BUDGET OFFICE OF THE FEDERATION

Fourth Quarter and Consolidated Budget Implementation Report

2013

FEDERAL MINISTRY OF FINANCE

FOREWORD

It is with pleasure that I present to you this Report which is the fourth in the series of Reports for the year as well as a consolidation of reports on the implementation of the 2013 Budget. The Report is also in line with government's determination to ensure transparency and accountability in the management of public resources and more importantly, the effective and efficient application of the resources to achieve Government's developmental objectives. It therefore provides information by which Government's performance in the management of national resources can be measured.

The preparation and dissemination of this report is in accordance with Section 30 and 50 of the Fiscal Responsibility Act, 2007 which requires the Honourable Minister of Finance to submit to the Joint Finance Committee of the National Assembly and the Fiscal Responsibility Commission, quarterly and consolidated budget implementation reports. These reports are also circulated to the wider public through the electronic and print media.

This Budget Implementation Report is the product of meticulous planning, monitoring, evaluation and analytical work carried out by the Budget Office of the Federation in collaboration with MDAs, Civil Society Organizations and the Media. I commend the team's hard work and also wish to commend the active roles of the National Assembly's Joint Finance Committee and the Fiscal Responsibility Commission in promoting best practices in public financial management through their collaborative efforts. I look forward to more of this cooperation in the future.

Finally, I encourage all readers of this Report to continue to show active interest in government's ability to live up to its promises. This will serve as the necessary impetus for the efficient and effective management of government finances.

Dr. Ngozi Okonjo-Iweala
Coordinating Minister for the Economy and
Honourable Minister of Finance

PREFACE

Pursuant to Section 30 of the *Fiscal Responsibility Act, 2007*, the Honourable Minister of Finance through the Budget Office of the Federation is mandated to produce quarterly budget and consolidated yearly budget execution reports. This Report fulfils this requirement and also presents the means of demonstrating Government's commitment to the transparent and prudent management of public finances.

The 2013 Budget was prepared with a theme - fiscal consolidation with comprehensive growth. In order to achieve this goal, the Budget, among other concerns, paid more attention on achieving macroeconomic stability and investing in priority sectors. As such, Government wish was to ensure careful management of scarce fiscal resources so as to lay the groundwork for quick and sustainable growth as well as create jobs which are consistent with the objectives of the *Transformation Agenda* of the government.

The implementation of the 2013 Budget in the year was quite challenging in several respects. Apart from the shortfalls in projected revenue which affected the full implementation of the capital budget in the year, the resolution of critical issues identified in 2013 Appropriation Act which was submitted to the National Assembly for amendment of the 2013 Budget was only passed in August 2013. The delay in passing the amendment by the National Assembly was an impediment to the successful implementation of the 2013 Budget.

This Report is a comprehensive effort of the various departments of the Budget Office of the Federation, particularly the Fiscal Policy and Budget Monitoring & Evaluation Department, Central Bank of Nigeria, Nigeria National Petroleum Corporation, National Bureau of Statistics, Debt Management Office and the Office of the Accountant General of the Federation which provided key financial and macroeconomic data, Civil Society Organizations and the media in the development sphere. Again, I praise their efforts and wish them every success as they continue to perform this important function of producing a concise report which monitors Government's progress in implementing the Annual Budget.

Dr. Bright Okogu
Director General
Budget Office of the Federation

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EXECUTIVE SUMMARY

The major thrust of the 2013 Budget is the further actualization of the Transformation Agenda of government anchored on the Vision 20:2020 document. Data from the National Bureau of Statistics (NBS) projected real Gross Domestic Product (GDP) growth rate of 7.67% for the fourth quarter of 2013. This estimate is higher than the revised figure of 6.81% and 6.99% recorded in the third quarter of 2013 and fourth quarter of 2012 respectively. Overall, growth rate for 2013 was projected at 6.87% as against 6.58% recorded in 2012. Like in the previous quarters, the non-oil sector remained the major driver of growth recording 8.73% growth in the fourth quarter of 2013.

The downward trend in inflationary pressure which began in the last quarter of 2012, continued all through 2013. The year-on-year headline inflation fell consistently from 9% in January to 8.6% and 8.4% in March and June respectively and remained constant at 8% in both September and December, 2013. The year-on-year food inflation also followed similar trend, declining from 10.1% in January to 9.5%, 9.6%, 9.4% and 9.3% in March, June, September and December 2013 respectively. Core inflation also declined from 11.3% in January to 7.2% and 5.5% in March and June before rising to 7.4% and 7.9% in September and December, 2013 respectively. Figures from the CBN reveal a drop in Nigeria's gross external reserves which stood at US$42.85 billion in December 2013.

Data from the Office of the Accountant General of the Federation (OAGF) shows that a net sum of N1,546.13 billion was shared among the three tiers of government in the fourth quarter of 2013; implying a shortfall of N344.85 billion in the quarter. A total of N719.63 billion, excluding revenue from other funding sources was received to fund the Federal Budget in the fourth quarter of 2013 thereby presenting a shortfall of N305.47 billion (or 29.8%). This affected the implementation of the 2013 Budget in the quarter.

The data also indicated that the recurrent (non-debt) expenditure was fully implemented as at 31st December, 2013 while N1,008.18 billion out of the

N1,590.74 billion projected for capital budget implementation for the year was released to MDAs. Out of the amount released, N1,004.07 billion (or 99.59%) was cash-backed while N968.93 billion (or 96.5%) of the cash-backed sum was utilized by the MDAs as at the end of December 2013.

An analysis of fifty (50) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) reveals varying levels of utilization among the MDAs. Thirty-seven (or 74%) of the MDAs including: Youth Development, Police Affairs, Women Affairs, Agriculture, Water Resources, Defence, Trade & Investment, Aviation, Office of the National Security Adviser, ICPC, Housing & Urban Development, FCTA, Presidency, Police Formation, Secretary to the Government the Federation and Niger Delta had utilized more than the overall average utilization rate of 96.5% of the amount cash-backed. Seven out of these, including Police Formation, ICPC, Housing & Urban Development, National Salaries & Wages, National Sports Commission, Code of Conduct Tribunal and Ministry of Special Duties had 100% of their respective cash-backed funds.

In addition to the regular budget, a total of N272.55 billion (or 99.65%) of the N273.5 billion appropriated for SURE-P in the 2013 Budget was released as at 31st December, 2013 while N181.09 billion (or 66.44%) of the released amount was utilized for major capital and social programmes. This assisted in the area of infrastructure development.

1.0 INTRODUCTION

The major thrust of the 2013 Budget is the further actualization of the Transformation Agenda of government anchored on the Vision 20:2020 document. The 2013 Budget was structured to boost the country's macro-economic gains witnessed in recent years and produce an atmosphere for Nigerians to benefit from these gains through the implementation of projects/programmes that will improve their living standards and also create jobs. Like the previous budgets, it is built on the foundation of macroeconomic stability, structural reforms, governance & institutions and investment in priority sectors with an overall theme of Fiscal Consolidation and Growth.

2. The Budget has its basis from the 2013-2015 Medium Term Fiscal Framework (MTFF). The assumptions in the framework were based on the activities in the domestic and global economies. With this in mind, the Budget was produced to reduce the effect of external shocks on our economy, particularly in respect to the price of oil, eliminate waste in government expenditure, expand government's revenue base and reduce government's borrowing profile while making provision for payment of maturing debt obligations.

3. As it was in the past, the priority of the 2013 Budget focused on critical economic and social sectors. While activities in some of these sectors are largely private sector driven, others require a great deal of public sector support. In view of this, key allocations were made as follows: Critical Infrastructure (including Power, Works, Transport, Aviation, Gas Pipelines and Federal Capital Territory) – N497 billion; Human Capital Development (i.e. Education and Health) – N705 billion; Agriculture & Water Resources – N175 billion; and National Security (comprising Police, Armed Forces, Office of the National Security Adviser and the Ministry of Interior) – N953 billion.

4. It should be noted that the 2013 Budget proposal was prepared in record time and passed by the National Assembly. However, it had several

challenges that had to be addressed. These issues were formally attended to in the 2013 Amendment Budget which was eventually passed by the National Assembly in August, 2013.

5. This Report presents comprehensive information on the implementation of the 2013 Budget. The rest of the Report is arranged as follows: a brief review of the macroeconomic environment under which the Budget was implemented, followed by a detailed analysis of government's revenue receipts and expenditure in the year. A chapter on the outcome of the physical monitoring and evaluation of capital projects and programmes is presented, followed by a brief conclusion to the report.

2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

Global Economy

The world economy is gradually adjusting to the emerging growth dynamics in the developed and up-coming markets economies. During the period growth in the advanced economies picked up while growth in the emerging economies slowed down. The United States (US), Japan and a few European countries just coming out of recession aided the current growth in the developed economy. Expansion in US output was boosted by improved industrial production which was supported by strong private demand and surprisingly an accommodative monetary policy. By discretionary spending during the period, strong signs of growth emerged from some euro area economies like Portugal and Greece. As a result of the changes in global growth dynamics, the International Monetary Fund (IMF) revised its 2013 global economic growth forecast in October to 2.9%.

7. Global inflation was predicted to fall from 3.75% in 2012 to 3% in 2013, but could rise slightly in 2014. Food and fuel prices continued to positively moderate global consumer price inflation. In view of this, most central banks reacted by either upholding their current policy postures or by moderately lessening their policy rates in the last quarter of the year. The world financial markets expect monetary conditions to remain stable from the last quarter of 2013 to the first quarter of 2014. Evidence of this, was confirmed by the US Federal Reserve, Bank of England and also Bank of Japan which had signified that its quantitative easing would go on until inflation gets to a 2% target.

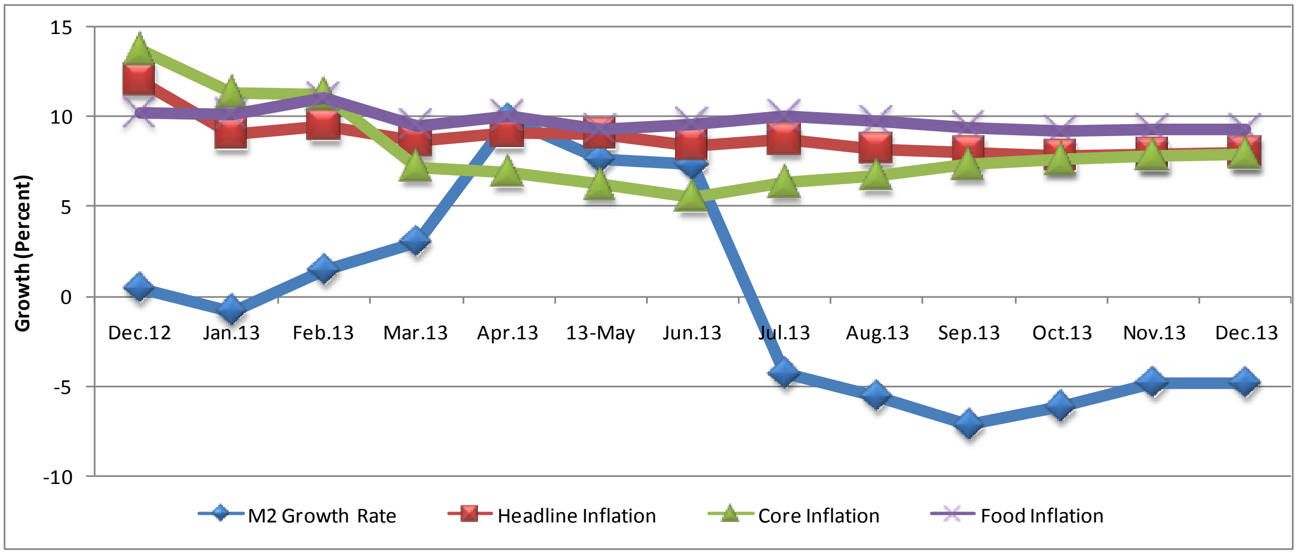
Domestic Economy

8. Data from the National Bureau of Statistics (NBS) projected real Gross Domestic Product (GDP) growth rate of 7.67% for the fourth quarter of 2013.

This estimate is higher than the revised figure of 6.81% and 6.99% recorded in the third quarter of 2013 and fourth quarter of 2012 respectively. Overall, growth rate for 2013 was projected at 6.87% as against 6.58% recorded in 2012. Like in the previous quarters, the non-oil sector remained the major driver of growth recording 8.73% growth in the fourth quarter of 2013. The drivers of growth in the non-oil sector were mainly the agriculture sector; wholesale and retail trade; and services which contributed 1.64%, 2.34% and 2.66% respectively. Despite the sluggish global economic recovery, the comparatively robust growth performance witnessed during the period was a reflection of the enhanced agricultural output production, continued outcome of banking sector reforms and macroeconomic stability.

9. The downward trend in inflationary pressure which began in the last quarter of 2012 continued all through 2013 due partly to the response to the supportive fiscal policies of the Federal Government, improved performance in the agricultural and other sectors of the economy and tight monetary policy stance of Central Bank of Nigeria. The year-on-year headline inflation fell consistently from 9% in January to 8.6% and 8.4% in March and June respectively and remained constant at 8% in both September and December, 2013. The year-on-year food inflation also followed similar trend, declining from 10.1% in January to 9.5%, 9.6%, 9.4% and 9.3% in March, June, September and December 2013 respectively. Core inflation also declined from 11.3% in January to 7.2% and 5.5% in March and June before rising to 7.4% and 7.9% in September and December, 2013 respectively.

Chart1: Inflation and M2 Growth Rate (December 2012 – December 2013)

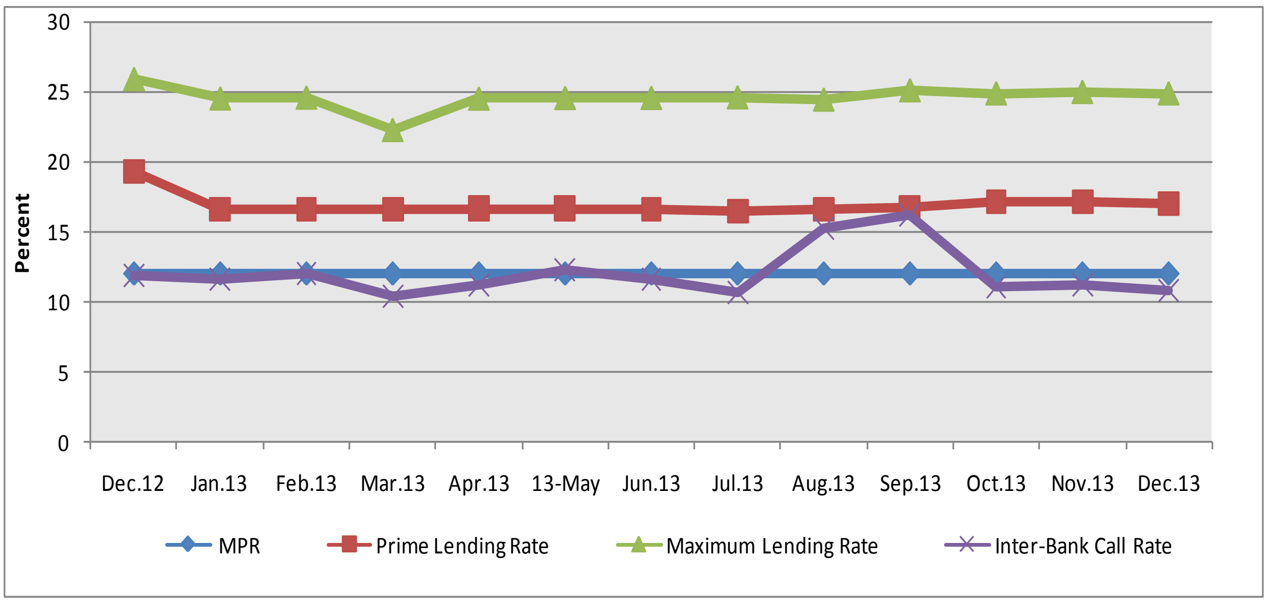


Source: Central Bank of Nigeria, 2013 & National Bureau of Statistics, 2013

10. CBN data show that broad money supply (M2) grew by N366.24 billion (or 2.55%) in December above the level in September 2013, that is, from N14,371.38 billion in September to N14,737.62 billion in December. Similarly, the net aggregate domestic credit also increased by N1,007.75 billion (or 7.69%) from N13,101.61 billion in September to N14,109.36 billion in December, 2013. Credit to the private sector increased by N217.19 billion (or 1.33%) from N16,292.28 billion in September to N16,509.47 billion in December 2013. On the other hand, credit to government sector fell by N790.56 billion (or 24.78%) within the same period, from N3,190.67 billion in September to N2,400.11 billion in December, 2013. The average prime lending rate rose from 16.76% in September to 17.1%, 17.17% and 17.01% in October, November and December, 2013 respectively. On the other hand, the average maximum lending rate declined slightly from 25.12% in September to 24.9%, 25% and 24.9% in October, November and December, 2013 respectively.

11. Like the previous quarters, the CBN continued with a fixed Monetary Policy Rate (MPR) of 12% in the fourth quarter of 2013 in pursuit of price stability. The interest rates in the interbank money market moved in tandem with the level of liquidity conditions in the banking system. Thus the average interbank call rate fell from 16.22% in September to 11.08%, 11.23% and 10.75% in October, November and December, 2013 respectively. The trends in interest rates in the fourth quarter of 2013 are presented below in *Chart 2.*

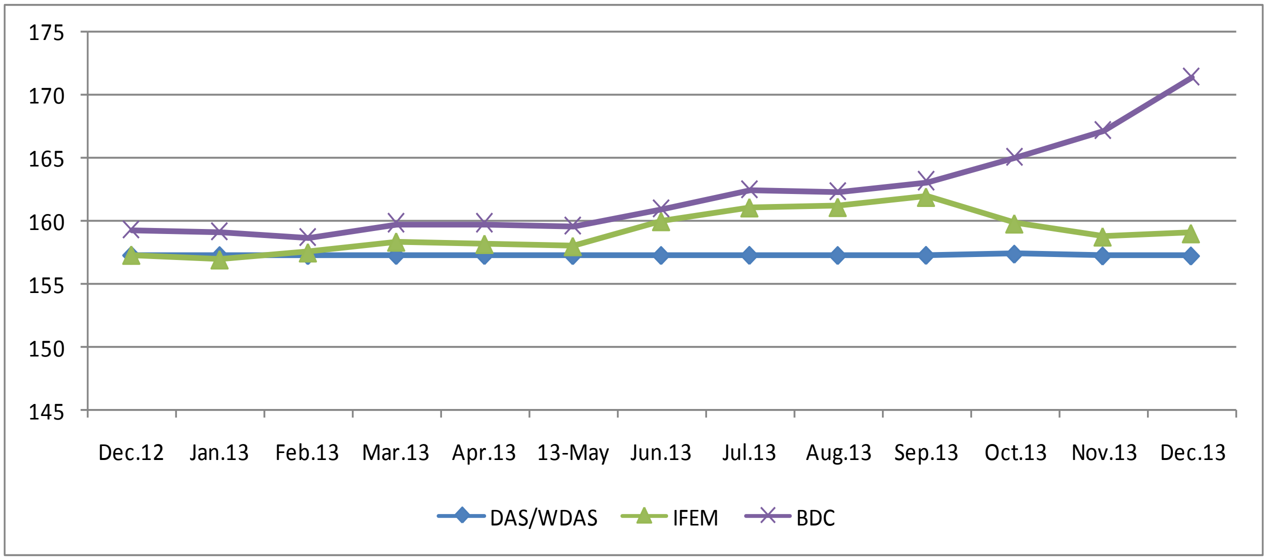
Chart 2: Interest Rates Trend (December 2012 – December 2013)



Source: Central Bank of Nigeria, 2013

12. The end-period official Wholesale Dutch Auction System (WDAS) and the Inter-bank Naira/Dollar exchange rate appreciated slightly from N157.31/$ and N161.96/$ in September to N157.27/$ and N159.05/$ in December, 2013 respectively. On the other hand, the Bureau de Change (BDC) exchange rates moved from N163.14/$ in September to N171.40/$ in December, 2013, representing a depreciation of N8.26 (or 5.06%) for the period. The premium between the WDAS and the Inter-bank rate narrowed towards the end of the quarter. On the other hand, the premium between the WDAS and BDC widened during the period, suggesting the need to sustain and further complement existing measures to discourage speculative activities in the foreign exchange market.

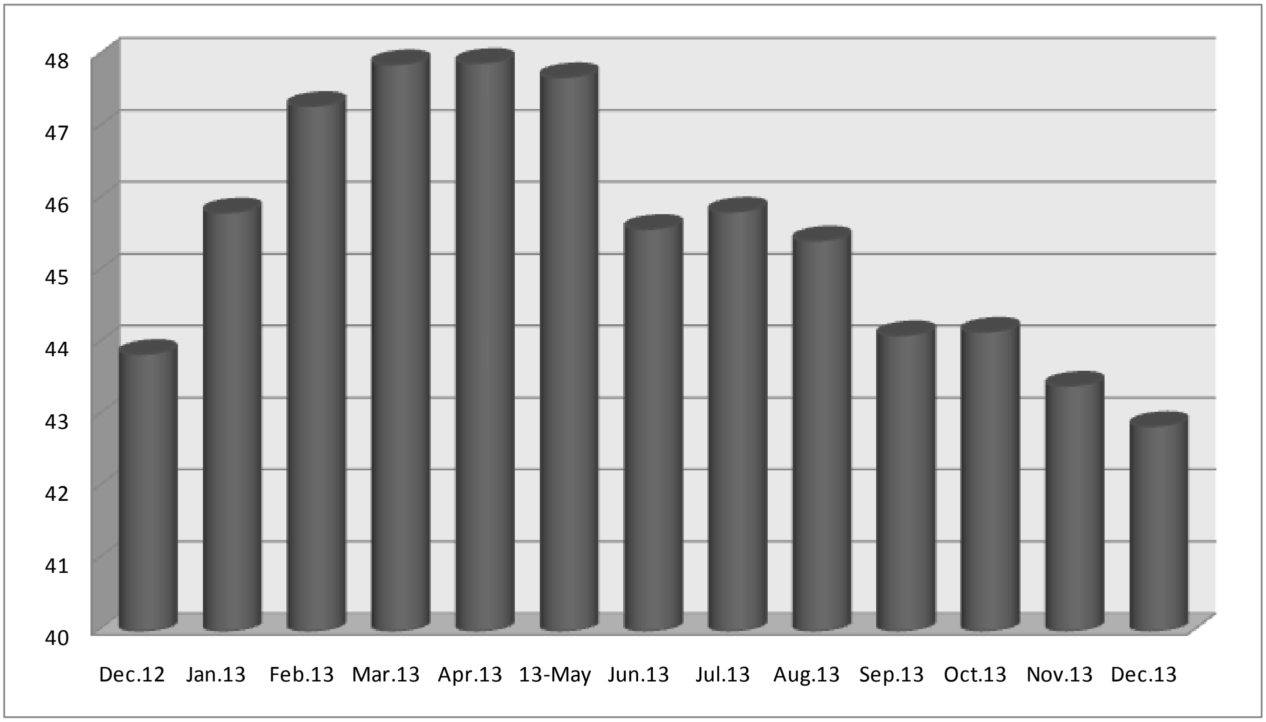
Chart 3: Naira/US$ Exchange Rates Trend (Dec. 2012 – Dec. 2013)



Source: Central Bank of Nigeria, 2013

13. Figures from the CBN reveal a drop in Nigeria's gross external reserves at the end of the fourth quarter of 2013 which fell from US$44.11 billion in September to US$42.85 billion in December 2013. Relative to the end of fourth quarter of 2012 level of US$43.85 billion, the external reserves decreased by US$1.0 billion (or 2.28%) in the quarter. The decrease in foreign reserves was due mainly to a slowdown in portfolio and foreign direct investment in the quarter, thereby, resulting to an increased funding of the foreign exchange market by the CBN to stabilize the Naira. Based on the CBN report, the foreign reserves level as at the end of December 2013 could finance over thirteen (13) months of imports which is well over the globally recommended minimum threshold of 3-months import cover.

Chart 4: Level of External Reserves in Billion Dollars (Dec. 2012 – Dec. 2013)



Source: Central Bank of Nigeria, 2013

3.0 FINANCIAL ANALYSIS OF THE 2013 BUDGET IMPLEMENTATION

3.1 Key Assumptions and Projections:

The 2013 Budget was crafted out of the 2013-2015 Medium Term Fiscal Framework (MTFF). The MTFF was prepared after a wide-range discussions and consultations with relevant stakeholders. Activities in the global economy significantly determined some of the assumptions in this framework.

Table 1: Key Assumptions and Targets for the 2013 Budget

KEY ASSUMPTION & TARGETS	2013
Projected Production (in mbpd)	2.52
Budget Benchmark Price (per barrel in US)	79
Technical Cost of JVC Pbl to Oil Companies	
Operating Expenses (T1) in US $	9.84
Capital Expenses (T2) in US $	11.07
Technical Cost of PSC Pbl to Oil Companies	
Operating Expenses (T1) in US $	8.36
Capital Expenses (T2) in US $	16.28
Investment Tax Credit	5.27
Technical Costs of SC pbl to Oil Company	
Operating Expenses (T1) in US $	9.06
Capital Expenses (T2) in US $	36.18
Investment Allowances	7.8
Weighted Average Contribution Rates	
Weighted Average Rate of PPT-JV/AF/Independent/Marginal Oil	85%
Weighted Average Rate of PPT-PSC Oil	51.35%
Weighted Average Rate of PPT-SC Oil	85%
Weighted Average Rate of Royalties-JV/AF/Independent/Marginal Oil	18.67%
Weighted Average Rate of Royalties -PSC Oil	2.81%
Weighted Average Rate of Royalties SC Oil	18.5%
Average Exchange Rate (NGN/US$)	160
VAT Rate	5%
CIT Rate	30%

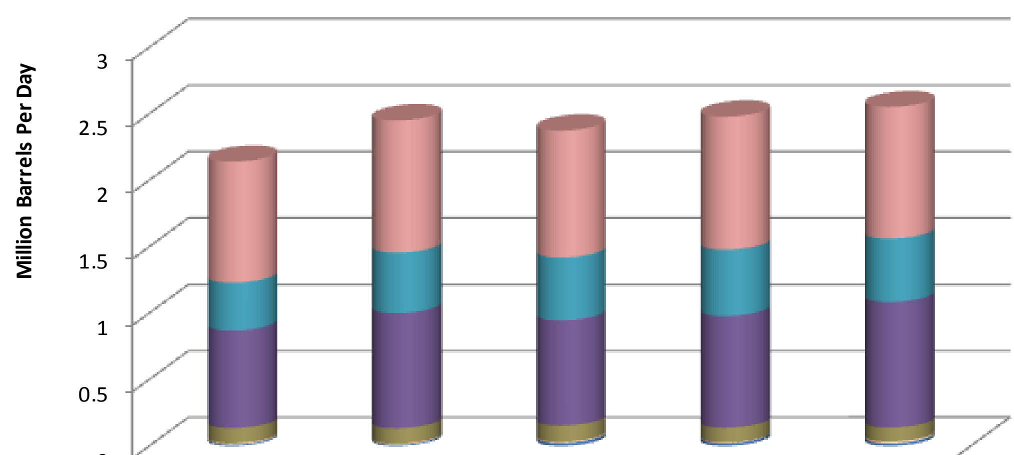
Source: BOF, NNPC, FIRS and NCS

Budget Benchmark Oil Price and Production

15. Due to the instability in the price of oil at the international market, Government in recent times has fashioned out a precautious method of formulating the benchmark price of oil for its annual budgets. As such, budget expenditures are delinked from the unstable world of oil prices. As a result of this, the benchmark price of oil for the 2013 Budget was fixed at US$79/barrel while oil production was set at 2.52 million barrels per day (mbpd). The projected oil production for 2013 budget represents a marginal increase of 0.04 mbpd (or 1.61%) above the 2.48 mbpd estimated for the 2012 Budget.

16. Details of projected contributions of oil production by business arrangements are presented in *Chart 5* below while the breakdown of contributions and charges for the major oil taxes that are expected to accrue to the Federal Government are also illustrated in *Table 2* below.

Chart 5: Budget Oil Production by Business Arrangements 2009 – 2013



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Budget
Joint Ventures	0.91	0.995	0.955	1	0.991
Alternative Funding	0.36	0.455	0.474	0.5	0.477
Prod. Sharing Contracts	0.736	0.868	0.793	0.843	0.947
Independents	0.113	0.115	0.122	0.11	0.104
Service Contracts	0.009	0.007	0.008	0.005	0.013
Marginal Fields	0.011	0.01	0.022	0.02	0.019

Source: NAPIMS/NNPC

Table 2: Detailed Assumptions for Oil Production and Taxes (2013)

Share of Oil Production	***Percentage***
Joint Ventures	40.92%
Alternative Funding	16.96%
Modified Carry Arrangement	1.88%
Production Sharing Contracts	39.71%
Independents	0%
Service Contracts	0.53%
Marginal	0%
Total Production	100%
PPT Rates	
Weigthed Average -JV/AF/Independent/Marginal	85%
Weigthed Average -PSC	51.35%
Weigthed Average -SC	85%
Royalties Rates	
Weighted Average-JV/AF/Independent/Marginal	19.25%
Weigthed Average-PSC	2.81%
Weigthed Average-SC Oil	18.50%

Source: NNPC and BOF

3.2 Analysis of Revenue Performance:

Overview of Oil Revenue Parameters:

17. The price of crude oil in the international market averaged US$109.30 per barrel in the fourth quarter of 2013, representing a fall of 0.97% and 0.66% over the US$110.37 and US$110.03 per barrel recorded in the third quarter of 2013 and fourth quarter of 2012 respectively. The fall in crude oil price during the period could be attributed to the challenges of a slowing world economic growth and the rising supply of oil from both conventional and non-conventional sources as well as the entry of some new regional oil producers to the international oil market.

18. Provisional data from the Nigerian National Petroleum Corporation (NNPC) shows that the average oil lifting (including Condensates) in the fourth quarter of 2013 was 2.15mbpd representing a shortfall of 0.37 (or 14.68%) below the 2.52mbpd projected for the 2013 Budget. The volume of oil lifted in the period also fell short of the 2.26mbpd and 2.2mbpd recorded in the third quarter of 2013 and the fourth quarter of 2012 by 0.11mbpd and 0.05mbpd respectively. The drop in the volume of oil lifted during the quarter could be attributed to supply challenges following unrelenting crude oil theft, illegal bunkering and pipeline vandalism that had persisted in the period.

19. The 2013 Fiscal Framework presents a gross Federally collectible revenue estimate of N11,339.78 billion, made up of N7,734.15 billion (or 68.2%) oil revenue and N3,605.63 billion (or 31.8%) non-oil revenue. Below is an analysis of the actual performance of the oil and non-oil revenue receipts in the fourth quarter of 2013.

Oil Revenue Performance

20. A breakdown of the oil revenue performance in the fourth quarter of 2013 shows that only Royalties (Oil & Gas) of N298.53 billion and Other oil & Gas Revenue of N2.65 billion exceeded their respective quarterly expected estimate of N190.27 billion and N0.77 billion by N108.26 billion (or 56.9%) and N1.89 billion (or 245.59%). On the other hand, Crude Oil Sales of N605.42 billion, Gas Sales of N54.53 billion, Rent of N0.03 billion, Gas Flared Penalty of N0.47 billion and Petroleum Profit & Gas Taxes of N576.77 billion fell below their quarterly projections of N1,060.98 billion, N89.9 billion, N0.22 billion, N0.62 billion and N590.79 billion by N455.56 billion (or 42.94%), N35.36 billion (or 39.34%), N0.19 billion (or 87.96%), N0.15 billion (or 24.68%) and N14.02 billion (or 2.37%) respectively. Please see *Table 3.1*.

Net Oil Revenue:

21. In the fourth quarter of 2013, the actual Net Oil Revenue that accrued into the Federation Account was N1,051.71 billion, indicating a shortfall of N162.09 billion (or 13.35%) below the projected quarterly estimate of N1,213.8 billion. On the other hand, the net oil revenue in the fourth quarter was higher than the N1,005.33 billion net oil revenue recorded in the third quarter by N46.38 billion (or 4.61%). In spite of the favourable oil prices at the international market, the less-than-projected performance of the net oil revenue in the fourth quarter of 2013 can be attributed to the fall in oil lifting figure during the period. These data are presented in *Table 3.1*.

Year-to-Date:

22. As at end of December 2013, the gross Royalties (Oil & Gas) of N982.98 billion, Gas Flared Penalty of N3.19 billion, Petroleum Profit Tax of N2,735.98 billion and Other Oil & Gas Revenue of N4.04 billion exceeded their respective annual projections of N761.08 billion, N2.48 billion, N2,363.15 billion and N3.07 billion by N221.90 billion (or 29.16%), N0.71 billion (or 28.44%) , N372.82 billion (or 15.78%) and N0.97 billion (or 31.49%). On the other hand, Crude Oil Sales of N2,814.13 billion, Gas Sales of N255.12 billion and Rent of N0.18 billion fell below their corresponding annual projections of N4,243.90 billion, N359.58 billion and N0.88 billion by N1,429.77 billion (or 33.69%), N104.46 billion (or 29.05%) and N0.70 billion (or 79.67%). These low performances were due to the reasons earlier adduced.

Non-Oil Revenue Performance:

23. In recent times, the Government, through the Budget Office of the Federation and the Federal Ministry of Finance has taken different measures aimed at improving non-oil revenue collection and payment to the treasury. The effects of these measures as well as the Budget Office's regular engagement with the Agencies have led to the continued growth in targets and

actual revenues from the non-oil sector. This trend, as presented in *Table* 3.2 and *Table* 3.3, is expected to continue over the 2012 - 2015 period.

24. In the fourth quarter of 2013, the actual gross non-oil revenue of N519.09 billion was received. This implies a shortfall of N193.83 billion (or 27.19%) below the quarterly estimate of N712.92 billion. A breakdown of the non-oil revenue items shows that all the non-oil revenue items fell below their quarterly projected estimates. Value Added Tax of N222.02 billion, Company Income Tax of N169.07 billion and Customs & Excise Duties of N128.0 billion were below their quarterly estimates of N236.32 billion, N248.01 billion and N198.24 billion by N14.30 billion (or 6.05%), N78.94 billion (or 31.83%) and N70.24 billion (or 35.43%) respectively. When compared to their respective third quarter outcomes, Value Added Tax and Customs & Excise Duties grew by N27.61 billion (or 14.2%) and N30.56 billion (or 31.36%) while Company Income Tax fell by N306.01 billion (or 64.41%) respectively. The increase in performances of some of these non-oil revenue items in the period as against the third quarter can be attributed to the rise in economic activities during the period and it is expected that the trend will continue up to the earlier part of next quarter.

Year-to-Date:

25. The aggregate non-oil receipts as at December 2013 amounted to N2,213.76 billion depicting a shortfall of N637.93 billion (or 22.37%) below the annual projected estimate of N2,851.68 billion. The performance also reveals that all the non-oil revenue items fell below their respective annul estimates. Value Added Tax of N795.60 billion, Company Income Tax of N985.52 billion and Customs & Excise Duties of N432.64 billion respectively fell short by N149.68 billion (or 15.83%), N6.52 billion (or 0.66%) and N360.31 billion (or 45.44%) when compared with their annual projections of N945.28 billion, N992.04 billion and N792.95 billion. In line with the recent trend, we expect revenue collections in these categories to improve since a significant proportion of these revenue receipts mature at the tail end of the year.

Table 3.1: Net Distributable Revenue as at December, 2013 (Oil Revenue at Benchmark Assumptions)

S/NO	DESCRIPTION	BUDGET		2013 ACTUAL					2012	VARIANCE							
		Annual	Quarterly	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual	Annual Actual	4th Quarter Actual Vs Quarterly Budget		4th Quarter Vs 3rd Quarter (Actual)		Actual Vs Budget (Annual)		2013 Vs 2012 (Actual)	
A	OIL REVENUE	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%	N'bn	%
1	Crude Oil Sales	4,243.90	1,060.98	724.84	764.52	719.35	605.42	2,814.13	3,305.06	(455.56)	(42.94)	(113.93)	(15.84)	(1,429.77)	(33.69)	(490.93)	(14.85)
2	Gas Sales (NLNG Feedstock Slaes & Upstream Liquid Gas)	359.58	89.90	64.00	74.75	61.84	54.53	255.12	350.02	(35.36)	(39.34)	(7.31)	(11.82)	(104.46)	(29.05)	(94.90)	(27.11)
3	Royalties Oil & Gas	761.08	190.27	216.01	247.48	220.96	298.53	982.98	1,086.69	108.26	56.90	77.57	35.11	221.90	29.16	(103.71)	(9.54)
4	Rent	0.88	0.22	0.10	0.03	0.03	0.03	0.18	0.45	(0.19)	(87.96)	(0.00)	(3.68)	(0.70)	(79.67)	(0.27)	(60.25)
5	Gas Flared Penalty	2.48	0.62	1.12	1.05	0.55	0.47	3.19	3.70	(0.15)	(24.68)	(0.09)	(15.72)	0.71	28.44	(0.51)	(13.91)
6	PPT & Gas Tax @CITA	2,363.15	590.79	814.22	725.57	619.41	576.77	2,735.98	3,278.70	(14.02)	(2.37)	(42.65)	(6.88)	372.82	15.78	(542.72)	(16.55)
7	Other Oil and Gas Revenue	3.07	0.77	0.38	0.36	0.65	2.65	4.04	1.32	1.89	245.59	2.00	306.92	0.97	31.49	2.72	206.00
8	Sub-Total	7,734.15	1,933.54	1,820.65	1,813.76	1,622.79	1,538.40	6,795.61	8,025.95	(395.14)	(20.44)	(84.40)	(5.20)	(938.54)	(12.14)	(1,230.34)	(15.33)
9	Joint Venture Cash Calls	1,182.33	295.58	284.92	286.51	285.91	173.51	1,030.85	1,132.62	(122.07)	(41.30)	(112.40)	(39.31)	(151.48)	(12.81)	(101.77)	(8.99)
10	Domestic Fuel Subsidy (NNPC) and Marketers	971.14	242.78	-	-	-	-	-	260.00	(242.78)	(100.00)	-		(971.14)	(100.00)	(260.00)	(100.00)
11	Under Remittance of Funds by NNPC		-	-	-	-	-	-	31.15	-		-		-		(31.15)	(100.00)
12	Oil Excess Revenue		-	22.35	-	-	-	22.35	111.21	-		-		22.35		(88.87)	(79.91)
13	Sub-Total	5,580.68	1,395.17	1,513.39	1,527.25	1,336.88	1,364.89	5,742.41	6,490.98	(30.28)	(2.17)	28.00	2.09	161.73	2.90	(748.57)	(11.53)
14	Transfer to Excess Crude Account		-	400.92	273.15	181.34	156.03	1,011.44	2,308.75	156.03		(25.30)	(13.95)	1,011.44		(1,297.31)	(56.19)
15	Balance of Oil Revenue	5,580.68	1,395.17	1,112.46	1,254.11	1,155.55	1,208.86	4,730.98	4,182.23	(186.31)	(13.35)	53.31	4.61	(849.70)	(15.23)	548.75	13.12
16	13% Derivation of Net Oil Revenue	725.49	181.37	144.62	163.03	150.22	157.15	615.03	543.69	(24.22)	(13.35)	6.93	4.61	(110.46)	(15.23)	71.34	13.12
17	TO FEDERATION ACCOUNT	4,855.19	1,213.80	967.84	1,091.07	1,005.33	1,051.71	4,115.95	3,638.54	(162.09)	(13.35)	46.38	4.61	(739.24)	(15.23)	477.41	13.12
B	NON-OIL REVENUE		-	-	-	-	-	-		-		-		-		-	
18	Value Added Tax (VAT)	945.28	236.32	185.53	193.64	194.41	222.02	795.60	710.15	(14.30)	(6.05)	27.61	14.20	(149.68)	(15.83)	85.45	12.03
19	Corporate Tax,CIT, Stamp Duties & CGT	992.04	248.01	158.33	183.04	475.08	169.07	985.52	848.57	(78.94)	(31.83)	(306.01)	(64.41)	(6.52)	(0.66)	136.95	16.14
20	Customs: Import, Excise & Fees	792.95	198.24	109.94	97.26	97.44	128.00	432.64	474.92	(70.24)	(35.43)	30.56	31.36	(360.31)	(45.44)	(42.28)	(8.90)
21	Special Levies (Federation Account)	121.42	30.35	-	-	-	-	-		(30.35)	(100.00)	-		(121.42)	(100.00)	-	
22	Sub-Total	2,851.68	712.92	453.80	473.94	766.93	519.09	2,213.76	2,033.63	(193.83)	(27.19)	(247.83)	(32.32)	(637.93)	(22.37)	180.13	8.86
23	Cost of Collection and Other Deductions	151.10	37.77	21.45	21.87	33.60	24.67	101.59	95.59	(13.11)	(34.69)	(8.93)	(26.58)	(49.51)	(32.76)	6.00	6.28
24	Cost of Collection (VAT)	37.81	9.45	7.42	7.75	7.78	8.88	31.82	28.41	(0.57)	(6.05)	1.10	14.20	(5.99)	(15.84)	3.41	12.01
25	4% Cost of Collection (CIT)	39.28	9.82	6.33	7.32	19.00	6.76	39.42	33.94	(3.06)	(31.15)	(12.24)	(64.42)	0.14	0.35	5.48	16.14
26	7% Cost of Collection (Customs and Special Levies)	64.01	16.00	7.70	6.81	6.82	9.03	30.35	33.24	(6.97)	(43.59)	2.21	32.34	(33.66)	(52.58)	(2.89)	(8.69)
27	FIRS Tax Refunds	10.00	2.50	-	-	-	-	-		(2.50)	(100.00)	-		(10.00)	(100.00)	-	
28	TO FEDERATION ACCOUNT (NON-OIL)	1,793.12	448.28	254.24	266.17	546.70	281.29	1,348.39	1,256.30	(166.99)	(37.25)	(265.41)	(48.55)	(444.73)	(24.80)	92.09	7.33
29	Total VAT Pool	907.47	226.87	178.11	185.90	186.63	213.14	763.78	681.74	(13.73)	(6.05)	26.51	14.20	(143.69)	(15.83)	82.04	12.03
30	Net Non-Oil Revenue	2,700.58	675.15	432.35	452.07	733.33	494.42	2,112.17	1,938.04	(180.72)	(26.77)	(238.90)	(32.58)	(588.42)	(21.79)	174.13	8.98
31	Sub-Total: FEDERATION ACCOUNT	6,648.31	1,662.08	1,222.08	1,357.24	1,552.02	1,332.99	5,464.34	4,894.83	(329.09)	(19.80)	(219.03)	(14.11)	(1,183.97)	(17.81)	569.51	11.63
32	Balances in Special Account End of Previous Year 2012	8.13	2.03	-	-	-	-	-		(2.03)	(100.00)	-		(8.13)	(100.00)	-	
33	TOTAL FEDERATION ACCOUNT	6,656.44	1,664.11	1,222.08	1,357.24	1,552.02	1,332.99	5,464.34	4,894.83	(331.12)	(19.90)	(219.03)	(14.11)	(1,192.10)	(17.91)	569.51	11.63
C	TOTAL DISTRIBUTION		-	-	-	-	-	-		-		-		-		-	
1	Federation Account	6,656.44	1,664.11	1,222.08	1,357.24	1,552.02	1,332.99	5,464.34	4,894.83	(331.12)	(19.90)	(219.03)	(14.11)	(1,192.10)	(17.91)	569.51	11.63
2	VAT Pool Account	907.47	226.87	178.11	185.90	186.63	213.14	763.78	681.74	(13.73)	(6.05)	26.51	14.20	(143.69)	(15.83)	82.04	12.03
3	GRAND TOTAL	7,563.90	1,890.98	1,400.19	1,543.14	1,738.65	1,546.13	6,228.11	5,576.57	(344.85)	(18.24)	(192.52)	(11.07)	(1,335.79)	(17.66)	651.54	11.68

Source: OAGF and Budget Office of the Federation

Table 3.2: Actual Performance of Non-Oil Revenue Category (2005-2012)

Description	2005	2006	2007	2008	2009	2010	2011	2012	8 - Year Average
	N'm	N'm	N'm	N'm	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	309,193.00	422,090.00	474,917.60	301,679.08
Company Income Tax	162,166.30	244,807.80	327,040.20	416,825.50	564,950.00	657,278.00	716,920.00	848,566.00	492,319.23
Value Added Tax	189,969.40	230,370.30	301,709.60	404,527.80	468,388.90	562,857.00	649,500.00	710,146.00	439,683.63
Education Tax	21,849.00	23,950.00	50,650.00	59,387.00	61,058.20	-	-	-	27,111.78
FGN Independent Revenue	52,483.20	106,600.00	152,290.00	198,234.20	64,114.70	153,551.90	182,490.00	206,766.00	139,566.25

Source: OAGF and BOF

Table 3.3: Percentage Growth in Non-Oil Revenues (2006-2012)

Description	2006	2007	2008	2009	2010	2011	2012	7-Year Avergae
Customs Duties & Excise	-22.89%	41.20%	10.23%	1.65%	10.85%	36.51%	12.52%	12.87%
Company Income Tax	50.96%	33.59%	27.45%	35.54%	16.34%	9.07%	18.36%	27.33%
Value Added Tax	21.27%	30.97%	34.08%	15.79%	20.17%	15.39%	9.34%	21.00%
FGN Independent Revenue	103.11%	42.86%	30.17%	-67.66%	139.50%	18.85%	13.30%	40.02%

Source: OAGF and BOF

Comparative Revenue Performance Analysis:

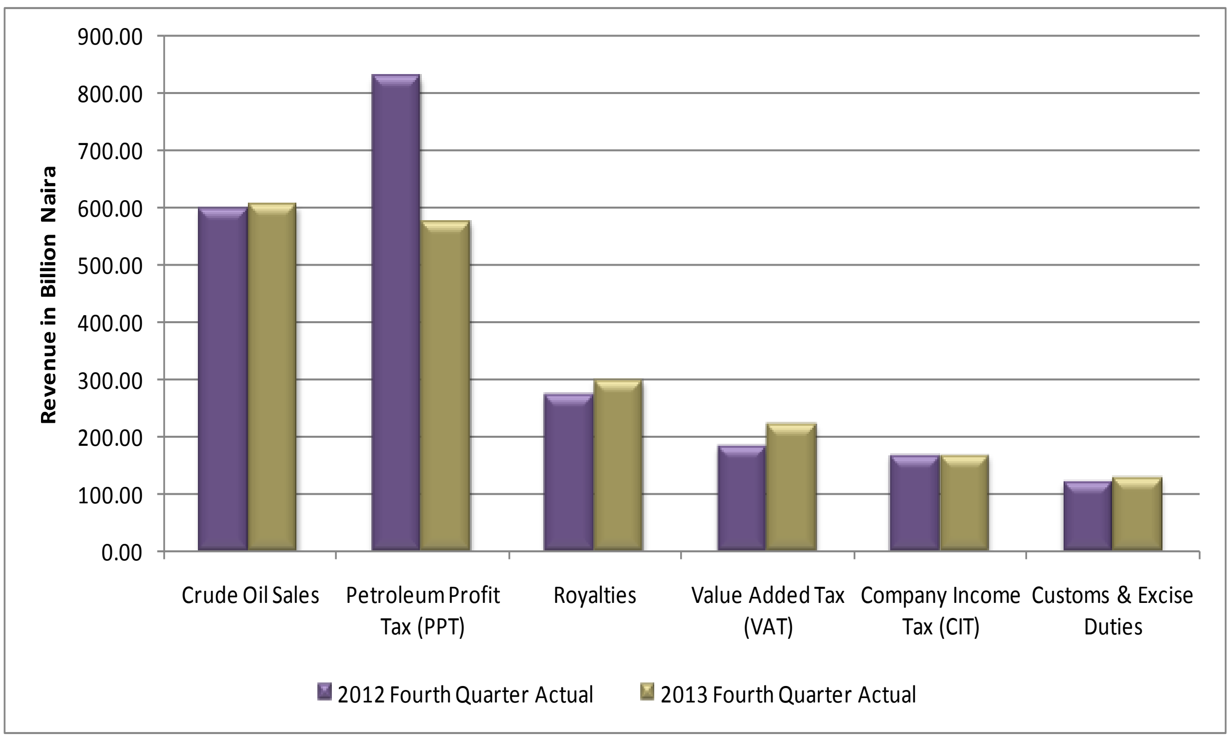
26. A comparative analysis of the data further reveals that the aggregate gross oil revenue receipts in the fourth quarter of 2013 were not only lower than their respective projections for the period, but were also short of the corresponding levels in the same period of 2012. The low performance can be attributed to the fall in the oil lifting figure due to crude oil theft and pipeline vandalism during the period. On the other hand, the aggregate gross non-oil revenues for the same period shows an improvement of N46.16 billion (or 9.76%) above the corresponding figures recorded in 2012. Please see data below in *Table 3.4*

Table 3.4: Performance of Revenue in the Fourth Quarter of 2013 Vs 2012

Revenue Items	2012 4th Quarter Actual	2013 4th Quarter Actual	Variance 4th Quarter 2013 Vs 4th Quarter 2012	
Oil Revenue	N bns	N bns	N bns	%
Crude Oil Sales	600.27	605.42	5.15	0.86
Petroleum Profit Tax (PPT)	829.82	576.77	-253.05	-30.49
Royalties	274.14	298.53	24.39	8.90
Gross Oil Revenue	1,800.74	1,538.40	-262.34	-14.57
Net Oil Receipts	905.69	1,051.71	146.02	16.12
Non-Oil Revenue			0.00	
Value Added Tax (VAT)	183.83	222.02	38.19	20.77
Company Income Tax (CIT)	168.09	169.07	0.98	0.58
Customs & Excise Duties	121.01	128	6.99	5.78
Gross Non-Oil Revenue	472.93	519.09	46.16	9.76
Net Non-Oil Receipts	450.38	494.42	44.04	9.78

Source: OAGF and Budget Office of the Federation

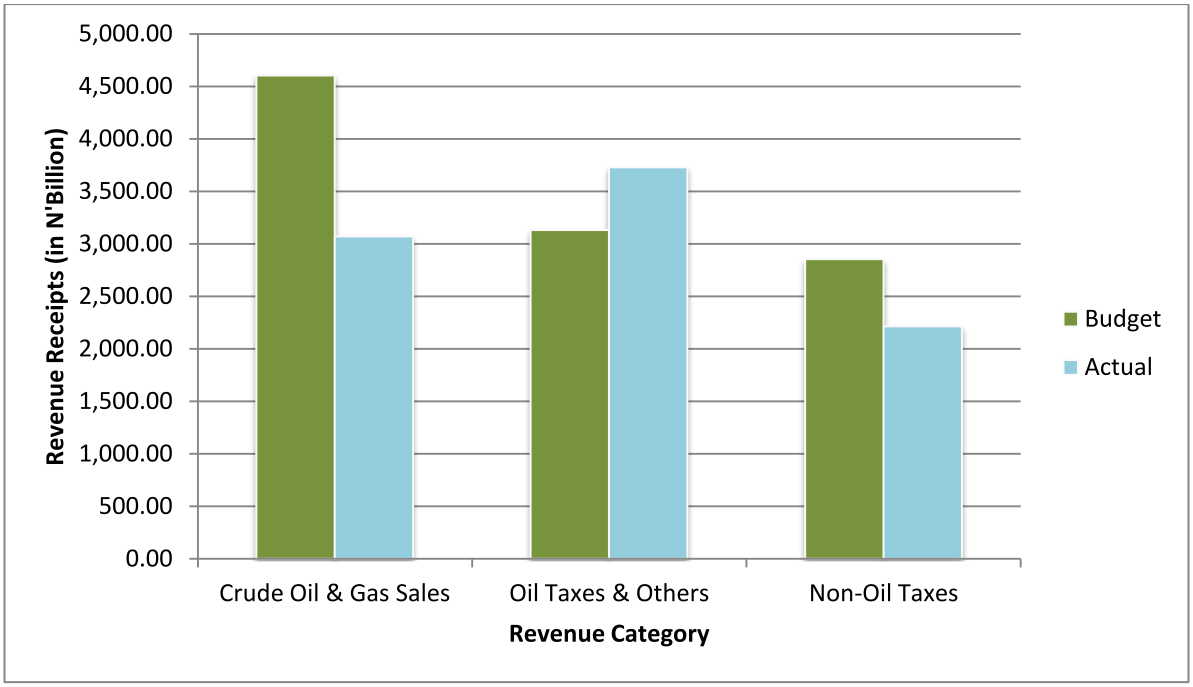
Chart 3.1: 2012 Vs 2013 Revenue Performance (Fourth Quarter)



Source: OAGF and Budget Office of the Federation

27. *Chart 3.2* below is a graphical illustration of the actual performance of revenue categories compared to their budgeted estimates as at December 2013.

Chart 3.2: Projected Vs Actual FAAC Revenue Receipts (as at December 2013)



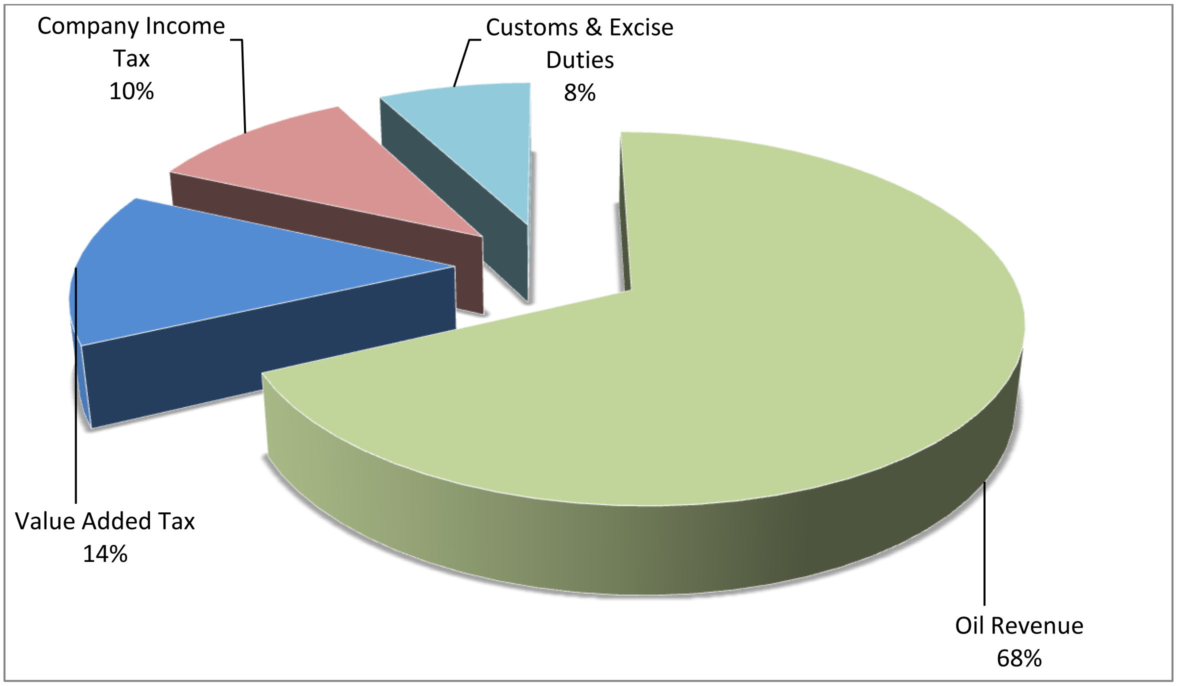
Source: Budget Office of the Federation

Distributable Revenue:

28. The net distributable revenue is the balance of money in the Federation Account available for distribution among the three tiers of government after taking out all costs and statutory deductions. A net sum of N1,546.13 billion was available for sharing in the fourth quarter of 2013. This implies a shortfall of N344.85 billion (or 18.24%).

29. *Chart 3.3* below presents the percentage contribution of the various revenue categories to distributable revenue in the fourth quarter of 2013.

Chart 3.3: Contributions to Distributable Revenue (in the 4th Quarter of 2013)

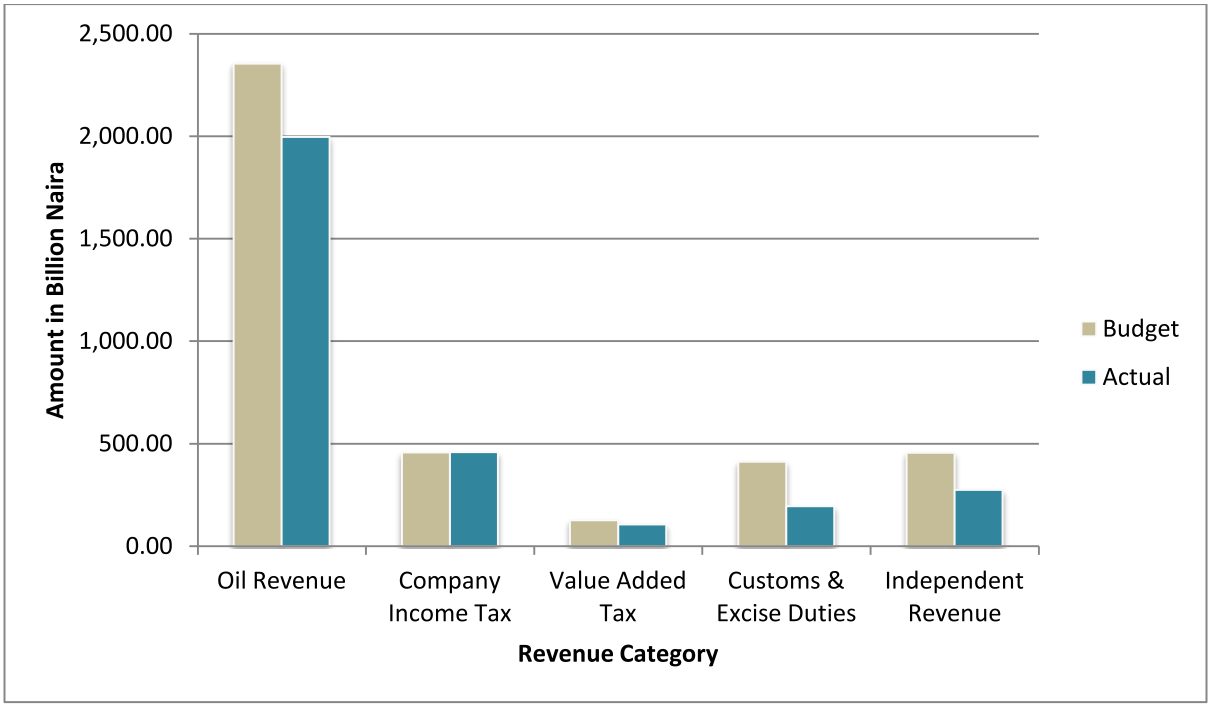


Source: Budget Office of the Federation

3.3 FGN Budget Revenue

30. In line with the approved 2013 Budget framework, the sum of N4,100.18 billion was projected to fund the Federal Budget implying a quarterly share of N1,025.05 billion. In the fourth quarter of 2013, the sum of N510.08 billion received from oil sources was lower than the quarterly estimate of N588.69 billion by N78.61 billion (or 13.35%). On a similar note, all the non-oil revenue items fell below their quarterly budget projection estimates. FGN share of VAT of N29.84 billion, Customs & Excise Duties of N57.7 billion and Company Income Tax of N78.72 billion were short of their respective quarterly projections of N31.76 billion, N103.11 billion and N114.31 billion by N1.92 billion (or 6.05%), N45.4 billion (or 44.04%) and N35.59 billion (or 31.13%). The foregoing followed the same pattern of their respective performances at the Federation Account level. The data are presented below in *Table 3.5.*

Chart 3.4: FGN Revenue (Budget Vs Actual as at December 2013)



Source: The OAGF and Budget Office of the Federation

Table 3.5: Inflows to the 2013 Federal Budget as at December 2013

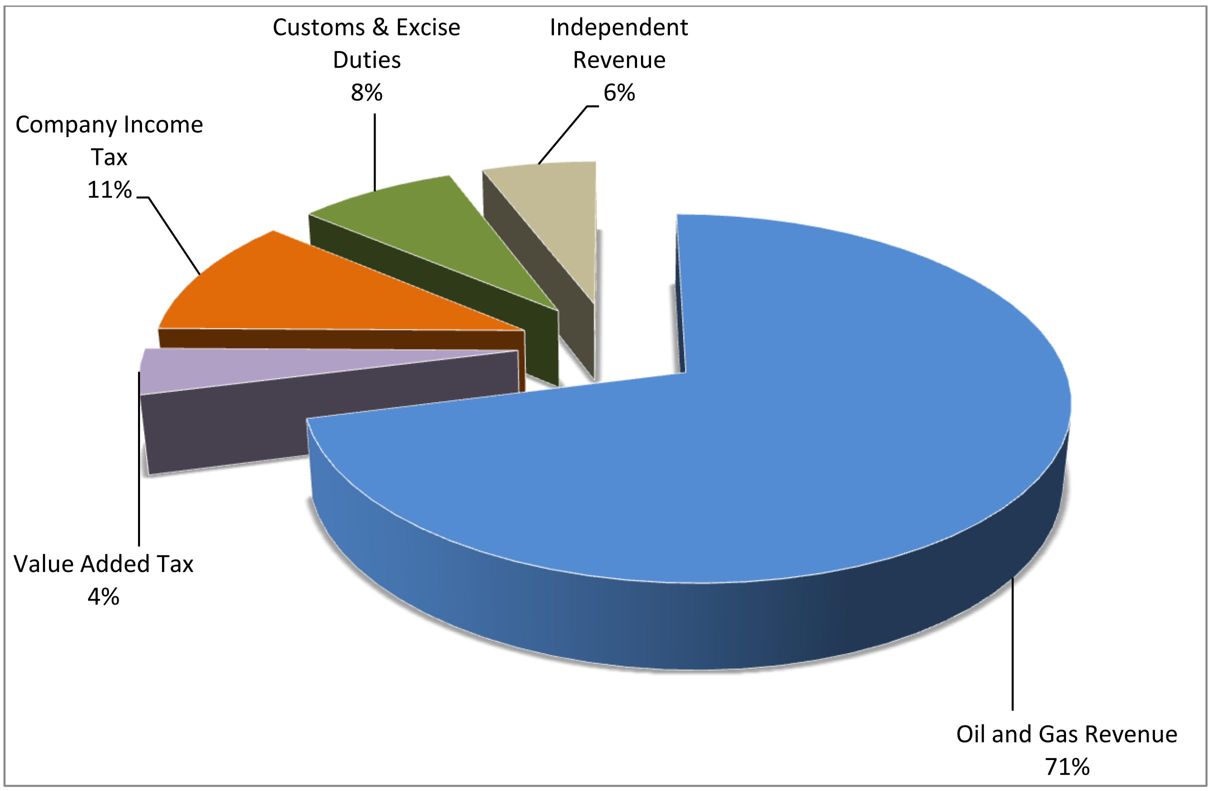
S/NO	ITEMS	BUDGET		2013 ACTUAL					2012 Annual Actual	VARIANCES							
		Annual	Quarterly	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual		4th Quarter Actual Vs Quarterly Budget		4th Quarter Vs 3rd Quarter (Actual)		Actual Vs Budget (Annual)		2013 Vs 2012 (Actual)	
A	Inflow for the Federal Budget (CRF)	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%	N'bn	%
1	FGN Share of Oil Revenue	2,354.77	588.69	469.40	529.17	487.58	510.08	1,996.24	1,764.69	(78.61)	(13.35)	22.49	4.61	(358.53)	(15.23)	231.55	13.12
2	FGN Share of Non-Oil Revenue	1,000.65	250.16	148.24	155.12	291.28	166.26	760.90	704.75	(83.90)	(33.54)	(125.01)	(42.92)	(239.75)	(23.96)	56.15	7.97
3	FGN Share of Value Added Tax (VAT)	127.05	31.76	24.94	26.03	26.13	29.84	106.93	95.44	(1.92)	(6.05)	3.71	14.20	(20.12)	(15.83)	11.49	12.04
4	FGN Share of Customs	412.42	103.11	49.59	43.87	43.95	57.70	195.11	214.21	(45.40)	(44.04)	13.75	31.29	(217.32)	(52.69)	(19.10)	(8.92)
5	FGN Share of Company Income Tax (CIT)	457.24	114.31	73.72	85.22	221.20	78.72	458.86	395.09	(35.59)	(31.13)	(142.48)	(64.41)	1.62	0.35	63.77	16.14
6	FGN Share of Actual Balances in Special Account	3.94	0.99	-	-	-	-	-	-	(0.99)	(100.00)	-		(3.94)	(100.00)	-	
7	FGN Independent Revenue	455.78	113.95	65.03	17.19	150.47	41.68	274.37	206.77	(72.26)	(63.42)	(108.79)	(72.30)	(181.41)	(39.80)	67.60	32.69
8	FGN Balances of Special Accounts as at 31/12/12	28.02	7.01	-	21.00	-	-	21.00	40.93	(7.01)	(100.00)	-		(7.02)	(25.06)	(19.93)	(48.69)
9	Unspent Balance rom Previous Fiscal Year	261.21	65.30	22.86	0.06	0.20	1.61	24.73	56.61	(63.69)	(97.53)	1.41	709.31	(236.48)	(90.53)	(31.88)	(56.32)
10	Sub-Total	4,100.43	1,025.11	705.53	722.54	929.53	719.63	3,077.23	2,773.75	(305.47)	(29.80)	(209.89)	(22.58)	(1,023.21)	(24.95)	303.48	10.94
B	Other Financing Sources	-	-	139.99	156.33	31.65	95.28	423.25	357.34	95.28		63.63	201.06	423.25		65.91	18.44
11	Augmentation of Shortfall	-	-	74.71	91.03	31.65	-	197.39	194.95	-		(31.65)	(100.00)	197.39		2.44	1.25
12	Excess Crude Account Special Distribution			65.29	65.30	-	65.28	195.86	162.39	65.28		65.28		195.86		33.47	20.61
13	Foreign Excess Crude Savings Account (SURE-P)	-	-	-	-	-	30.00	30.00	-	30.00		30.00		30.00		30.00	
C	Total Revenue Available for Implementation	4,100.43	1,025.11	845.52	878.87	961.17	814.91	3,500.47	3,131.09	(210.20)	(20.51)	(146.26)	(15.22)	(599.96)	(14.63)	369.38	11.80

Source: Budget Office of the Federation and the OAGF

31. A total of N719.63 billion, excluding other funding sources, was received in the fourth quarter of 2013. This amount was N305.47 billion (or 29.8%) lower than the quarterly projection of N1,025.11 billion and also N209.89 billion (or 22.58%) lower than the actual receipt of N929.53 billion recorded in the third quarter of 2013. However, the aggregate revenue in the fourth quarter of 2013 was N10.05 billion (or 1.42%) higher than the N709.58 billion recorded in the fourth quarter of 2012.

Chart 3.5: Contributions to the FGN Budget Revenue in the Fourth Quarter of 2013

(*Excluding FGN's Unspent Balances and FGN's Balances in Special Accounts*)



Source: The OAGF and Budget Office of the Federation

3.4 Excess Crude Account

32. The Excess Crude Account (ECA) was set up to serve as a stabilization and savings account. Inflows into the ECA in the fourth quarter of 2013 amounted to N156.03 billion. The inflow in the fourth quarter was N25.31 billion (or 13.96%) and N318.77 billion (or 67.14%) lower than the N181.34 billion and N474.8 billion recorded in the third quarter of 2013 and fourth quarter of 2012

respectively. Similarly, the total inflow for 2013 was N1,297.31 billion (or 56.19%) lower than the N2,308.75 billion received in 2012. A total of N510.98 billion was withdrawn from the account in the fourth quarter of 2013 to bring the cumulative drawdown from the account as at 31st December 2013 to N1,997.24 billion. These data are presented in Table 3.6.

Table 3.6: Net Excess Crude Account

Description	2012 Actual (N' bns)					2013 Actual (N' bns)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Jan - Dec	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Jan - Dec
Inflows										
Transfer to Excess Crude Oil Account	847.91	440.96	545.08	474.80	2,308.75	400.92	273.15	181.34	156.03	855.41
Outflows										
Payment for Petroleum Product Subsidy	149.00	29.00	21.00	284.00	483.00	50.00	110.00	110.00	235.00	505.00
Augmentation: Distribution among tiers of govt.	674.11	165.15	154.87	398.98	1,393.11	485.02	434.82	12.02	154.75	1,086.61
Transfer for Special Intervention Fund	8.29	0.00	36.88	145.41	190.58	71.10	106.65	106.65	121.23	405.63
Transfers Int. trf - SWF										
Total Outflow	831.40	194.15	212.75	828.39	2,066.69	606.12	651.47	228.67	510.98	1,997.24
Net Excess Crude Account	16.51	246.81	332.33	-353.59	242.06	-205.20	-378.32	-47.33	-354.95	-1,141.83

Source: Office of the Accountant General of the Federation

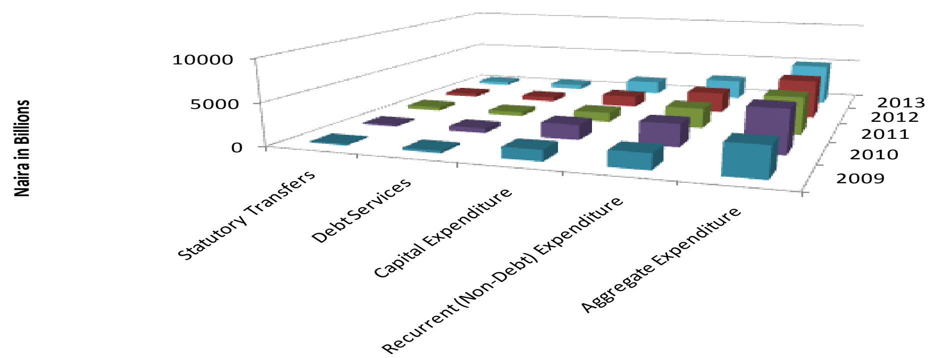
3.5 Expenditure Developments

33. A total of N5,260.72 billion was appropriated for expenditure in the 2013 Amended Budget. Of this amount, N4,987.22 billion was for the regular budget for 2013 while N273.5 billion was for the implementation of social safety net and specific infrastructure projects and programmes under the Subsidy Reinvestment and Empowerment Programme (SURE-P). The regular budget for 2013 is made up of N2,415.75 billion (or 48.44%) for Recurrent (Non-Debt) Expenditure, N591.76 billion (or 11.87%) for Debt Services, N388.05 billion (or 7.78%) for Statutory Transfers and N1,591.66 billion (or 31.91%) for Capital Expenditure.

3.5.1 Non-Debt Recurrent Expenditure

34. In crafting the 2013 Budget, Government kept focus on its plan to deliberately check the growth of recurrent expenditures as indicated in the 2013-2015 Fiscal Framework and Fiscal Strategy Paper. In order to achieve this, the government was resolute in cutting down the cost of governance. As such, the share of recurrent spending in total expenditure was reduced from 74.4% in 2011 to 68.09% in 2013. In addition, the government hopes to continue the roll-out of IPPIS across all MDAs which will eventually result to savings in personnel costs.

Chart 3.6: 2009 – 2013 Budget Expenditure Profile

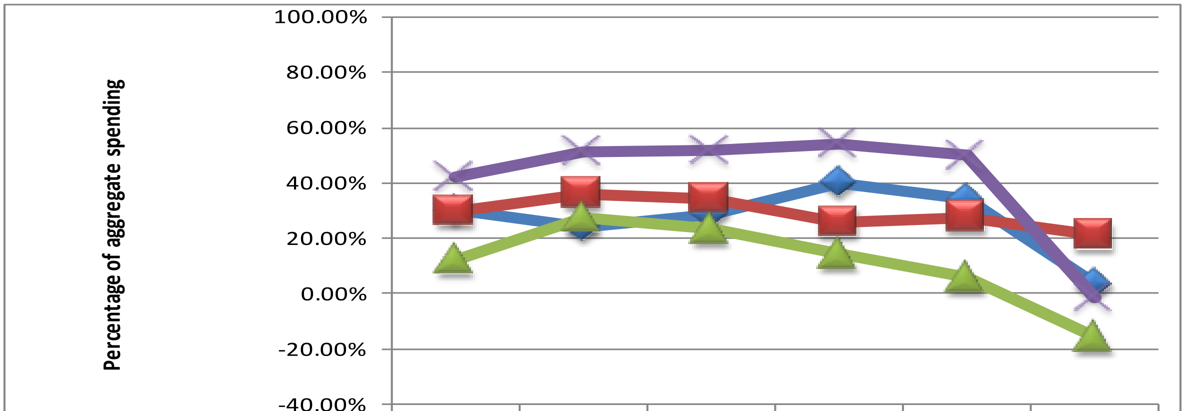


	Statutory Transfers	Debt Services	Capital Expenditure	Recurrent (Non-Debt) Expenditure	Aggregate Expenditure
2009	168.62	283.65	1,280.71	1,824.71	3,557.69
2010	183.58	542.38	1,764.69	2,669.01	5,159.66
2011	417.83	495.1	1,146.75	2,425.07	4,484.74
2012	372.59	559.58	1,339.99	2,425.05	4,697.21
2013	387.98	591.76	1,621.48	2,386.03	4,987.24

Source: Budget Office of the Federation

35. Data from the OAGF shows that a total of N790.89 billion was expended on non-debt recurrent expenditure in the fourth quarter of 2013. This amount represents an increase of N186.95 billion (or 30.96%) above the quarterly estimate of N603.94 billion.

Chart 3.7: Personnel, Overhead and Capital Expenditure Trends (2008 – 2013)



	2008 Budget	2009 Budget	2010 Budget	2011 Budget	2012 Budget	2013 Budget
Personnel Costs (MDAs)	29.88%	24.08%	28.66%	40.01%	33.89%	3.37%
Capital Spending	29.66%	36.00%	34.20%	25.57%	27.47%	21.01%
Overheads	12%	27.20%	23.06%	14.07%	5.57%	-15.94%
Recurrent (Non Debt)	41.88%	51.28%	51.72%	54.07%	49.72%	-1.62%

Source: BOF and OAGF

3.5.2 Debt Service

36. Provisional data from the Debt Management Office (DMO) shows that as at 31st December 2013, the Federal Government domestic debt stock stood at N7,118.98 billion depicting an increase of N86.1 billion (or 1.22%) over the N7,032.88 billion recorded in the third quarter of 2013; and also exceeds the N6,537.54 billion reported in the same period of 2012 by N581.44 billion (or 8.89%). A breakdown of the domestic debt stock as at 31st December indicates that N4,222.04 billion (or 59.31%) is for FGN Bonds, N2,581.55 billion (or 36.26%) is for Nigeria Treasury Bills (NTBs) and N315.39 billion (or 4.43%) is for Treasury Bonds. The rise in domestic debt in the fourth quarter can be attributed to the issuance of additional Federal Government Bonds and Nigerian Treasury Bills. As at 31st December, 2013 a total of N772.39 billion was released for domestic debt servicing while the actual domestic debt payment was N794.1 billion. The sum of N250.72 billion (or 46.14%) difference between the annual budgeted estimate of N543.38 billion for domestic debt services and the actual domestic debt services was mainly due to additional issues of FGN Bonds above the amount projected to be issued as a result of changes in the issuance calendar and the rising cost of rolling over NTBs.

37. Nigeria's external debt stock (mostly low interest funds from multilateral financial institutions) as at 31st December, 2013, stood at US$8,821.9 representing an increase of US$557.56 million (or 6.75%) and US$2,294.83 million (or 35.16%) over the US$8,264.34 million and US$6,527.07 million recorded in the third quarter of 2013 and the fourth quarter of 2012 respectively. The increase was due mainly to the increases in multilateral and bilateral debt drawdown. A breakdown of the external debt stock as at 31st December, 2013 shows that Multilateral Debts amounted to US$6,275.2 million (71.13%), Non-Paris Club Bilateral Debts amounted to US$1,025.7 million (or 11.63%) while Commercial and ICM (Euro-Bond) accounted for the balance of US$1,521.0 million (or 17.24%).

38. The actual external debt service payment from January to December 2013 amounted to US$297.33 million. A breakdown of the payments indicated that US$143.02 million (or 48.1%) was to Multilateral Creditors, US$40.95 million (or 13.77%) was to Non-Paris Bilateral Creditors and US$71.63 million (or 24.09%) was to Commercial & ICM (Euro-Bond) Creditor and US$41.73 million (or 14.03%) was to others.

39. The total public debt stock as at 31st December, 2013 stood at US$64.51 billion (or N10,044.2 billion). The breakdown consists of US$8.82 billion (or N1,373.57 billion or 13.68%) for external debt while the balance of US$55.69 billion (or N8,670.63 billion or 86.32%) was for domestic debt stock. The total net value of Debt/GDP (external and domestic) ratio of 12.52% (2013 Rebasing Figure) as at the end of December 2013 was significantly below the global threshold of 40%.

Table 3.7: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at December 2013

ITEMS	BUDGET Annual	BUDGET Quarterly	2013 ACTUAL First Quarter	2013 ACTUAL Second Quarter	2013 ACTUAL Third Quarter	2013 ACTUAL Fourth Quarter	2013 ACTUAL Annual	2012 Annual Actual	VARIANCES 4th Quarter Actual Vs Quarterly Budget		4th Quarter Vs 3rd Quarter (Actual)		Actual Vs Budget (Annual)		2013 Vs 2012 (Actual)	
	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%	N'bn	%
TOTAL INFLOW	4,100.43	1,025.11	845.52	878.87	961.17	814.91	3,500.47	3,131.09	(210.20)	(20.50)	(146.26)	(15.22)	(599.96)	(14.63)	369.38	11.80
EXPENDITURE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RECURRENT NON DEBT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personnel Cost	1,718.23	429.56	419.31	388.05	387.75	558.51	1,753.61	1,810.66	128.95	30.02	170.76	44.04	35.38	2.06	50.39	2.78
Pension & Gratuities	143.24	35.81	-	33.98	28.41	45.05	107.44		9.24	25.80	16.64	58.57	(35.80)	(24.99)		
Overhead Cost	237.66	59.42	118.36	120.91	99.19	187.33	525.79	589.64	48.76	35.19	88.15	88.87	(28.49)	(5.14)	(63.85)	(10.83)
Service Wide Vote	316.62	79.16														
Sub-Total (Non-Debt)	2,415.75	603.94	537.67	542.94	515.34	790.89	2,386.84	2,400.30	186.95	30.96	275.54	53.47	(28.91)	(1.20)	(13.46)	(0.56)
Domestic Debts & Int. on Ways & Means	543.38	135.84	155.17	205.85	191.83	219.54	772.39	632.86	83.70	61.61	27.71	14.44	229.01	42.15	139.53	22.05
Foreign Debts	48.39	12.10	14.30	15.29	14.11	12.02	55.71	46.42	(0.08)	(0.68)	(2.09)	(14.84)	7.32	15.14	9.29	20.02
Sub-Debt (Debt Services)	591.76	147.94	169.47	221.13	205.94	231.56	828.10	679.28	83.62	56.52	25.62	12.44	236.34	39.94	148.82	21.91
CAPITAL EXPENDITURE:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital 2012	-	-	45.13	-	-	-	45.13	744.42	-	-	-	-	45.13	-	(699.30)	(93.94)
*Capital Releases 2013	1,590.74	397.69	169.22	232.71	342.67	168.28	912.87	-	(229.41)	(57.69)	(174.39)	(50.89)	(677.87)	(42.61)	912.87	-
Sub-Total (Capital)	1,590.74	397.69	214.34	232.71	342.67	168.28	958.00	744.42	(229.41)	(57.69)	(174.39)	(50.89)	(632.74)	(39.78)	213.58	28.69
TRANSFER:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NDDC	61.35	15.34	-	-	-	61.35	61.35	38.74	46.01	300.00	61.35		-	-	22.61	58.36
National Judicial Council	67.00	16.75	16.75	16.75	11.17	22.34	67.00	57.08	5.59	33.35	11.17	100.02	0.00	0.00	9.92	17.38
Universal Basic Education	76.28	19.07	16.63	22.36	16.24	20.87	76.10	63.12	1.80	9.46	4.64	28.56	(0.18)	(0.24)	12.98	20.56
Ind. Nat. Elect. Comm.	32.08	8.02	8.00	5.33	10.67	8.08	32.08	35.00	0.06	0.75	(2.59)	(24.25)	-	-	(2.92)	(8.35)
Natioal Human Rights Comm.	1.35	0.34	0.34	0.34	0.34	0.34	1.35	0.65	0.00	0.15	0.00	0.60	(0.00)	(0.07)	0.70	107.54
National Assembly	150.00	37.50	37.50	37.50	37.50	37.50	150.00	112.65	-	-	-	-	-	-	37.35	33.16
Sub-Total (Transfers)	388.05	97.01	79.21	82.28	75.91	150.47	387.87	307.24	53.46	55.11	74.57	98.24	(0.18)	(0.05)	80.63	26.24
TOTAL EXPENDITURE	4,986.30	1,246.58	1,000.70	1,079.07	1,139.86	1,341.19	4,560.81	4,131.24	94.61	7.59	201.33	17.66	(425.49)	(8.53)	429.57	10.40
Fiscal Deficit	(885.87)	(221.47)	(155.18)	(200.20)	(178.69)	(526.28)	(1,060.34)	(1,000.15)	(304.81)	137.63	(347.59)	194.53	(174.47)	19.69	(60.19)	6.02
FINANCING ITEMS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Privitization Proceeds	10.00	2.50	-	-	-	-	-	7.50	(2.50)	(100.00)	-	-	(10.00)	(100.00)	(7.50)	(100.00)
Signature Bonus	75.00	18.75	6.03	-	-	-	6.03	-	(18.75)	(100.00)	-	-	(68.97)	(91.95)	6.03	-
FGN Share from Stabilisation Fund Account	225.00	56.25	65.29	65.30	-	65.28	195.86	163.59	9.03	16.05	65.28	-	(29.14)	(12.95)	32.27	19.73
Borrowing from Special Accounts	-	-	-	-	70.53	153.40	223.93	-	153.40	-	82.88	117.51	223.93	-	223.93	-
Domestic Borrowing (FGN Bond)	577.07	144.27	239.00	221.00	96.80	149.94	706.74	744.44	5.67	3.93	53.14	54.89	129.68	22.47	(37.70)	(5.06)
Borrowing to Service Excess Domestic Debt	-	-	33.48	41.60	-	-	75.08	-	-	-	-	-	75.08	-	75.08	-
Borrowing from Development of Natural Resources Account	-	-	-	-	-	-	-	74.00	-	-	-	-	-	-	(74.00)	(100.00)
Sub-Total	887.07	221.77	343.80	327.89	167.33	368.62	1,207.64	989.53	146.85	66.22	201.29	120.30	320.58	36.14	218.11	22.04
Net Deficit / Surplus	1.19	0.30	188.63	127.70	(11.36)	(157.66)	147.30	(10.62)	(157.96)	(53,007.05)	(146.30)	1,288.00	146.11	12,257.47	157.92	(1,487.02)

Source: OAGF and Budget Office of the Federation

3.5.3 Statutory Transfers:

40. In the fourth quarter of 2013, a total of N150.47 billion was released as statutory transfers. A breakdown of the actual transfers in the fourth quarter reveals that N61.35 billion was to Niger Delta Development Commission (NDDC), N22.34 billion was to National Judicial Council (NJC), N20.87 billion was to the Universal Basic Education Commission (UBEC), N8.08 billion was to Independent National Electoral Commission, N0.34 billion was to National Human Right Commission and N37.5 billion was to the National Assembly. It is noteworthy that quarterly releases under this subhead are made on demand by the beneficiaries subject to budgetary provisions.

3.5.4 Capital Expenditure Performance

41. In preparing the Budget, the government continued its policy of re-balancing its expenditure in favour of capital investment over the medium term. As such, capital spending as a share of total expenditure has increased from 25.6% in 2011 to 31.91% in 2013. In 2013, the Government focused on critical economic and social sectors. Some key allocations were made as follows: Critical infrastructure (including Power, Works, Transport, Aviation, Gas Pipeline and Federal Capital Territory) – N497 billion; Human Capital Development (i.e. Education and Health) – N705 billion; Agriculture /Water Resources – N175 billion and over N950 billion for national security purposes comprising of N320 billion for the Police, N364 billion for the Armed Forces, N115 billion for the Office of the National Security Adviser (NSA) and N154 billion for the Ministry of Interior.

MDAs' Capital Vote Utilization:

42. Data from the OAGF reveals that as at 31st December, 2013, a total of N1,008.18 billion had been released through the First Quarter Development Capital Warrant of N210.48 billion, Second Quarter Development Capital Warrant of N168.45 billion, Third Quarter Development Capital Warrant of N181.44 billion, Fourth Quarter Development Capital Warrant of N111.06 billion and Authority to

Incur Expenditure (AIEs) of N336.76 billion for the implementation of MDAs capital projects/programmes as contained in the 2013 Appropriation Act. Of this amount, the sum of N1,004.07 of the total releases had been cash-backed. It is important to note that the first and second quarter capital warrants were released before the conclusion and approval by the National Assembly of the 2013 Amended Budget.

Performance as at 31st December, 2013

43. The data also show that N968.93 billion (or 96.5%) of the total amount cash-backed had been utilized by MDAs as at 31st December 2013. *Appendix 1* to this Report shows the funds released to and utilized by MDAs in the period. An analysis of fifty (50) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) reveals varying levels of utilization among the MDAs. Thirty-seven (or 74%) of the MDAs including: Youth Development, Police Affairs, Women Affairs, Agriculture, Water Resources, Defence, Trade & Investment, Aviation, Office of the National Security Adviser, ICPC, Housing & Urban Development, FCTA, Presidency, Police Formation, Secretary to the Government the Federation and Niger Delta had utilized more than the overall average utilization rate of 96.5% of the amount cash-backed. Seven out of these, including Police Formation, ICPC, Housing & Urban Development, National Salaries & Wages, National Sports Commission, Code of Conduct Tribunal and Ministry of Special Duties had 100% of their respective cash-backed funds utilized.

44. The utilization report also shows that 47 MDAs (or 94%), which include Power, Transport, Interior, Justices, Agriculture, Water Resources, Defence, Education, Head of Service, Aviation, Youth Development, Finance, Health, Mines & Steel, Communication Technology, Presidency, Police Affairs, Works, National Planning, National Sports Commission, Office of National Security Adviser, Niger Delta, Office for Special Duties and Information had utilized above 70% of their cash-backed funds. Only three (or 6%) of MDAs including Labour & Productivity, Petroleum and Environment had a utilization rate of less than 70%.

Table 3.8 below is an extract from *Appendix 1* highlighting the utilization rates of ten selected MDAs.

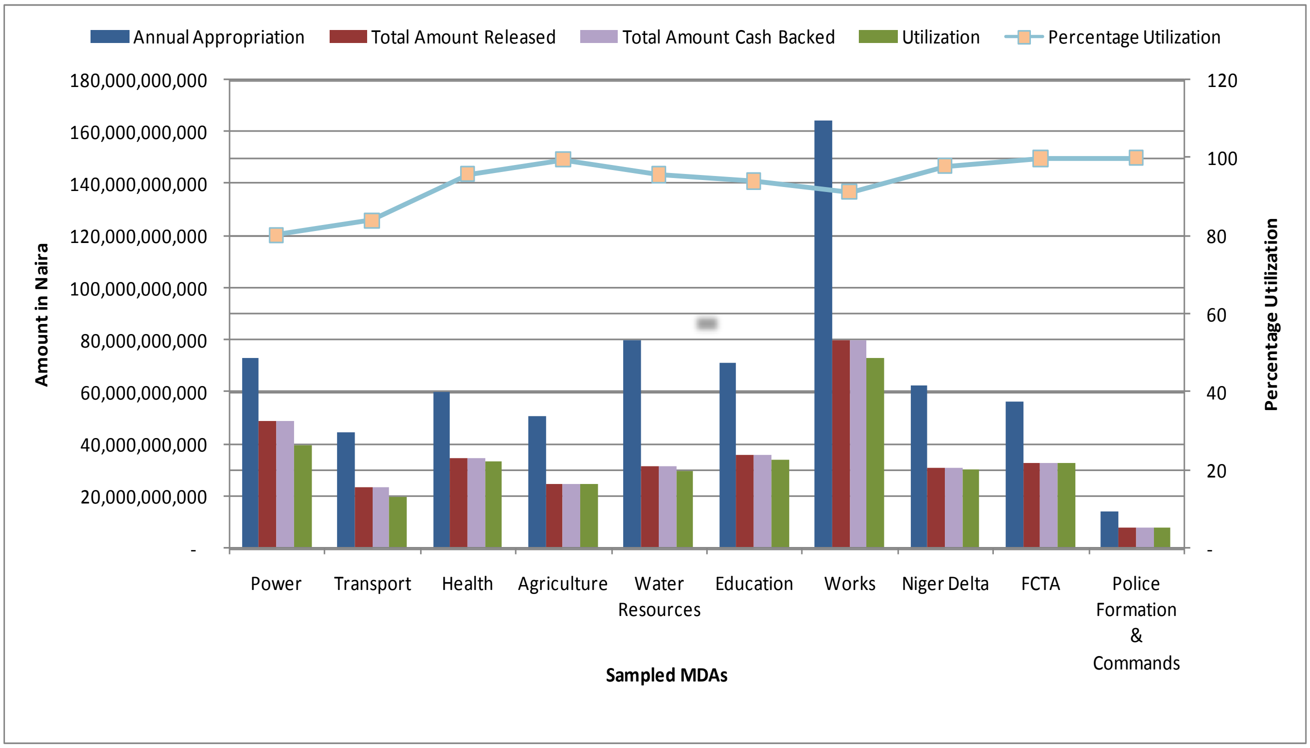
45. In addition to the regular budget, an extra provision of N273.5 billion (N180 billion as additional revenue and N93.5 billion as carryover of outstanding provisions from 2012 budget) was made for major capital and social programmes under the SURE-P window, and this assisted in the area of infrastructure development in the fourth quarter of 2013. A total of N272.55 billion (or 99.65%) of the appropriated sum was released while N181.09 billion (or 66.44%) of the released amount was utilized as at 31st December, 2013.

Table 3.8: A Sample of MDAs' Capital Budget Utilization (as at 31st Dec. 2013)

MDA	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization			
	N	N	N	N	As % of Annual Capital Appropriation	As % of Cash Backed Funds	As % of Budgetary Releases
Power	73,347,958,463	49,213,422,043	49,213,422,043	39,554,121,008	53.93	80.37	80.37
Transport	44,527,673,725	23,713,533,190	23,713,533,190	19,938,710,474	44.78	84.08	84.08
Health	60,047,469,275	34,782,507,784	34,782,507,784	33,359,500,815	55.56	95.91	95.91
Agriculture	50,647,871,428	24,992,961,700	24,992,961,700	24,909,327,595	49.18	99.67	99.67
Water Resources	80,306,966,365	31,442,600,742	31,374,968,786	30,018,286,270	37.38	95.68	95.47
Education	71,230,438,355	36,166,262,144	36,166,262,144	34,049,550,059	47.80	94.15	94.15
Works	164,661,148,188	79,861,150,924	79,861,150,924	73,017,174,665	44.34	91.43	91.43
Niger Delta	62,399,922,222	30,910,107,763	30,910,107,763	30,266,407,856	48.50	97.92	97.92
FCTA	56,600,000,000	32,975,289,501	32,975,289,501	32,954,479,161	58.22	99.94	99.94
Police Formation & Commands	14,096,000,000	8,013,974,530	8,013,974,530	8,013,948,531	56.85	100.00	100.00
Total Average Utilization (by all MDAs)					60.91	96.50	96.11

Source: OAGF and BOF

Chart 3.8: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF

3.5.5 Performance of the Financing Items:

46. The 2013 Fiscal Framework portrays a quarterly deficit of N221.77 billion to be financed through Privatization Proceeds of N2.5 billion, Signature Bonus of N18.75 billion, FGN's Share from the Stabilization Fund Account of N56.25 billion and Domestic Borrowing (FGN Bond) of N144.27 billion.

47. In the fourth quarter, a total of N368.62 billion was realized from financing item sources implying an increase of N146.85 billion (or 66.22%) above the quarterly estimate of N221.77 billion. The financing items were realized from FGN's Share from the Stabilization Fund Account of N65.28 billion, Borrowing from Special Accounts of N153.40 billion and Domestic Borrowing (FGN Bond) of N149.94 billion while some of the items, such as Privatization Proceeds and Signature Bonus did not materialize in the quarter.

4.0 CAPITAL IMPLEMENTATION REPORT

4.1 FEDERAL CAPITAL TERRITORY ADMINISTRATION (FCTA)

48. The major thrust of the Federal Capital Territory Administration (FCTA) is to provide an enduring and sustainable infrastructural facility for the socio-economic development of Abuja city. This includes the creation of satellite towns and development areas so as to meet the requirements of the Abuja City Master Plan. To achieve this objective, a total of N56.8 billion was allocated in the 2013 budget. Of this amount, N32.98 billion was released and cash backed, while N32.95 billion or 99.91% of the amount, was utilised at the end of the fiscal year to implement its capital projects/programmes. The following projects were monitored:

i. <u>Rehabilitation and Expansion of the Outer Northern Expressway (ONEX), Lot 1</u>

49. The project involves the rehabilitation of the existing 19.5 km carriageways and construction of additional lanes to the main carriageways from Zuba interchange to Dutse junction. It also consists of the construction of left and right service carriageways, the provision of new concrete pipe and box culverts, 2 no. - four span river bridges, a full cloverleaf and trumpet interchange structures. Others include: construction of 4 no. - railway crossing bridges, 5 no. - pedestrian bridges, 8-way telecom ducts, power supply and street lighting, stone pitching and grass planting for slope protection.

50. The contract was awarded to Messrs Dantata and Sawoe Construction Company Nigeria Limited in May 2009 at a cost of N66.83 billion, with the completion date scheduled for November 2014. The sum of N4.1 billion (N2 billion national budget and N2.1 billion SURE-P intervention) was appropriated, released and utilized in the 2013 fiscal year compared to the sum of N2.78 billion appropriated in 2012 out of which N2.43 billion was released and utilized, bringing cumulative commitment on the project to N57.71 billion to achieve 88.7% level of completion. A total of N61.81 billion had so far been committed to the project as at the end of 2013 to achieve 94.4% level of completion. This

represents an increase of 5.7% over the previous performance.

Findings:

51. At the time of monitoring, works completed include: earthworks at the main carriageway, construction of river and pedestrian bridges, interchange structures at Zuba and Dutse junctions, drainage and culverts, pavement structures, stone pitching and surface dressing. Others include: crash barriers, concrete drains, kerbs, electrical works and laying of 8-way telecom ducts. However, work was still ongoing at the railway crossing bridges where the two rail lines (National rail and Abuja light rail) pass through. The outstanding works are: ground rail for the bridge, stone pitching, bridge deck and finishing works in the surroundings of the bridge.

Picture 1: On-going Construction of Railway crossing bridges at (ONEX) Lot 1

Socio- economic impact:

52. The project has impacted significantly on the economy by providing direct employment to over 700 skilled and unskilled labour. It has also impacted positively on the lives of the numerous food and roadside hawkers who throng the project site daily selling their wares. It has also improved the movement of vehicles, reduced vehicles' operating cost, travel time, attracted the building of estates, schools, filling stations, automobile dealers and increased the value of properties along the route thereby reducing housing challenges, which is in line with the priorities of the present administration.

ii. *<u>Design and Construction of Nigeria Cultural Centre and Millennium Tower, Abuja</u>*

53. This project is designed as a symbol for Nigeria's national identity. It comprises four (4) major components namely: construction of a befitting Cultural

Centre, Millennium Tower, National Square and a Connecting Commercial Tunnel.

- The Cultural Centre will house 4 museums, a 64 room hotel, office accommodation, 1,200 capacity Auditorium, Recreational and sporting facilities, a conference room and fitness centre, etc.
- The Millennium Tower will accommodate a revolving panoramic restaurant of 130 seating capacity, a giant steel flower veil with an illuminated symbol of Nigeria's coat of arms, while the base will house facilities such as an entrance foyer, shops and a restaurant.
- The National Square consists of a 40,000 square meters platform for hosting national and other symbolic events and forms the roof of a two-level basement car park to accommodate 1,200 cars;
- The Connecting Commercial Tunnel consists of a large underground pedestrian arcade lined up with shops on both sides.

54. The contract was awarded to Messrs Salini Nigeria Limited in November 2005, at an initial cost of N53.12 billion with a completion date of April 2009. However, it was later revised to N69.35 billion and the completion date extended to October 2014, due to increase in provision for parking spaces from 600 to 1,200, and expansion in the tower base and erection.

55. In the 2012 budget, N2.5 billion was appropriated, released and utilised which brought the total commitment to N33.13 billion resulting to a 32% level of project completion. However, in the 2013 budget, N2 billion was appropriated, out of which N1.48 billion was released and utilised. By the end of the 2013 Fiscal year, a total of N34.61 billion had been committed to the project to attain a cumulative performance of 37.10%. This indicates an improvement of 5.11% compared to the 32% achieved in 2012.

Findings:

56. At the time of visit, the National Square, and underground car park (two

levels) for 1,200 car spaces had been completed and ready for use. Other completed works included: block works and steel structure of the auditorium roofing, concrete structure of the tower, steel frame work of the restaurant and glasses had been supplied to the site. The fixing of service and escape lifts at the tower were in progress.


Picture 2: A portion of the completed National Square and Parking area at the project site

Socio- economic impact:

57. Currently, the parking area of the project which can accommodate 1,200 cars is ready for use. This is expected to save the problem of congestion and road side parking being experienced in and around the central area of the capital city. When completed, the project/facility would serve as a national monument for Nigeria, a national pride comparable to the likes of Big Ben (London), the Statue of Liberty (New York) and the Eiffel tower in Paris. Also, the multi-functional edifice will provide facilities for cultural exposition, tourism, socialization, recreation, hospitality, and commercial activities as well as an avenue for job opportunities to Nigerians.

iii. ***Provision of Engineering Infrastructure to Abuja Technology Village***

58. The project was conceived to provide 33 km of standard district road, 25 km of storm sewer drainage loops, 35 km of foul sewage, and 2 no. - fully equipped mini sewage treatment plants. Other structures include: the provision of 133 km telecommunication ducts, 57 km of electrical cable networks, 33 KVA injection power substation, 1,339 no. - street lights, ring and box culverts, 2 no - bridges and a 20.13 km gas pipeline, etc.

59. The contract was awarded to Messrs Gilmor Engineering (Nig) Ltd at a cost of N20.87 billion. Work commenced on the 8^{th} of June, 2007 and was expected to have been completed by 7^{th} June, 2010. This was however extended to December 2013 following changes in the entire scope of the project. In the 2012 budget, the sum of N1.12 billion was appropriated, out of which N781.22 million was released and utilised. The project was however supplemented with N1.54 billion FCT statutory allocation to achieve 65% level of completion. Similarly, N1.04 billion was appropriated in the 2013 budget, out of which N382.42 million was released and utilised bringing total commitment on the project to N16.27 billion to achieve 77% performance at the end of the fourth quarter of the year. This indicates an improvement of 12% over the achievement recorded in 2012.

Findings:

60. At the time of this report, works completed include: site clearance, earth works, sewage treatment plant, construction of 22 no. - culverts, service tunnel across the Inner Southern Expressway (ISEX), storm and foul sewer, laying of 21.181 km of storm pipes and 724 no. - man holes. Others are: 12.388 km of foul pipe, laying of a 4.775 km interceptor sewer line along river Pyakasa and concrete line drain. While, works in progress are: laying of supply and distribution pipes, structural works and 2 no- portable water reservoirs.

Socio economic impact:

61. The project has opened up access roads to the Pyakasa community and has generated about 35,000 direct jobs. Upon completion, the project will help to establish a platform for creating a sustainable knowledge based economy in line with the National Economic Empowerment and Development Strategy (NEEDS). It will also create the necessary conditions for infrastructure and programmes that would encourage developers and entrepreneurs to be more innovative.

Picture 3: On-going construction work of concrete line drain at the Abuja Technology Village.

iv. ***Rehabilitation and Expansion of Airport Expressway Lot 1***

62. The project involves the rehabilitation of the two (2) existing 14 km length of the main carriageways and their expansion to three (3) lanes of 12 m width each, on both sides of the road,, totalling ten (10) lanes. The scope of works comprise: site clearance, earth work, provision of surface water drainages, 100 mm macadam, 60 mm asphaltic binder and 40 mm wearing courses. Others are: construction of 11 nos bridges of different spans, provision of power supply and street lighting, conduit for poles & telecommunications, access roads and slipways.

63. The contract was awarded to Messrs Julius Berger (Nig) Plc at an initial cost of N59.2 billion in May 2009 and was expected to be completed by April 2011. However, the completion period was later revised to December 2011 due to additional works. These include extension of the 10 lanes by 1 km, provision of 8 no. bridges as underpasses at the new city gate and a trumpet interchange at the Bill Clinton Drive.

64. The sum of N9.15 billion was appropriated in 2012 budget, out of which N7.51 billion was released and utilised to bring total commitment to N43.5 billion to achieve 72.6% level of project completion. N3.73 billion (National Budget) and N5 billion (FCTA Statutory Allocation) were appropriated in the 2013 budget. N2.1 billion was released in the 4th quarter of the year bringing total releases and utilization to N3.81 billion. A total of N47.31 billion had so far been committed to the project from inception to achieve 79.9% level of completion representing an

improvement of 7.3% performance over the implementation in 2012.

Findings:

65. At the time of monitoring, 0.412 km length of U-channel, 789 meters of binder course, 0.5 km length of carriageway binder course and excavation work on the abutment base of the underpass had been completed. Work in progress included: 1,161 street lightening poles/cables, 11 no. bridges, an interchange, etc. However, outstanding works include: provision of electrical ducts, street light, poles, telecoms ducts etc. Cumulatively, the project had executed 13 km length of carriageway expansion from 2 lanes to 3 lanes.

Socio-Economic Impact:

66. The project had generated employment for over 100 skilled and unskilled labour, and facilitated the development of over 40 estates, filling stations, hospitals and schools along the road corridor. The traffic flow on the road has also improved thereby reducing travelling time. It has further enhanced security on the highway, especially for presidential, ministerial and diplomatic convoys who regularly ply the route to and from the airport, while improving the aesthetics value of the airport road and Abuja city.

Challenge:

67. The contractor was constrained by inadequate funding as the Debt Management Office financing arrangement had expired, thus affecting the pace of work. In addition, traffic caused by impatient motorists has posed serious challenge to the early completion of the project.

4.2 WORKS SECTOR

68. The construction and rehabilitation of road networks across the country is core to the priority objectives of the Government’s *Transformation Agenda*. In the drive to ease transportation and open up access roads to various communities, thereby boosting socio- economic activities in the country, the Ministry of Works

was allocated a total N164.66 billion in the 2013 budget. Of this amount, N79.86 billion was released and cash backed while N73.017 billion or (91.43%) was utilised as at the end of the fiscal year. The following projects were implemented:

i. Dualisation of Kano – Maiduguri Road Section 1 (Kano – Wudil – Shuarin) Contract No. 5878

69. The project involves the dualisation of 202.73 km new standard carriageway from Kano through Wudil to Gaya and Shuarin in Kano and Jigawa States. The scope of work include: reconstruction of the existing carriageway, construction of 3 no. river bridges, 2 no. interchange structures, culverts, median kerbs and concrete median crash barriers. Others are: sub-base, crushed stone base, binder course, wearing course, acquisition of right of way and relocation of public utilities.

70. The contract was awarded to Messrs Dantata & Sawoe Construction Company Nigeria Limited on the 28th of September, 2006 at an initial cost of N37.047 billion and was expected to be completed by the 11th of February 2010. However, on the 21st of November 2012, the Federal Executive Council approved the augmentation of the contract by N18.075 billion bringing the total contract sum to N55.12 billion with an expected completion date scheduled for 31st December 2015.

71. The sum of N1.7 billion National budget and N6 billion SURE–P intervention was appropriated in the 2013 Budget compared to N990 million in 2012. While there was no allocation to the project by the supervising Ministry in the 2013 National budget, N6 billion SURE–P intervention was released and utilised to offset part of the debt owed the contractor, compared to N71.08 million released and utilised in 2012. Whereas a total of N26.1 billion had so far been committed to the project since inception to achieve 43.03% level of completion in 2013 budget, N21.64 billion was committed in 2012 to achieve 24.64% completion. The achievement recorded in 2013 represents an improvement of 18.39% over the implementation of the previous year.

Findings:

72. At the time of monitoring, work done included: base course (crushed stone) 106.47 km, sub-base course (laterite) 106.55 km, asphaltic concrete binder course 106.46 km, asphaltic concrete wearing course 42.76 km and surface dressing 169.58 km. Others are: the completion of one side of bridges 1 and 2, construction of culverts, drains and concrete kerbs while earthwork was on-going in other portions of the road.

Picture 4: Ongoing construction work at Kano – Maiduguri Road (Kano – Wudil – Shuarin)

Socio-economic impact:

73. Prior to the construction works, the road was in a very deplorable condition resulting in vehicles spending several hours or days before reaching their various destinations. This has now been reversed due to improvement in the traffic flow, less vehicle operating cost and travel time.

74. Although the project has not been completed, it has opened up access to adjoining communities that were hitherto locked out from the commercial city of Kano, generated employment opportunities to about seven hundred (700) skilled and unskilled labour. It has also boosted socio-economic activities in states like Jigawa, Bauchi, Yobe, Maiduguri and neighbouring border towns within the road corridor.

ii. <u>Reconstruction, Rehabilitation and Expansion of Lagos – Ibadan Expressway, Section 1: (Lagos - Shagamu). Contract No.6204.</u>

75. This is one of the major highways in the south west geo-political zone that links Lagos – Ogun – Oyo states to the rest of the country. It involves the rehabilitation of 43.6 km existing carriageway from the old toll gate in Oregun/

Ikosi Ketu, Lagos State to Shagamu interchange in Ogun State. The scope of work comprise: the construction of 36.04 m width (3) lane dual carriageway, 2.75m outer and 1.8m inner hard shoulders, concrete pipe culverts and 5 no. Interchange structures.

76. The contract was awarded to Messrs Julius Berger Nig. PLC at a cost of N70.76 billion in July, 2013 and it is expected to be completed by July, 2017. The sum of N1.5 billion was appropriated in the 2013 Budget, of which, N1.25 billion was released and utilised in the quarter bringing total commitment on the project to N10.61 billion to achieve 0.26% level of completion.

Findings:

77. At the time of monitoring, work completed include: 12 km site clearance, 7.8m earthworks, 4.2m sub-base course, 12 no. culverts and drains, and 7 km thick asphaltic base course (macadam). Work in progress includes: construction of pedestrian bridges and service lanes.

Picture 5: Flag off and on- going work of Trapezoidal shape drainage at section 1 of Lagos – Ibadan.

Socio- Economic Impact:

78. Presently the project has provided job opportunities for over 1000 skilled and unskilled workers and attracted commercial activities. When completed, the project will enhance social mobility, transportation of goods and services, reduce travel time and vehicle maintenance cost.

Challenges:

79. The major challenge is the heavy rainfall that has affected the earthwork,

coupled with the traffic grid lock at work locations.

iii. Construction of Orji-Achi-Mmakwu-Augu-NdiaboMpu-Akaeze road section II C/NO 6073 . Enugu and Ebonyi State

80. The project consist of the construction, design and rehabilitation of 37 km road from Awgu through Ndiabo, Mpu, Okpanku, to Akaeze road in Enugu and Ebonyi States. The scope of work include: site clearance, earth works, provision of 200 mm sub- base, 150 mm crushed rock base, 60 mm asphaltic wearing course, and 20 mm single size aggregate surface dressed shoulders. Others are: construction of lined drains, culverts and 6 nos. bridges.

81. The contract was awarded to Messrs Setraco Nig. Ltd. at a cost of N9.5 billion in September 2010 with a completion date of September 2012. This was however extended to 18th September, 2013. However, another request for extension of the completion date had been forwarded to the Federal Ministry of Works and is awaiting approval.

82. The sum of N1.78 billion was appropriated, released and utilised in the 2012 budget, by which time, N5.14 billion was committed to the project to achieve 56% level of completion. On the other hand, N2.63 billion was appropriated in the 2013 budget, but there was no release in the fiscal year by the Federal Ministry of Works. However, the contractor is still on site and N6.31 billion had so far been committed to the project to achieved 75% level of completion. This represents an increase of about 19% performance over the implementation of 2012.

Findings:

83. As at the time of monitoring, works completed include: construction of 6 no. bridges, culverts, 7.28 km of concrete line drains and rehabilitation of 24.60 km of section II. Works in progress were earthwork in the remaining portion of the road and Stone pitching of the abutments.

Socio economic impact:

84. The project has presently generated employment to the local communities, improved vehicular movements and boosted economic activities along the corridor of the road. On completion, it will reduce travel time and promote socio-economic activities between Enugu and Ebonyi states.

Picture 6: On-going works and completed portion of the road at Orji-Achi-Mmakwu-Augu-Ndiabo Mpu-Akaeze.

4.3 WATER RESOURCES SECTOR

85. The provision of potable water and preservation of fresh water ecosystem forms one of the fundamental objectives of the Government Transformation Agenda. In order to provide food security, transform the irrigation system and create productive employment, the Ministry was allocated a total of N80.31 billion in the 2013 budget. Of this amount, N31.44 billion was released and N31.37 billion (or 95.47%) cash backed, while N30.018 billion was utilised for the implementation of its capital projects/programmes at the end of the fiscal year. The following projects were monitored:

i. __Hadejia Valley Irrigation Project, Jigawa State__

86. The project which is located between Auyo and Kafin Hausa Local Government Areas of Jigawa State was designed as a multipurpose dam to enhance crop production, fisheries and livestock development. The dam consists of head works of 1km earth fill, a storage pond of 11.4 million cubic metres of water, a feeder and main canal, drainage system and other canals that channel and deliver water to farm plots. The contract covers 12,500 hectares of

farmlands and is divided into two phases. Phase 1 stage 1 (4,196 ha) was awarded to Messrs CGC Nigeria Limited in December 2001 at an initial cost of N5.91 billion and an expected completion date of June 2004. This was later revised to N9.66 billion in April 2011 with a new completion date scheduled for February 2013. The upward review of the contract was due to time lapse and inflation.

87. The sum of N198.18 million was appropriated in the 2013 Budget. The sum of N100 million was released and utilised in 2013 compared to 2012 where a total of N5.68 billion was committed to achieve 85.5 % level of completion. In 2013, N6.66 billion had so far been expended on the project since inception to achieve 90.89% level of completion. This shows an improvement of 5.39% performance over the implementation in 2012.

Picture 7: Completed distributor canal and Rice farm at Hadejia Valley Irrigation Scheme Project

Findings:

88. At the time of monitoring, a total of 3,321 hectares of irrigable land out of the 4,196 hectares for the phase 1, stage 1, awarded to the contractor had been developed. Farmers of the 19 communities living around the dam axis have started cultivating crops like rice, maize, wheat and Guinea corn.

Socio - economic impact:

89. The project had made significant impact by providing employment and a stable source of income to about 6,000 households (66,000 people). There was an increase in crop production and an estimated output of 81,920 metric tonnes of assorted food and cash crops was achieved. This reduced rural urban

migration and improved food security in the area (as well as in the country), which is in line with the present Administration's *Transformation Agenda*.

ii. Implementation of Kashimbilla/Gamovo Multipurpose Buffer Earth Dam Project

90. The Dam Project is located between the towns of Kashimbilla and Gamovo on River Katsina-Ala in Takum Local Government Area of Taraba State. It involves the construction of the Main Dam: Water Treatment Plant (60,000 m3/day) and an 11 km access road. Others are: construction of a Hydropower Plant (40 MW), development of an Irrigation Network, Air Strip and rehabilitation of Kashimbilla - Jato-Aka road (21 km).

91. The contract was awarded to Messrs SCC (Nigeria) Limited in May 2007 at an initial cost of N42.94 billion with completion date of April, 2010. This was, however, revised to N60.63 billion, resulting from the upgrading of the Hydropower generation from 6 MW to 40 MW. It was further revised to N104.38 billion (N36.53 billion plus €377.37 million**)** due to increases in the scope of works. Consequently, the completion date was extended to April, 2014.

92. In the 2012 budget, the sum of N2.40 billion was appropriated and released to the project which brought total releases to N21.46 billion (Onshore) and €225.63 million (Offshore), to attain 67% level of completion. However, in the 2013 budget, N4.0 billion was appropriated but the supervising Ministry made no release to the project. So far, a total of N100.18 billion (N31.59 billion plus €335.35 million) had been committed since inception (through a combined counterpart funding by Federal Ministry of Power and Ecological Funds, amongst others) to achieve a cumulative performance of 85% as at the end of fiscal year. This had led to an improvement of 18% performance compared to the achievement in the previous year.

Findings:

93. At the time of this report, works completed include: the spillway, right embankment, site clearance of the 11 km access road. Others are: the airstrip, installation of all gadgets and certification for daylight operation. Work in progress

comprises: construction of water intake to the final level, preparation and installation of the turbines for the hydropower component, grouting of the foundation for the dam and construction of the clarifier block. Outstanding works include: construction of the aeration and filtration blocks, piping and balancing of reservoir, laying of pipeline to the water treatment plant and irrigation of 2,000 ha of farmlands, etc.

Picture 8: Assembling of pre-cast trash track of hydropower in-take & grouting of the foundation for the dam in progress at Kashimbilla Dam

Socio-economic impact:

94. The project has currently engaged more than 1,320 skilled and unskilled youths/indigenes of Benue and Taraba states thereby enhancing their standards of living. The access road, though not yet completed, had opened up the areas and improved business activities, especially in Jato-Aka and Kashimbilla communities. In addition, a police station, customary court, ATM machines and other social facilities were established for the betterment of the communities.

95. On completion, the project will help to avert the imminent threats of ecological disaster from Lake Nyos (Cameroon), which was envisaged to occur in the States of Taraba, Benue, Cross River, Kogi and Delta. In addition, 40 MW will be added to the national grid, while a total of 34,887 jobs would be created. Finally, the dam would supply 60,000 m3/day of water to about 400,000 people, as well as boost tourism, fishery development and irrigation activities.

iii. ***Construction of Ogwashi-Uku Multipurpose Dam***

96. This project was initiated to meet the perennial water scarcity being experienced by the people of Ogwashi-Uku and environs. It involves the

construction of a 15.7 m high and 280 m long earth dam with a complete infrastructure to generate 1.0 MW of electricity. Others works are the construction of a radial concrete spillway and 3 km access road.

97. The contract was awarded to Messrs Nelson Benjamin Nigeria Limited at an initial cost of N440 million in 2006. It was later reawarded to Messrs Anbeez Services Limited and revised to N3.62 billion in January 2011 due to changes in scope of work and cost of materials. The project had an initial completion date of December 2013 but was later extended to December 2014.

98. The sum of N1.61 billion was appropriated in the 2012 budget, out of which N1.6 billion was released and utilised to achieve 40% level of completion. In 2013, N859.87 million was appropriated and released. Out of this, N839.39 million was utilised to bring total financial commitment on the project since inception to N2.66 billion, thus achieving a 60% level of completion. The performance in 2013 shows an increase of 20% over that of the previous year.

Findings:

99. The initial contract for the project was awarded on 31st July 2006 and work commenced in December of the same year. However, it stopped shortly after the award due to the inability of Messrs Nelson Benjamin Nigeria Limited to deliver. The contract was consequently re-awarded to Messrs Anbeez Services Limited in 2011. At the time of monitoring, work done included: site clearance, provision of 3 km access road, buffer dam, river diversion, spillway, concrete channel and inlet concrete structure.

Socio-economic impact:

100. Prior to the award of the contract, there was perennial shortage of potable water supply in Ogwashi-Uku town and environs. On completion, it will provide affordable and sustainable water supply for domestic and industrial use to Ogwashi-Uku and its environs. It will also boost power supply by generating additional 1.0 MW of electricity, while the irrigation component will enhance food supply, economic and social well being of the people. Although, the project is yet

to be completed, it had employed over 150 skilled and unskilled workers.

Picture 9: Completed inlet concrete structure at the Ogwashi-Uku dam.

iv. ***<u>Ivo Dam and Irrigation</u>***

101. This project is located at Mpu village of Aninri LGA area of Enugu State. The initial concept of contract involves construction of a main dam of 15 m high, 250 m long with a reservoir capacity of 20 million cubic meters, a saddle dam 5 m high and 2,500 m long with 150 m long concretes spillway, inlet/outlet structure.

102. The contract was initially awarded to Messrs. D.A. Construction limited in 2009 at a cost of N2.14 billion. Work commenced in February 2010 and was expected to be completed by February 2012. However, the contractor was considered to be incapacitated in delivering the project. Therefore, a memorandum of understanding was reached with Messrs Anbeez Services limited (through the Federal Ministry of Water Resources) to take up the execution/completion of the contract at the same cost. The expected completion date is now December 2014.

103. The sum of N2.56 billion was appropriated in the 2012 budget, of which N750 million was released and utilised in the year bringing total commitment to N1.04 to achieve 29% performance. In 2013 budget, the sum of N1.53 billion was appropriated. Of this amount, N1 billion was released and utilised to achieve 55% level of completion. This shows an increase of 26% performance over the achievement in 2012.

Findings:

104. At the time of visit, work done included: site clearance (45 hectares),

excavation of key trench, filling and compaction of 1.3 km dam embankment. Others were procurement of 30 penstock pipes for hydro power component and 390 irrigation pipes. Outstanding works include construction of the spillway, laying of irrigation pipes, development of hydro-power component and the erection of the embankment to a crest level of 49 meters.

Socio economic impact

105. Though the project has not been completed, it has provided access road from the expressway through Mpu village to the project site, which has aided in the evacuation of agricultural products. When completed, the project will provide potable water for domestic consumption, irrigation, fisheries and other economic activities for Mpu and its environs.

Picture 10: On-going construction of embankment and spill way at Ivo Dam.

v. ***<u>Construction of Otukpo Multi-purpose Dam Project, Otobi-Akpa in Benue State</u>***

106. The project was designed to construct a multi-purpose dam across River Okpokwu in Otobi-Akpa to harness and supply surface water. The scope of works include: construction of a 2.5 km earth fill embankment dam with a maximum height of 31 meter, construction of a hydropower station of 3 no. 1.1 MW turbines (totalling 3.3 MW), and irrigation development of 2000 hectares of farmland. The contract was awarded to Messrs S.C.C. Nigeria Limited in December 2010 at a cost of N17.18 billion. Actual work commenced in March 2011 with a completion date of March 2014.

107. The sum of N2.8 billion (National Budget) and N2.65 billion (Presidential Water Intervention) was appropriated in 2013 budget as against N1.5 billion appropriated in 2012. N858.35 million was released and utilised in 3rd Quarter of

the year thus bringing total releases and utilization to N1.45 billion in 2013 compared to N1.5 billion released and utilised in 2012. Whereas a total of N8.6 billion was committed as at the end 2012 fiscal year to achieve 46% completion, N17.18 billion had so far been committed to the project in the 2013 budget since inception to achieve 55% level of completion representing an increase of 9% performance.

Findings:

108. At the time of monitoring, work done included: construction of dam embankment, spillway structure, office blocks, workshops, engineers/operators quarters. While works in progress are: construction of spillway, intake/outlet structure and the approach channel. Outstanding works were: water treatment plant and associated works for water distribution network, hydroelectric power generation and transmission, irrigation, fisheries and recreational development. It was also gathered that a Revised Estimated Total Cost (RETC) is awaiting the approval of the FEC for cost variation and extension of completion date due, to the additional hydropower component.

Socio-economic impact:

109. The project though not completed, has provided employment to more than 540 youths from Otukpo and its neighbouring communities. Communities in areas bordering the railway lines such as Otobi, Anomoda, Aturupo and Otobi are currently benefitting from the completed access road at the project site. The project has also facilitated the development of residential and industrial layouts, as well as the acquisition of large scale farmlands. It has furthermore provided subcontracts for supplies of spare-parts, sharp sand, building materials and staff quarters furnishings. The presence of a military detachment has also beefed up security in the area.

110. On completion, the project will impound about 130 million cubic meters of raw water for potable water supply to Otukpo and environs. It will also provide water for irrigation and fishery development in the host communities and

generate employment for over 12,000 people. Electricity supply will be further boosted in and around Benue state with the eventual generation of 3 MW.

Picture 11: Installation of intake bell mouth at Otukpo Multi-purpose Dam.

4.4 MINISTRY OF NIGER DELTA AFFAIRS

111. The Ministry is charged with the responsibility of formulating and coordinating policies for the development and security of the Niger Delta region. This will entrench peace and stability for purposes of sustainable socio-economic development. It will also help reduce the challenges of high poverty, environmental degradation and disruption of oil extracting activities. In line with these strategic plans, the Ministry was allocated a total of N62.4 billion in the 2013 budget, for the implementation of its capital projects and programmes. Of this amount, a total of N30.9 billion was released and cash backed. As at fourth quarter of 2013, N30.2 billion (97.9%) had been utilised.

i. Construction and Supervision of Elele-Owerri Road, Imo state.

112. The project involves the construction of 35.748 km dual carriage way. The contract was awarded to Messrs Arab Contractors O.A.O. Nigeria Ltd. in March 2010 at a cost of N21.48 billion. Work commenced in April 2010 with a completion date scheduled for October 2014.

113. The sum of N1.4 billion was appropriated in the 2012 budget. The same amount was released and utilised. By 2012, a total of N10.89 billion was committed to the project since inception to achieve 45% completion. N1.8 billion was appropriated in 2013 Budget, out of which N1.32 billion was released and

utilised bringing the total commitment to N12.21 billion to achieve 54% level of completion. This shows an improvement of 9% performance over the 2012 fiscal year.

Findings:

114. At the time of inspection, work was skeletally ongoing at the site due to lean budgetary provisions by the Ministry of Niger Delta Affairs. Work done include: 39 km sub-base course, base course, binder course and 38 km wearing course. The team discovered that the project had covered a stretch of 19 km.

Picture 12: Completed portion of Elele-Owerri road, Imo state

Socio economic impact:

115. The project had provided employment to about 150 skilled and unskilled personnel. On completion, the project will enhance free flow of traffic, thereby stimulating economic activities in the region. It will also promote rapid and integrated infrastructural development in the neighbouring communities of the Niger Delta region, as well as serve as a major link between the South-East and South-South geographical regions of the country

ii. ***<u>Dualisation of East-West Road, Section I: Warri – Kaiama, Contract No. 5867</u>***

116. The project involves the provision of a new 87 km asphaltic concrete carriageway and rehabilitation of the existing road from Warri in Delta State to Kaiama in Bayelsa State. It also entails the construction of new bridges, box and pipe culverts, canals and streams on the road alignment. The contract was

awarded to Messrs Setraco Nigeria Limited on 18th July 2006 at an initial cost of N64.13 billion, but was later revised to N112.17 billion, due to changes in scope of work, cost of materials and time lag. It had an initial completion date of August 2012 but was later extended to 2nd December, 2014.

117. The sum of N6.77 billion (National Budget) and N1.33 billion (SURE–P) was appropriated in the 2012 budget. Of this amount, N4.7 billion National budget and N1.33 billion SURE-P was released and utilised to achieve 54.74% level of completion as at the end of 2012. Similarly in 2013, N7.77 billion was appropriated in the National budget with additional funding of N11.67 billion from SURE-P intervention. N3.85 billion of National budget and N10.32 billion of SURE-P funds were released and utilised by the end of fourth quarter of the year. Thus a total of N77.44 billion had so far been committed to the project to achieve 77.07% level of completion. The achievement recorded in the year shows an increase of 22.33% over the 2012 performance.

Findings:

118. At the time of monitoring, works completed include: 314 no. culverts, 18 no. bridges and the substructure works at Patani bridge. Others are: site clearance, 123.84 km earthwork, 116.98 km sub-base course, 112.71 km base course, 101.28 km binder course, 69.68 km wearing course, etc. Work in progress was the reconstruction of the existing carriageway from Kaiama to Ughelli (CH 76 + 500 to 87 + 350), etc.

Socio-economic impact:

119. Although the project is yet to be completed, it had employed over 1,500 of both skilled and unskilled workers. It had also assisted in training of the indigenes in iron bending and welding works. Upon completion, it will ensure seamless drive and boost socio-economic activities along the road corridor, through transportation of petroleum products, oil exploration and industrial activities.


Picture 13: Ongoing works at the Patani Bridge and Earth-works at the project site

iii. ***Dualisation of East-West Road, Section II: Port-Harcourt (Eleme Junction) – Kaiama***

120. Section II of the East-West road covers a total of 101.6 km. It begins from Kaiama in Bayelsa State and passes through Ahoada to Port-Harcourt (Eleme Junction) in Rivers State. The contract for this section was initially awarded in August 2006 to Messrs Julius Berger (Nig) PLC but was later terminated months after commencement because of security challenges. However, it was re-awarded in May 2009 to Messrs Setraco Nigeria Limited in two different sub-sections, namely:

- Sub-Section I: Port-Harcourt – Ahoada (47 km).
- Sub-Section II: Ahoada – Kaiama (54.6 km).

(a) ***Dualisation of East-West Road, Section II Sub Section I: Port-Harcourt (Eleme Junction) – Ahoada in Rivers State, Contract No. ID/09/003***

121. The project entails the expansion of the existing 47 km length of road into a standard dual lane with asphaltic concrete surfacing divided highway of 7.3 m width each. It also includes the construction of a new bridge of 263 m over Choba River, concrete lined drains, concrete median barrier, box and pipe culverts, median drain and road furniture. The contract was awarded to Messrs Setraco Nigeria Limited on 4th May 2009 at an initial cost of N29.92 billion but

was later revised to N48.97 billion due to changes in scope of work, prices of materials and time lag. It had an initial completion date of 3rd May, 2013 but was later extended to December 2014.

122. The sum of N2.44 billion was appropriated in the 2012 budget. Of this amount N2.29 billion was released and utilised to achieve 25% level of completion. N3.86 billion was appropriated in the 2013 budget, of which N1.91 billion was released and N1.49 billion was utilised, to bring total financial commitment on the project since inception to N20.38 billion, achieving 34.64% level of completion. The performance in 2013 represents an increase of 9.64% above the 2012 budget implementation.

Findings:

123. Apart from the capital fund from the National budget, section 11 subsection 1 of the project was also allotted the sum of N3.71 billion from SURE-P intervention as well as additional fund from an African Development Bank (AfDB) loan of N1.42 billion in 2013. At the time of monitoring, works done included; 44.23 km site clearance, 43.27 km earthwork, 39.92 km sub-base, 32.66 km base course, 29.62 km binder course, 22 km wearing course and the completion of Choba bridge to deck level.

Socio-Economic Impact:

124. Although, the project is yet to be completed, it had employed over 350 skilled and unskilled labourers. It had also assisted in training the indigenes in iron bending and welding. Upon completion, it will ensure seamless drive and boost socio-economic activities along the road corridor through transportation of petroleum products, oil exploration and industrial activities.

Challenges:

125. Some of the challenges facing the project include traffic congestion, especially at the Port-Harcourt city centre, and short construction periods due to heavy rainfall.

Pictures 14: Laying of stone base and Asphaltic Binder works in progress at Port-Harcourt– Ahoada,

(b) ***Dualisation of East-West Road, Section II Sub Section II: Ahoada - Kaiama in Rivers and Bayelsa States Contract No. ID/09/002***

126. The contract involves the expansion of the existing 54.6 km road to a standard dual 2-lane with asphaltic concrete surfacing divided highway of 7.3 m wide carriageway. The new dual carriageway will have 2.75 m width asphalt concrete outer shoulders and 1.5 m width asphalt concrete inner shoulders and 1.3 m median with central trapezoidal line drain and Jersey barrier. It also comprises: the construction of 10 no. new bridges with a total length of 916 m in pre-stressed concrete box girder and 694.5 m in pre-cast concrete. Other works include: concrete lined drains, concrete median barrier, box and pipe culverts, median drain and roadway furniture etc.

127. The contract was awarded to Messrs Setraco Nigeria Limited on 11th June, 2009 at an initial cost of N44.88 billion which was later revised to N84.76 billion due to additional works, time lag and changes in the prices of materials. It had an initial completion date of 10th June, 2012 but was later extended to 31st December, 2014. The sum of N3.66 billion was appropriated in 2012. Of this amount, N1.0 billion was released and utilised to achieve 24% level of completion. Similarly, N5.8 billion was appropriated in 2013 budget. Of this amount, N3.2 billion was released and utilised to bring total financial commitment on the project since inception to N29.79 billion to achieve 33.92% level of completion. The achievement in 2013 shows an increase of 9.92% over 2012 budget performance.

Findings:

128. Apart from the normal funding from the national budget, section 11 sub-section 11 was also allotted a total of N10.68 billion from SURE-P intervention and N2.99 billion additional funding from an African Development Bank (AfDB) loan in 2013. As at the time of the monitoring, works completed were; 45.1 km site clearance, 37 km earthworks, 27.25 km sub base, 25.1 km base course, 24.43 km binder course and 7 no. bridges.

Socio-Economic Impact:

129. Although the project is yet to be completed, it had employed over 352 skilled and unskilled workers. It had also assisted in training the indigenes in iron bending and welding. Upon completion, it will ensure seamless drive and boost socio-economic activities along the road corridor through transportation of petroleum products, oil exploration and industrial activities.

Picture 15: On-going earthworks and Abutment works at Kaiama bridge

4.5 EDUCATION SECTOR

130. The Ministry of Education is saddled with the responsibility of human capital development for the attainment of the objectives of Millennium Development Goals (MDGs). In order to provide access to qualitative education and productive employment, a total of N71.23 billion was allocated to the sector in the 2013 budget. Of this amount, N36.17 billion or (94.16%) was released and cash backed while N34.049 billion was utilised for the implementation of its capital projects/programmes in the fiscal year. The capital projects of the following institutions were monitored.

4.5.1 BAYERO UNIVERSITY KANO

131. The Institution was allocated the sum of N990.34 million in the 2013 budget for the implementation of its capital projects/programmes. Of this amount, N466.038 million was released, cash backed and utilised at the end of the fiscal year. The following projects were monitored.

i. <u>Construction, Furnishing and Equipping of Biotechnology Research Centre</u>

132. The project involves the construction of a storey building consisting of three (3) professorial offices, seven laboratories, a seminar/conference hall (100 seat capacity), an e-library of 50 seat capacity, 2 no. cold rooms for chemical specimens and a hot room (stable temperature), etc.

133. The contract was awarded to Messrs Alhamsad Investment Limited in October 2013 at a cost of N216.49 million with completion date scheduled for December 2014. The sum of N100 million was appropriated in the 2013 budget. Of this amount, N77.14 million was released and utilised while a total of N132.22 million had been committed to the project from inception to date to achieve 70% level of completion.

Picture 16: On-going construction of Biotechnology Research Centre, Bayero University Kano

Findings:

134. At the time of monitoring, the superstructure had been completed to roof level. Ongoing works include: internal and external plastering, fixing of window rails, form works and fabrication of roof trusses for the rafter. Outstanding works

include: roofing, electrical and mechanical work, fixing of doors and windows, plumbing, tiling, floor finishing, staircase railings, painting and decorations.

Socio - economic impact:

135. Although the project had not been completed, it has provided employment for over seventy (70) skilled and unskilled workmen. On completion, the centre will increase students' access to research in biotechnology and also improve the quality of teaching.

4.5.2 MODIBBO ADAMA UNIVERSITY OF TECHNOLOGY, YOLA

136. The sum of N598.89 million was appropriated in the 2013 Budget for the implementation of six (6) capital projects and programmes namely: water supply, construction of twin lecture theatre and furnishing of theatre/studio. Others are: purchase of teaching and research equipment, road construction/rehabilitation, and completion of the school of Agriculture complex. Of this amount, N40.66 million was released and utilised in the fourth quarter thus bringing total releases and cash backed in the year to N247.16 million while N239.85 million was utilised. The team monitored the following projects:

i. Water Supply Project

137. The project is in three (3) phases: Phase I and II involves the supply and installation of an Aqua compact water treatment plant (2.5 million litres/day) and accessories and construction of a double way infiltration gallery/reservoir with 3 million litres/day capacity. The contract was awarded to Messrs Ceylon Construction Services Ltd. in August 2013 at a cost of N199.03 million and is expected to be completed in August 2014. In the 2013 Budget, the sum of N200 million was appropriated, out of which N133.56 million was released and utilised as at the end of the fourth quarter of the year to achieve 67.11% level of completion.

Findings:

138. At the time of this report, the installation of the treatment plant, construction of the gallery/reservoir and laying of pipes from the water source (gallery) to the treatment plant had been completed. Backfilling works at the gallery was in progress, while installation of the pump at the gallery, stone pitching of the bank of the river, and final pump connection/test running of the treatment plant were still outstanding.

Picture 17: Water Treatment Plant and Reservoir almost completed at the site

Socio-economic impact:

139. The project has currently engaged more than thirty-eight (38) skilled and unskilled youths of the area thereby enhancing their standards of living. On completion, the project will enhance the availability of water in the university and its environs, thereby reducing the incidences of water borne diseases.

ii. Construction of Twin Lecture Theatre and Studios

140. The project involves the construction of 2 no. lecture theatres of 750 seating capacity each, 4 nos. studios and 2 no. semi-detached toilets blocks and offices for the School of Agricultural Technology. It was awarded to Messrs Mujik Investment Ltd. in September 2012 at a cost of N97.03 million and was expected to be completed in February 2014. The sum of N100 million was appropriated in 2013 Budget, out of which N9.63 million was released and utilised in the fourth quarter bringing total releases and utilisation to N49.2 million while, a total of N100 million had so far been committed to the project since inception to achieve 100% completion. This represent an improvement of 55% performance compared to the achievement recorded in 2012 fiscal year.

Findings:

141. At the time of this report, the project had been completed and ready for use.

Picture 18: The completed Twin Lecture Theatre & Studios at Modibbo Adama University of Technology, Yola

Socio-economic impact:

142. The completed twin lecture theatre and studios will provide more conducive environment for learning and lecture space for 1500 students of the School of Agriculture. This will consequently enhance student enrolment and increase productivity for both staff/lecturers of the School. Also, the edifice will further create job opportunities for cleaners, securities, maintenance officers and other unskilled staff in the university.

4.5.3 UNIVERSITY OF NIGERIA, NSUKKA

143. The sum of N769.61 million was appropriated to the institution in the 2013 Budget for the execution of its five (5) capital projects/programmes which include provision of teaching and research equipment for the Pathology Department Laboratory, construction of multi-activity entrepreneur centre, administrative building, and college of medical science building and refitting of physical sciences laboratory. Of this amount, N351.24 million was released and cash backed while N286.16 million, representing 81.47% was utilised at the end of the fiscal year.

i. Construction of Administrative Building, UNEC Phase 1.

144. The project which is for the construction of a 3 storey building comprises: staff offices, conference hall, lecture rooms and conveniences amongst others. The contract was awarded to Messer Akiota Winks Ltd. at an initial cost of N301.91 million in November 2011. Work commenced in December 2011 and the project was expected to have been completed by May 2013. However, the contract sum was revised in December 2012 to N799.80 million due to increase in the scope of work.

145. In the 2012 Budget, N305.08 million was allocated, of which N131.60 million was released and utilised to bring total financial commitment for the project to N243.53 million to achieve 50% level of completion. In 2013 Budget, N300 million was appropriated, of which N92.53 million was released and utilised bringing total financial commitment to N467.19 million thus achieving 65% project completion. This shows an increase of 15% over the performance recorded in 2012.

Findings:

146. At the time of inspection, the form work of the first segment up to the third floor had been completed, while constructions of columns for the fourth and final level were on-going.

Social economic impact:

147. The administrative building when completed will provide more conducive and office accommodation for the administrative staff of the university. It will also provide lecture and conference rooms for lecturers and students.

Picture 19: Ongoing Construction of Administrative building at UNN

4.5.4 UNIVERSITY OF JOS

148. The University had an appropriation of N410.34 million in 2013 Budget. Of this amount, N169.34 million was released, cash backed and utilised as at the end of the fiscal year, for the implementation of its capital projects/programmes. The under-listed project was monitored:

(i) <u>Construction of Administrative Block/Senate Chamber</u>

149. The project was designed to construct a four-storey complex comprising 1 no. Senate Chamber and other offices namely: Vice Chancellor’s Office, Bursary, Registry, Internal Audit, Academic Planning Units, 2 nos. Elevators and mezzanine floor. The contract was awarded to Messrs ENL Consortium Ltd. in May 2009 at a cost of N914.92 million and was expected to have been completed in February 2011, but was extended to December 2014 due to funding constraints.

150. In the 2012 Budget, the sum of N220.69 million was appropriated, of which N17 million was released and utilised in the fourth quarter bringing the total commitment to N90 million to achieve 45% level of completion. However, the sum of N300 million was appropriated in 2013 Budget. Of this amount, N71.83 million was released and utilised in the fourth quarter. This brings total commitment on the project to N161 million as at the end 2013 fiscal year. The project had so far achieved 60% level of completion representing an Improvement of 15% performance over that of 2012.

Findings:

151. At the time of visit, works done include: roofing, internal plastering, electrical piping and hanging/fixing of window and door-frames, while work in progress include: flooring, external plastering, electrical fittings, fixing of doors/windows etc. However, outstanding works are; painting, drainages and landscaping etc.

Picture 20: Ongoing Construction of Administrative Block/Senate Chamber University of Jos.

Socio-economic impact:

152. The team noted that though the project had not been completed, it has generated employment for fifty-five (55) skilled and unskilled workers for the indigenes of the area. It has also boosted socio-economic activities ranging from petty trading to local supplies. Upon completion, the project will provide a more conducive atmosphere for work and would accommodate all the principal officers and their supporting staff.

4.6 POWER SECTOR

153. The main thrust of the Sector is to increase access to power supply, ensure policy sustainability and cost effectiveness. In order to improve power generation, distribution and transmission, Government allocated to the Ministry of Power a total of N73.35 billion in the 2013 budget. Of this amount, N49.21 billion was released and cash backed while N39.55 billion was utilised for the implementation of its capital projects/programmes. The following projects were monitored:

i. ***215 MV Dual Fired LPFO/Gas Power Plant, Kaduna***

154. The project involves the construction and installation of a 215 MV dual fired power plant that utilises low pour fuel oil or natural gas fuel. The scope of work comprises: the procurement of eight (8) Gas turbines and their accessories, 3 no. transformers, 6 no. fuel tanks and a batching machine. Others include: the provision of a substation, warehouse, workshop, control room, Admin block and fencing of the power plant. The contract was awarded to Messrs General Electric/Rockson Engineering Limited in August 2010 at a cost of €156.14 million (off shore) and N3 billion (on shore) with an expected completion date of December 2014.

155. The sum of N5 billion was appropriated in the 2013 Budget as against N1.75 billion in the 2012, representing an increase of N3.3 billion. The sum of N3.4 billion was released and utilised in 2013 compared to N560 million released and utilised in 2012. Whereas C67.58 million (offshore) and N1.12 billion (onshore) had so far been committed to the project since inception to achieve 71% level of completion in 2013, N4.52 billion had been committed to the project as at the end of 2012 to achieve 58% level of completion. The achievement in 2013 represents an increase of 13% over the performance recorded in 2012.

Findings:

156. At the time of monitoring, the substation, construction of the control room, Administrative block, warehouse, supply of 8 no Gas turbines, batching machine, 3 transformers and the fencing of the power plant have been completed. Work in progress include: construction of the base for 6 no. tank farms, gantry foundation, coupling and GT pre alignment, high voltage switch yard equipment foundation, and erection of GT filter house, etc. Outstanding works were erection of the gantry poles, firing of the Gas turbines and evacuation of power from the Gas plant to the industrial cluster in the Kaduna metropolis and the National Grid.

Picture 21: Ongoing realignment of Gas Turbine at 215 MV Dual Fired LPFO/Gas Power Plant, Kaduna

Socio - economic impact:

157. Although the project is still in progress, it had generated employment opportunities to over 109 skilled and unskilled labour, and attracted the development of estates and commercial activities along the project corridors. On completion, the 215 MV generated from the project will be added to 30 MV from Gurara dam to give a total of 245 MV. From this, 120 MV will be used to power the industrial cluster of Kaduna town (e.g. the textile industry) while the balance of 125MV will be evacuated to the Mando substation for transmission to the National Grid.

ii. Ohafia 2x30/40 MVA and 132/33KV Sub-Station, Abia state.

158. This 2x30/40MVA and 132/33KV substation at Ohafia is to provide power to Ohafia and its neighbouring communities of Aro-Ndizougu, Isouchi etc. The contract was awarded to Messrs Union Allied Engineering Ltd at an initial cost of $3.6 million (off-shore) plus N118.82 million (on-shore) in May, 2001 and was expected to have been completed by November 2012. However the contract was revised to $6.2 million (off-shore) plus N428.3 million (on-shore) with a new completion date of March 2014, due to inflation and time lag.

159. In the 2013 Budget, the sum of N669.96 million was appropriated for the project, but there was no release to the project by Federal Ministry of Power. A total of $3.89 million (off-shore) and N226.66 million (on-shore) had so far been committed to the project since inception to achieve a 68% level of completion.

Findings:

160. At the time of monitoring, works completed include: equipment support structure, 2 no. power and auxiliary transformers, staff quarters, control building, gantries and fencing, while control panel, cables, conductors and stringing amongst others were outstanding.

Picture 22: On-going work at Ohafia Sub-station, Abia state.

Socio economic impact:

161. When completed, the project will ameliorate the epileptic power supply in the area. It will further boost socio-economic activities for the people, in line with the transformation agenda of the present administration.

4.7 HEALTH SECTOR

162. The mandate of the Ministry is to provide access to qualitative and affordable health care delivery as well as reduce child mortality and morbidity rate. In order to promote international best practice and meet the target of the millennium development goals, Government allocated a total of N60.047 billion in the 2013 Budget. Of this amount, N34.72 billion was released and cash backed while N33.36 billion was utilised for the implementation of its capital projects/programmes. The following institutions/projects were monitored:

4.7.1 AHMADU BELLO UNIVERSITY TEACHING HOSPITAL, ZARIA

163. The institution had an appropriation of N619.54 million in the 2013 budget. Of this amount, N303.96 million was released, cash backed and utilised for the implementation of its capital projects/programmes as at the end of the fiscal year.

i. ***<u>Rehabilitation of General Hospital, Tudun Wada</u>***

164. The project consists of the rehabilitation of the Special Outpatient Department (SOPD), the Private Outpatient Department (POPD), the General Outpatient Department (GOPD), Wards, the Department of Medicine, Pharmacy and Intensive Care Unit. Others include: rehabilitation of the Mortuary, Admin department, the provision of boreholes and rehabilitation of water board lines and the procurement of a 1,000 KVA generator.

165. The contract was awarded to Messrs El- Hanan Ventures Limited in October 2013 at a cost of N338.015 million, with an expected completion date of March 2014. The sum of N300 million was appropriated in 2013 Budget. Of this amount, N120 million was released and utilised on the project to achieve 35% level of completion.

Findings:

166. At the time of inspection, the rehabilitation of the GOPD, boreholes and water board lines and the procurement of a 1,000 KVA generator had been completed, while work was in progress at the Labour Ward, Intensive Care Unit, Wards 1, 2, 3, 4, and the SOPD. However, it was discovered that the rehabilitation works in Wards 1, 2, 3, 4, and the SOPD were haphazardly carried out and the contractor had demobilized from site.

Picture 23: Rehabilitated GOPD at General Hospital Tudun Wada, ABUTH, Zaria.

Socio - economic impact:

167. Presently, patients have to travel far distances (Zaria Township to Shika) for the treatment of common ailments. The completion of the General hospital will take care of the immediate health needs of the residents of Tudun Wada, Sabo and Zaria city. Thus, Ahmadu Bello University Teaching Hospital Shika will only be used for referral cases. There will be increased socio- economic activities in the areas listed above due to their proximity to the Hospital. There will also be less travel time for patient seetking medical attention.

Recommendation:

168. The management of the hospital should, as a matter of urgency, engage direct the contractor to remobilize to site to expedite work. Otherwise, work done on the project should be evaluated and the contract cancelled and rewarded to a more competent/committed contractor.

4.8. TRANSPORT SECTOR

169. In line with the Ministry's mandate to establish a safe, efficient, affordable and flawless Intermodal transport system for the effective growth and development of the transport sub-sector in the country, Government allocated the sum of N44.52 billion in the 2013 Budget for the implementation of its capital projects/programmes. Of this amount, N23.71 billion was released and cash backed with N19.93 billion being utilised at the end of the fiscal year.

4.8.1 NIGERIAN RAILWAY CORPORATION (NRC) LAGOS.

170. The Corporation was allocated a total of N8.36 billion in the 2013 Budget to implement its capital project/ programme. Of this amount, N3.02 billion was released and cash backed while N2.04 billion was utilised.

i*. *Procurement/Rehabilitation of Wagons, Coaches and Locomotives (Narrow Gauge)

171. The project involves the design, manufacture and supply of two (2) sets of

Diesel Multiple Units (DMUs) trains with an additional six (6) passenger Coaches to be used for the Narrow Gauge Tracks (1067mm). Others are: the rehabilitation of Wagons/Coaches and Locomotives across the various stations in the country.

172. The contract was awarded to Messrs CRSBG & Gate West CCHC in November 2012, at a total cost of N6.50 billion, and was expected to be completed by December, 2013. In the 2013 Budget, the sum of N1.6 billion was appropriated, out of which N953.41 million was released and utilised in the year. A total of N4.84 billion had so far been expended on the project to achieve 85% level of completion.

Findings:

173. At the time of this report, 2 nos. DMU trains with carrying capacity of 554 passengers, plus 6 no of 68 passenger first class coaches, fully Air-conditioned, had been procured and were awaiting commissioning by the Vice President of the Federal Republic. The NRC Management team were in China for finalization of the design, manufacture and supply of 18 nos 4-seater motorised train trolley and 2 nos 16-seater rail buses.

Picture 24: Newly acquired Diesel Multiple Unit (DMU) train and first class coaches awaiting commissioning

Socio-economic impact:

174. The project when completed will increase the patronage of train transportation by 327,552 passengers annually and enhance revenue generation for the government. Currently, the project has reduced the transportation of bulk materials by road and has eased pressure on the highways. Also, it was learnt that, though the stocks were designed and produced in China, the manufacturer

had provided capacity building for 149 NRC staff at their workshop, for effective handling and maintenance of the engines and equipment.

4.8.2 MARITIME ACADEMY, ORON

175. The Institution had an allocation of N1.64 billion in the 2013 budget for the implementation of its capital projects/ programmes. Of this amount, N678 million was released and utilised during the fiscal year, for execution of the following projects:

i. __Development of Boat/Ship Building Yard:__

176. This project is for training of cadets and students on boat building and maintenance. It involves the construction of workshop (for boat building and maintenance), provision of a fire station, slipway for boat yard, shore protection/sand filling, supply of gantry crane and external lighting at boat building yard. Others include: the construction of a windlass, storage tanks for fuel and lubricants, overhead/underground water tank and a borehole.

177. The contract was awarded to Messrs Freenet Global Resources and Messrs Baye-Ebi Nig. Enterprises in December 2011 at a cost of N1.35 billion, with a completion date scheduled for December 2015. In 2013 Budget, the sum of N672.15 million was appropriated, Out of which N42.8 million was released and utilised. A total of N338 million had been committed to the project since inception to achieve a cumulative performance of 25%.

Findings:

178. At the time of this report, the boat building and maintenance workshop, slipway, generator house, over head/underground water tank, two bore holes and the supply of gantry crane had been completed. Other works done were storage tanks for fuel and lubricants and shore protection works. External lightening of the boat shipyard was suspended due to erosion and ongoing works.

Picture 25: Completed Spillway and on-going construction of the boat/ship maintenance workshop at Oron

ii. ***<u>Construction of River Port Oguta</u>***

179. The project is located at Ossemotor in Oguta Local Government area of Imo state. The contract involves the construction of a Quay, transit shed, warehouse, workshop and a fire station. Others are: Administrative building, passenger terminal, water treatment plant (equipped with water treatment facilities) and road networks. The contract was awarded to Messrs Scott Amede Engineering and Power Supply Company in November 2009, at a cost of N2.74 billion and with a completion date earlier scheduled for November 2011. However, the completion date was reviewed to March 2013, due to fund constraints.

180. The sum of N594 million was appropriated in the 2012 budget, out of which N446 million was released and utilised bringing total commitment to N1.96 billion to achieve 78% level of completion. Similarly, N140 million was appropriated in 2013, of which N56 million was released and utilised while N2.011 billion had so far been committed to the project since inception. However there has been a fall in level of completion from 78% to 73%. This represents a decrease of 5% cumulative performance in2012. This decrease in project performance was due to flood which eroded most of the dredged stockpiled river sand at the quay section back into the river while bored piled at the quay section were extended further into the ground.

Findings:

181. At the time of inspection, work done includes: dredging of the proposed wharf, hydraulic and sand filling. Level of completion for other works were: administrative building 95%, police station 95%, customs post 80%, and warehouse 95%. Outstanding works include the completion of quay structures, transit shed, water system and road network. The team observed that, the contractor was not on site at the time of inspection due to fund constraints.

Picture 26: Ongoing stock piled sand filling and Administrative block building at Oguta.

Socio-economic impact:

182. When completed, it will open the hinterland to the coastal ports, provide safe landing facilities for passengers and enhance cargo handling, thereby decongesting other neighbouring ports such as Warri and Calabar. It will also reduce pressure on the highways and create employment opportunities to the youth of the community and its environs.

Challenge:

183. The team was informed that, the topography of the site has been affected by erosion which occurred in 2012, thus necessitating increase in River sand filling at the project site. This led the contractor to apply for an upward review of the contract sum, which is currently being process by the Ministry.

iii. <u>Construction / Completion of Abuja (Idu) Kachia Rail Line</u>

184. The project involves the construction of 186 km of standard gauge rail tracks from Idu (Abuja) to Kaduna. It is to connect the Federal Capital to the main commercial cities of the North-West geo-political zone of the country. The scope

of work includes: design and construction of 25 no. Highway overpass bridges, 7 nos. Box bridges, 204 nos. Culverts, track laying and other related works (including buildings, power supply, communication and signalling) with a subsequent maintenance agreement for five (5) years.

185. The project was awarded to Messrs CCECC Nigeria Ltd. in October 2009, at a cost of $849.75 million (comprising $500 Million from a China EXIM bank loan and $349.75 million from the Government). Actual work commenced in February 2011 and is expected to be completed in December 2014. The sum of N3.87 billion was appropriated in the 2012 budget and the same amount was released and utilised. Thus, a total of N23.97 billion was committed to the project to achieve 40% level of completion in 2012. Similarly, N3.8 billion was appropriated in the 2013 budget, out of which N3.57 billion was released and N3.56 billion was utilised. N27.53 billion had so far been committed to the project to achieve 81.41% level of completion representing an increase of 41.41 performance over the achievement recorded in the previous year.

Findings

186. At the time of this report, works completed include: site clearance, 26 nos. railway and 12 nos. overpass bridges, 206 railway culverts, 330,000 pieces of concrete sleepers and 75.00 km sub-ballast distribution. Works in progress include: installation of T-beams at the Idu major bridge (No.2) and the construction of 21 railway bridges and 4 nos. box and overpass bridges. Others are: laying of about 82.41 km railway track and the construction of 7 nos. Railway Stations.

Picture 27: Completed portion of the Abuja (Idu) Kachia Rail Line around Kuchubun-Asham village

Socio-economic impact:

187. The project, though not completed had generated employment for over 2,000 skilled and unskilled youths of Kaduna, Jere and other neighbouring communities. The company as part of its corporate social responsibility had provided 6 nos. Clinics, built classrooms at schools and rehabilitated community roads. A training centre was established for training programmes on health, safety and maintenance of staff for stable and sustainable jobs. On completion, the project will enhance mass movement of passengers at more affordable rates and reduce pressure and congestion on the highways.

Challenges:

188. There are delays in the resolution of issues relating to the construction of the Overpass and Onex bridges at Kubwa, due to: funds challenges for acquisition of Right of Way (ROW), and delay in the relocation of FCT water Board pipelines at km 4 & km 19.

4.9. AGRICULTURAL SECTOR

189. The mandate of the Sector is to boost agricultural production by providing high quality seeds, food security and sustainability. In order to transform the agricultural subsector, create employment opportunities and improve the overall socio-economic development of the country, the Government allocated a total of N50.65 billion to the Federal Ministry of Agriculture in 2013 budget. Of this amount, N24.99 billion was released and cash backed while N24.91 billion or (99.67%) was utilised for the implementation of its capital projects/programmes. The following projects were monitored:

4.9.1 NATIONAL AGRICULTURAL EXTENSION RESEARCH AND LIAISON SERVICES (NAERLS), ZARIA

190. The Institute had an appropriation of N338.75 million in 2013 Budget. Of this amount, N168.59 million was released, cash backed and utilised for the

implementation of its capital projects/programmes. The following was monitored:

i. Completion of 50 Bedroom Training Hostel for Accommodation of Trainees of ADPs, Farmers and Unemployed Graduates Phase 3.

191. This project was initially conceived as a 50-Bedroom hostel for the accommodation of trainees, farmers and unemployed graduates. It was later redesigned to a 54-Bedroom suite to be used for both official and commercial purposes. The scope of work comprises the provision of a board room, 2 conference halls (100 and 500 seat capacity), business centre, restaurant, laundry and a mosque. Others include: security post, generator and transformer house, interlocking tiles, drainages and landscaping.

192. The sum of N108 million was appropriated in 2013 Budget as against N180 million in 2012. N40.39 million released and utilised in 2013 compared to N80.3 million released and N80.1 million utilised in 2012, representing a decrease of N39.91 million. As at 2012, 27% completion-level had been achieved, however, as at 2013, N159 million had so far been committed to the project to achieve 75% level of completion as at the end of 2013 fiscal year. This represents an increase of 48% performance over the 2012 implementation.

Findings:

193. At the time of monitoring, the 54-bedroom suite had been completed and is fully operational. The outstanding component of the contract is the 500 seat conference hall which was still at DPC level.

Socio - economic impact:

194. The 54 no. suite is currently generating revenue for the institute. It had also provided employment to school leavers, caterers, hotel administrators and labourers, thereby improving the welfare of citizens, especially youths in the area. In addition, the edifice had provided a conducive avenue for hosting visiting researchers, seminars and conferences.

5.0 OBSERVATIONS AND RECOMMENDATION

195. The Budget Office's in conjunction with officers from MDAs, representatives of Mass Media and the Civil Societies Organizations embarked on physical monitoring of capital projects at the end of the fiscal year to assess the quality and impact of MDAs' expenditure. The teams discovered several challenges that slowed down, in some cases, the implementation of projects. Some of these challenges include the following:

- Field project managers are discovered to include additional projects and programmes outside the scope of the contract as a goodwill gesture for the leadership of the host communities and top management staff and therefore leading to higher cost of the project;

- The insertion of constituency projects and greater priority placed to their implementation tends to create distortion in the budget formulation and implementation process. This tends to depart from the focus of the Transformation Agenda;

- Some MDAs are still in the habit of channeling their quarterly releases to projects and programmes that are not in conformity with the vision and mission of the enabling Act establishing them, thereby abusing the privilege of bulk releases;

- MDAs reflect projects and programmes as ongoing where they are not, while conversely forwarding on-going as new projects. This practice tends to create distortion and lack of accountability on their part;

- The international standards of asphalt specification in temperate region like Nigeria is not given due consideration by road construction companies leading to short span of such roads;

- Hasty award of contracts without proper conduct of Environmental Impact Assessment (EIA) often affects the effective execution of projects which in most cases result to compensation issues, sabotage and protests by the host communities;

- The BOF will continue to point out these issues to the MDAs' and work out a way forward by interacting with them regularly, while developing effective project plans and programmes geared towards improving the level of capital budget implementation.

5.1 RECOMMENDATIONS

196. Drawing from the above observations, and the urgent need to correct some projects management practices in the MDAs, the following recommendations are hereby proffered for effective and optimal utilisation of public funds:

- Punitive measures should be taken against MDAs that engage in undesirable project management practices by denying them bulk release of their allocated funds and thus tying it directly to projects;

- Efforts should be intensified at creating and sustaining a robust public enlightenment to sensitize the stakeholders on the presence, use, maintenance and protection of public facilities;

- MDAs should be encouraged to reasonably conduct Environmental Impact Assessment of proposed projects before the award of contracts. This will help to reduce repeated cases of controversies arising from compensation;

- The MDAs should properly prioritize their projects and programmes in view of the nature of releases and concentrate funding on them to avoid cost variations and time lapse.

197. Finally, the Federal Ministry of Finance/Budget Office will continue to foster an environment within which openness, transparency and accountability will thrive to enhance the delivery of dividends of democracy for all Nigerians. But this can only be achieved if MDAs would adopt the right project management practices aimed at excellence in budget implementation.