt) expenditure had N2,669.01 billion (or 51.73%). *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	183.58	542.38	1,764.69	2,669.01	5,159.66

Source: Budget Office of the Federation

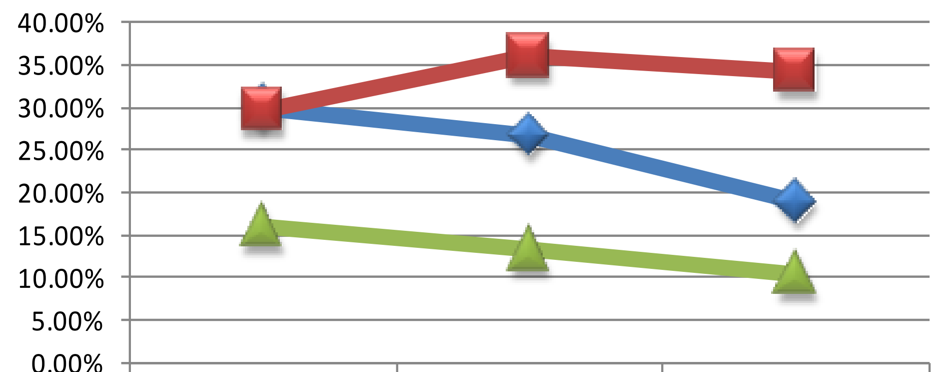
Chart 8: Priority Sectors Capital Budget Allocation in the 2010 Appropriation Act

Source: Budget Office of the Federation

2.5.1 Non-Debt Recurrent Expenditure

29. Following the trend in the FGN annual budgets, provisions for recurrent expenditure in absolute terms in recent years have been on the rise. However, in consideration of revenue constraints the Government has continued in its steps to boost efficiency in expenditure, and checking allocations to recurrent expenditure in relative terms. *Chart 9* below illustrates declining 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%	18.86%
Capital Spending	29.66%	36.00%	34.20%
Overheads	16.03%	13.21%	10.39%

Source: Budget Office of the Federation

30. In the third quarter of 2010 the sum of N602.38 billion was released for Non-Debt recurrent expenditure. This amount was N64.94 billion (or 9.73%) lower than the quarterly budgeted estimate of N667.31 billion. The personnel cost for the third quarter amounted to N260.21 billion which was N109.52 billion (or 29.62%) lower than the quarterly budgeted estimate of N369.73 billion. Cumulatively, the non-debt recurrent releases of N1,664.72 billion for the year to-date was N337.22 billion (or 16.84%) lower than the N2,001.94 projected for the same period. This difference is largely attributable to the outstanding payments in respect of personnel wage increases which was made in October 2010 following the Supplementary Budget I, and advance payments of personnel costs to the Foreign Missions, DPR, et al as at end of the third quarter. *Table 8* below presents the fiscal position of the federal government as at the end of the first three quarters of 2010.

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

FISCAL ITEMS	BUDGET			ACTUAL				Variance: (Quarter 3: Budget Vs Actual)		Variance: (3 Quarters: Actual Vs Budget)	
	Annual	Quarterly Estimate	3 Quarters	Quarter 1	Quarter 2	Quarter 3	3 Quarters	N'bns	%	N'bns	%
TOTAL INFLOW	2,433,832.0	608,458.0	1,825,374.0	457,624.3	964,227.9	728,308.9	2,150,161.1	119,851.0	19.7%	324,787.1	17.8%
EXPENDITURE											
Recurrent											
Personnel Cost	1,478,915.8	369,729.0	1,109,186.9	259,320.6	280,889.0	260,206.1	800,415.7	-109,522.9	-29.6%	-308,771.2	-27.8%
Pension Pension Redemption Funds	225,020.7	56,255.2	168,765.5	40,807.4	56,926.7	41,226.5	138,960.6	-15,028.7	-26.7%	-29,804.9	-17.7%
Overhead Cost, SW, MYTO	965,316.3	241,329.1	723,987.2	145,648.2	278,753.5	300,944.6	725,346.3	59,615.5	24.7%	1,359.1	0.2%
Sub-Total (Non-debt)	*2,669,252.8*	*667,313.2*	*2,001,939.6*	*445,776.2*	*616,569.2*	*602,377.2*	*1,664,722.6*	*-64,936.0*	*-9.7%*	*-337,217.0*	*-16.8%*
Domestic Debts	503,465.3	125,866.3	377,599.0	60,071.4	88,628.7	19,057.9	167,758.0	-106,808.4	-84.9%	-209,841.0	-55.6%
Interest on Ways & Means	-	-	-	2,248.0	-	-	2,248.0	-		2,248.0	0.0%
Foreign Debts	38,916.5	9,729.1	29,187.4	9,548.3	10,066.7	10,131.0	29,746.0	401.8	4.1%	558.6	0.0%
Sub-Total (debt)	*542,381.8*	*135,595.5*	*406,786.4*	*71,867.7*	*98,695.4*	*29,188.9*	*199,752.0*	*-106,406.6*	*-78.5%*	*-207,034.4*	*-50.9%*
Sub-Total (Recurrent)	**3,211,634.6**	**802,908.7**	**2,408,726.0**	**517,643.9**	**715,264.6**	**631,566.1**	1,864,474.6	**-171,342.6**	**-21.3%**	**-544,251.4**	**-22.6%**
Capital Expenditure							-				
Capital Releases 2010	1,764,688.0	441,172.0	1,323,516.0	190,396.2	204,116.0	129,767.2	524,279.4	-311,404.8	-70.6%	**-799,236.6**	-60.4%
Capital Releases 2009			-	50,600.0	-	-	50,600.0	-		**50,600.0**	0.0%
Sub Total (Capital)	**1,764,688.0**	**441,172.0**	**1,323,516.0**	**240,996.2**	**204,116.0**	**129,767.2**	574,879.4	**-311,404.8**	**-70.6%**	**-748,636.6**	**-56.6%**
Transfers							-				
NDDC	46,490.0	11,622.5	34,867.5	-	-	33,703.3	33,703.3	22,080.8	190.0%	-1,164.2	-3.3%
National Judicial Council	91,000.0	22,750.0	68,250.0	39,000.0	6,500.0	22,750.0	68,250.0	-	0.0%	-	0.0%
Universal Basic Education	46,085.9	11,521.5	34,564.4	11,080.4	11,080.0	11,085.4	33,245.8	-436.1	-3.8%	-1,318.6	-3.8%
Refund to UBA Plc		-	-	11.1	-	-	11.1	-		11.1	0.0%
FCT/FIRS		-	-	2,910.4	5,261.1	5,828.2	13,999.7	5,828.2		13,999.7	0.0%
Sub-Total (Transfers)	**183,575.9**	**45,894.0**	**137,681.9**	**53,001.9**	**22,841.1**	**73,366.9**	149,209.9	**27,472.9**	**59.9%**	**11,528.0**	**8.4%**
Total Expenditure	**5,159,898.5**	**622,661.4**	1,867,984.3	**365,865.8**	**325,652.5**	**232,323.0**	923,841.3	**-390,338.5**	**-62.7%**	**-944,143.0**	**-50.5%**
Deficit / Surplus	**-2,726,066.5**	**-14,203.4**	**-42,610.3**	**91,758.5**	**638,575.4**	**495,986.0**	**1,226,319.8**	**105,647.5**	**-743.8%**	**1,268,930.1**	**-2978.0%**
FINANCING ITEMS											
Sales of Government Property*	9,560.0	2,390.0	7,170.0	-	-	-	-	-2,390.0	-100.0%	-7,170.0	-100.0%
Privatization Proceeds*	107,208.0	26,802.0	80,406.0	-	-	1,964.5	1,964.5	-24,837.5	-92.7%	-78,441.5	-97.6%
Net FGN's Consolidated Share of Proposed ECA of 2010 (US$2.1 bn)	309,130.0	77,282.5	231,847.5	97,662.1	-	-	97,662.1	-77,282.5	-100.0%	-134,185.4	-57.9%
FGN's Share of Signature Bonus (2010 Bid Rounds)	132,312.0	33,078.0	99,234.0	-	-	-	-	-33,078.0	-100.0%	-99,234.0	-100.0%
International Bond ($500m)	75,000.0	18,750.0	56,250.0	-	-	-	-	-18,750.0	-100.0%	-56,250.0	-100.0%
Domestic borrowing (FGN Bond)	1,360,142.0	340,035.5	1,020,106.5	216,870.0	150,000.0	396,925.5	763,795.5	56,890.0	16.7%	-256,311.0	-25.1%
Borrowing from Special Accounts			-	-	-	233,928.0	233,928.0	233,928.0		233,928.0	0.0%
World Bank Loan ($500)	-	-	-	75,027.2	-	-	75,027.2	-		75,027.2	0.0%
Sub Total	**1,993,352.0**	**498,338.0**	**1,495,014.0**	**389,559.3**	**150,000.0**	**396,925.5**	**936,484.8**	**-101,412.5**	**-20.4%**	-558,529.2	-37.4%
Net Deficit / Surplus	-	-	-	**459,380.0**	**615,379.0**	**400,495.0**	1,475,254.1	**400,495.0**			

Source: OAGF and Budget Office

2.5.2 Debt Service

31. As at the end of the quarter, data from the Debt Management Office indicate that the federal government's outstanding securitized domestic debt stock was N4,229.63 billion. This implies an increase of N464.87 billion (or 12.35%) over N3,764.76 billion recorded in the second quarter of 2010. The increase in volume of FGN Bonds by N396.93 billion during the third quarter to part finance the deficit of the 2010 Budget largely accounts for this. A breakdown of the total domestic stock indicates that FGN Bonds constitute N2,792.23 billion (or 66.02%), Nigerian Treasury Bills (NTBs) represents N1,064.27 billion (or 25.16%), Treasury Bonds accounts for N372.9 billion (or 8.81%) and Development Stocks make up N0.22 billion (or 0.01%).

32. Nigeria's external debt stock as at the end of the third quarter was US$4.534 billion. This indicates an increase of US$264.48 million (or 6.19%) over US$4.269 billion recorded in the second quarter. Out of this amount, multilateral debt amounted to US$4.152.27 billion (or 91.58%) while Non-Paris Club and Commercial debt accounted for the balance of US$0.381 billion (or 8.42%).

33. The sum of N29.19 billion was released for recurrent debt servicing during the quarter. This figure was N106.41 billion (or 78.5%) lower than the quarterly estimate of N135.6 billion. The figure was also N69.51 billion (or 70.43%) lower than the N98.7 recorded in the second quarter. Furthermore, the cumulative debt service releases of N199.75 billion for the year to-date was N207.03 billion (or 50.9%) lower than the estimate of N406.79 billion for the same period. This gap between the quarterly estimates and releases is expected to be narrowed down in the last quarter of the year as debt service payments fall due. The actual domestic debt service payment for the third quarter of 2010 amounted to N304.25 billion. The payments consist of N155.64 billion (or 51.16%) for FGN Bonds, N29.93 billion (or 9.84%) for NTBs, N50.17 billion (or 16.49%) for Treasury Bonds, N0.35 billion (or 0.12%) for Development Stocks and N68.16 billion (or 22.40%) for Promissory Note.

34. External debt service payment in the third quarter of 2010 amounted to US$91.54 million while payments in the first and second quarters were US$64.71 million and US$112.88 million respectively thereby aggregating to US$269.13 million. This is comprised of: US$193.27 million to Multilateral Creditors, US$24.19 million to Non-Paris Club Bilateral Creditors, US$51.66 million to Non-Paris Club Commercial Creditors and US$0.01 million to other creditors (England/CITI Bank).

2.5.3 Statutory Transfers

35. These are statutory releases made to three extra-Ministerial departments of government: the Niger Delta Development Commission (NDDC), the National Judiciary

Council (NJC) and the Universal Basic Education Commission (UBEC)[3]. In the third quarter of 2010, N33.7 billion, N22.75 billion and N11.09 billion were released to the Niger Delta Development Commission, National Judicial Council and Universal Basic Education Commission respectively.

2.5.4 Capital Expenditure Performance:

MDAs' Capital Vote Utilization:

36. Following a number of reviews on the MDAs' capital projects implementation at the federal level, efforts[4] have been ongoing towards achieving improved outcomes in their capital projects/programmes implementation. However, while these efforts are gradually yielding positive outturns for the implementation of our national budgets, government is looking further to the implementation of a harmonized 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 of paramount interest to the government.

37. As at end of the quarter, an aggregate of N541.33 billion had been released for MDA's capital budget implementation. These were made through the First Quarter Warrant of N197.33 billion, Amended Second Quarter Warrant of N200.0 billion, Authority to Incur Expenditure (AIE) of N48.96 billion, and Capital Supplementation releases of N57.73 billion and N52.62 billion. Of the total released amount, N530.46 billion (or 97.99%) was cash backed by OAGF following revenue constraints while only N278.88 billion (or 53.47%) was utilized by MDAs to-date. Furthermore, when compared against the total releases for the period rather than the cash-backed amount, the percentage utilization rate declines to 52.38%. Please see *Appendix 1*.

38. An appraisal of fifty MDAs reported upon by the Office of the Accountant General of the Federation (OAGF) showed a varied level of utilization. Twenty six (or 52%) of the MDAs including: Interior, Niger-Delta, Agriculture, Water Resources, Defence, Federal Capital Territory Administration, Works, Commerce & Industry, Mines & Steel, Health, and Police Affairs each utilized above the overall average utilization rate of 53.47%. Eleven out of these (or 22% of the MDAs) including Defence, Federal Capital Territory Administration, and Agriculture had utilization rates of over 70% of their respective cash backed releases. Going by the OAGF report, it is noteworthy that six (or

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

[4] Please see Section 2.5.4 of the Second Quarter Budget Implementation Report

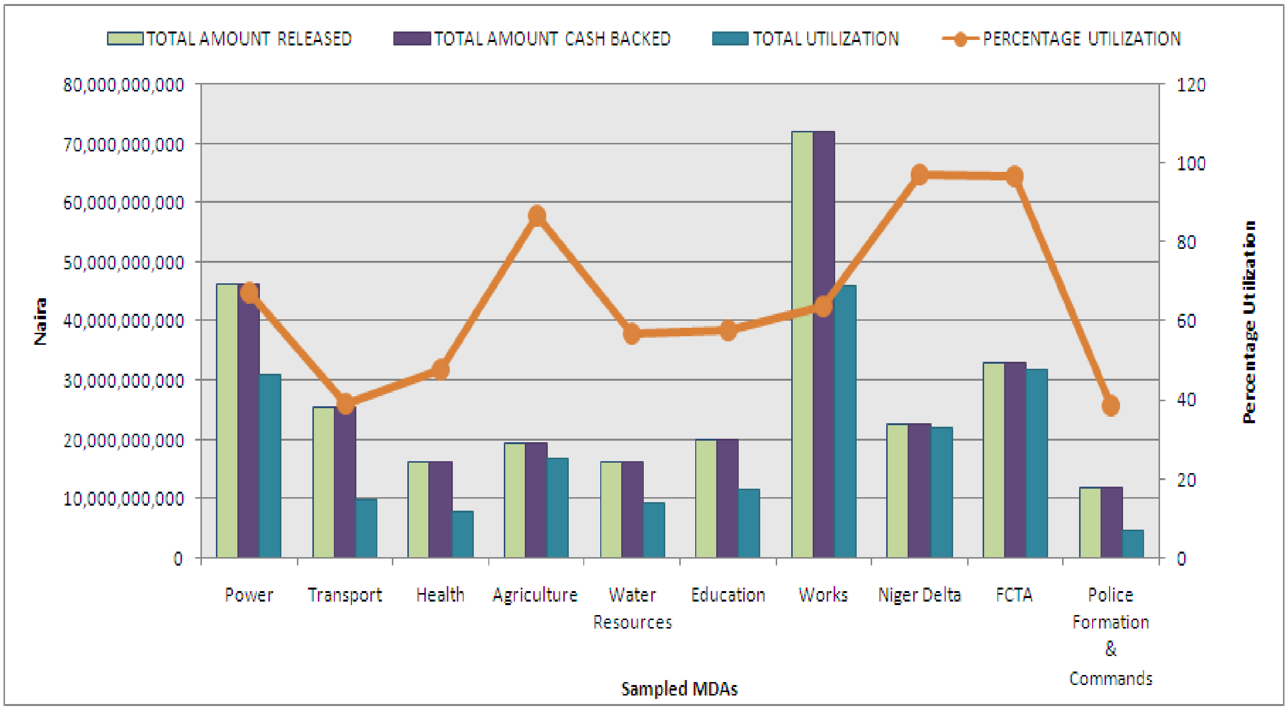
12%) of the MDAs were yet to utilize any portion of the capital budget funds released to them. Key among these MDAs are: Police Service Commission, and INEC. *Table 10* below is an extract from *Appendix 1* highlighting the utilization rate of ten MDAs considered as key to the actualization of the Administration's goals.

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

MDA	TOTAL AMOUNT	TOTAL AMOUNT	UTILIZATION		
	N	N	N	As a %age of Cash-backed Funds	As a %age Total Budgetary Releases
Power	46,258,772,213	46,205,146,546	30,993,881,251	67.08	67.00
Transport	25,516,886,531	25,516,886,531	9,962,875,299	39.04	39.04
Health	16,241,618,749	16,223,815,383	7,753,933,449	47.79	47.74
Agriculture	19,471,927,853	19,471,927,853	16,881,789,040	86.70	86.70
Water Resources	16,166,721,460	16,166,721,460	9,213,838,677	56.99	56.99
Education	20,041,501,796	20,041,501,796	11,551,050,287	57.64	57.64
Works	71,954,836,097	71,883,780,763	45,941,790,227	63.91	63.85
Niger Delta	22,579,059,441	22,579,059,441	21,984,055,246	97.36	97.36
FCTA	32,978,078,167	32,978,078,167	31,894,837,379	96.72	96.72
Police Formation & Commands	11,811,354,350	11,811,354,350	4,546,161,630	38.49	38.49
Total Average Utilization (by all MDAs)				**53.47**	**52.38**

Source: OAGF and BOF

Chart 10: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF

2.5.5 Performance of the Financing Items

39. Quarterly funding of the 2010 Amended Budget was projected at N608.46 billion while aggregate quarterly expenditure from the Amendment Budget and Supplementary Budgets was projected at N1,505.01 billion resulting in a projected deficit of N896.55 billion. This 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 N340.04 billion.

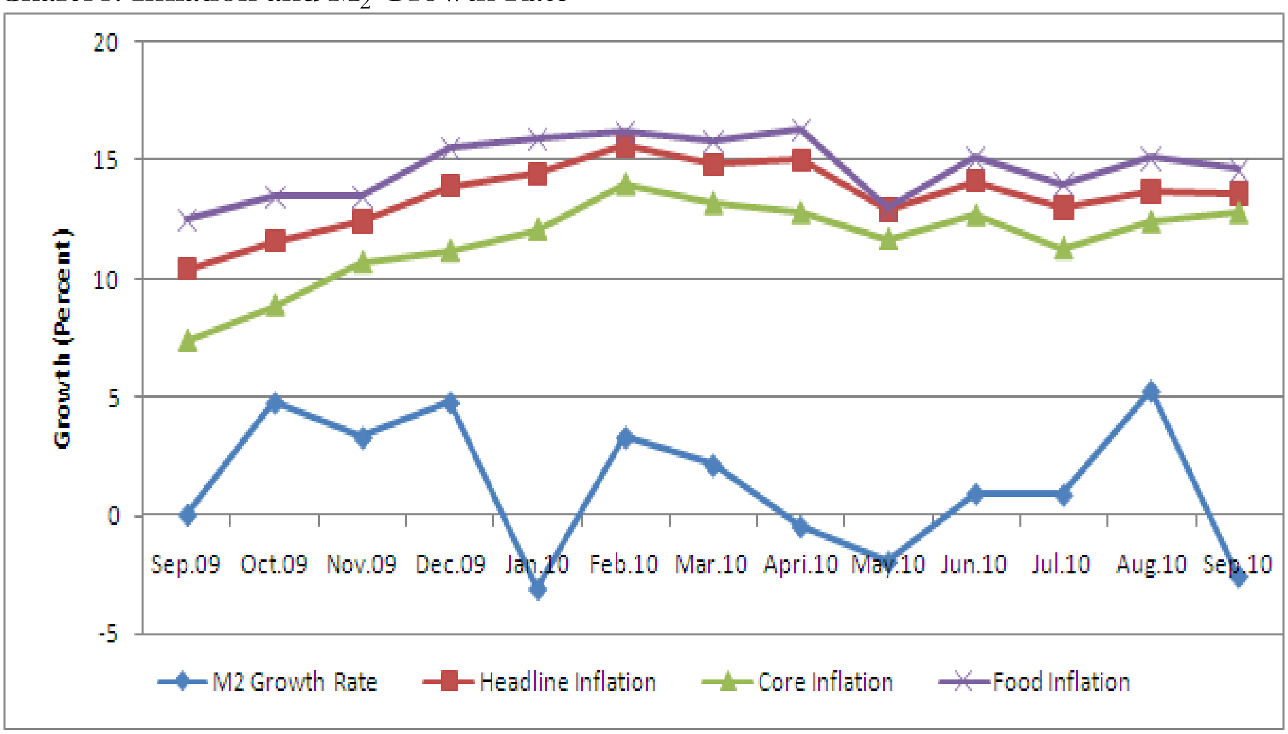
40. Of the anticipated quarterly financing from these sources, only N1.96 billion, 396.93 billion, and N233.93 billion were realized from Privatization Proceeds, Domestic Borrowing, and Borrowing from Special Accounts respectively. On the other hand, Sales of Government Property, Signature bonus, and the proposed International bond were yet to yield any contribution to Treasury in the year to-date. Consequently, of the anticipated aggregate financing of N1,495.01 billion expected from these sources, only N936.48 billion was realized implying a shortfall of N558.53 billion (or 37.4%).

3.0 MACROECONOMIC DEVELOPMENT AND ANALYSIS

41. Provisional data from the National Bureau of Statistics as at the end of the third quarter indicates a robust growth with a growth of 7.69% in real Gross Domestic Product (GDP) in the second quarter of 2010 as against the 7.36% recorded in the first quarter. Compared with a growth of 6.6% in real GDP for the first three quarters of 2009, real GDP grew at 7.7% for same period. The GDP growth for 2010 was projected at 7.78% which is higher than the 6.96% recorded in 2009. Although the oil sector is showing signs of improved performance, the non-oil sector is expected to remain the main driver of overall growth with agriculture, wholesale and retail trade, and services contributing 2.4%, 2.04% and 2.08% respectively.

42. Year-on year, the headline inflation rate declined from 14.1% in June 2010 to 13.6% in September 2010. Similarly, food inflation fell from 15.1% in June to 14.6% in September while core inflation rose to 12.8% in September from 12.7% recorded in June. The downward trend in the domestic price level can be linked to a number of factors which include: 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

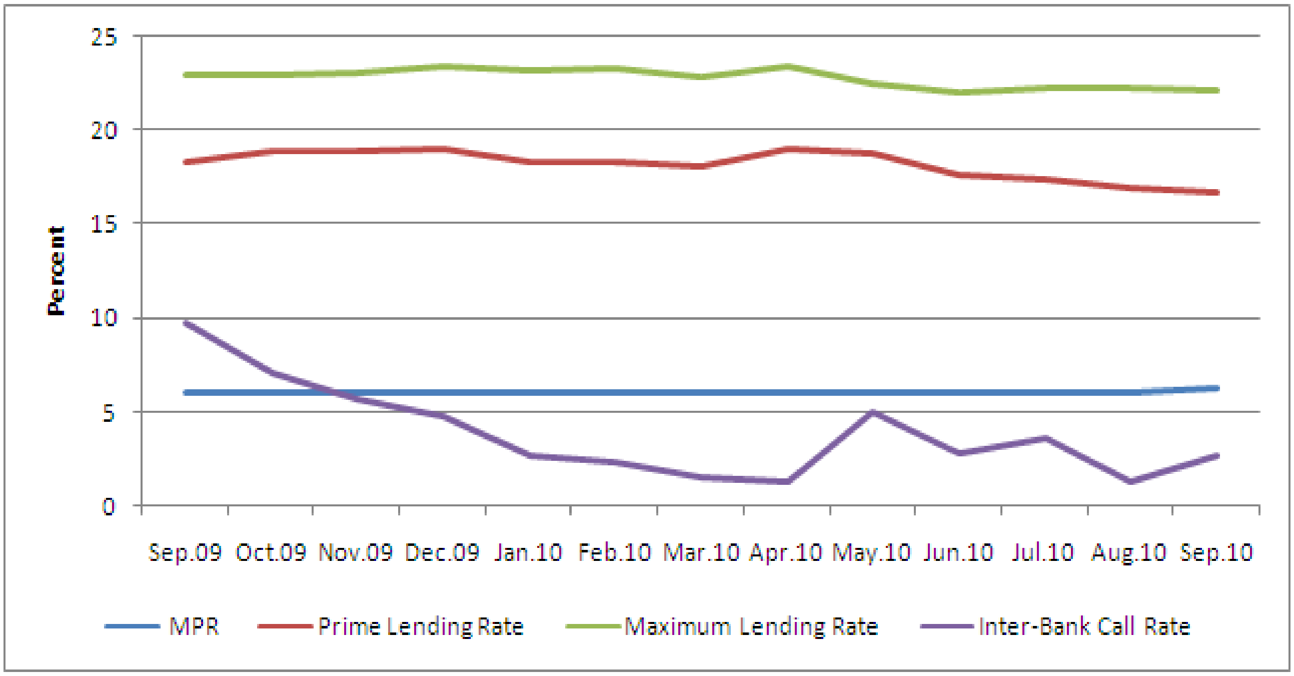


Source: Central Bank of Nigeria, 2010; National Bureau of Statistics, 2010.

43. Relative to June 2010, Broad Money (M_2) grew by N0.38 trillion (or 3.51%) from N10.84 trillion in June 2010 to N11.22 trillion in September 2010. Similarly, Credit to the Private Sector grew by 2.38% from N10.1 trillion in June to N10.34 trillion in September 2010. On the other hand credit to government declined by N0.46 trillion (or 30.87%) from –N1.49 trillion in June to –N1.03 trillion in September 2010. The 2.38% growth in credit to the private sector contributed to the N0.7 trillion (or 8.13%) rise in Net Domestic Credit from N8.61 trillion in June to N9.31 trillion in September 2010. Further efforts are needed to restore confidence to the credit market and expand credit to the real economy.

44. The trend in the interest rates structure indicated that the retail lending rates are still relatively high even though some of the indicators are on the decline. The average maximum lending rate slightly increased from 22.03% in June to 22.18% in September 2010 while the average prime lending rate dropped from 17.65% in June to 16.66% in September 2010. The inter-bank call rates segments of the money market which were 3.59%, 1.26% and 2.66% in July, August and September respectively, averaged 2.50% in the third quarter was and lower than the average rate of 2.98% obtained in the second quarter of 2010. The fall in the average inter-bank call rate was due to the prevailing banking system liquidity and the de-risking of the market through the Central Bank of Nigeria guarantee of interbank transactions. These trends are presented in *Chart 12* below.

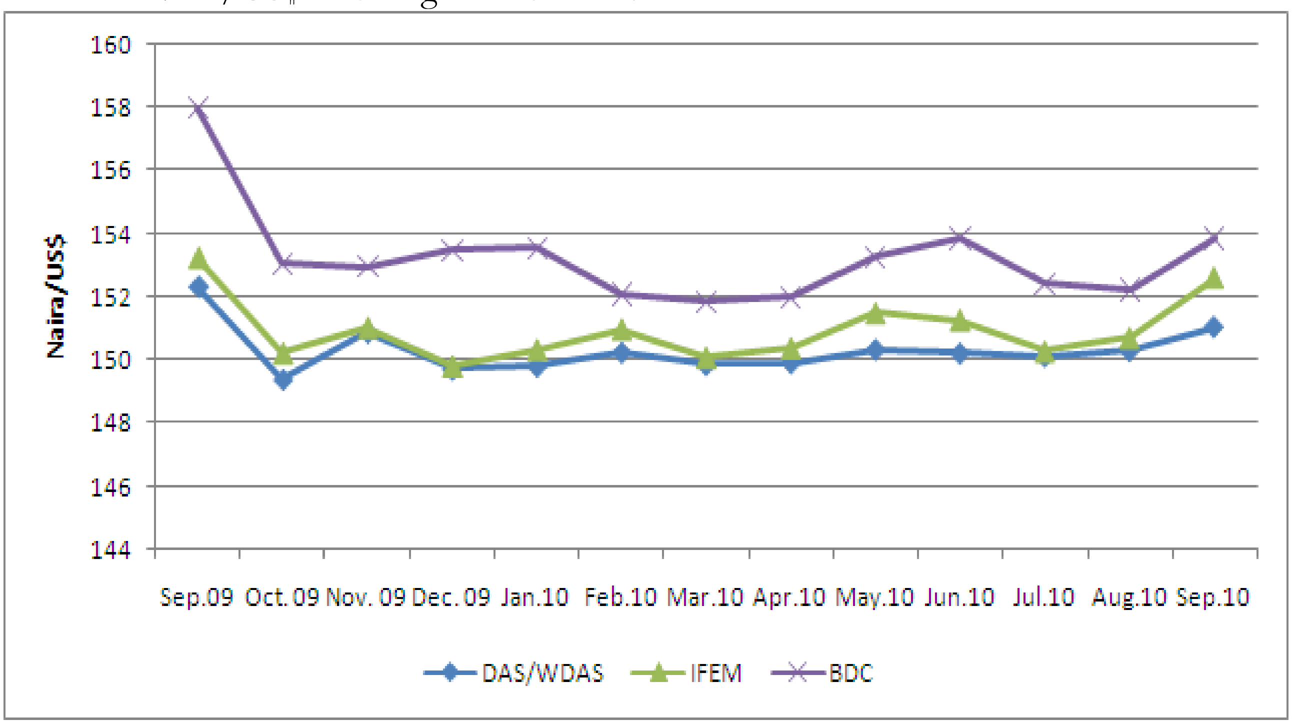
Chart 12: Interest Rates Trend



Source: Central Bank of Nigeria, 2010

45. There was relative stability in the foreign exchange market in the third quarter of the year. This point to the increased confidence in the Naira and the effectiveness of current exchange rate policy. In the third quarter, the WDAS opened with an exchange rate of N150.10/US$1 and closed at N151.03/US$1 with an average closing rate of N150.47/US$1. When compared with the average closing rate of N150.13/US$1 recorded during the second quarter of 2010, the Naira depreciated by 0.23%. At the inter-bank market, the average exchange rate depreciated by 0.89% from N151.27/$ in June to N152.62/$ in September 2010. In the same vein, the premium between the WDAS average rate and the inter-bank market rate remained low at N0.73 (or 0.49%) in the third quarter of 2010, while that between the WDAS average exchange rate and the BDC rate rose to N2.36 (or 1.57%) in the third quarter from N2.91 (or 1.94%) in the second quarter of 2010.

Chart 13: Naira/US$ Exchange Rates Trend

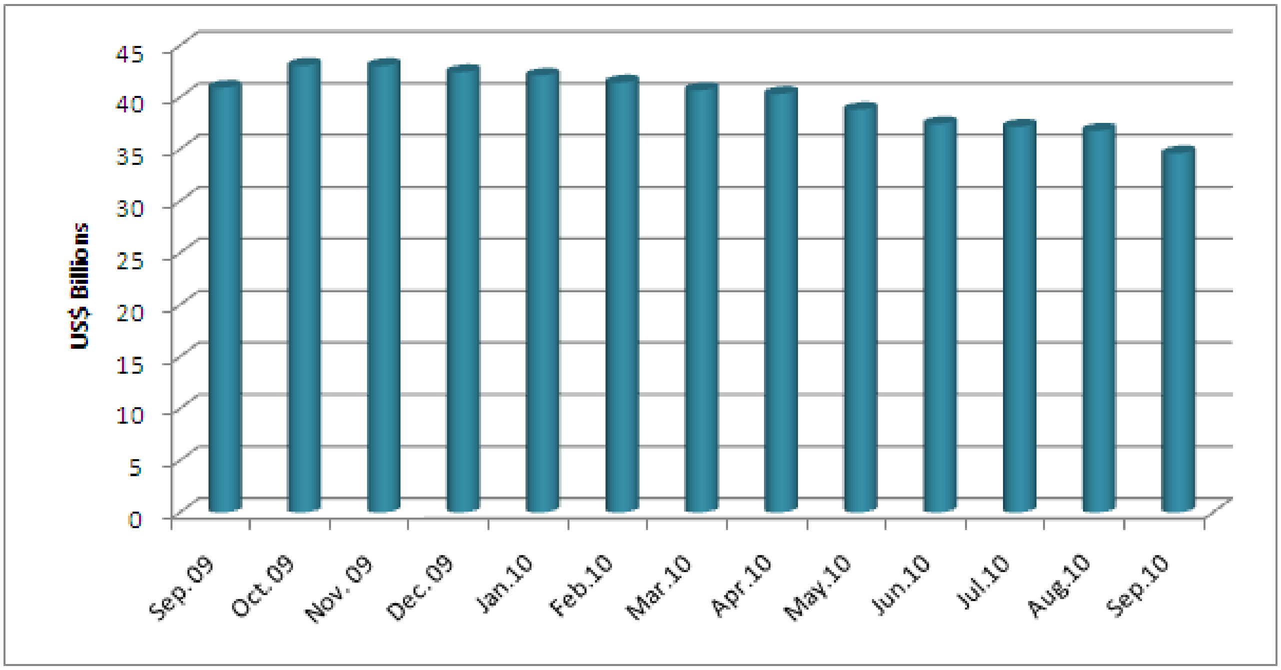


Source: Central Bank of Nigeria, 2010

46. During the quarter, gross external reserves presented a downward trend going from US$37.16 billion in July to US$36.77 billion and US$34.59 billion in the months of August and September 2010 respectively. Relative to the US$37.42 billion level in June 2010 the trend showed a decrease by US$2.83 billion (or 7.56%) in September 2010. The fall in external reserves can be ascribed to the withdrawals made by the three tiers of government to supplement the funding of the 2010 Budget shortfall. The level of the external reserves as at the end of the third quarter was sufficient to finance at least 16

months of imports[5] which was well above the globally recommended best practice of 3-months import cover. With the sustained rise in the price of crude oil over the benchmark price in the international market coupled with the improvement in crude oil production, a reversal of this trend is expected.

Chart 14: Level of External Reserves



Source: Central Bank of Nigeria, 2010

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

4.0 CAPITAL PROJECT IMPLEMENTATION REPORT

4.1 Introduction

47. As mentioned in previous publications[6] of the 2010 Quarterly Budget Implementation Reports, the 2010 Amendment Budget focused on transforming the country's socio-economic landscape, particularly through the devotion of about 90% of the capital budget to key priority sectors which would contribute to the achievement of its developmental goals. To this end, and with a view to delivering the government's planned deliverables, several measures[7] are continually being implemented by the government. This chapter of the Report will therefore provide a comprehensive assessment of the implementation of the third quarter capital budget of some selected MDAs.

48. While some of these measures have fully taken effect, some factors still constrain the full utilization of released funds. The third quarter of 2010 witnessed increased capital released compared to the earlier quarters of the year. This increase is accounted for by augmentation for shortfalls following the amendment of the 2010 Budget, and releases in respect of the two 2010 Supplementary Budgets. The average rate of capital utilization increased in the third quarter of 2010 from N124.79 billion (or 30.83%) as at the second quarter to N278.88 billion (or 53.47%) following the impact of some of these measures.

49. In view of the Government's goals to deliver on its promises to the Nigerian people, and pursuant to provisions of the Fiscal Responsibility Act, 2007, the Budget Office of the Federation, representatives of Civil Society Organizations and the Media embarked on physical monitoring of selected MDAs' capital projects. In addition to engendering improvement in MDAs' budget implementation, this practice is hoped to broaden the scope and provide independent viewpoint to the exercise.

4.2 Physical Monitoring and Evaluation:

50. The budget monitoring and evaluation exercise which covered all the six geopolitical zones of the country, undertook physical assessment of selected MDAs' implementation of their respective capital budgets. The objective was to assess the extent of implementation of budgeted capital projects within the period and compare the achievements of the MDAs against their deliverables as at the end of the third quarter of 2010. The team visited various projects in the Federal Capital Territory Administration, Health, Water Resources, Education, Transportation, Aviation, Power, FCTA and Works sectors at various locations as reported below.

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[6] Please see the 2010 First and Second Quarter Budget Implementation Reports.
[7] Please see Paragraph 47 of the 2010 first Quarter Budget Implementation Report.

FEDERAL CAPITAL TERRITORY ADMINISTRATION (FCTA)

51. The sum of N96.29 billion was appropriated for the FCTA in the 2010 Amendment Budget (or '**the Budget**'). However, while the capital warrant for the third quarter was yet to be released as at the time of monitoring, the sum of N32.98 billion has been released and fully cash backed for the execution of the MDA's capital projects and programmes. Of this amount, the FCTA had utilized N31.89 billion or 96.7% of the total amount to execute projects which include the following visited by the monitoring teams:

Rehabilitation and Expansion of Outer Northern Express Way (ONEX) LOT 1

52. The project entails the rehabilitation and expansion of the existing carriageway from 2 to 3 lanes and the construction of the main carriageways and service roads from chainage 0+000 to chainage km19+500 of the Abuja-Kubwa-Zuba Expressway. The contract was awarded to M/S Dantata & Sawoe (Nig) Ltd in May 2009 at the cost of N66.83 billion with completion scheduled for November 2011.

53. The sum of N4.67 billion was appropriated for this project in the Budget, of which N889.16 million was released and utilized. From inception, a total of N30.45 billion had been committed to the project as at the end of September 2010 to achieve 35% level of completion.

54. As at the time of monitoring, work completed includes; the rehabilitation and expansion of the main carriage way and the service roads to binder course level, the construction of two river bridges (4 span each) to deck level, earth works on the approach abutment of ONEX interchange, piling, pile cap, piers, cross beams, provision of engineering infrastructure, and the construction of 18 pipe culverts and 8 box culverts. Work in progress includes; earth works, placement of crash barriers, laying of telecommunication ducts and construction of Lower Usman Dam Bridge.

55. Upon completion, the project is expected to ease the flow of traffic while reducing the occurrence of traffic accidents on the expressway. Payment of compensation to the relevant beneficiaries was reported as a major constraint to work on the project. It is therefore recommended that FCTA Authorities should facilitate the process to ensure speedy and timely completion of the project.

Completion of Federal Ministry Building PLOT 4 Phase 11

56. The project includes the construction of prototype Federal Ministry Buildings comprising: 1 Block of 9 floors A3 and 1 Block of 12 floors B2, completion of associated

car park and linkages between A3 and B2. The contract was awarded to M/S Bullet International (Nig) Ltd in October 2002 at the cost of N4.06 billion but was later revised to N6.34 billion due to price hike in materials and increase in the scope of work following the addition of a multi-storey car park and linkage. This project was initially scheduled for completion in November 2005 but was later revised to June 2010.

57. Though the sum of N400 million was appropriated for the project in the Budget it was yet to receive any release by the FCTA. As observed during the monitoring exercise, the project coordinator confirmed to the monitoring team that the project had been completed and is being put to use. The team learnt from the site manager that only N303.12 million in outstanding certificates and retention fee was outstanding for payment on the project.

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

58. The project which is to provide urban engineering infrastructure to the Abuja Technology Village, in order to attract potential international investors, was awarded to Messrs Gilmor Engineering (Nig.) Ltd at a cost of N20.87 billion. The three year contract commenced in June 2007 with completion scheduled for June 2010; however, the project could not be delivered to schedule due to a combination of factors including: revision of work scope, and the outstanding resettlement of the indigenes on the location. However, following negotiations, approval for the extension of the completion date to December 2012 was pending at the time of project monitoring.

59. The sum of N2.7 billion was appropriated for the project in the 2010 Budget, of which N489.85 million was released and fully utilized. As at the time of monitoring, work done included the completion of 7 culverts, earthworks including rock excavation of the contract roads (70% completion), 11.566km of storm water with 229 manholes, 9.537km of foul sewer pipes with 83 nos. of manholes, laying of 5.5 km road of Asphalt, and 7km length of telecommunication cable duct. The construction of one (1) 33/11kv injection electric power substation from basement to roof level (70% completed) had also been done. Outstanding work includes the completion of water storage tanks and treatment plant, finishing and installation of the power sub-station, asphalt laying, electrical constructions, and the supply of water piping materials.

60. A total sum of N10.71 billion has so far been spent on the project to attain a 43% level of completion while about N2 billion is outstanding for payment to the contractor.

Picture 1(a): Laying of 5.5Km Road of Asphalt at Abuja Technology Village

Picture 1(b): On–going works at the construction of 33/11KV Injection Electric Power Substation at the Abuja Technology Village

Development of Idu Industrial Area 1b Engineering Infrastructure Abuja

69. The Idu Industrial Area 1b District is located in Phase III of the Development Plan of the Federal Capital city. The District is bounded on the East by Ring Road 2; North by Inner Northern Expressway; West by Ring Road 3 and South by the Railway Corridor. The District, with an area of 588Ha, is demarcated into 201 plots of various sizes. The project was awarded to Messrs Salini Nig. Ltd in January, 2002 at a contract sum of N3,196,231,063.80 + €73,111,731.20 which was revised to N6,093,230,208.4 +€186,523,176.33 due to an increase in the scope of work. The project commenced on 13 September, 2003 with completion scheduled for December, 2011. The sum of N4.24 billion was appropriated for this project in the Budget.

70. Outstanding works include the design and provision of engineering Infrastructure consisting of road networks of various categories: Arterials 7.82km; Collectors 3.98km; Local 7.94ha; Lorry Parks (3nos); Porridges, Double carriageway (4nos); Double pedestrian(4nos); Culverts Box(1no); Pipe(2nos); Storm Water Underground; Drainage system 36.26km; District foul Sewer Drainage System19.52Km; Interceptor sewer lines 4.2Km; Package Sewage Treatment of Plant (1 No); Water supply Distribution Network 34.91Km. Other works are: Electrical Work includes; 33/11KVA (2Nos); 11/0.415KVA Transformers (108 nos); Power Supply Distribution Network 22.0 Km; Street Lighting Poles with fittings (917nos); Telecommunication Ducts 36.93Km.

71. Work done includes as at the end of the quarter include: Completion of final engineering design, all the Road Corridors have been set out, cleared and top soil removed; Earth work was completed to formation level on ARIN,AR2W and AR2E while Priming, Sub-base and laying of Kerbs stones were in progress; Box Culverts (Nos1-10) and Pipe culvert 2 were completed and backfilled; Concrete Work completed on the Drainage U- Channel at AR2W; Pipeline work Completed on the Drainage U-Channel at AR2W; Pipelines; excavation, pipe installation, backfilling and man holes construction were completed at AR2E. Meanwhile, work continues at AR1S and CR14S. In Bridge 1 & 2: concrete works on the sub- structure and super structure of the main bridge (i.e., BR1) had been completed while work was in progress on BR2. Similarly, Bridge 3 & 4: concrete works on the foundation, piers, crossbeam, abutment A &B, deck slab of the main bridge (i.e., BR3) was completed, while placing of parapets and casting of footway were in progress; Bridge 5 & 6 concrete works on the sub-structure and super structure of the main bridge (i.e., BR5) was completed; Bridge 7 & 8: concrete work on abutment A & B, Piers 1, 2, 3, 4, & Crossbeams of the main bridge (i.e., BR7) had been completed while fixing a steel reinforcement and casting of deck slab were still in progress.

72. At the time of inspection the team gathered from the contractor that no payment has been made this year due to the expiration of the contractor's bond which needs to be renewed. The sum of N4.876 billion had been committed to the project since commencement to achieve 50% level of completion.

Picture 2: Ongoing Works in Idu Development District

Completion of Road B6, B12 and Circle Road

73. Road B6, B12 and the Circle Road are located in the Central Area of Abuja. The roads are aimed at reducing traffic congestion within the district. The project which commenced 28 May, 2007 was awarded to Messrs Julius Berger Nigeria Plc. at a cost of N66.83 billion with completion scheduled for January 2013. The sum of N7.2 billion was appropriated towards this project in the Budget. Of this amount, N5.07 billion was released and utilized. The sum of N33.76 billion had been committed to the project since inception.

74. The scope of work includes the associated grade separations at the B6 and B12 intersections, Construction of 34 (revised to 40) bridges of various spans, construction of 108 units of retaining walls of various lengths and heights with additional ramps at some locations, construction of an interchange structure at the city Gate, the dualization of NS4 between B6 & B12, full scale development of NS4 between B4 & B6 and B12 & B14, B2 between NS3 and NS4, of NS3 and between B2 and B4, construction of channel 27 along the course of Rine Para port as reviewed by Messrs Albet Spear & Partners, andrelocation of existing Abuja city gate. It also includes the construction of an access road to the indoor sport complex, and construction of link roads AR14/AR16. At the time of inspection, the project had attained 38.5% level of completion.

75. The team gathered that the existing temporary services and encroaching overlapping property, and property fence walls within the right of ways (ROWs) of the roads remained some of the major problems to the project's implementation. However, these challenges are being systematically and progressively resolved by the FCTA in liaison with the relevant utility agencies (PHCN, FCT, Water Board, AEPB, NITEL & other private telecommunication operators). Other challenges are associated with daily traffic management and control along Roads B6 and B12, being presidential routes, as well as those arising from rock blasting operations within the built- up environment such as the Abuja Central Area with numerous adjoining properties around the immediate vicinity of the blasting site.

Picture 3: Flyover Bridge & Channelization Work at Mogadishu Cantonment

Construction of Flyover Bridge & Channelization Works at Mogadishu Cantonment/Sunrise Hills Estate

76. The project's objective is to provide infrastructure and to ease the traffic congestion along A.Y.A.-Keffi dual carriageway. This project was awarded to Messrs Setraco Nig Ltd at the cost of N4.98 billion on 13 November, 2009 with completion scheduled for 29 April, 2011. The scope of work includes site clearance and earth works, surface water drainages, road works, retaining walls, culverts, power supply and streetlight installation, laying of conduits for post and telecommunication and water supply.

77. The sum of N540 million was appropriated in the Budget and same amount had been released & utilized to bring the cumulative achievement of the total work done to 45% level of completion. At the time of monitoring the project, work done included: 2km of road works/earthworks, concrete works for 1no interchange structure from foundation

to slab deck level, precast slab, retaining walls and laying of 8-way telecommunication ducts. Outstanding works include: launching of the bridge beam for the second span, completion of the re- installation of water supply to barracks, foundation work for the pedestrian bridge extension and the extension of 3.6 x 3.6 culverts. It was however observed that the heavy traffic on the road in the morning & evening had become a major challenge in the execution of the project.

Picture 4: Flyover Bridge under construction along AYA-Keffi Dual carriageway

Provision of Engineering Infrastructure to Guzape District Lot I

78. This project was conceptualized to map-out more plots for highbrow residential areas and thereby ease the accommodation challenges within the Federal Capital City. The scope of work includes road works of various categories, culverts of various sizes, mini sewage treatment plant, and water reservoir and supply. Other works are foul and storm water drainages, network power supply distribution substations, 3x15 MVA transformer and telecommunication ducts.

79. The contract was awarded to M/S Dantata and Sawoe (Nig) Ltd on 7 March 2003 at an initial cost of N6.3 million and €62.6 million which was later revised to N11.9 billion and €102.4 million. This was due to the increase in the scope of works, upward fluctuations in the prices of materials, labour and petroleum products, and resettlement and compensation of the locals.

80. The project commenced in August 2003 with completion scheduled for January,

2006 but was later revised to June 2012 due to variations to the project scope, and the challenge with resettlement and compensation. The sum of N1.2 billion was appropriated for the project in 2009 while N2.7 billion was allocated to it in the Budget. Of this, the sum of N1.98 billion had been released to the project while N6.5 billion + €66.3 million has been committed to the project to date.

81. Work done in the quarter includes: storm water drainage (4%), road works (5%), water supply (2%), electrical works (1%), telecommunications ducts (3%) and foul water drainage (4%). Outstanding work includes about 20% of infrastructure works, village settlement of Guzape District lot 1, electrical installations, and water marina. At the time of visit, 4% of total work was achieved in the quarter while percentage completion to date stood at 70.5%. Resettlement of villagers occupying 20% of the work site was a major problem faced in the implementation of the project and this partly accounted for the slow pace of work on the project.

82. Recorded achievements on this project so far include: bush clearing, top soil removal and earth works to formation level in all areas except the village settlement, foul water lines, storm water lines had been completed in some areas, and stone base. Asphalt binder course were completed along CO3 ILRO4, L12, L13, L22, L23, L14, L16, L17A&B, L37, L101, MO1, MO2, MO3, MO4, MO5, MO6, MO7, MO8, MO9, M10, M11, M12, M13, M36, M41, M43, M44, M45, M46, M47, M48, M49, M52, and partially completed along ILR03, ILR05 & ILRO6.

Picture 5: One of the 3x15 MVA Transformers at Guzape District

Design and Construction of Vice President's Residence

83. The contract for the design and construction of the Vice-President's residence was awarded to Julius Berger Nigeria Plc on 26 January 2010 at the total contract sum of N7.065 billion. The project is aimed at providing a befitting residence for the Vice-President and his immediate aides. The project was scheduled for completion by 30th September, 2010. The sum of N3.150 billion appropriated to this project in the Budget had been fully released as at the quarter.

84. At the time of monitoring, the ADC & CSO superstructure were completed, while the concrete works and excavation of basement floor was completed for the VP's main residence. The electricity plant house was at foundation level with the water tank foundation being put in place. A total of N1.5 billion had been committed to the project since inception to achieve about 20% level of completion.

EDUCATION SECTOR

85. This sector is critical to achieving the Administration's human capital development pillar of the 7 point agenda and the attainment of the Millennium Development Goals. The sum of N74.98billion was allocated to the sector to implement its capital projects and programmes in the Budget. Of this amount, N20.04 billion had been released and fully cash-backed while N11.5 billion (or 57.6%) had been utilized as at 30 September 2010. The following projects and programmes were monitored by the teams:

Federal University of Technology, Akure

86. The sum of N518.53 million was allocated to this Institution in the Budget, out of which N178.99 million was released and N178.15 million utilized to execute its capital projects/programmes, amongst which the following were monitored by the monitoring team.

Construction of the University Auditorium

87. The project involves the construction of a 2,500 sitting capacity auditorium . The contract was awarded to M/S Smace Nig Ltd at a cost of N197.42 million, and the Department of Architecture, (FUTA consultants) at N14.23 million respectively in June 2010. It is expected to be completed in December 2010.

88. The project had an appropriation of N108 million in the Budget of which, N47.61

million had been released and utilized to attain 40% level of completion. At the time of monitoring, the substructure and the suspended floor slab have been completed while the roof beams were ongoing. The outstanding works include electrical/plumbing works, plastering, floor finishing, doors, windows, finishing and painting. Upon completion, the project will provide a large capacity hall for academic and social engagements in the university's main campus.

Picture 6: 2,500 seater capacity Auditorium at Federal University of Tech., Akure

Construction of Female Hostel LOT 16B:

89. The project is a storey building with 48 bed spaces, (24 on each floor) an Information and Computing Technology center, 4 laundries, 2 common rooms, 4 nos of toilets and 8 Kitchenettes. The contract was awarded to M/S Leroi Resources Ltd at the cost of N99.93 million in June 2010 and is expected to be completed by December 2010.

90. In the Budget, the sum of N99.93 million was appropriated for the project out of which N27.46 million was released and utilized to attain 30% level completion. As at the time of monitoring, the substructure, the suspended floor slab and the frames had been completed while work on the first floor slab is on-going. The outstanding work includes installation of electrical fittings, plumbing work, plastering, and painting.

Picture 7: On-going construction of female hostel at FUTA

<u>Federal University of Agriculture, Abeokuta</u>

91. The Institution was allocated the sum of N1.31 billion in the Budget for the execution of sixteen (16) capital projects/programmes, out of which N533.73 million had been released and cash-backed. Of this amount, N385.81 million had been utilized. The projects monitored include:

Construction of International Scholars and Exchange Programme Center

92. The project consists of 4 blocks of different wings of buildings comprising the administrative blocks, the Academic and Library/ICT & Museum blocks. The contracts for the execution of this project were awarded to three contractors: M/S Oriental Fenab-Aminike Quarry Construction Ltd at the cost of N103.94 million, M/S New Dimension and Package Consultants at the cost of N9.93 million while the guest house was awarded to M/S Cord links Association Ltd at a cost of N54.83 million. The commencement date of the project was June 2010 with completion scheduled for December 2010.

93. The sum of N91.09 million was appropriated to this project in the Budget out of which N78.48 million had been committed to achieve 50% level of completion. As at the time of monitoring, the substructure, columns, beams and block work had all been completed while plumbing and plastering works were ongoing. The outstanding works include roofing, installation of electrical fittings, windows, floor finishing, and external works. This programme is hoped to enhance cross fertilization of ideas with the international community and develop skills in the domestic scene.

Construction of 2,500 Seater Auditorium:

94. The project consists of 2 conference rooms, a cafeteria, 8 offices, committee rooms, and toilets. It is expected to provide facilities for academic ceremonies and events. The contract was awarded to two contractors: M/S Nidave Industrial Ventures Ltd in June 2010 at the cost of N178 million and M/S Peogat Engineering Consultants at the cost of N20.27 million and is scheduled for completion in March 2011. The sum of N107.08 million was appropriated to the project in the Budget. Out of this, N63.03 million had been released and utilized to achieve 20% level of completion. As at time of monitoring, the project had achieved the down proof course level (DPC) while outstanding works include block work on the upper floor, roof works, plastering, installation of doors andwindows and painting.

95. The difficult topography of the site, as the team was informed, has necessitated the introduction of a basement floor, which was not part of the original design. The new basement will serve as a lecture theatre with a sitting capacity for 500 persons.

Picture 8: Construction of 2,500 Seater Auditorium at UNAAB

Construction of Farm Center at Main Campus:

96. The project consists of the construction of an administrative building, restaurant, lecture room, agro-market building, lecture rooms, crop laboratories, and senior staff accommodation building. The contract was awarded to three contractors: M/S Oriental-Femab-Amunike Quarry Construction Ltd for the construction of the administrative building, restaurant, and cattle ranch at a cost of N73.66 million. Senior staff accommodation and poultry building was awarded to M/S Church Gate Products Ltd at N27.38 million; while M/S Built Form International Ltd and Package Consult was

contracted at a sum of N19.51 million for consultancy fees for the Farm Center Projects. The project commenced in July 2010 with completion scheduled for Dec 2010.

97. The sum of N81.96 million was appropriated to this project in the Budget. Of this amount, N60.9 million was released and utilized. As at the time of monitoring, the projects were at different levels of completion with an overall completion level of about 60%. Upon completion, the farm center is expected to enhance the provision of new farm implements, generate employment opportunities, groom potential farmers, and provide improved crops and seedling for commercial purposes.

Nnamdi University, Awka

98. The total sum of N746.67 million was appropriated to this institution in the Budget for the execution of its projects/programmes. These projects include: a multipurpose Hall and offices for Natural Sciences which was awarded to AE & E Nig at a cost of N195.14 million, rehabilitation of the administrative block awarded to Gabon Enterprises at a cost N22.97 million, rehabilitation of the access road from Gate to Garuba Square awarded to Daniels Construction Ltd at a cost of N332.98 million, faculty building for Health Sciences awarded to Gabon Enterprises Ltd at a cost of N480.89 million, supply of Laboratory Equipment to Faculty of Education awarded to Ifotech Electrical Co. at a cost of N20.28 million and the Student Hostel phase IV was awarded to Vivid Construction Ltd. at a cost of N265.39 million. Others are Faculty Building for Education awarded to Wilangy Nig Ltd at a cost of N249.5 million, Faculty Building for Sciences Wing A awarded to Mozelly Nig. Ltd at a cost N434.59 million, Faculty Building for Engineering Wing A awarded to AIGroupe Ltd at a cost of N114.49 million.

99. The sum of N214.18 million was released to the institution as at the third quarter while N107.54 million (or 50.21%) had been utilized. Though most of these projects had attained about 95% level of completion, some others were about to commence. At the time of monitoring, the team was informed of the following constraints; inadequate budgetary allocation over the years, the difficulty of the site which necessitated additional work, and inclement weather.

University Stadium Phase 1

100. The project is aimed at boosting sporting activities in the institution. The contract was awarded to Akiota Works Ltd in February 2010 with completion scheduled for April 2011 at a cost of N261.5 million. The sum of N108 million was appropriated for the project in the Budget while N94.54 million was released and utilized.

101. At the time of inspection, the project had reached 25% level of completion with site clearing; earth works evacuation, drop structure, and underground drainage.

Rehabilitation of Access Road Phase 1 to Students Hostels

102. The sum of N117.28 million was appropriated for this project in the Budget. The contract was awarded to Halcon Engineering Associates Ltd in November, 2010 at a cost of N139.93 million with a completion date of January, 2011. The sum of N20.99 million has so far been released and utilized to mobilize the contractor to site. At the time of monitoring, the project had not yet commenced.

Picture 9: University Stadium Phase 1; Rehabilitation of Access Road Phase (1) to Students Hostels.

Picture 10: Faculty of Management Science Block

AGRICULTURE SECTOR

103. As a key contributor to employment generation and national output in the country, this sector is critical to Government's achievement of its developmental policies. 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 develop irrigation facilities around dammed water bodies, thus generating excellent opportunities for increased farm output and employment prospects in the rural areas.

104. In respect of the above, the Federal Ministry of Agriculture was allocated a total of N31.86 billion in the 2010 Budget, as amended, for the execution of its projects and programmes. Of this amount, the sum of N19.47 billion had been released and fully cash backed while N16.88 billion (or 88.7%) of this amount had been utilized by MDA on projects including the following:

Institute for Agricultural Research, Abu Zaria

105. The mandate of the Institution is to generate, disseminate and impart improved agricultural technologies for enhanced crop production and utilization to achieve national self reliance in food and industrial raw materials for local consumption and exportation. The sum of N72.96 million was appropriated to the Institute in the Budget for the execution of capital projects and programmes. Out of this amount, N51.69 million had been released to the MDA. However, this amount had not been accessed as at the end of the quarter since the projects were still undergoing the procurement processes.

106. The team gathered that the institute was suffering the effects of paucity of funds following the cessation of funds from other sources. This, in addition to their slow procurement activity, could have a negative impact on the Administration's food security policy if not checked.

Ada Rice

107. ADA Rice Production Nig Ltd was set up in 1975 by East Central State Government to take over the assets and liabilities of Agricultural Development Authority. The project was contracted to M/S Niponkoei Co Ltd of Japan on 20th March, 1974 to provide irrigation facilities and land development of 1,200 ha & 5,000 ha to facilitate mechanized commercial and modern farming. The project was re-awarded to Songhai-Enugu Initiative Mechanism and Farming on February 7, 2010 at a total cost of N5.4

billion. Upon completion, the project would provide employment to the youths of the state and environs, and also increase the level of rice production in the area and in Nigeria in general. The sum of N1.2 billion made up of N400 million for irrigation, and N800 million for upgrading of agricultural facilities was appropriated to the project in the Budget.

108. The monitoring team gathered that in order to restore functionality to the irrigation facilities at the project, the Federal Government intervened in 2007 by awarding the rehabilitation work to Bussdor Nig Ltd. As at the time of monitoring, the facility was still comatose. It was gathered that the Enugu State Government has written to the Federal Government to report the contractor's non-performance and request for a possible re-award of the contract. The team however could not get any logical reason for the delays.

109. Consequent on the foregoing, the project was yet to access any budgeted funds since the beginning of the year. The sum of N404 million has been committed to the project since inception. As at the time of inspection, the team was informed that 174 youth have been trained in integrated and commercial farming; renovation works on office building, reconstruction of residential and crop production had commenced leading to 15% level of completion in the quarter. As at September, 2010 the project had achieved 25% level of completion, and had trained 174 youth graduates in integrated and commercial farming while reconstruction of residential and office building crop production were on going.

Pictures 11(a & b): ADA Rice Project

HEALTH SECTOR

110. The government's desire to meet the goals set out in the Millennium Development Goals, the Seven-Point Agenda, and the Nigeria Vision 20:2020 makes this sector paramount. This Its capital budget allocation in the 2010 Amendment Budget is N53.01 billion. This is focused on funding the establishment, rehabilitation and upgrading of medical facilities and programmes in the country. As at the end of the third quarter, N16.24 billion had been released, while N16.22 billion had been cash-backed to the MDA. Of this amount, N7.75 billion (or 47.79%) had been utilized for the implementation of its projects and programmes.

Federal Medical Center, Abeokuta

111. The sum of N503.25 Million was appropriated to this health institution in the Budget. Of this, N228.75 million had been released to the MDA while N60.99 million was utilized to implement its 18 projects/ programmes. Some of the projects monitored include:

Completion of the Modification of Clinical Consulting Blocks (7 Nos)

112. The project involves the modification of seven clinical consultancy blocks so as to provide enough clinics and other support services for patients and clients. The contract was awarded to M/S Intercessor Construction Ltd in May 2010 at the cost of N87 million and is expected to be completed by December 2011.

113. The sum of N112 million was appropriated to the project in the Budget out of which N25.85 million was released and fully utilized by the institute. As at the time of monitoring, a storey building of sixty (60) bed space had been completed. Works undertaken include block walling, slab casting, ceiling, roofing, electrical and plumbing work, doors and windows, external works, and painting. The modification work was at 25% level of completion at the time of monitoring with only one out of the 7 blocks completed.

Picture 12: Completed Clinical Consulting Block

Nnamdi Azikiwe University Teaching Hospital, Nnewi

114. Nnamadi Azikiwe University Teaching Hospital was formerly a State General Hospital located in Nnewi town. The sum of N536.51 million was appropriated to it in the 2010 Amendment Budget for the execution of its projects/ programmes. These projects were the construction of specialty clinics awarded to Jude Engineering Ltd at a cost of N203.38 million, construction of the Accident and Emergency Block, awarded to Zontal Fobis (W.A) Ltd at a cost of N99.03 million, construction of a Male Surgical ward awarded to Arcon Global Engineering Ltd at a cost of N232.07 million.

115. Also awarded were the construction of an Obstetrics ward awarded to Tenkno Concept Construction Ltd at the cost of N250 million, construction of a Diagnostic Radiology Block awarded to Churchgate Products Ltd at the cost of N145.03 million, construction of a Theatre Complex awarded to First Spill Investment Ltd at the cost of N158.49 million, construction of the G.O.P.D. Block awarded to A.A. Calon Nig. Ltd at a cost of N250 million, and construction of the Renal Building awarded to Exotic Homes at a cost of N120.27 million. Other projects are the construction of fence work awarded to Croyden Resources Nig. Ltd at a cost N191.45 million, construction of the main administration block awarded to Egraw Investment at a cost of N228.5 million and infrastructural development at the temporary site awarded to Lonac, Stalex, Chelsy, Mayor, Angus at a cost of N240 million. The sum of N160.52 million was released to the institution while N160.41 million (or 99.93%) was utilized.

116. Work on the permanent site had attained about 10% implementation at its foundation level, while Specialty Clinics works was at 55% level of completion. Infrastructural development at the temporary site was at 75% level of completion.

Picture 13: Construction of Specialty Clinic and Male Surgical Ward

Picture 14: Ongoing Renovation work at the Temporary site at Nnamdi Azikiwe Teaching Hospital, Nnewi

Federal Medical Centre, Abakaliki

117. The sum of N194.28 million was appropriated to the hospital for eleven projects. This includes the construction of various projects: construction of Children Emergency Ward awarded to Maxima Concept Ltd at a cost of N79.28 million, Isolation ward awarded to B.O. Nnolum Nig. Ltd at a cost of N47.57 million, Asphalting internal roads Phase I,II,III awarded to B. Ben Integrated Services Ltd at a cost of N190 million, and Obstetrics & Gynecology awarded to B. Ben Integrated Services at a cost of N86.37

million. Others are the construction of the Medical Records Block awarded to Summer Holiday Ltd at a cost of N47.29 million, construction of the Dental Block awarded to Tirmana Consult Ltd at a cost of N49.13 million, construction of Head Office Quarters wing A & B at a cost of N90 million, and the purchase of 1 no. Digital X-Ray Machine awarded to Meditronics Ltd at a cost of N65 million.

118. A total of N248 million was appropriated to the hospital for the execution of its capital projects in the Budget. A total of N127.9 million had been released to the institution as at the third quarter. This was fully utilized for the execution of the construction of a 2-Storey medical ward block Phase II; construction of General Out-Patient (GOPD) block (Builders Block Phase 1); renovation of main hospital block; rehabilitation of roads; rehabilitation of internal roads; equipping/furnishing of ICU; equipping/furnishing of 2 storey medical ward; cost of running water ambulance; and procurement of CT scan machine. These projects were at various levels of completion at the point of monitoring.

Federal Medical Centre, Yenagoa

119. The hospital which commenced operations as a general hospital was converted to a specialist hospital and later to a Federal Medical Centre on 9th September, 1999. It was established to strengthen the stewardship role of the Federal Ministry of Health in improving national health system and management. The hospital plans to expand its current 120-bed space to over 200-bed capacity when some of its on-going capital projects are completed.

120. The sum of N1.84 billion was appropriated for the hospital in the Budget for the execution of its capital projects/programmes. As at the time of monitoring, N186.32 million had been released to the hospital and fully utilized for the implementation of its projects. These include the completion of the construction of the one-storey obstetrics and gynecology block; completion of the construction of the one-storey medical ward; completion of the construction of pharmacy/stores block; completion of the construction of dialysis centre; and relocation of utilities: generating houses, overhead water tank, transformer and installation of change over at the new location. These are presently at various levels of completion.

Picture 15: Front View of the Construction of the One-Storey Obstetrics and Gynecology Block at the Federal Medical Centre, Yenagoa.

POWER SECTOR

121. The inadequacy of electric power supply remains a major constraint to growth in the Nigerian economy. Given the Government's commitment to improving power supply, the capital budget of the Ministry has remained high with an appropriation of N146.88 billion in the 2010 Amendment Budget or about 55% increase over the N94.62 billion allocated to the sector in the 2009 Budget. Of this amount, N46.26 billion was released and fully cash-backed to the Ministry in the first quarter of the year. About N30.98 billion (or 67.08%) was accessed by the Ministry for the implementation of its capital projects as at the third quarter. Key projects monitored under this Ministry include:

Egbin Power Station

122. The sum of N468.54 million was appropriated to this project in the Budget. This was fully released and utilized on the Station' projects. The team monitored the following:

Emergency Restoration of Steam Turbine Unit (STO 1)

123. The project entails the supply of materials and emergency restoration of STO 1 turbine generator to recover 220 MW from the station. The contract was awarded to M/S Marubeni Engineering Ld in June 2010 at a cost of JPY 613. 75m and was expected

to be completed in November 2010. The sum of N468.54 million was appropriated to the project in the 2010 Amendment Budget. Same was fully released and utilized by the Station as at the third quarter. Information from the project engineer indicates that this was geared towards the restoration of its 220MW project.

124. As at the time of monitoring, the team was informed that a letter of credit of 100% payment for the procurement of materials had been made, delivery and supply of materials concluded, assembling of turbine/generator had also been completed, while the overhaul and re-assembly of materials were ongoing to achieve an overall cumulative level of 96% completion. This is shown in *Picture 16* below.

Picture 16: Steam Turbine Unit (STO 1) at Egbin Power Plant

Completion of Oyan Dam Hydrho Power at Ogun State

125. The project is an existing multi- purpose dam under the Ogun-Osun River Basin Development Authority with an uncompleted hydro power component which consists of the construction of a power house, procurement and installation of 3x3MW turbines for generating 9MW hydro-power and the construction of a switch yard. As at the time of monitoring, the team was informed that the contract for the completion of the project has not yet been awarded.

126. The sum of N2.5 billion was appropriated to the project in the Budget. However, no amount had been released to the project by the parent ministry as a consulting firm - Messrs Stucky Ltd, was only recently appointed to evaluate the completion requirements so as to determine the cost of the project. Going by the site engineer's opinion, due to the long holding time (about 24 years), it is very unlikely that the turbines and the stator/rotor would function without some overhaul.

Picture 17: One of the 3 Turbines at Oyan River Hydro Power Station

10MW Katsina Wind Farm

127. The pilot project which was conceived in 2008 was contracted to Vergnet Wind Energy Ltd in May 2010 at a cost of Euro 18.5 million (offshore) plus N494.02 million (onshore component). The project commenced in June 2010 and was expected to be completed in April, 2012. The objective of the project was to provide additional 10MW to the National Grid for sustainable energy production in the country.

128. The project had an appropriation of N1.9 billion in the Budget of which 15% mobilization (Euro 2.775 million plus N74.10 million) was paid in the second quarter of the year. As at the time of this report, soil investigation and the geological survey had been concluded. Also, significant components of the project equipment including tower blades (20 batches out of 37), power generators, towers of 35m high, wingers for erection of towers, and cables for connection of transformers to control rooms had been supplied to the site. The outstanding works include foundation erection, cable connections, and the completion of delivery of materials. The project had achieved about 40% level of completion.

129. The team observed that this project was the first of its kind in Nigeria and is in use in Egypt, Algeria, South Africa, and Europe. It is also worthy of note that the equipment would be maintained by Nigeria experts after completion.

Pictures 18 (a & b): Blades and Towers Materials for 10MW Katsina Wind Farm

Rehabilitation of Sokoto – Talata Mafara 132 KV DC Line

130. The project entails the complete replacement of 150mm2 ACSR (wolf) Conductor for the whole line, provision and reconnection of counterpoise in some affected places, replacement of missing tower members, and provision of vibration dampers in relevant spots, e.t.c. When completed, it would reduce tripping and outages caused by consistent transmission wing breakages which could cause interruptions to power supply. The project was initiated in December 2007 and awarded to Messrs Dextron Engineering at a cost of $1.51 million plus N130.15 million with completion

scheduled for September, 2011.

131. The project had an appropriation of N162 million in the Budget of which N33.39 million was released for the project. However, this amount is yet to be utilized as the project had not commenced. The team gathered that inadequate budgetary provision by the Ministry of Power over the years was responsible for the delays to the implementation of this project.

2nd Benin – Onitsha 330KV Single Circuit Transmission Line

132. This project is a component of the Federal Government's initiatives in the power sector to tackle challenges with inadequate power supply across the country. It comprises the engineering, procurement and construction (EPC) of 131km, 330KV single circuit from Benin 330KV transmission substation to Onitsha 330KV substation, construction of 314 Nos. of foundation, erection of towers and line stringing. When completed, it would improve the quality and availability of electric power supply to Edo, Delta, Enugu, Anambra and its environs and enhance socio-economic activities in the zones. In addition it will also make available bulk power which can be easily transferred between Benin and Onitsha. The contract for the project was awarded to Messrs Dextron Engineering Limited at the cost of US$21.65 million + N2.15 billion. Work commenced in January 2009 and was expected to have been completed in July 2010 but had been extended to August 2011 because of the initial delays suffered in executing the project. The sum of N843.48 million was appropriated to the project in the Budget while N173.88 million had been released and utilized to achieve 30% level of completion.

133. As at the time of this report, about 85% of procurement had been done and 4Nos. foundations completed. The monitoring team gathered that encroachment into the line's "Right of Way", delay in payment of compensation which had denied the contractor access to work and initial funding problems were key challenges to the early completion of this project. It is recommended that all outstanding issues concerning compensation be tackled holistically, so as to enable the contractor access the project site and for the early completion of the project.

3rd Benin – Onitsha 330KV Double Circuit Transmission Line

134. This project comprises engineering, procurement and construction (EPC) of 141km, 330KV double circuit from Benin 330KV transmission substation to Onitsha 330KV substation, construction of 335 nos. of foundation, erection of towers and line stringing. When completed, it would improve the quality and availability of electric power supply to Edo, Delta, Enugu, Anambra and its environs for enhanced socio-

economic activities in the zones, more flexibility on the line and ability to transfer bulk power between Benin and Onitsha.

135. The contract for the project was awarded to Messrs KEC International at the cost of US$39.48 million + N1.83 billion. Work on the project commenced in April 2008 and was scheduled for completion in September 2009, but had been extended to June 2011 in consideration of delays to its commencement. The sum of N433.44 million was appropriated to the project in the Budget while N89.35 million had been released and utilized to achieve 70% level of completion as at the third quarter.

136. Actual work done as at the time of monitoring include: completion of 303 line foundations, erection of 287 towers and the installation of 71km line conductor. Indications from the site engineer and contractor's personnel point to encroachments into the line's "Right of Way", delay in payment of compensation which had deprived the contractor access to work in some areas especially in Onitsha, and delays in clearing of materials due to expiration of duty exemption letter given to the contractor as major factors militating against the early completion of the project.

Picture 19: The 2nd and 3rd Benin – Onitsha Transmission Lines meeting point

2x30/40MVA 132/33KV Substation at Umuahia

137. The project which is located at Abia State, Umuahia/Mbano and Ohafia was designed as a load centre unit for stepping down of voltage from 132KV at Alaoji to 33KV Umuahia substation. This project involves the procurement of circuit breakers, isolators, current transformers and supporting structures like steel, gantrys, chimneys, equipment structure, fittings and conductors. The contract was awarded to Valenz Holding Ltd in November 2001, at a cost of $7,063,399.48+ ₦500, 300,689.00 with completion scheduled for December 2011.

138. In the 2010 Amendment Budget, the sum of N190 million was appropriated to the project while N133.31 million was released to it and utilized as at the third quarter. The sum of ₦906.79 million has been committed to the project since inception to achieve about 90% level of completion covering the erection and installation of 2x30/40MVA, 132/33KV transformers on their bases/plinths, installation of all 132KV equipment in the 132KV switch yard, and complete cabling of 132KV equipment in the switch yard. Others are the installation of control/protection panels fully erected in the control building, and control/ protection cabling which are 80% completed. Furthermore, the earthing of the switch yard was 100% completed, while the erection and installation of 33KV equipments was at about 45% completion.

139. The team also observed the following ongoing works on the project: control/protection cabling, over headlines/clamps, erection and installation of 33KV equipment. On completion, the project is expected to increase the level of voltage and stabilize power supply to Umuahia/Umbalano and Ohafia.

Picture 20: Completed Control Protection Panel Erection and Installation of 33KV Equipment.

Transmission of Yola 2x150 MVA 333/123 KV/5 & 330kv Bay Extension at Gombe

140. The project is conceptualized to resolve the epileptic light problem in Gombe, Yola, Maiduguri and its environs which would promote economic activities in the communities. The contract for the project was awarded to MBH Power Ltd on 15th September, 2008 at a total estimated cost of N1.039 billion and Euro238,514,30 (off shore component), with completion scheduled for December, 2009. This was however

revised to October 2010 following the revision made to the project scope leading to the increase of the contract sum by N103.953 million.

141. The total sum of N126.36 million was appropriated to the project in the Budget. While this amount has been fully released, N106.379 million had been utilized as at the end of the period. A total of N858.258 million had been committed to the project so far to achieve about 90% level of completion at the time of monitoring.

Picture 21: Ongoing Electricity work at Bay Extension at Gombe

WORKS SECTOR

142. In view of the relatively poor state of road infrastructure across the country, this sector occupies a critical position in the Government's efforts at the restoration and development of key infrastructure. The Ministry has an allocation of N227.15 billion in the 2010 Amendment Budget (or 1.1% over its capital allocation of N209.09 billion in the 2009 Budget), for the execution of its capital projects and programmes. As at the time of monitoring, N71.95billion had been released and fully cash-backed to the Ministry of which, N45.94billion (or 63.91%) was utilized. The following projects were monitored:

Rehabilitation of Akungba- Ikare- Omuo- Kabba Road with two Bridges in Ondo/Ekiti State Phase 1

143. The project which entails the partial rehabilitation of a 24km road from Akungba in Ondo State to Omuo-Kabba in Ekiti State was awarded to Messrs Philko Limited at a cost of N1.53 billion in April, 2009 with completion scheduled for April 2011. In the 2010 Amendment Budget, the sum of N422.71 million was appropriated for the project, out of which N97.89 million had been released and utilized as at the end of September this year. Upon completion, the project is expected to open up the agricultural communities of Ondo and Ekiti States, reduce the rate of accidents along the route and vehicle operation costs.

144. A total of N549.88 million has been committed to the project to date. As at the time of monitoring, works in progress include, site clearing, earthworks, construction of culverts and drains, and pavement and surfacing. Aggregate implementation level on this project is at about 32.97%.

Picture 22: Rehablitation of Akungba-Ikare Road.

Rehabilitation/Construction of Ijebu- Igbo- Araromi-Ife- Sekona Road Section 11 C/No 5379B

145. The project entails the construction and improvement of the existing Ijebu-Igbo to Ajegunle road (45.9 km), the rehabilitation of Ajegunle to Araromi- Oke- Odo garage (59.2 Km), the rehabilitation and overlay from Onikoko to Sekona (approximately 31.5Km) and construction of culverts drains and bridges. The contract was awarded to

Messrs Kopek Construction Ltd and Messrs Cute (Nig.) Ltd in March, 2002 at a cost of N5.71 billion. Though initially scheduled for completion in 2008, it was revised to June 2010 due to a revision to the work scope.

146. The sum of N238.08 million was appropriated to the project in the Budget of which no release had been made as at the third quarter. As at the time of monitoring, the recorded achievements on the projects include: setting out, site clearance, earthworks, construction of culverts and drains, pavement, surfacing and bridge works. The project had attained a cumulative performance of about 96% completion.

147. Upon completion, the road would link Ijebu-Igbo in Ogun State and other communities in Ife- Sekona in Osun State. The time lapse in the implementation of this project and usage leading to wear, which has necessitated the contractor having to rework the failed sections before handing over of the project, has been a key challenge to its completion.

Picture 23: Construction of Ijebu-Igbo Sekono Road, Ogun State.

Completion of the Rehabilitation of Kaura Namoda – Shinkafi – Sabon Birni Road: Contract No. 5807

148. The scope of work involves the rehabilitation of the 127km (plus 2km spur) length road with pavements made up of 200mm thick good quality laterite overlaid with 40mm asphaltic concrete, carriageway width of 7.3m asphalt overlay and 2.75m/1.5m surface dressed shoulders on both sides. The contract was awarded to Messrs Mothercat Limited at a cost of N4.23billion. Construction work commenced on 27th December,

2005 with an initial completion date of 26th December, 2007, which was later extended to 31st December, 2009 due to inadequate budgetary provision over the years by the Ministry.

149. The sum of N861.03million was appropriated to the project in the Budget out of which N583.60million had so far been released in the year to offset part of the debt owed to the contractor. As at the time of visit, the project had been 100% completed as scheduled while the required one (1) year maintenance period from 25th May, 2009 to 24th May, 2010 has been satisfactorily completed leading to a full takeover by the Federal Government. The monitoring team gathered that a total of N3.72billion had been certified on the project, while the sum of N243.92million was still outstanding to the contractor.

Rehabilitation of Kano – Katsina – Jibiya - Gusau Road: Section IV: Kaura Namoda – Gusau Road: Contract No. 6015.

150. The project involves the complete rehabilitation of 29km length road from Kaura Namoda town towards Gusau (out of the 62km total road length) with 7.3m carriageway and 2.75m shoulder on both sides. It also includes the scarification and pavement restoration, realignment of some sections, raising of low–lying section of the road and provision of side drains. Other ancillary works include the provision of kerbs and chutes. The contract was awarded to Messrs Mothercat Nig. Ltd in May 2009 at a cost of N3.001billion, with completion scheduled for November, 2010. The sum of N2.23billion was appropriated to the project in the Budget, of this, N700million was released and fully utilized within the period.

151. As at the time of monitoring this project, about 98% of the scheduled works had been completed. The team gathered that a total of N2.66 billion had been paid to the contractor to date while N1.45billion was outstanding for payment to the contractor.

152. The team observed that if the remaining 33km length of the road which links Gusau is not awarded and completed, the purpose of the rehabilitation would not be realised and the funds expended on the 29km would be a waste to the government. It is therefore recommended that the 33km length be awarded and completed soon to enable the desired goal of the project to be achieved.

Dualisation Of Onitsha- Owerri Road and Onitsha Eastern Bypass Section 1, in Anambra State: Contract No: 5660

153. Onitsha – Owerri Road is the only road (major artery) linking the western part of the country with the eastern states of Anambra, Imo, Rivers and Cross River states. Prior to the award of the contract, the road was a single carriage way. The dualization of this Section commences at Upper Iweka by Enugu-Onitsha dual carriage way interchange. It passes through the fringes of Oba, Oraifite and Ozubulu town before passing through the hearts of Okija, Ihiala, Uli to terminate at Amorka village(Km47+000). The Section 1 also includes reconstruction of the 8km single carriage way Onitsha eastern by pass, starting from Nkpor (by Onitsha-Enugu Expressway) passing through Obosi town to join the main Onitsha-Owerri road. The project is principally in two (2) sections, namely, Dualisation of Onitsha- Owerri (47km) with 1 no bridge at km26+775 (Okija) and Onitsha Eastern Bye-pass (8km) with 2 interchanges at Obosi and Nkpor.

154. The contract was awarded to CCC Construction Nig. Ltd on 6th October 2002 at the sum of N30. 85billion with a completion date of 2 years from commencement, but was later extended to August 2011 due to inadequate funding. The sum of N2.4 billion was appropriated to the project in the Budget out of which N651.4 million had been released and utilized as at the time of monitoring. The sum of N21. 63billion had been committed to the project since inception.

155. All works on Okija-poride and Obosi interchange had been completed, while the Nkpor flyover was 60% completed and ongoing. 78 no pipe/box culvert, total line drain of 112,133m, 43,600m length (total) of kerbs, chutes and median barriers, 35,431.30m of stone pitching riprap had been completed at the time of monitoring.

Picture 24 (a & b): Interchange at Obosi, & Ongoing works at Onitsha-Nkpor Road

Picture 25: Onitsha – Enugu bypass through Obosi to join Onitsha – Owerri Road

Complete Rehabilitation and Asphalt Overlay of Benin-Shagamu Dual Carriageway, Benin-Ofosu Section (Edo/Ondo State Boarder) Edo State, C/No. 5900

156. This contract involves the rehabilitation of a 151.5 km carriageway (75.87km length on both Benin and Lagos bound sections), 9.1m width and 2.75m width on outer shoulder with asphaltic concrete. The scope of work to be done includes: excavation of failed areas, filling of excavation with hardcore materials and stone base, strengthening of the existing pavement through pulverization and effective compaction; removal and replacement of unsuitable material in isolated locations, laying of asphaltic concrete macadam, binder and wearing course respectively, provision of adequate drainage system, inclusive filter drains with geo-textile material and perforated pipes along the road, repairs of bridges within the project length, and the extension of the inner wall of existing concrete drain to level up with the new thickness of the pavement.

157. The initial contract for the project was for the rehabilitation of 50km Ofosu – Benin bound section of the road which was awarded to Messrs RCC Nigeria Limited on the 2nd of January, 2007 at a cost of N7.60 billion with a completion date of 2nd June, 2009. On 29th September, 2009, an addendum of 101.5km (consisting of the remaining 25.5km of Ofosu – Benin bound section and 75.5km Benin – Ofosu section) was awarded to the same contractor (RCC Nigeria Limited) at a cost of N16.67 billion. These culminated to a total contract sum of N24.27 billion and an extension of the completion date to 17th September, 2011. The sum of N2.43 billion was appropriated to the project

in the 2010 Amendment Budget, out of which N1.78 billion had been released and utilized to bring total commitment on the project to N13.41 billion.

158. As at the time of the monitoring exercise, work done on the project includes about 52% of asphaltic surfacing, 40% construction of concrete line drain and 50% provision of geo-textile drain to give a cumulative performance of 52%. Outstanding certificates of N2.1 billion were owed to the contractor as at August, 2010.

Picture 26: Rehabilitation Work at a Section of Benin-Shagamu Dual Carriageway, Benin-Ofosu Section (Edo/Ondo State Boarder) Edo State, C/No. 5900

Completion of Rehabilitation of Nasarawa-Loko Road with Alushi Loop in Nasarawa State

159. The project is aimed at opening up rural areas to facilitate transportation of agricultural produce and other services, thereby improving the economy of the rural dwellers. The project was awarded to Messrs Gitto Construzioni Generalli Ltd at the cost of N5.4 billion on the 10th February, 2006 with completion scheduled for December, 2009.

160. The sum of N253.5 million was appropriated to the project in the Budget; however, following requests from the contractor for a renegotiation of the contract terms, there has not been any fund released to the project as at the time of monitoring the project. The cumulative work done on the project as at the time of monitoring was about 41.41%.

Picture 27 (a & b): Nasarawa-Loko Road under construction

AVIATION SECTOR

161. Air travel also maintains a crucial position in the Government's developmental efforts. The key deliverables border on the provision of critical security and communication infrastructure that guarantee safe and comfortable air travel. These include: the installation of Aircraft Recovery Equipment in Abuja and Lagos Airports, construction of control towers in Maiduguri, Ilorin, Ibadan, Akure, Benin and Kaduna Airports, Monitoring Equipment for 6 Zones and Abuja Airports, ATIS equipment for 4 airports (Enugu, Maiduguri, Ilorin & Yola), procurement and installation of LIDAR based windshear alert system for Nnamdi Azikiwe, Mallam Aminu Kano, Murtala Mohammed and Port-Harcourt International Airports, and the acquisition & installation of terrestrial communication facilities.

162. The sector was allocated the sum of N38.86 billion for its Capital Projects/Programmes in the 2010 Amended Budget. Out of this amount, the sum of N16.47 billion was released and fully cash-backed to the Ministry as at the time of monitoring while only N2.55 billion (or 15.5%) had been utilized.

__Nigerian Airspace Management Agency Lagos__

163. The Agency was allocated the sum of N3.85 Billion in the 2010 Budget to implement its capital projects/ programmes ,out of which N1.58 Billion was released and

utilized. The following projects were monitored by the evaluating team:

Tracon Maintenance and Support Services

164. The project involves the procurement of spare parts for the maintenance of the total coverage of the Nigerian airspace in order to enhance safety in air transport, improve coordination of flights between air traffic controllers and pilots, assist in search and rescue missions and ensure total radar surveillance of the airspace. The contract was awarded to Messrs Thales ATM of France in May 2009 at a cost of N4.2 billion with completion scheduled for December 2014.

165. The sum of N346.5 million was appropriated to the project in the Budget. An aggregate of N1.2 Billion had been committed to the project from the 2009 Budget to establish a letter of credit that was discharged in line with the contractual terms and obligations. As at the time of monitoring, the contract agreement had been signed. It is recommended that this project should be given the desired attention in view of its importance to the economy and overall safety of air travellers.

Construction of Boundary Fence at Port-Harcourt International Airport

166. The project entails the construction of a 20km fence round the airport and 20km road within the airport premise. This project is aimed at securing the airport against encroachment and for effective security patrol. The contract for the project was awarded to Messrs Camitel Nigeria Limited at the cost of N1.83 billion in August 2009 but actual work started in December, 2009 with completion scheduled for December, 2011. The sum of N826.0 million which had not been utilized at the time of monitoring was appropriated to the project in the Budget.

167. A total of N912.09 million had been committed to the project so far, to implement works including: clearing – 15 square km, fence work 13.8km and earth works of 5km. The team gathered that challenges bordering on compensation payments to communities on the site have been hindering the implementation. However, the team was informed by the airport management that the Rivers State Government, Ministry of Aviation, contractor and the communities had been meeting to resolve the issues. A timely resolution of all compensation and relocation matters would be expedient to avoid further delays in the implementation of this critical project.

Picture 28: One of the Side-Views of Constructed Boundary Fence at Port-Harcourt International Airport

Upgrading and Extension of Akanu Ibiam Airport Runway, Enugu

168. The project which was conceived to upgrade the airport and ensure safety of aircraft operations, commenced on 29th November, 2009 and was expected to be completed by the end of November, 2010.The contract was awarded to Messrs P.W Nigeria Ltd at a contract sum of N4.13Billion, out of which N2.7 billion has so far been released to the project. The sum of N800 million was appropriated for the project in the 2010 budget, out of which N544.12 million was released and utilized.

169. About 15% level of implementation of the project was done in the quarter. These include: the construction of culvert at runway 08 at chain age 2+ 650, and earth cutting and disposal up to the formation level on the runway extension which had been completed. Others are special works on the poor soil section of the runway extension, ducting for air field lightings system CAT11 and concrete culvert work across the new taxiway link D and E which were all in progress and Cement-soil stabilization which had been completed.


Picture 29: Ongoing Work at Enugu Airport

FEDERAL MINISTRY OF WATER RESOURCES

170. The Federal Ministry of Water Resources was allocated the total sum of N112.46 billion in the 2010 Amendment Budget. At the time of monitoring, N16.16 billion had been released and fully cash-backed to the Ministry. Of this amount, N9.21 billion (or 56.99%) was utilized by the Ministry for the execution of various capital projects which includes:

Durum - Gaya Dam Project

171. This project entails the construction of a new dam designed to supply potable drinking water, irrigation, fishery, recreational activities and employment generation. The project when completed would serve six (6) neighbouring Local Government Areas namely Gaya, Wudil, Albasu, Ajingi, Takai, and Dutse Municipal in Jigawa State. It had an appropriation of N222.75million in the 2010 Amendment Budget. Of this amount,N75.7 million was released but not yet utilized.

172. As at 30th September, 2010, the contract was yet to be awarded. However, the monitoring team was informed that the design and investigation activities were at completion stage after which the contract would be awarded.

Ogun/Osun River Basin Development Authority

173. The sum of N1.04 billion was appropriated for the River Basin in the Budget, out of which N139.79 Million was released for the execution of two (2) of its capital projects/programmes. As at the time of monitoring, the contracts were undergoing the tendering processes.

Benin-Owena River Basin Development Authority

Northern Ishan Regional Water Supply

174. The objective of this surface water-based regional scheme was to reduce the perennial water shortages experienced by the people of Ishan community where record of successful Bole Hole (BH) drilling had been very low due to the very difficult topographic. The contract for the water supply was awarded to Messrs CGC Nigeria Limited (MWR/S/SD/134/Vol.3) at the cost of N2.5 billion on the 23rd February, 2005 with a completion date of 31st December, 2010. The contract had an approved variation of N251 million due to the non-budgetary provision by the Federal Ministry of Water Resources for the project between 2005 and 2008.

175. The sum of N250 million was appropriated to the project in the Budget but no release had been made, as at the time of monitoring as the provision is to take care of the retention fee. The team gathered that outstanding on the contract are the training of personnel that would manage the scheme subsequent to its commissioning.

176. The team gathered that from the project engineer and the contractor's representatives that the project was concluded in March, 2010, and that it had achieved 95% level of completion. Achievements recorded include: completion of the pump station and treatment plant with generation of 9,000m 3/day of potable water after treatment, 1000m^3 concrete water tower and 900m^3 Braithwaite ground level reservoirs (GLR) both in Uromi metropolis and a chemical house equipped with chemical solution tanks, stirrers, dosing pumps with all necessary controls and conveying mechanism for delivery to dosing points.

Picture 30: Construction of Overhead Tank and Water Treatment Plant at Northern Ishan Regional Water Supply

Lower Niger River Basin Development Authority-Ilorin

177. The Authority was allocated the sum of N5.27 billion for its various capital projects in the 2010 fiscal year. The team monitored the following project:

Construction of Tada-Shonga Irrigation Project (Phase 1) in Kwara State

178. The project was conceived to promote food security, employment generation, poverty eradication and provision of potable drinking water to the immediate environment. The project was awarded to Messrs Construction Product Nig. Ltd at the cost of N3.26 billion on 16 September, 2010 with completion scheduled for 15 September, 2013. The sum of N623.22 million was appropriated to project in the Budget. Of this amount, N146.85 million was released and utilized.

179. At the time of monitoring, construction work was yet to commence due to flooding of the project areaas a result of overflows from the River Niger. The Authority complained to the team that the releases were inadequate to offset the 15% advance payment to the contractor for proper commencement of the project.


Picture 31: Flooding areas at Tada-Shonga Dam, Ilorin

Completion of Belel Weir Water Supply Project nd Reticulation to Konkol and Sorau, Adamawa State

180. The Belel Weir water supply scheme was conceived in 2009 to provide potable water, extension of the water supply network to Konkol, Sorau and other villages around the project area and the improvement of peasant economy and standard of living of the rural dwellers. The contract was awarded to M/S Ogun-Asu Company Ltd at the total estimated cost of N626.911 million on 11 November 2009 for preliminaries,embankment construction, spillway construction, dam intake structure, dam access road and water supply component work. It is scheduled for completion in March 2011.

181. Based on the importance of the project therefore, N600 million was appropriated for it in the Budget. Total release to the project since inception was N606.6 million while N157.815 million has been committed to it since inception. Work done on the project so far includes site clearance of the embankment and part of the reservoir area, foundation construction and treatment, access road construction, supply of conveyance pipe (5KM) and the supply of reinforcement bars for spilling way construction.

182. The team however observed inactivity at the site as at the time of monitoring. The contractor attributed this to the heavy rains and flooding at the time. It was further gathered from the contractor that the soil structure has been a major challenge to the implementation of this project which is presently at about 20% implementation level.

5.0 CONCLUSION AND RECOMMENDATIONS

183. The tempo of activity in the macroeconomic environment, under which the Budget was implemented, remained resilient within the period. Data from the National Bureau of Statistics indicate that the real Gross Domestic Product (GDP) improved within the quarter. Overall, economic growth remained robust with a real GDP growth rate of 7.7% against 6.6% in the same period of 2009. Core inflation rose from 12.7% in the second quarter to 12.8% in the third quarter while Food inflation dropped from 15.1% as at June 2010 to 14.6% in the third quarter. Relative to the second quarter, broad money (M_2) and net domestic credit rose by 3.51% and 8.13%% respectively in the quarter. Despite the volatility in the exchange rate due to external pressures, there was relative stability in the third quarter closing at N151.03/US$1 compared to N150.47/US$ in the second quarter. The total external debt stock as at end of the quarter was US$4.53 billion of which 91.58% are from concessional sources while the total domestic debt was N4,229.43 billion.

184. Notwithstanding the improving macroeconomic environment, slow implementation of the budget in the first three quarters of the year posed significant challenges to the Government's efforts at stimulating economic activities. At the Federation Account level, though revenue receipts under the oil and non-oil revenue categories improved within the third quarter and exceeded the estimated distributable revenue of N1,254.43 billion by N32.86 billion (or 3%), data indicate a net deficit of N651.94 billion (or 17%) year-on-year. Similarly, the actual quarterly revenue receipts to fund the Federal Budget exceeded the estimate of N576.07 billion projected for the quarter by N34.39 billion (or 6%) in the quarter. However, the aggregate revenue to fund the Federal Budget year-to-date fell below N1,728.22 billion projected for the period by N85.39 billion (or 4.9%) thereby creating a financing gap which threatened implementation of the Budget in the quarter. To manage this challenge, the Government had to make recourse to miscellaneous revenues amounting to N303.92 billion within the period. Going forward, it is expected that oil and non-oil revenues would continue to improve over the next quarters as the Government's efforts at boosting continues.

185. Data from the OAGF shows that while the sum of N530.46 billion (or 97.99%) of the capital expenditure releases made to MDAs were cash-backed, only N278.88 billion (or 53.47%) had been utilized in the year to-date. This position worsens to 52.38% when compared to the actual budgeted quarterly releases of N541.33 billion. Although this shows an improvement over the second quarter performance of 30.83%, it is lower than the utilization of N327.98 billion for same period of 2009 in absolute terms, and leaves much room for improvement. Notwithstanding this situation however, a further review of MDAs' performance reveal varied utilization rates among them.

Twenty six (or 52%) of the MDAs including: Interior, Niger-Delta, Agriculture, Water Resources, Defence, Federal Capital Territory Administration, Works, Commerce & Industry, Mines & Steel, Health, and Police Affairs each utilized above the overall average utilization rate of 53.47%. Of these, eleven (or 22% of the MDAs) including Defence, Federal Capital Territory Administration, and Agriculture had utilization rates of over 70% of their respective cash backed releases. It is noteworthy however, that six (or 12%) of the MDAs including Police Service Commission, and INEC were yet to utilize any portion of the capital budget funds released to them. As the Government continues to dialogue the MDAs to determine lasting solutions to any identified impediments to capital budget implementation, this performance is expected to improve going forward.

186. In continuation of its mandate, the Budget Office's Monitoring and Evaluation teams, partnering with relevant officers from MDAs, representatives of Civil Organisations and the Media visited selected projects to assess their level of implementation. Some recurring issues, including the following were observed:

a. Poor project planning practices by MDAs resulting:

- Spreading limited resources thinly across several projects leading to delays in project completion and poor resource allocations..
- The overloading of some contractors with jobs than they can realistically handle.
- Stalled Projects arising from project site issues or contractor pull-out.

b. Delays in payments to contractors even when releases have been made to MDAs by the OAGF.

c. MDAs' project status data inconsistencies.

d. Poor MDAs' representations at project sites.

e. Lack of ownership of projects by local communities which leads to neglect of completed projects and a hostile attitude towards contractors.

158. As the MDAs continue to adapt to, and implement series of Government intervention policies aimed to checking the challenges to proper project implementation practices, the Budget Office will continue to draw the attention of the concerned MDAs to these issues, and work out solutions through its dialogues and workshops geared

towards improving the level of capital budget implementation. Going forward, we expect improvements in the level of realization of deliverables as outlined in our annual Budget by the MDAs.

5.1 Recommendations:

i. MDAs should do thorough **project implementation studies** on all new projects prior to making submissions to the Budget Office. These would include the Environmental Impact Assessments, Land and Community settlement, and ease of delivery of key equipments to site, etc.

ii. Comprehensive **project engineering designs and feasibility study reports** should be approved prior to commencement of any relevant capital project in the Federal Budget. Going forward, MDAs' accounting Officers should attest to such project approvals in their annual budget submissions to the Budget Office.

iii. It should be made mandatory for an approved detailed **implementation plan** to accompany every capital project proposal for the annual budget. This way, flags are promptly raised at default points and strategically addressed. MDAs should be sanctioned by the Government for non-adherence to this plan forthwith.

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. Finally, the Federal Ministry of Finance/Budget Office will continue in its effort to make contributions to improving MDAs' implementation of their budgeted programmes/projects as prescribed under the Fiscal Responsibility Act 2007, 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 SEPTEMBER, 2010

MINISTRY	1ST QUARTER WARRANT =N=	AMENDED 2ND QUARTER WARRANT =N=	AIEs =N=	CAPITAL SUPPLEMENTATION /SUPPLEMENTARY =N=	TOTAL RELEASES = N=	AMOUNT CASHBACKED =N=	CBN BALANCE @ 30th September, 2010 =N=	UTILISATION =N=	PERFORMANCE %
PRESIDENCY	1,405,917,355	1,564,978,272	235,000,000	13,912,752,028	17,118,647,656	17,105,240,989	4,730,912,055	12,374,328,934	72.34
GOVT. OF THE FEDERATION (SGF)	2,377,021,575	3,285,014,569	-	2,925,000,000	8,587,036,144	8,142,652,811	5,439,111,466	2,703,541,344	33.20
YOUTH DEVELOPMENT	667,186,874	655,390,397	-	-	1,322,577,271	1,322,577,271	65,266,755	1,257,310,516	95.07
POLICE AFFAIRS	44,857,892	175,177,444	-	-	220,035,335	220,035,335	4,117,818	215,917,517	98.13
POLICE FORMATION	5,331,157,500	6,480,196,850	-	-	11,811,354,350	11,811,354,350	7,265,192,720	4,546,161,630	38.49
WOMEN AFFAIRS	41,072,220	430,339,672	-	-	471,411,892	471,411,892	175,434,010	295,977,882	62.79
AGRICULTURE	16,093,087,061	3,378,840,793	-	-	19,471,927,853	19,471,927,853	2,590,138,813	16,881,789,040	86.70
WATER RESOURCES	1,850,528,527	14,316,192,933	-	-	16,166,721,460	16,166,721,460	6,952,882,783	9,213,838,677	56.99
AUDITOR-GEN.	75,000,000	162,691,236	-	-	237,691,236	237,691,236	237,691,236	-	-
ICPC	100,342,625	33,586,197	-	-	133,928,822	133,928,822	133,928,822	-	-
DEFENCE	8,623,899,416	8,756,304,767	3,319,072,427	-	20,699,276,610	20,699,276,610	2,887,988,933	17,811,287,677	86.05
EDUCATION	7,405,770,883	10,267,389,318	2,368,341,594	-	20,041,501,795	20,041,501,795	8,490,451,508	11,551,050,287	57.64
FEDERAL CAPITAL TERRITORY	16,662,500,000	16,315,578,167	-	-	32,978,078,167	32,978,078,167	1,083,240,788	31,894,837,379	96.72
FOREIGN & INTER GOVT. AFFAIRS	1,314,361,585	1,335,984,438	9,603,673,678	-	12,254,019,701	12,254,019,701	6,938,463,965	5,315,555,737	43.38

OFFICE OF THE ACCOUNTANT GENERAL OF THE FEDERATION.

FEDERAL MINISTRY OF FINANCE

FUNDS DEPARTMENT, GARKI - ABUJA

2010 CAPITAL PERFORMANCE FOR MDAs AS AT 30th SEPTEMBER, 2010

MINISTRY	1ST QUARTER WARRANT =N=	AMENDED 2ND QUARTER WARRANT =N=	AIEs =N=	CAPITAL SUPPLEMENTATION /SUPPLEMENTARY =N=	TOTAL RELEASES = N=	AMOUNT CASHBACKED =N=	CBN BALANCE @ 30th September, 2010 =N=	UTILISATION =N=	PERFORMANCE %
FINANCE	823,003,249	295,666,456	-	8,201,600	1,126,871,305	1,126,871,305	431,169,067	695,702,238	61.74
HEALTH	8,022,449,800	7,279,168,949	-	940,000,000	16,241,618,749	16,223,815,383	8,558,763,836	7,753,933,449	47.79
COMMERCE & INDUSTRY	577,814,285	1,281,696,852	-	-	1,859,511,137	1,209,293,683	505,971,881	703,321,802	58.16
INFORMATION & COMMUNICATION	358,675,000	1,047,494,035	495,000,000	33,093,712	1,934,262,747	1,915,800,807	892,615,657	1,023,185,150	53.41
INTERIOR	2,880,298,577	1,542,604,731	-	-	4,422,903,307	4,422,903,307	1,563,887,249	2,859,016,058	64.64
HEAD OF SERVICE	666,703,883	1,393,346,095	-	-	2,060,049,977	2,060,049,977	625,414,750	1,434,635,227	69.64
JUSTICE	202,390,222	715,815,298	-	-	918,205,520	918,205,520	681,328,478	236,877,043	25.80
LABOUR & PRODUCTIVITY	143,068,372	647,564,436	-	-	790,632,808	790,632,808	109,903,626	680,729,182	86.10
SCIENCE AND TECH.	2,073,047,517	5,212,364,893	2,000,000,000	-	9,285,412,410	9,285,412,410	3,947,808,968	5,362,430,953	57.75
POWER	12,221,434,882	22,537,337,331	11,500,000,000	-	46,258,772,213	46,205,145,546	15,211,264,295	30,993,881,251	67.08
TRANSPORT	9,645,022,871	15,806,863,660	-	65,000,000	25,516,886,531	25,516,886,531	15,554,011,232	9,962,875,299	39.04
AVIATION	7,260,737,164	8,586,999,175	621,063,000	-	16,468,799,339	16,468,799,339	13,916,251,769	2,552,547,570	15.50
WORKS	50,453,447,436	21,501,388,661	-	-	71,954,836,097	71,883,780,763	25,941,990,536	45,941,790,227	63.91
PETROLEUM	5,571,541,488	3,354,273,913	-	-	8,925,815,401	8,925,815,401	8,008,587,636	917,227,764	10.28
MINES & STEEL	885,227,043	570,524,397	-	-	1,455,751,440	1,455,751,440	655,306,203	800,445,237	54.99

OFFICE OF THE ACCOUNTANT GENERAL OF THE FEDERATION.

FEDERAL MINISTRY OF FINANCE

FUNDS DEPARTMENT, GARKI - ABUJA

2010 CAPITAL PERFORMANCE FOR MDAs AS AT 30th SEPTEMBER, 2010

MINISTRY	1ST QUARTER WARRANT =N=	AMENDED 2ND QUARTER WARRANT =N=	AIEs =N=	CAPITAL SUPPLEMENTATION /SUPPLEMENTARY =N=	TOTAL RELEASES = N=	AMOUNT CASHBACKED =N=	CBN BALANCE @ 30th September, 2010 =N=	UTILISATION =N=	PERFORMANCE %
NATIONAL WAGES & SALARIES	57,750,000	21,988,225	-	-	79,738,225	79,738,225	43,669,236	36,068,989	45.23
ENVIRONMENT	1,817,975,772	3,258,740,875	-	-	5,076,716,647	5,076,716,647	4,917,144,289	159,572,358	3.14
TOURISM, CULTURE & NATIONAL	1,219,472,000	608,244,897	900,000,000	140,000,000	2,867,716,897	2,867,716,897	1,552,641,268	1,315,075,629	45.86
NAT. PLANNING	549,701,733	190,444,453	-	154,600,000	894,746,185	894,746,185	261,436,552	633,309,634	70.78
PUBLIC COMPLAINTS	-	116,527,154	-	-	116,527,154	116,527,154	116,527,154	-	-
NATIONAL SPORTS COMMISSION	831,730,250	895,537,649	-	-	1,727,267,898	1,727,267,898	754,507,349	972,760,549	56.32
OFFICE OF NATIONAL	2,400,000,000	8,484,964,409	8,867,040,000	-	19,752,004,409	16,695,284,409	509,129,272	16,186,155,137	96.95
NIGER DELTA	12,000,000,000	10,579,059,441	-	-	22,579,059,441	22,579,059,441	595,004,195	21,984,055,246	97.36
SPECIAL DUTIES	-	16,882,600	-	50,000,000	66,882,600	66,882,600	66,882,600	-	-
ICRC	-	22,691,667	-	-	22,691,667	22,691,667	7,209,191	15,482,475	68.23
NAT. POPULATION	193,287,452	179,147,309	-	-	372,434,761	372,434,761	156,007,588	216,427,173	58.11
CODE OF CONDUCT BUREAU	15,000,000	107,558,500	-	-	122,558,500	122,558,500	113,058,500	9,500,000.00	7.75
CODE OF CONDUCT TRIBUNAL	51,087,811	30,651,793	-	-	81,739,604	81,739,604	140,554	81,599,050	99.83
REV. MOB. ALL.	200,000,000	97,085,257	-	-	297,085,257	297,085,257	219,374,367	77,710,891	26.16
FCSC	75,000,000	38,575,833	-	-	113,575,833	113,575,833	111,823,191	1,752,643	1.54

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FEDERAL MINISTRY OF FINANCE

FUNDS DEPARTMENT, GARKI - ABUJA

2010 CAPITAL PERFORMANCE FOR MDAs AS AT 30th SEPTEMBER, 2010

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POLICE SERVICE COMMISSION	-	13,368,115	-	-	13,368,115	13,368,115	13,368,115	0	-
INEC	1,270,345,000	874,995,250	-	52,624,792,000	54,770,132,250	54,770,132,250	54,770,132,250	-	-
FED. CHARACT. COMM.	25,000,000	60,165,490	-	-	85,165,490	85,165,490	37,296,279	47,869,212	56.21
NATIONAL ASSEMBLY	1,075,000,000	2,026,417,667	-	-	3,101,417,667	3,101,417,667	1,625,980,291	1,475,437,376	47.57
FPO	-	4,333,863	-	-	4,333,863	4,333,863	-	-	-
STF	73,761,124	1,369,735,798	-	-	1,443,496,922	1,443,496,922	1,425,813,229	17,683,693.63	1.23
CAPITAL SUPPLEMENTATION	8,925,000,000	9,348,696,582	5,634,510,807	-	8,604,560,049	2,060,270,757	-	2,060,270,757	-
POLICE	-	-	-	39,500,000,000	39,500,000,000	39,500,000,000	31,780,376,450	7,719,623,550	19.54
Grand Total	194,557,676,442	197,276,586,758	45,543,701,506	110,353,439,340	532,427,756,706	521,557,792,653	242,676,618,773	278,881,173,880	53.47