MANY MILES TO GO

(2013 Federal Capital Budget Report)

CSJ

OSIWA

Centre for Social Justice (CSJ)

(Mainstreaming Social Justice in Public Life)

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By

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LIST OF ABBREVIATION

AIE:	Authority to Incur Expenditure
ARAN:	Automatic Road Analyser
BEME:	Bill of Engineering Measurement
BOF:	Budget Office of the Federation
BBP:	Bureau of Public Procurement
CBN:	Central Bank of Nigeria
CSJ:	Centre for Social Justice
CWP:	Citizens Wealth Platform
DMO:	Debt Management Office
DSC:	Delta Steel Company
ECA:	Excess Crude Account
FERMA:	Federal Road Maintenance Agency
FGN:	Federal Government of Nigeria
FMW:	Federal Ministry of Work
FOIA:	Freedom of Information Act
FRC:	Fiscal Responsibility Commission
GPR:	Ground Penetrating Radar
ICPC:	Independent Corrupt Practices and Other Offences Commission
LGA:	Local Government Area
MDA:	Ministries, Department and Agencies
MOF:	Ministry of Finance
MTEF:	Medium Term Expenditure Framework
MTSS:	Medium Term Sector Strategy
NAPEP:	National Poverty Eradication Programme
NASS:	National Assembly
NSA:	National Security Adviser
NNPC:	Nigerian National Petroleum Corporation
OAGF:	Office of the Accountant General of the Federation
PPA:	Public Procurement Act

PEFA:	Public Expenditure and Financial Accountability
PFM:	Public Finance Management
SURE-P:	Subsidy Reinvestment Empowerment Programme
TOR:	Terms of Reference

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EXECUTIVE SUMMARY

Chapter One is the Introduction. It provides the background and rationale of the work, its terms of reference, scope and methodology and the limitations of the exercise. Chapter Two is on the capital budget and its implementation. It recalls the amount appropriated for capital budget (N1.591trillion) and the Subsidy Reinvestment and Empowerment Programme ([SURE-P] in the sum of N273.5billion). It reviewed budget implementation reports from the Budget Office of the Federation, from the first to the fourth quarter of the year and the actual level of capital budget implementation. It notes the challenges associated with capital supplementation and constituency projects.

Chapter Three is about reports from the field visits and desk research. It traversed the ministries of works, water resources, power, transport, health, education, aviation, women affairs, youths and NAPEP. The bulk of the projects monitored were federal roads including the Abuja-Lokoja, East-West, Enugu-Port Harcourt, Enugu-Onitsha, Lagos –Ibadan and parts of the Apapa-Oshodi raod. In water resources, the report covered the Ogbia regional water project in Bayelsa, Adada river dam in Enugu, Kaltungo earth dam and the Cham Cham dam. Other projects monitored include the Bauchi airport as well as the channelization of Oguta Lake.

The 2013 capital budget was 60.91% implemented while SURE-P was implemented to the level of 66.44%. The findings include the fact that available resources were too thinly spread across so many projects resulting in time and cost overruns in many of the projects. It was clear that projects were not prioritized and put in the budget based on the prioritization exercise. Hardly was any project been completed on schedule. The fiscal authorities often complained of lack of funds to fund the capital budget. This is the result of overtly optimistic revenue projections which have failed to materialize year after year.

In some instances, projects were poorly designed and awarded without attending to preliminary issues including soil tests, land acquisition, etc. Some contractors appeared to be handling too many projects when compared to their human and material resource capacities. The costing of some projects was grossly underestimated while other appeared to be over-invoiced. Poor procurement planning led to late award of contracts, sometimes less than four months to the end of the fiscal year. This also increased implementation delays. Further, FGN budgets lack effective monitoring and evaluation frameworks and there is hardly a systemic learning from the best in class through benchmarking. MDAs did not have the appropriate scientific and technical tools to determine the exact quality of works and construction especially in the road sector.

On the back of the above findings, the report made the following recommendations.

(1). It is imperative to revive best practices and the inclusive system of preparing Medium Term Sector Strategies which will feed into the Medium Term Expenditure Framework. Stakeholders including MDA personnel, representatives of legislative oversight committees, organised private sector, academia and civil society groups should be involved in the preparation of the MTSS, including the prioritisation of projects based on high level policy documents.

(2). MTEFs prepared by the executive for approval by NASS should come with indicative sectoral envelopes to enable NASS properly consider the priorities and arrive at a decision.

(3). Each MDA should maintain and update on a yearly basis a register of ongoing projects. This will give a quick dash board view of ongoing projects, their cost, implementation schedule, purpose and benefits, etc. This will help the MDAs avoid duplication and spreading the resources of the MDA too thinly. Such register should also be made available on the website of the MDA for public view.

(4). Revenue projections in our budgets should be realistic, based on empirical evidence and not overtly optimistic. Through this approach, the deviation between the budgeted revenue and the actual revenue accruals will be minimized and capital budget projection will be more realistic.

(5). Budgets should contain only projects that can be realistically funded from available resources. The idea of spreading resources too thin on so many projects leads to waste and inefficiency.

(6). FGN should consider a moratorium on the initiation of new capital projects to be funded from the regular budget for a period of four years or pending when over 70% of existing projects will be completed.

(7). FGN should explore the idea of public private partnerships for the funding of capital projects especially projects that are bankable. Nigerians are desirous of investing in special purpose vehicles floated on the stock exchange to raise funds for specific projects. Projects can also be funded with infrastructure bonds managed transparently.

(8). The MOF/BOF in collaboration with the National Planning Commission should devise an actionable Monitoring and Evaluation Template for use across the MDAs in the budgeting process. This would enable lessons to be drawn from the monitoring exercise and best practices replicated, leading to improvements in the budgeting system on a yearly basis.

(9). The MOF/BOF and National Planning Commission should also consider a yearly benchmarking exercise across federal MDAs so that interactions and learning from the best in class can occur on a regular basis.

(10). Projects approved in the MTEF should be fully prepared through relevant studies, tests, approvals and acquisitions before including the final execution part in the annual budget.

(11). Sound procurement planning should lead to early contract awards so that projects can be implemented within the fiscal year.

(12). Realistic time frames should be used in project contracts and monies should be released by MDAs to contractors and service providers as at when due to avoid time overruns.

(13). Requests for cost variations should be properly reviewed to avoid over-invoicing of projects. This should involve collaboration between the executive and the legislature.

(14). MDAs should take inventory and cognisance of contracts already awarded and being executed by bidders and contractors before arriving at the decision to award more contracts. Overloading a contractor with contracts beyond its capacity contributes to delays in project execution.

(15). Contractors who do shoddy and poor quality jobs should be made to deliver on the expected quality and where they cannot remedy the situation, be punished in accordance with the provisions of the Public Procurement Act, 2007. The Bureau of Public Procurement should take up this challenge.

(16). Contractors who deliberately underestimate the cost of projects to gain an undue advantage and win the bid should be relieved of the job and punished in accordance with the provisions of the PPA. The Bureau of Public Procurement should also take up this challenge.

(17). MDAs should insist on the use of open competitive bidding for major capital budget procurements.

(18). The Ministry of Works and other MDAs need to acquire appropriate technical and scientific devices to monitor the quality of work done by contractors. In this context, the procurement and use of the Automatic Road Analyser is imperative for the Ministry of Works.

Chapter One

INTRODUCTION

1.1 Background and Rationale

The implementation of budgets and the realisation of budgetary goals and objectives are at the core of the enhancement of service delivery, realisation of economic and social rights, the reduction of poverty and the improvement of the human condition. Budgets are made as laws which should be implemented to the letter except there are genuine circumstances justifying their non-implementation. However, over the years, budget implementation has failed to keep pace with the lofty goals and provisions of federal budgets and thereby denied citizens enhanced standard of living.

Monitoring is an integral part of the processes of every successful public or private organisation. To monitor the budget involves watching, observing, checking, tracking and documenting budgetary developments over a period of time, within the financial year, in order to use the information garnered to effect changes to improve future performance[1]. Nigerian federal budgets have not been accompanied by a practical monitoring plan to help Ministries, Departments and Agencies (MDAs), the Budget Office of the Federation (BOF), the Planning Commission, CSOs and other stakeholders to track and monitor the performance of the federal budget especially, the capital investments. A practical monitoring template and plan facilitates the drawing of lessons so that monitoring results can help improve future budget implementation. Although, the BOF and the Ministry of Finance have obligations under S.30 of the Fiscal Responsibility Act (FRA) to monitor and evaluate the implementation of the annual budget and publish reports thereon[2] on a quarterly basis, there is no evidence of lessons being drawn from the monitoring exercise to improve future budget preparation and implementation. Thus, every year, the same mistakes and misdemeanours are repeated by implementing agencies.

A new budget is passed into law without the benefit of an evaluation of how far the last year's budget was implemented; whether its objectives were realised and learning from its successes and failures. The result is that accounting officers and programme managers cannot be held liable for programme failure or receive due recognition for the success of their programmes. Thus, best practices worthy of replication are lost, while important lessons from failures are not learnt. Considering the goals of the MDGs and the prevalent idea of a knowledge based budgeting system and process, it is imperative that monitoring and evaluation be mainstreamed in federal budgets. This is the background that informs the

[1] Oxford Advanced learners Dictionary of Current English, Sixth edition at page 758.
[2] *"The Minister of Finance through the Budget office of the Federation shall monitor and evaluate the implementation of the annual budget, assess the attainment of fiscal targets and report thereon on a quarterly basis to the Fiscal Responsibility Commission and the Joint Finance Committees of the National Assembly".*

2013 budget monitoring and reporting exercise.

For several years, capital budget performance in Nigeria has remained very unimpressive. Over time, the average capital budget implementation hovers around 50 per cent despite the fact that the capital votes of our national budget hardly exceeds 30 per cent of the budget. This low level of budget implementation has become a major constraint on economic growth and development. Without effective capital budget implementation, the expected results will not be realized no matter how well-designed a budget appears. As such, effective budget implementation is the needed elixir to address the myriad of developmental challenges facing the country as an effectively implemented capital budget strengthens the macroeconomic outlook and supports sustainable development. Public budgets are key fiscal documents affecting people's lives. From the provision of essential services such as health and education, to clean water and decent shelter, power and other infrastructure, the budget reflects government's goals and priorities. For instance, the quantum of resources dedicated to infrastructural development and actual expenditure of the dedicated resources to implement the projects are indicative of genuine commitment to development.

CSJ and its colleagues in the Citizens Wealth Platform (CWP) have done this independent budget monitoring and reporting exercise to document the level of implementation of 2013 federal budget capital projects. Ultimately, budget implementation is an objective tool to assess the level of performance of any government. This is particularly helpful since the Goodluck Jonathan Administration has repeatedly expressed the need for Nigerians interested in assessing the present government to do so within the context of objective criteria. And since budget remains the principal fiscal policy instrument setting out the macroeconomic goals and targets for a fiscal year, it is very imperative to base any objective assessment of government performance on the extent of annual budget implementation and its impact on the people over time. Thus, the main rationale which is to ascertain the level of performance of the FGN 2013 capital budget is reflective of CWP's goal of ensuring that public resources are made to work and be of benefit to the generality of the people. By analysing the contours of the 2013 Appropriation's capital outturn, the CWP largely interrogates the following concerns:

- What are Nigerians getting in return for billions of Naira allocated to MDAs for capital spending in 2013?
- What are the tangible outcomes from the implementation of the Appropriation Act, not just the amounts spent?
- Are the projects appropriated in the budget really existing or in the imagination of the authors of the Act?

- What is the state of progress of the projects being implemented through the 2013 capital budget: Whether work is on-going, completed, abandoned or has not started at all
- Who are the beneficiaries and will the intended impact materialise at the end of the day?
- Summarily, are we getting value for money from capital budget implementation?

Budgets are essentially evaluated by the impact of its successful implementation on the people. Therefore, the foregoing questions facilitate the emergence of a clearer picture of the extent of budgetary outcomes. According to the Public Expenditure and Financial Accountability (PEFA, 2011) Framework, a good budget contributes to three levels of budgetary outcomes; aggregate fiscal discipline, strategic resource allocation, and efficient service delivery. Hence, these public finance management (PFM) performance criteria will inter alia guide our assessment of the implementation of the capital components of the 2013 Appropriation Act.

1.2 Terms of Reference

CWP undertook monitoring and reporting on capital budget implementation like a diagnosis which seeks to find out where the real and most urgent problems of the capital budget implementation system lie. The advantage of this diagnostic approach is that it is vital to have an understanding of the factors driving poor capital budgetary outcomes before arriving at conclusions and recommendations. The specific Terms of Reference (TOR) for this monitoring and reporting exercise were to:

- Ascertain the extent of the implementation of the 2013 capital budget in the light of available resources;
- Ascertain the cost, time frame and any other technical schedules for the implementation of selected capital projects and any deviations therefrom;
- Ascertain the level of community involvement and participation in project identification and design;
- Review selected capital projects from the perspectives of value for money, transparency and accountability, fitness of purpose, timelines, etc
- Review official monitoring and evaluation reports;
- Review the challenges, opportunities and lessons to be drawn from the 2013 capital budget implementation exercise;
- Make recommendations for the improvement of budgeting and capital budget implementation.

1.3 Scope and Methodology

The monitoring was designed to provide answers and to respond to the issues - *"hows", "whats", "whys"* and *"whens"* about the 2013 capital budget. What is FGN actually implementing as capital projects? How is the implementation proceeding? Why is success or failure being recorded? Will the budget be fully implemented? When will the expected budget outcomes materialise? The monitoring employed two basic approaches in conducting the exercise. The first was the desk review of all relevant documents on 2013 capital projects contained in the Appropriation Act. The data for the desk review were sourced from the BOF, Ministry of Finance, Central Bank of Nigeria (CBN), National Assembly (NASS), National Planning Commission and other credible sources. According to the BOF[3], the financial data for its reviews are mainly sourced from five agencies on monthly and quarterly basis to wit: Office of the Accountant-General of the Federation (OAGF), Nigerian National Petroleum Corporation (NNPC), Federal Inland Revenue Service (FIRS), Debt Management Office (DMO), and the CBN.

The second approach was the physical inspection or field visits to all selected project sites. For the field visits, a number of capital projects were selected for physical inspection in various geopolitical zones of the country. A monitoring template was also developed to obtain data from the locations. The template was used to source information to determine the state of works, progress at site, whether on-going, completed, and functional as well as beneficiary awareness and impact. Monitoring sought to match inputs with outputs and whether best practices have been deployed for the implementation of the projects. Pictorial evidence was also collected. Essentially, the monitoring exercise covered selected projects in roads, bridges, health, education and other infrastructure across the six geopolitical zones of the country. The reports of the monitoring exercise were collated, documented and became the basis of this report.

1.4 Limitations of the Exercise

The major limitation of the exercise was the unwillingness of some of the project staff of some government ministries and contractors to divulge information about the selected projects. The official attitude to, and mindset about providing information to the public is yet to be changed by the provisions of the Freedom of Information Act. Official requests for information under the FOIA are also deemed adversarial and attracts arms length engagement by MDA officials. Information, such as amount of money so far released to contractors or released to the ministry, but not yet paid over to the contractors and service providers and exact project scope were difficult to obtain in some of the projects if these facts were not already published by the Bureau of Public Procurement (BPP) or the BOF.

[3] Presentations on the 2013 Budget from the website of the BOF; *www.budgetoffice.gov.ng/*

Chapter Two

THE 2013 CAPITAL BUDGET AND ITS IMPLEMENTATION

2.1 Overview of the 2013 Capital Budget

In 2013, the first Appropriation Act had a total capital expenditure of N1,621,477,655,252 (N1.621trillion). However, the executive sought an amendment to the budget and thereafter the amended budget had a capital vote of N1.591trillion. A further sum of N273.5billion was allocated to the Subsidy Reinvestment Empowerment Programme (SURE-P) bringing the total for capital expenditure to N1.865trillion. The capital vote without SURE-P amounts to 31.9% of the budget; but when SURE-P is included, the capital vote increases to 35.5% of overall expenditure. The Appropriation Act and its subsequent amendment introduced some level of uncertainty as to the actual content of the budget and reporting on its implementation.

According to the First Quarter Budget Implementation Report, 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[4]. The breakdown of the capital budget for MDAs in 2013 is as shown in Table 1.

Table 1: Breakdown of the Capital Budget for MDAs in 2013

2013 Amended Appropriated Budget		
MDAs	**Capital Expenditure (N)**	**CAPTIAL EXP OF MDAs AS % OF TOTAL MDAs CAP**
EDUCATION	71,230,438,355	6.80
DEFENCE/MOD/ARMY/AIR FORCE/NAVY	59,251,900,000	5.66
POLICE FORMATION AND COMMANDS	14,096,000,000	1.35
HEALTH	60,047,469,275	5.73
WORKS	164,661,148,188	15.72
INTERIOR	11,431,540,679	1.09
OFFICE OF THE NATIONAL SECURITY ADVISER	50,000,000,000	4.77
WATER RESOURCES	80,306,966,365	7.67
YOUTH DEVELOPMENT	8,067,100,000	0.77
AGRICULTURE & RURAL DEVELOPMENT	50,727,871,428	4.84
OFFICE OF THE SECRETARY TO THE	32,591,731,529	3.11

4 At page 27, First Quarter Budget Implementation Report.

GOVERNMENT OF THE FEDERATION (SGF)		
POWER	73,347,958,463	7.00
FOREIGN AFFAIRS	24,161,948,470	2.31
NIGER-DELTA	62,399,922,222	5.96
PETROLEUM RESOURCES	8,576,900,000	0.82
FEDERAL CAPITAL TERRITORY	56,600,000,000	5.40
AVIATION	48,360,000,000	4.62
TRANSPORT	44,527,673,725	4.25
SCIENCE AND TECHNOLOGY	16,346,250,059	1.56
PRESIDENCY	13,321,000,000	1.27
LANDS & HOUSING	26,597,813,593	2.54
INFORMATION	5,832,492,294	0.56
ENVIRONMENT	13,455,803,055	1.28
CULTURE & NOA	5,145,500,000	0.49
JUSTICE	1,510,801,961	0.14
TRADE AND INVESTMENT	7,926,056,834	0.76
COMMUNICATION TECHNOLOGY	5,728,133,573	0.55
FINANCE	3,523,615,980	0.34
MINES & STEEL DEVELOPMENT	3,380,000,000	0.32
OFFICE OF THE HEAD OF SERVICE OF THE FEDERATION	5,700,275,000	0.54
LABOUR AND PRODUCTIVITY	4,325,166,666	0.41
POLICE AFFAIRS	4,425,000,000	0.42
NATIONAL SPORTS COMMISSION	2,013,000,000	0.19
NATIONAL PLANNING COMMISSION	2,800,000,000	0.27
WOMEN AFFAIRS	3,891,000,000	0.37
INDEPENDENT CORRUPT PRACTICES AND OTHER RELATED OFFENCES COMMISSION	160,000,000	0.02
AUDITOR-GENERAL FOR THE FEDERATION	647,620,000	0.06
NATIONAL SALARIES, INCOMES & WAGES COMMISSION	250,000,000	0.02
INFRASTUCTURAL CONCESSION REGULATORY COMMISSION	60,000,000	0.01
FISCAL RESPONSIBILITY COMMISSION	70,000,000	0.01
SPECIAL DUTIES	200,000,000	0.02
Total MDA Capital Expenditure	**1,047,696,097,714**	100
FEDERAL EXECUTIVE BODIES		
NATIONAL POPULATIN COMMISSION	1,500,000,000	
CODE OF CONDUCT BUREAU	1,500,000,096	
CODE OF CONDUCT TRIBUNAL	80,000,000	
PUBLIC COMPLAINT COMMISSION	2,325,460,199	
REVENUE MOBILIZATION ALLOCATION A& FISCAL COMMISSION	1,890,000,000	
FEDERAL CIVIL SERVICE COMMISSION 3	380,000,000	
POLICE SERVICE COMMISSION	1,470,000,000	
FEDERAL CHARACTER COMMISSION	70,000,000	
SUB-TOTAL: FEDERAL EXECUTIVE BODIES	**9,215,460,295**	
CAPITAL SUPPLEMENTATION		
TOTAL ALLOCATION:		

ADJUSTMENT TO CAPITAL COSTS	4,600,000,000	
VIABILITY GAP FUND – PPP	4,500,000,000	
JOB CREATION	15,000,000,000	
COUNTERPART FUNDING INCLUDING GLOBAL FUND/HEALTH	4,800,000,000	
ARREARS OF COUNTERPART FUNDING	2,420,000,000	
MULTI YEAR TARIFF ORDER	19,500,000,000	
PHASE I: PROGRAMM AND PROJECT PORTFOLIO MANAGEMENT FOR PILOT MDAs	500,000,000	
QUICK WINS - COMPLETION OF 2008 & 2009 PROJECTS	1, 700,000,000	
CONDITIONAL GRANTS AND SOCIAL SAFETY NETS (MDGS)	67,000,000,000	
SUPPORT TO UNDP MILLENIUM CAMPAIGN PROGRAMME NIGERIA IN AFRICA/AFRICAN PARLIMENTARIAN PROGRAMME	400,000,000	
2011 AND 2012 M&E	3,450,000,000	
CONSULTANCY, SURVEY AND SHORT TERM STUDIES	863,000,000	
COMMUNICATIONS AND ADVOCACY	860,000,000	
MDGs SPECIAL PROJECTS	8,100,000,000	
SPECIAL INTERVENTION MDG 1	13,455,000,000	
SPECIAL INTERVENTION MDG 2	10,800,000,000	
PAYMENT OF LOCAL CONTRACTORS' DEBTS	38,000,000,000	
POLICE REFORMS FUND (SHARE OF FGN)	20,000,000,000	
BANK OF AGRICULTURE	500,000,000	
NIGERIAN EXPORT - IMPORT BANK - SHARE OF EQUITY	1,500,000,000	
SINKING FUND FOR INFRASTRUCTURAL DEVELOPMENT	57,000,000,000	
LANDS AND HOUSING (2010 OUTSTANDING LIABILITIES)	12,000,000,000	
SPORTS DEVELOPMENT	3,000,000,000	
ENERGY COMMISSION OF NIGERIA (2010 OUTSTANDING LIABILITIES)	8,000,000,000	
PHCN PRIVATISATION	45,000,000,000	
FUNDING OF GALAXY BACKBONE INFRASTRUCTURE	4,000,000,000	
NELMCO	13,000,000,000	
BULK TRADERS	14,000,000,000	
CAPITAL DEVELOPMENT OF NATIONAL INSTITUTE FOR LEGISLATIVE STUDIES (NILS)	5,000,000,000	
COURT SECURITY PROGRAMME	5,000,000,000	
STRENGTHENING OF CAPACITY OF OSA OF PRESIDENT ON NASS	200,000,000	
NEW NIGERIAN NEWSPAPERS LIABILITY	850,000,000	
REFUND TO STATES FOR FEDERAL ROAD PROJECTS	20,000,000,000	
SPECIAL INITIATIVE FOR WOMEN	3,000,000,000	

PARTICIPATION IN AGRICULTURE, WATER, SPORT, COMMUNICATION TECHNOLOGY ETC.		
ACTIVIATION OF NIGERIAN AIRFORCE C - 130 AIRCRAFT - (NAF 913) AND (NAF 197)	9,000,000,000	
PAYMENT FOR MATURING DOMESTIC BONDS	75,000,000,000	
SINKING FUND FOR RETIRING FUTURE MATURED BONDS	25,000,000,000	
GAS REVOLUTION INITIATIVE: DREDGING OF ESCRAVOS RIVER	8,000,000,000	
GIFMIS CAPITAL	1,000,000,000	
BANK OF INDUSTRY	1,500,000,000	
IPPIS CAPITAL	1,500,000,000	
2011 ELECTION VIOLENCE AND CIVIL DISTURBANCES (DAMAGE DONE TO PUBLIC PROPERTIES AND PLACES OF WORSHIP)	5,747,694,780	
TOTAL - CAPITAL SUPPLEMENTATION	**534,745,694,780**	
TOTAL CAPITAL EXPENDITURE	**1,591,657,252,789**	
SURE –P	**273,522,000**	
TOTAL	**1,865,179,789**	

Source: 2013 Budget, Budget Office of the Federation

The presentation of the capital budget made provisions for capital supplementation up to the amount of N534.7billion. A good number of projects under this heading are stated in a way that makes them extremely difficult to track and monitor. Some of the items under capital supplementation could have been properly provided under the votes of specific MDAs. For instance, police reform funds should be managed by the Police and MDG funds by the MDG office. The reported abuse of capital supplementation and Service Wide Votes moved the Oronsaye Committee to recommend that MDAs be allowed to manage all votes pertaining to their activities including capital supplementation [5].

The N100billion funds provided in the budget before the amendment for constituency projects of National Assembly members seems to have been reclassified and disappeared into the MDA capita votes. However, providing N100billion for constituency projects selected by legislators may not be the right way to improve the living conditions of constituents of the legislators. Some of the projects that have been presented as constituency projects are clearly not within the purview of the legislative powers of FGN. When FGN, in the name of constituency projects, begins to get involved in the construction of town halls, street light, rural feeder roads, water boreholes, etc, one begins to wonder what states and local governments should be

[5] The Oronsaye Committee was set up by FGN to recommend actions for the reduction of the cost of governance.

investing upon. In many instances, some of the projects are not properly planned and executed leading to waste of scarce resources.

2.2 Capital Budget Implementation in 2013: The Expectation

The 2013 budget was presented to the National Assembly on 10 October 2012 and was passed by NASS on 20th December 2012. This was the first time in so many years that the annual budget will be ready for implementation by the first of January of the budget year. With the poor rate of capital budget implementation in 2012; virtually zero implementation in its first quarter and an aggregate utilisation rate of 51.23% of the entire capital appropriation. The expectation was that since the 2013 was enacted early, the implementation and utilisation of the capital vote would be greatly enhanced. Planning for procurements was to start early and timely disbursement of appropriated funds was expected to improve implementation. The quarter by quarter analysis presents the actual picture of implementation in 2013.

2.3 In the First Quarter

The implementation of the capital vote in the first quarter was disappointing. The First Quarter Budget Implementation Report on MDAs' Capital Vote Utilisation reports thus:

> *"A breakdown of the data from the Office of the Accountant General of the Federation (OAGF) revealed that as at 31st March, 2013, a total of N335.95billion had been released through the First Quarter Development Capital Warrant of N207.9billion and Authority to Incur Expenditure (AIEs) of N128.04billion for the implementation of MDAs capital projects/programmes as contained in the 2013 Appropriation Act. Of this amount, a total of N335.63billion (or 99.9%) of the total releases was cash backed.*

Despite the releases and cash backing for the capital projects, the funds were not utilised in the first quarter. The Budget Implementation Report puts the excuse as follows:

> *It should be noted that the First Quarter Capital Warrant was released while waiting for the conclusion and approval by the National Assembly of the 2013 Amended Budget submitted to it by the Mr. President following the reconciliations reached by both parties on the earlier submitted and approved 2013 Budget….*
>
> *Due to the short fall in projected revenue inflow and other demands for the limited resources available to the government, the first quarter of 2013 Capital Development Warrant was released around the middle of*

March 2013 and the cash backing was done almost immediately. However, due to the public holiday for the 2013 Easter celebration, MDAs could not access and utilise their allocations before the end of the quarter. As such, no capital utilisation was made within the first quarter of 2013.

The apologies for the failure to release money on time leading to MDAs not utilising a kobo from the released sum is clearly a failure of governance. The fact that the budget was ready for implementation on January 1 2013 and the "no show" in the first quarter raises so many posers. Why was the capital development warrant not released in January or February? If there was a funding shortage, why did the Budget Office not release the available funds even if it is not the full capital vote for the quarter? The sum of N606.12 billion was withdrawn from the Excess Crude Account in the first quarter of 2013 for sharing by the three tiers of government to augment available funding in view of the shortage of funds. This withdrawal from ECA pulls the rug from whatever excuses the fiscal authorities have for delaying the commencement of capital budget implementation.

Of the N273.5billion budgeted for SURE-P for capital and social programmes, a total of N137.55billion (or 50.29%) of the appropriated sum was released as at 31st March, 2013 while N38.3 billion (or 27.84%) of the released amount was utilised as at 31st March, 2013. Though the first quarter report noted that physical project monitoring exercise was carried out by the personnel of the BOF and other stakeholders, findings from field visits were not reported in the First Quarter Report; except the promises to present the report in subsequent budget reports for the year. Evidently, since no money was spent from the 2013 budget, the projects executed in the first quarter must be carryover projects from the previous year.

2.4 In the Second Quarter

The Second Quarter Budget Implementation Report states as follows:

"Data from the Office of the Accountant General of the Federation (OAGF) reveals that as at 30th June, 2013, a total of N565.66billion had been released through the First Quarter Development Capital Warrant of N207.9billion, Second Quarter Development Capital Warrant of N140.29billion and Authority to Incur Expenditure (AIEs) of N217.46billion for the implementation of MDAs capital projects/programmes as contained in the 2013 Appropriation Act. Of this amount, a total of N535.55billion (or 94.68%) of the total releases was cash backed....The data also shows that N396.83billion (or

74.1%) of the total amount cash-backed had been utilised by MDAs as at 30th June 2013.

An analysis of forty-nine (49) MDAs reported upon by the Office of the Accountant General of the Federation (OAGF) reveals different levels of utilisation among the MDAs. Eight (or 16.33%) of the MDAs including: Presidency, Health, Justice, Power, Niger Delta, Office of the National Security Adviser, Special Duties and Code of Conduct Tribunal had utilised more than the overall average utilisation rate of 74.1% of the amount cash-backed. Three out of these, including Justice, Power and Special Duties had utilised over 80% of their respective cash-backed funds.

While the report discusses the percentages of utilisation against released and cash-backed sums, the crucial fact hidden by the official report is the sum utilised as a percentage of the total capital vote. N396.83billion as a fraction of N1,621billion gives only 24.5% utilisation rate at the end of the Second Quarter. By all standards, this is a poor implementation record. From the SURE-P vote, a total of N182.55 billion (or 66.75%) of the appropriated sum (N273.5 billion) was released while N67.78 billion (or 37.13%) of the released amount was utilised as at 30th June, 2013. When the utilised sum is compared to the N273.5billion overall SURE-P vote, the utilisation rate comes down to 24.8%.

2.5 In the Third Quarter of 2013

According to the Third Quarter Budget Implementation Report of 2013:

"Data from the OAGF reveals that as at 30th September, 2013, a total of N807.87 billion had been released and cash-backed through the First Quarter Development Capital Warrant of N210.48billion, Second Quarter Development Capital Warrant of N168.27billion, Third Quarter Development Capital Warrant of N147.33billion and Authority to Incur Expenditure (AIEs) of N281.78billion for the implementation of MDAs capital projects/programmes as contained in the 2013 Appropriation Act. 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. The data also show that N545.87billion (or 67.57%) of the total amount cash-backed had been utilised by MDAs as at 30th September 2013".

Table 2 below shows a sample of MDAs Capital Budget Utilisation by September 30th.

Table 2: A Sample of MDAs' Capital budget Utilization (As at 30th Sept, 2013)

MDAs	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization			
	N	N	N	N	As A % Of Annual Capital Appropriation	As A % Of Cash Backed	As A % Of Budgetary Releases
Power	73,347,958,463.000	39,162,517,048.000	39,162,517,048.000	16,884,838,682.000	**23.02**	**43.11**	**43.11**
Transportation	44,527,673,725.000	19,575,445,044.000	19,575,445,044.000	9,022,995,694.000	**20.26**	**46.09**	**46.09**
Health	60,047,469,275.000	28,838,439,775.000	28,838,439,775.000	19,108,867,982.000	**31.82**	**66.26**	**66.26**
Agriculture	50,727,871,428.000	20,419,251,358.000	20,419,251,358.000	11,938,302,349.000	**23.53**	**58.47**	**58.47**
Water Resource	80,306,966,365.000	26,862,139,301.000	26,862,139,301.000	15,536,278,736.000	**19.35**	**57.84**	**57.84**
Education	71,230,438,355.000	29,870,164,921.000	29,870,164,921.000	15,940,847,953.000	**22.38**	**53.37**	**53.37**
Works	164,661,148,188.000	63,593,280,261.000	63,593,280,261.000	44,487,966,309.000	**27.02**	**69.96**	**69.96**
Niger Delta	62,399,922,222.000	25,563,253,618.000	25,563,253,618.000	18,692,383,982.000	**29.96**	**73.12**	**73.12**
FCTA	56,600,000,000.000	23,799,218,838.000	23,799,218,838.000	16,532,213,570.000	**29.21**	**69.47**	**69.47**
Police Formation Command	14,096,000,000.000	6,822,113,291.000	6,822,113,291.000	3,805,852,375.000	**27.00**	**55.79**	**55.79**
Total Average Utilization (By All MDAs)					**34.30**	**67.57**	**67.57**

Source: 3rd Qtr BIR; OAGF and BOF

By the end of September, only 34.3% of the appropriated capital budget was utilised by MDAs. This is unreasonably low and does not show any seriousness on the part of government and the implementing ministries. In the third quarter of 2013, N227.55 billion (or 83.2%) of the appropriated N273.5billion for SURE-P was released while N119.65 billion (or 52.58%) of the released amount was utilised as at 30th September, 2013. That is, as at September 2013, only 43.7% of the appropriated SURE-P vote had been utilised for project implementation.

2.6 In the Fourth Quarter and Year End 2013

According to the Fourth and final Quarter Budget Implementation Report which is further illustrated in Table 3:

> *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 billion of the total releases had been cash-backed... The data also show that N968.93 billion (or 96.5%) of the total amount cash-backed had been utilised by MDAs as at 31st 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 utilisation 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 utilised more than the overall average utilisation 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 utilised 100% of their respective cash-backed fund.

The utilisation 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 utilised above 70% of their cash-backed funds. Only three (or 6%) of MDAs including Labour & Productivity, Petroleum and Environment had a utilisation rate of less than 70%.

Table 3: A Sample of MDAs' Capital Budget Utilization (as at 31st Dec. 2013)

MDAs	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization			
	N	N	N	N	As A % Of Annual Capital Appropriation	As A % Of Cash Backed	As A % Of Budgetary Releases
Power	73,347,958,463.000	49,213,422,043.000	49,213,422,043.000	39,554,121,008.000	53.93	80.37	80.37
Transportation	44,527,673,725.000	23,713,533,190.000	23,713,533,190.000	19,938,710,474.000	44.78	84.08	84.08
Health	60,047,469,275.000	34,782,507,784.000	34,782,507,784.000	33,359,500,815.000	55.56	95.91	95.91
Agriculture	50,647,871,428.000	24,992,961,700.000	24,992,961,700.000	24,909,327,595.000	49.18	99.67	99.67
Water Resource	80,306,966,365.000	31,442,600,742.000	31,442,600,742.000	30,018,286,270.000	37.38	95.47	95.47
Education	71,230,438,355.000	36,166,262,144.000	36,166,262,144.000	34,049,550,059.000	47.80	94.15	94.15
Works	164,661,148,188.000	79,861,150,924.000	79,861,150,924.000	73,017,174,665.000	44.34	91.43	91.43
Niger Delta	62,399,922,222.000	30,910,107,763.000	30,910,107,763.000	30,266,407,856.000	48.50	97.92	97.92
FCTA	56,600,000,000.000	32,975,289,501.000	32,975,289,501.000	32,954,479,161.000	58.22	99.94	99.94
Police Formation Command	14,096,000,000.000	8,013,974,530.000	8,013,974,530.000	8,013,948,531.000	56.85	100.00	100.00
Total Average Utilization (By All MDAs)					60.91	96.50	96.11

BOF: Fourth Quarter Budget implementation Report

By the end of the 2013 calendar year, 60.91% of the appropriated capital sum has been utilised. This suggests that between the end of September and December, about 26.6% of the appropriated sum was utilised. This is a bit curious considering that average utilisation over the first three quarters was not impressive. However, 60.91% capital budget implementation in a year when the budget was enacted early is a poor performance.

By the end of the fourth quarter of 2013, of the N273.5billion budgeted for SURE-P, a total of N272.55billion (or 99.65%) of the appropriated sum was released while N181.09 billion (or 66.44%) of the released amount was utilised. The actual performance vis-a-vis the overall SURE-P vote was 66.21%. This was a very poor performance considering that the resources were available and there was no shortage of funding.

Chapter Three

REPORTS FROM THE DESK AND THE FIELD

3.1 Introduction

The reports from the desk and the field were filed by monitors who visited the project sites after the desk research on the projects. They sought to find out whether the information from the desk research matched the actual project in the field; extent of implementation, community participation and knowledge of the projects and issues about value for money and fitness of purpose. The returns are detailed in this Chapter.

3.2 MINISTRY OF WORKS

3.2.1 Abuja-Lokoja Road

This road project commenced in 2006 and eight years thereafter in 2014, the road is yet to be completed and work is still ongoing. Table 4 below gives the financial and other information on the road project as reported in the SURE-P progress report by the SURE-P Secretary in July 2013.

Table 4: Financial and other Information on the Abuja – Lokoja (Section I-IV)

	Section I (42km) Contract 5862 awarded to Dantata & Sawoe Construction Co. Ltd on 18th July 2006; originally scheduled for completion on the 2nd Feb 2009, shifted to 24th April 2014.	Section II (54.7km) Contract 5863 awarded to Reynolds Construction Company (Nig). Ltd on July 2006[6], originally scheduled for completion on 2nd February 2009, revised to 20th April 2014.	Section III (49km) Contract 5884 awarded to Bulletine Construction Co Ltd on Sept 2006[7], originally scheduled for completion on 11th April 2009, revised to 12 March 2014.	Section IV (50.1km) Contract 5885 awarded to Gitto Construzioni General Ltd on Sept 2006[8], to be originally completed on the 11th October 2008, revised to 10th April 2014	Total
Revised Contract Sum (N'bn)	N28.666	N31.237	N25.827	N31.087	N116.887

[6] In the 2012 SURE-P Annual Report it was recorded as *3rd August 2006*
[7] In the 2012 SURE-P Annual Report it was recorded as *12th October 2006*
[8] In the 2012 SURE-P Annual Report it was recorded as *18th July 2006*

SURE-P Budget 2012 (N'bn)	N7.5b	N7.500	N5.000	N5.000	N25.000
SURE-P Amount Paid 2012 (N'bn)	N6.829b	7.500	N3.290	N1.392	N19.011
SURE-P Budget 2013 (N'bn)	N5.250b	8.000	N6.500	N5.250	N25.000
SURE-P Amount Paid 2013 (N'bn)	N0.987	3.539	N1.693	N0.839	N7.049
% completion before SURE-P	38.00%	38.00%	16.06%	16.28%	N/A
% completion to date SURE-P	63.80%	73.72%	30.97%	22.26%	N/A
Marginal change (%)	25.8%	35.72%	14.91%	2.98%	NA

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

Section 1 is the International Airport Link Road Junction – Sheda Village Junction, (Contract No. 5862) is for the construction of 30km of additional carriageway, rehabilitation of the existing road; construction of 12km along Airport Spur Road (Giri Junction to Airport Link Road) and construction of three bridges and three highway interchanges. The 2012 SURE-P report states that only 43.82% of the budgeted sum was utilised in 2012. The 2012 SURE-P Report listed the challenges of the road construction as follows:

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

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

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

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

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

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

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

Considering some of the challenges listed above, there are indications that the entire road did not benefit from sound engineering designs and technical studies at the outset.

Soil tests, environmental impact assessments, etc would have discovered some of the challenges listed above and provisions would have been made for them from the outset.

Field observations show that work on Section 1 of the Abuja – Lokoja Road awarded to Dantata & Sawoe was actively ongoing. The site was very busy. However, it will be recalled that the contract[9]:

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

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

In Section 2: Sheda Village Junction – Abaji being handled by Reynold Construction Company (RCC), work was also earnestly going on. It appeared that the contractor was rehabilitating the lane of the old road that seemed to be in good condition. Again, the challenges listed do not show evidence of proper planning from the beginning of the project. Getting land fill materials will not pose a problem for a serious minded construction company. The nature of the land and the level of the water on the road alignment should have been discovered in preliminary tests and studies for the road and should have been factored into the road design. This notion is further supported by the challenge of premature road failure. Apparently, these challenges suggest that a proper design did not precede the construction. For nonpayment of compensation to delay the demolition of structures on the right of way implies that first things were not done first. The delay in the relocation of facilities belonging to utility companies suggests lack of collaboration between various MDAs of government. The new completion date of April 2014 will be missed and this will lead to time overruns.

Section 3 of the Abuja – Lokoja is the Abaji – Kotonkarfi Road. The Ministry of Works budgeted N1.5billion for this Section in 2013. The site visit shows that the quality of the work looked poor compared to the money reported to have been invested. The

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

construction is slow and even the SURE-P team had called for increased levels of material and plant mobilisation[10]. Again, in terms of the listed challenges, it is clear that first steps such as land acquisition and removal of structures on the right of way did not precede construction. There were undue delays in processing and payment of compensation. Further, the delay in payments for works already carried out by the contractor is evidence of lack of commitment on the part of the government.

In Section 4 of the Road, the sum of N1.5 billion was appropriated by the Ministry of Works in the 2013 budget. The contractor complained that funds are not being disbursed to match the progress of investments on the road. When funds are eventually disbursed, they are virtually too little. Thus, the construction is not progressing according to schedule. Again the issue of settling community issues and compensation came up again. The challenge of excessive flooding that damaged portions of the road raises a question mark on whether appropriate studies, technical designs and plans for the road were done at the beginning of the project? The pedestrian difficulty in obtaining explosives for rock blasting shows no seriousness on the part of the company. The rescheduled time frame for completion will also be missed.

3.2.2 Rehabilitation of Onitsha-Enugu Dual Carriage Way

Table 5: Financial Information on the Onitsha – Enugu

	Phase I, Section I[11] (52 km): Contract 5925 awarded in April 2006 to CCC Construction Nig Ltd.; originally scheduled for completion on 19th Oct, 2011	Phase II, Section I[12] (49km): Contract 5929A awarded 16th Dec 2009, to CCC Construction Nig Ltd; originally scheduled for completion on 15th June 2011	Section II (56km): Contract 5988 awarded 14th May 2009, to Nigercat Construction Nig Ltd; originally scheduled for completion on 27th Nov, 2011
Contract Sum (N'bn)	5.092)	4.613	7.251
SURE-P Budget 2012	3.0	2.00	3.00

[10] 2012 Annual Report at page 33.
[11] Rehabilitation of 52km Enugu bound carriageway of Onitsha – Enugu road construction
[12] Rehabilitation of the Onitsha bound carriageway – Enugu road

(N'bn)			
SURE-P Amount Paid 2012 (N'bn)	0.392	0.434	0.393
SURE-P Budget 2013 (N'bn)	2.000	3.00	2.00
SURE-P Amount Paid 2013 (N'bn)	0.00	0.00	0.00
% completion Before SURE-P	26.10%	8.61%	33.00%
% completion After SURE-P	36.66%	14.66%	45.00%
Marginal Change (%)	10.56%	6.05%	12.00%

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

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

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

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

- Prior to SURE-P intervention, nonpayment for completed works by the FMW delayed site progress
- Post SURE-P, the contractor has been observed to have serious capacity issues as they were only able to raise one certificate which was paid by SURE-P

- The contractor reported that water seepage was observed at kilometre 1.5 which was not provided for in the original design. A proposal was therefore prepared to provide sub-surface drains at the affected carriageway section.
- Some sections of binder course failed due to prolonged exposure to traffic when the contractor demobilised from site.

Observations

The first is that there was a deliberate attempt by the contractor to underestimate the cost of construction of the entire section 11 of the road. This was done so as to win the contract and thereafter call for a revision of cost. The contractor started calling for a review after mobilising to site. If it was not done deliberately, the gross underestimation was a sign of lack of capacity and incompetence. When the cost of this road is compared with the cost of similar projects, the gross underestimation will be clear. Secondly, the idea of awarding a contract of a 157 kilometre road by splitting it into three lots or different contracts and awarding same to two different companies makes no sense. This ordinarily looks like contract splitting but considering the cost, no threshold has been evaded to avoid passing through the “no objection to award of contract” of BPP or the scrutiny of the Federal Executive Council. The entire road should have been one contract awarded to one company with the requisite skills and capacity to execute same. This would have made the contract administration easier.

The rehabilitation of Section 11 was stopped in 2011 because a staff of the ministry noticed that the road was sub-standard. A motorist recalled that it was not up to a year the road was constructed that it began to wear off. The Area Engineer affirmed that the project was re-scoped as a result of the tropical nature of the area. The re-scoping involves overriding the existing asphalt to include salt base cement and stock piling of the existing stone base. The contractor complained that they executed the job based on the original project design only for the ministry to come up with a review of the contract. However, they have commenced work based on the new scope of the project.

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

The SURE-P 2012 Report indicated that no amount had been paid by SURE-P on the contracts for this road. However, the July 2013 Report indicated that as at the end of 2012, N1.219b has been paid on the three contracts. Essentially, the project has suffered cost and time overruns; value for money is lacking and the quality of work does not support fitness of purpose.

Images of the Project

Anambra Border Awka: Niger Construction Sign Post. *Ongoing Project*

Source: Project Monitoring by CWP (February 2014)

3.2.3 Rehabilitation and Reconstruction of Enugu-Port Harcourt Dual Carriage Way Sections 1 and 11

The first contract is for Section 1 of the rehabilitation and reconstruction of the Enugu-Port Harcourt Dual Carriageway. It is from Lokpanta-Umuahia Tower (Km 61+000- Km 120+500 at a cost of N39.548billion. It is scheduled for completion over 40 months. It was awarded to Messrs Setraco Nigeria Ltd by the Federal Ministry of Works in August 2013. Arab Contractors O.A.O. Nigeria Limited in August 2013 got the award for Section 11 from the Federal Ministry of Works for a completion timeframe of 40 Months at the cost of N50.892billion. The 2013 appropriation for Section 11 is N1.754 billion. Arab Contractors have not commences work on the project at the time of site visit. However, Setraco Construction Company has commenced work on the part of the road from Okigwe town leading to Enugu. 1 Km of the road has been graded with asphalt base and laterite filling and another 500meters of the road is currently being graded. The work on that section of the project is ongoing.

The first point of note is that the contracts were awarded on August 21 2013, about four months to the end of the financial year. The reasons for the delay in awarding a contract whose financing would ordinarily lapse on December 31 2013 in August is not explained. The second is that 40 months is 3 years, 4 months and the paltry sum of N1.754billion budgeted for Section 11 is only 3.45% of the overall contract sum. If the budgetary provision will continue at this level of N1.754billion a year, it will take 28.9 years which is 345 months to complete the project. Thus, the projects will most likely suffer time and cost overruns. The third point is that monitors saw a road that was being rehabilitated and at the same time failing. Already rehabilitated portions of the road were failing while new rehabilitations were ongoing. Apparently, the road has outlived its lifespan and needs to be reconstructed from the scratch and not mere advanced patchwork.

Images of the Ongoing Work

Graded Parts of the Road
Source: Project Monitoring by CWP, February 2014

3.2.4 East West Road

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

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

Table 6: Financial and Other Information on the Niger- Delta: East – West Road (Section I-IV)

	Section I (87km): Contract 5867 awarded to SETRACO Nig Ltd on 13th July 2006, to be completed 31st December 2014	Section II-I[13] (47km) Contract ID/09/003 awarded to SETRACO Nig Ltd on 30th April 2009, to be completed Dec 2014	Section II –II[14] (54km) Contract ID/09/002 awarded to SETRACO Nig Ltd on 30th April 2009 to be completed Dec 2014	Section III[15] (99km) Contract ID 5882 awarded to Reynolds Construction Company Ltd. On the 13th Aug 2006, to be completed Dec 2014	Section IV[16] (51km) contract 5883 awarded to Gitto Construsioni Generali (Nig) Ltd. On the 13th Oct 2006, to be completed Dec 2014
Contract Sum (N'bn)	N122.166	N84.759	N48.973	N66.459	N37.509
SURE-P Budget 2012 (N'bn)	N4.700	N5.000		N8.000	N4.00
SURE-P Amount Paid 2012 (N'bn)	N4.700	N2.290	N2.385	N7.739	N0.403
SURE-P Budget 2013 (N'bn)	N11.670	N18.00		N8.600	N4.000
SURE-P Amount Paid 2013 (N'bn)	N6.724	N1.918	N1.318	N4.240	N0.879
% completion Before SURE-P	52.21%	23.17%	18.21%	73.44%	53.55%
% completion after SURE-P intervention	66.52%	28.92%	27.31%	86.81%	58.45%
Marginal Change (%)	14.31%	5.75%	9.1%	13.37%	4.9%

Source: SURE-P Progress Report by the SURE-P National Secretary in July 2013[17]

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

- Programme of works for the Pile Caps were affected by the October floods. 5/11 Pile caps were completed. Launching would commence again in January, 2013.

[13] Port Harcourt (River state) – Ahoada (River State) 47km
[14] Ahoada - Kaiama
[15] Port Harcourt (River State) – Eket (Akwa Ibom)
[16] Eket - Oron
[17] Stage of project completion as at July 2013.

- The October flood caused a major setback to the progress of works between KM.47 to KM.60 on both existing and new alignments. The Ministry of Niger Delta Affairs is working with the contractor to augment the washed out sections.

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

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

- Insecurity in the Niger Delta is impacting progress of works as it affects the staffing levels needed for works to progress.
- There were delays due to lingering compensation issues which have now been largely resolved.
- This section was massively flooded in October to varying degree from Km.63 to Km.82; The flood caused adverse failed sections, potholes, development of cracks on the existing road and wash-out of sand-fill and sand-cement sub-base on the new alignment.

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

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

Section 4 which is Eket to Oron is a distance of 51 kilometres (Contract No.5883). The 2012 budget utilisation was N403m[18] and project implementation reached 61% in 2012. However, the 2012 annual report reported 0% budget utilisation rate. The implementation issues in 2012 include:

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

CWP's monitors observed as follows in their February 2014 visits.

(i) Section 1: Section 1 of the East-West Road begins at Delta Steel Company's (DSC) Roundabout near Effurun through Agbarho, Ughelli, Evereni and Patani in Delta State, down to Kaiama in Bayelsa State. The contractor in charge of this section is Setraco. Implementation reached 66.5% in July 2013 and had risen to 72% by the beginning of

[18] July 2013 Report of SURE-P.

2014. The 2013 appropriation for this section of the project is N7.7bn. This section of the road project has fully been completed on the both sides of the dual carriage-way; from the DSC Roundabout through Agbarho to Ughelli all the way down to Evereni. This section of the road has also been fully marked with road signs. Likewise, the road pavements and drainage slabs have been completed.

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

However, no appreciable progress has been made on the construction of the second Patani Bridge which construction work started since mid-2013. Residents of the area lamented that nothing has changed on the state of work on the new bridge since August 2013. No construction work is presently going on between Patani and Kaiama axis of the East-West Road. The initial completed earth-work with surface overlay had since been washed away by flood that is prevalent in the region.

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

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

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

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

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

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

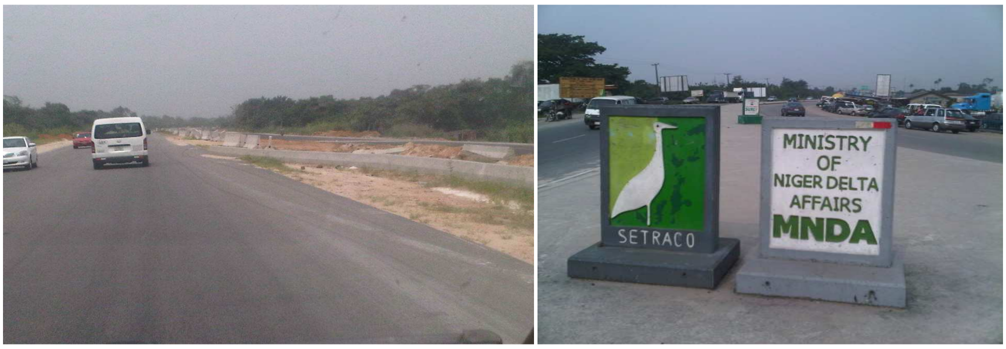
With the sudden increase of pace of work by the company, the challenge is whether they can combine speed with quality. Some community members who spoke to CWP monitors expressed fear that the contractors, in their bid to complete the job before the deadline, may end up doing a shoddy work. For instance,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

While hope is very high that Section 3 may be completed on schedule, the situation of Section 4 of the road seems to be worsening as the contractors handling it have failed to make any meaningful progress. The 51km road which is valued at about N37.53billion starts from Onna and terminates in Oron. The sum of N4.62billion was appropriated for it in the 2013 budget. Despite being the shortest out of the four sections, it is unfortunate that the section 4 has been the slowest in execution and has the greatest part of the job yet undone. The December 2014 deadline will certainly be missed in this section. One major concern of road users is the Onna-Eket Bridge. With the old bridge almost collapsing and the new one still far from completion, the fear of road users is that the old bridge may collapse without any alternative. Residents have attributed the slow pace of work on the bridge to the attitude of the contractors handling the job. Some of the community members alleged the contractors do not come to work every day; and when they come, they rarely do any reasonable work. They also alleged that staff mobilisation is low. Apart from the slow pace work on the bridge, Gitto has not made any appreciable progress on this section as no work has been done beyond the bridge.

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

In conclusion, it is doubtful if the contractors, particularly Setraco and Gitto will complete and deliver on their contract by December 2014. The contract from our assessment may not be delivered until the second quarter of 2015, unless the Ministry of Niger Delta Affairs and indeed, Federal Government of Nigeria, fulfil their obligations to the contractors, as well as get more serious with their supervision and project monitoring mandates. Officially, government put the completion to be at 68 percent as at December 2013 but by the assessment of CWP monitors, 55 percent is all that has been achieved in over 7 years of the road project. There are also indications that the entire road did not benefit from sound engineering designs and studies at the outset.

Images of Section 1 of the Project



Source: Project Monitoring by CWP, February 2014

3.2.5 Rehabilitation/Reconstruction and Expansion Works on Lagos Ibadan Dual Carriageway

The project has a long history as a road awarded for development to Bi-Courtney Highway services under a public private partnership arrangement. After four years of waiting, the federal government terminated the partnership for non performance. The road is a very important one attracting over 250,000 vehicles every day and it was first constructed in 1978. Essentially, the road has outlived its lifespan.

The Ministry of Works awarded this contract to Julius Berger Plc and RCC Ltd on August 14 2013 at a cost of N167bn. It is billed for completion in 48 months. The sum of N3 billion (at N1.5 billion per section of the road) was provided in the 2013 Appropriation Act. It is a 127.6-kilometre road which commences at Ojota Interchange through Sagamu Junction, Ogere in Ogun State and terminates at Ojoo in Ibadan, Oyo State. Section 1 of the project consists of the reconstruction and expansion of Lagos-Ibadan Dual Carriageway from Lagos to Shagamu with a total length of 43.6 kilometers. It commences at Old Toll Gate in Lagos terminating at Sagamu Interchange in Ogun State. The Minister of Works, Mike Onelememem stated that the scope of works involves reconstruction of the existing two-lane carriageway in each direction and addition of a third lane to give three lanes in each direction. Julius Berger, the contractor would construct an interchange at Redeemed Camp and five pedestrian bridges as well as the maintenance of 10 existing bridges, among other ancillary works. The contract sum is N70.753billion. Section 11 awarded to RCC Ltd involves the reconstruction of Lagos-Ibadan Carriageway from Shagamu –Ibadan. It commences at Sagamu Interchange in Ogun State and terminates at Ojoo Interchange in Oyo State covering a total length of about 84 kilometers. The contract sum is N96.304 billion.

This project raises a number of concerns. The first is that in the concession agreement with Bi-Courtney Highway Services Ltd, which was terminated on November 19, 2012, the firm was to expand the lanes to 10 (5 on each side of the road) from Lagos to Sagamu, and six lanes from Sagamu to Ibadan. It was also expected to build trailer parks and five interchanges among other things at a cost of N89.5billion. But the specifications and the demands of the current contract with Julius Berger and RCC are not as detailed as that of Bi-Courtney. However, with less to do, the cost of the contract has escalated by N77billion. This project is evidently and manifestly over-invoiced.

The second is that the time between the cancellation of the concession agreement with Bi-Courtney Highway Services Ltd and the announcement of the new contract with Julius Berger and RCC was too short and could not have been adequate time for proper project design, open competitive bidding and conclusion of all preliminary issues that will guarantee sound procurement outcomes. The cancellation and the engagement of new contractors were almost done at the same time. It is clear that the federal government was working from the answer to the question and probably employed restricted tendering in the award of the contract.

The third issue is the perennial poor funding which attends road construction projects in Nigeria. With the paltry sum of N3billion in the 2013 Appropriation Act, the project will definitely involve cost and time overruns. Although the government states that it will also source funding from the Infrastructure Bank and other sources, the available sums from other sources have not been made public. CWP monitors visit confirmed that work is in progress but it can afford to be faster.

Image of the Project

Ongoing Construction Work at the Lagos Ibadan Expressway
Source: Project Monitoring by CWP, February 2014

3.2.6 Construction of a 10Km Dual Carriageway from Beachland Junction to Cele Bus Stop in Lagos State

The project involves the construction of a 10km dual carriageway from Beach Land Junction (km 7+000) to Cele Bus Stop (km 15+200 LHS) & (km12+600 - km15 +200 RHS). The scope of work includes the reconstruction of three (3) main carriageways and two (2) Service lanes. Others are the rehabilitation of the existing ramps at Beach Land Flyover at Kirikiri and Mile 2 interchange, construction of walkways, kerbstones, lay bys, failed drains and culverts[19]. The contract was awarded to Messrs Julius Berger Nig. Plc. in January 2013 at a cost of N14.99 billion with completion scheduled for April 2014. The sum of N1.5 billion was appropriated in the 2013 Budget but there was no release to the project from the supervisory Ministry as at second quarter of the fiscal year. A total of N2.25 billion has been expended on the project to achieve 22% level of completion. The Oshodi-Apapa Expressway of which this project is part of got N1billion from SURE-P in 2013.

The CWP monitors found at the time of their visit that one part of the expressway had been completed from Beach Land to Cele Bus Stop. They are presently working on two parts: Mile 2 Bus Stop and Ijesha Bus Stop and on the service lane; this has been causing serious hold-up at these points on daily basis as a result of traffic diversion. The usual complaints of poor funding from the budget and delays in release of appropriated sums also came from site visits. CWP monitors found that the whole stretch of the Apapa-Oshodi Expressway is in bad shape and in dire need of repairs and rehabilitation. This is a road that leads to the nation’s premier sea port. The Apapa Seaport is only second in revenue generation to oil and gas. The expectation was that FGN should have awarded a comprehensive contract to fix the entire road. This should be a top priority. Even if funding is not available from the treasury, there is a plethora of alternative funding sources which can be used to develop the road. These include

[19] Second Quarter Budget Monitoring Report of the BOF.

concessions, borrowing to fix the road, fixing the road and recovering the money through tolling, etc.

Image of the Project

Cele Bus Stop to Mile 2 Road
Source: Project Monitoring by CWP, February 2014

3.2.7 Construction of the Abiriba-Arochukwu-Ohafia Road (Phase 1) in Abia State

The Federal Ministry of Works awarded this contract in March 2013 to Messrs Beks Kimse Nigeria Limited in the sum of N2.265billion. It is scheduled for completion in 24 Months. In 2013, the sum of N620million was appropriated for the project. The project when completed will immensely benefit the people of Abiriba, Ohafia and Arochukwu and indeed all motorists who use the road. Before construction started on the road, the road seemed impassable; the road has been expanded and presently vehicles are finding it easier to pass through the road, even though it is yet to be completed.

As at the time of the site visit by CWP monitors, work has stopped on the project; the contractor was not on site and had not done any work since the beginning of the year 2014. One kilometer of the project has been graded and asphalted but the project was stopped in August 2013 and heavy rainfall had destroyed some sections of the asphalted road. The project site was abandoned by February 2013 when CWP monitors visited, which was in the thick of the dry season. This raises the poser; when would construction begin again considering that the rains would come strongly in the next two months? It is clear that time management, in recognition of the weather and seasonal conditions, has not been properly done in respect of this project. Also, budgeting N620m which is 27.4% of the overall cost of N2.265b in the first year of a project slated for completion in 2 years shows that there is the likelihood of time overrun if the same figure is provided in the next year being 2014. Also, the fact that the entire capital budget for 2013 was not fully released and even in a year when the capital budget is fully released, may not be fully utilised makes the provision of N620m unrealistic.

Images of the Project

Asphalted Section of the Road *Damaged part of the road from Abiriba to Arochukwu*
Source: Project Monitoring by CWP February 2014

3.2.8 Construction of Ohafia (Abia State)-Oso (Ebonyi State) Road

The Federal Ministry of Works in February 2013 awarded this road project to Messrs Uniglobe Construction Engineering Ltd to be completed in 18 Months. The cost of the project is N2.293 billion. It has a provision of N400million in the 2013 Budget. The contractors were at site and work was ongoing as at the time of the visit of CWP monitors. The project staff of the Ministry of Works assigned to the project and the contractors did not cooperate with the monitors. However, it was observed that work was going on at a snail slow speed. For a project expected to be completed in one and half years and the visit of the monitors coincided with one year after the award of the contract, it is clear that the time schedule for project completion will not be met. The project completion rate has not reached 15%; the parts of the road with stone base, priming, sub base and asphalting was a few kilometres. Moreover, providing N400million out of a contract sum of N2.293billion in the first 12 months, which is a paltry 17.4% of the entire project cost shows the Ministry of Works as extremely unserious.

Images of the Project

Main Site of the Contractor *Project Sign Post.* *Sub-base of the road under Construction*
Source: Project Monitoring by CWP, February 2014

3.2.9 Construction of Aguoba-Owa-Mgbabu Owa-Ebenebe (Anambra State Border) with spur to Awaha-Oyofo-Iwollow Road in Enugu

The Federal Ministry of Works awarded this project to Messrs Conduc Nigeria Limited in February 2013 and it is slated for completion over an 18 Months period at a cost of N3.035 billion. The vote in the 2013 Appropriation was N700m. The contractors were not on site and community members informed the monitors that the contractor came in the last quarter of 2013 to survey the land. Thus, site mapping has been done and structures have been marked for demolition; the contractors could not be reached to confirm their exact input since the award of the contract for the project.

Again, the same recurring decimal of a paltry provision for a project in the first 12 months of an 18 months lifetime; the sum provided is about 24% of the overall contract sum. One year after the award of the contract, structures marked for demolition have not been taken out and no compensation has been paid to the owners of the structures. This shows lack of planning on the part of the Ministry of Works. The contractor was not site at the thick of the dry season; when would the constriction commence? May be, construction will be in full gear during the thick of the rains.

Image of the Project

Sign Post of the Project
Source: Project Monitoring by CWP, February 2014

3.2.10 Construction of Odoro Nkit-Okposio Road in Akwa-Ibom State

This project was found in the budget of Ministry of Niger Delta. The year of award and the total cost of the project are unknown. However, it had a vote of N2billion in the 2013 Appropriation. It had a vote N25 million in 2012. The above named project could not be found upon a visit to the communities in Akwa-Ibom State. None of the residents including motorists was aware of such road project.

3.2.11 Construction of Ikot-Ekpeyak- Ikono-Uyo Road

This project was awarded by NDDC to Frigil Construction Company in the first quarter of 2012. The Ikot-Ekpeyak, Ikono road is meant to benefit nine villages such as Ikong Isong, Ikot Eyene, Ikot Offiong, Ikot Ebo, Annan, Annan Ikono, Nnogosang Ikono and Abak. The road also leads to Port Harcourt. The construction of a bridge at Ikono is also part of the project. The project has since been abandoned and both workers and villagers have not been compensated by the company. Some portions of the road have been graded and gravel and cement applied on it while piling was done on the bridge at Ikono. The Village Head of the Ikot-Ekpeyak Community wrote a petition to the NDDC on the abandonment of the project and failure to compensate affected persons whose structures were demolished at the inception of construction work. The NDDC responded by presenting video clips of a purported completed project in that community, claiming that they have concluded work on that community. The community claims that the contracting firm is owned by someone who is known to be a worker in the NDDC in breach of the fundamental principles of procurement.[20] If this allegation is true, it is a clear evidence of fraud between the contractor and the NDDC.

Images of the Project


Premises of the Village Head *Abandoned sections of the graded road*
Source: Project Monitoring by CWP, February 2014

3.2.12 Augmentation of Contract for the Rehabilitation of Calabar-Ugep-Ogoja – Katsina Ala Road Section 1 (Calabar-Ugep) in Cross River State

Piccolo Brunelli Ltd got the award of this project from Federal Ministry of Works in July 2013 at a cost of N7.613 billion. The 2013 appropriation for the project is N762.199 million from the Ministry of Works with a further N2 billion allocation from SURE-P. CWP monitors found out that the above project has been ongoing for over ten years. It has been marred with disruptions as a result of poor quality job done by the initial

[20] Section 16 (24) Persons who have been engaged in preparing for a procurement or part of the proceedings thereof may neither bid for the procurement in question or any part thereof either as main contractor or subcontractor. nor may they cooperate in any manner with bidders in the course of preparing their tenders.

contractors. It was gathered that three contractors including FERMA are engaged in the construction and rehabilitation works on different parts of the road. The African Development Bank has currently engaged PW Construction Company to undertake construction from Ogoja, Ikom and Ugep in Obubra LGA and this is expected to end in the Bakassi-Cameroonian border. This was formerly handled by Samantha Construction Company under the sponsorship of the state government but as a result of poor quality job, the contract was re-awarded. Another section of the road which is from Obubra to Akampka to Calabar was formerly handled by CECC Ltd but they also did a shoddy job and left the road as a death trap for motorist. This led FERMA to engage in continuous patching of very bad points of the road, with yearly allocations going to the Agency for that. Currently, Piccolo Brunelli has not commenced any visible work on any section of the road.

It has been observed that there is multiple funding on this project. Therefore, there is need for clarity on who is actually providing the funds for the project. The road in its current state is seriously in need of urgent repairs. The second issue is the length of time so far spent on the construction of the road with little or nothing to show for it - ten years already gone on the road. The third issue is the paltry sum budgeted in 2013 - about 10% of the overall cost of the project. From the funding and project implementation, time and cost overruns have already been incurred and will still be incurred on the project. Fourth is the fact that poor and shoddy work of contractors simply attracts contract termination and re-awarding to another contractor. No sanctions follows poor quality work; this can only encourage acts of impunity by contractors and service providers.

Images of the Project

Sign Post of the Project Previously Awarded *Ongoing Construction*

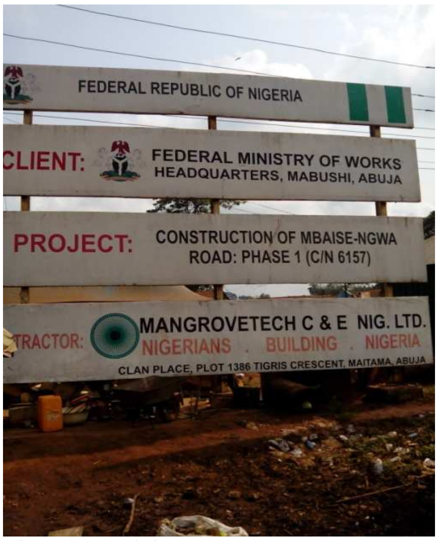
Source: Project Monitoring by CWP, February, 2014

3.2.13 Construction of Mbaise-Ngwa Road in Imo/Abia States with Bridges at Imo River (Phase 1)

The Ministry of Works awarded this contract to Mangrovetech Construction Company Ltd in March 2013 for completion over a period of 30 months in the sum of N2.943billion. The scope of work involves a 20km road from Mbaise in Imo State leading to Ngwa in Abia State and routes to Port-Harcourt. The project got a vote of N400m in the 2013 Appropriation Act. The project manager indicated that the project commenced in August 2013 but was stopped because of heavy rains. The work re-started by the middle of January 2014; 5 kilometres of the road has been graded and excavation work is ongoing.

The findings indicate that project implementation is slow and will not likely meet the 30 months timeframe. The provision of only N400m in the first year is also a setback for the project. N400m for three years will be less than 50% of the expected funding. Thus, unless the project gets increased funding in the 2014 and 2015 budgets, it stands no chance of meeting its time frame. Time overrun which is likely may lead to cost overruns. The project has not taken off sufficiently for the monitors to assess value for money and fitness of purpose.

Images of Work Done



Sign post of the contractor

Graded section of the road

Another graded section of the road

Source: Project Monitoring by CWP February 2014

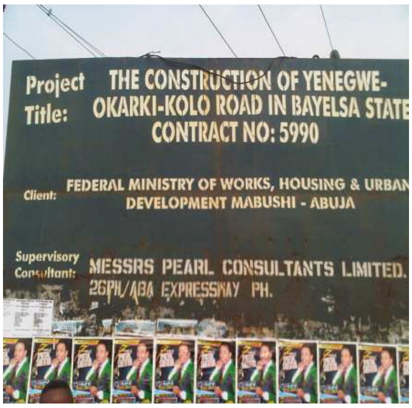
3.2.14 Rehabilitation of Owerri-Umuahia Road with Roundabout at Nkwogwu: Section 11 (Spur at Enyiogugu to Aboh in Imo/Abia State)

The Federal Ministry of Works is implementing the project through the Federal Roads Maintenance Agency (FERMA). The 2013 allocation is N1.4billion. The project involves resurfacing of failed sections of the road and filling the potholes on the 65km road. The road is quite busy and various stakeholders had done previous rehabilitation works in communities around the road such as the governments of Abia and Imo States. However, the road is still filled with potholes and some failed sections. The current repairs have so far covered less than 5km of the road.

3.2.15 Construction of Yenegwe-Okaki-Kolo Road in Bayelsa State

The Federal Ministry of Works awarded this project to Enerco Nigeria Ltd at a cost of N9.9bn in May 2009. The project was scheduled for completion in November 2011. In the 2013 Appropriation, the sum of N2billion was provided for it. The project involves the construction of a two lane carriage way of 33.5km length and 7.3m width; 2.75m width surface dressed shoulders on either side. The CWP monitors found that work is in progress. However, there is the need for enhanced funding to hasten up the project. The initial dateline of completion which is November 2011 has been missed due to delayed payments by the Ministry for certified works. Variations have been introduced into the work and schedule; due to changes in the Bill of Engineering Measurement (BEME), an augmentation of N3.6 billion had been forwarded through the Ministry of Works to the Federal Executive Council for consideration and approval.
A total of N4.8 billion had been committed to the project since inception to achieve a cumulative performance of 51.39%.The project has suffered and may likely continue to suffer time and cost overruns.

Images of the Project




Signpost of Yenegwe to Koko road *Swampy Parts* *Constructed Parts of the Road*
Source: Project Monitoring by CWP, February 2014

3.2.16 Reconstruction and Rehabilitation of Elele-Owerri Road (Rivers/Imo State)

The Ministry of Niger Delta Affairs awarded this project in April 2010 to Arab Contractors at a cost of N21.4 billion. The 2013 Appropriation for this project is in the sum of N1.8 billion. It was initially scheduled for completion in October 2012 but was reviewed to October 2014. The total length of the road is 35.7km each way (71.4 km). The scope of work consists of the construction of a dual carriage way of 7.3m for each carriageway, 1.5m inner and 2.75m outer shoulders, 200mm lateritic sub base materials, 200mm crushed stone base course, 60mm asphaltic concrete binder course of 40mm asphaltic concrete wearing course, etc. Out of the sum of N1.8 billion appropriated for the project in 2013, N866 million was released and utilised in the year bringing the total financial commitment on the project since inception to N9.73 billion to achieve 54% cumulative performance, up from 45% level of completion in 2012. This represents an increase of 9%.

CWP monitors findings are virtually the same as that of the Budget Office of the Federation monitors. Essentially, as at the time of the visit, work done include: 3.6km sub-base, 3km binder course and 2.8km wearing course. Cumulative work performed include: 35km clearance, 19km earthworks, 18km pavement (sub-base, stone base and wearing course); and 16km of median kerbs/surface dressing completed and 20 no culverts and 8000m drains. The Elele Rivers section of the road has been completed, work is still ongoing at the Imo State section which should terminate at Onitsha Road/Assumpta Cathedral Roundabout in Owerri. However, the contractor maintained that the only challenge remains irregular funding of the project including the delay in payment for certified works. Monitoring of the project is necessary so as to ensure equal and same quality/standard of construction work with that of Rivers Sate. Already the project has incurred time overruns as the paltry sums budgeted and released for the project since inception has delayed completion.

3.2.17 Reconstruction/Rehabilitation of Gbonga-Iwo Road Project in Oyo State

The Federal Ministry of Works awarded this project to Ratcon Construction Company in 2012 to be completed in 18 Months. The 2013 budget made provision for N500m. A total of N2.1billion has so far been released for the project. The CWP monitors found that construction of pillars for bridges along the road was currently ongoing. However, work is proceeding at snail slow speed. The contractor states that the major challenge for the project is inadequate funding**.**

Image of the Project

Gbonga Iwo Road
Source: Project Monitoring by CWP, February 2014

3.2.18 Rehabilitation of Akure – Ilesha Road in Ondo-Osun State

The Federal Ministry of Works awarded the contract for this road to Kopek Construction Limited in August 2013 at a cost of N7.399 billion and the project duration is for 21 months. The scope of the project entails the rehabilitation of the 66 kilometres highway starting from the Oke Ijebu Street intersection in Akure, Ondo State, and terminates at the Iloko-Ijesa junction in Ilesa, Osun State. CWP monitors disclosed that work is slow on the project as the contractors have not been long at the project site. The project is funded up to the tune of 90% by the World Bank while the FGN is providing 10% of the contract sum.

Image of the Project

Ongoing construction work at the Akure-Ilesha Road
Source: Project Monitoring by CWP, February 2014

3.2.19 Rehabilitation of Yana, Shira – Azare in Bauchi State

The Ministry of Works awarded this contract to Mothercat Nigeria Ltd at a cost of N2.115billion. It was awarded on the 25th of August 2010 for duration of 9 months. It is for the rehabilitation and asphalt overlay of Yana-Shira-Azare Road in Bauchi State. In the amended 2010 budget, it was allocated N1.125billion and in the 2013 budget, it got an allocation of N615million. The CWP monitors found that the rehabilitation has been completed in December, 2013. It is yet to be commissioned. Again, the original completion schedule of 9 months was not met.

3.2.20 Rehabilitation of Bauchi – Dass – Tafawa Balewa Road, Bauchi State

The Ministry of Works awarded this contract to Messrs Triacta Nigeria Ltd at a project cost of N 4.584billion. It was awarded on August 25 2010 to be completed within 24 months. It is for the rehabilitation and asphalt overlay of Bauchi-Dass-Tafawa Balewa Road in Bauchi State. In 2010, it was allocated the sum of N2.250billion and in 2013, it got N750million. CWP monitors found that the rehabilitation work is almost completed – rated at 98% completion.

3.3 MINISTRY OF WATER RESOURCES

3.3.1 Construction of Ogbia Regional Water Project at Otuoke Main Station and Booster Station at Emeyal and Onuegbum

Nairda Nig Ltd is the contractor chosen by the Ministry of Water Resources for this project that has an overall cost of N4.52billion. It was awarded in August 2011 and proposed for completion in December 2013. The 2013 Appropriation provides N1.29billion for it. The scope of the work includes general site preparation, preliminary works at Otuoke main station, Emeyal, Emirugi and Onuegbun. It also involves design of concrete foundation work, drilling of six boreholes and installation of 5 elevated water tanks etc.

The level of work so far done is about 85%. The foundation and fencing for the booster place are in place; all the materials required for the booster stations are also available. With initial challenges such as flooding and funding overcome in 2012, the project has been able to attain 85% completion. The progress of the project is commendable but it still missed the deadline of December 2013. It is expected that by July 2014, the project would be completed since major works have already been done.

Images of the Project

Images of Booster Station at Emeyal and the Safety Tank
Source: Project Monitoring by CWP, February 2014

3.3.2 Construction of the Adada River Dam and Associated Work in Aku Igbo Etiti LGA Enugu State

The contract was awarded to Raudo Nigeria Ltd by the Ministry of Water Resources in March 2011 and scheduled for completion in two years, ending March 2013. The contract sum was for N2.57b and it got a vote of N80m in the 2013 budget. The Adada River Dam and associated works is an earth dam designed with a capacity of 271,000 cubic meters of water for use in agriculture, portable water and generation of hydro -

electricity by the communities around the dam. Adada River is in Aku, Igbo Etiti Local Government Area of Enugu State.

Works already done include clearing of the project area, excavation of the spillway key trench and clearance of site office, stone pitching of the spillway channel, stockpiling of earth materials for the dam and payment of compensation to the affected farmers. This was reported by the BOF[21] and confirmed by CWP monitors. Current findings from communities indicate that the work on the Dam was stopped in August 2013; contractors only report once in a while to the site without doing any major work. The total sum of N406.5 million has been committed from inception to achieve a 25% cumulative performance at the end of the second quarter of 2013. The situation did not change when CWP monitors visited the project site in February 2014.

Clearly, the project has already suffered time overrun which will eventually lead to cost overrun. Budgeting N80m in 2013 for a two year project which was designed to be completed in that year is evidence of poor budgeting. Community members appeared to have been carried along in the project initiation and implementation.

Images of Work Done



Meshing of the Spill Way Channel. Stone pilling of the Spillway channel. Adada River Dam
Source: Project Monitoring by CWP (February, 2014)

3.3.3 Construction of Ogbese Dam

From the Second Quarter Budget Implementation Report, the Ministry of Water Resources awarded this contract to Messrs Foundation Solid Nigeria Ltd in July 2009 at

[21] Second Quarter Budget Implement Report for 2013 prepared by the Budget Office of the Federation (BOF).

an initial cost of N5.49billion which was later reviewed to N7.8 billion due to revision in BEME. Work commenced in September 2009 with completion scheduled for December 2012 but the contractor applied for extension of completion period because of funding issues. The sum of N100.5 million was appropriated in 2013 budget but there was no released to the project by the supervising Ministry as at the end of second quarter of the year. A total of N1.9 billion had been committed to the project since inception to date. The project is located at the boundary between Ise - Orun and Ikere Local Government Areas (LGAs) of Ekiti State. The Earth Dam comprises a reservoir of 12Km2, 74mcm volume and a maximum level of 332 meters above the sea level. It has a total length of 1050m, a height of 14.5m and a crest width of 6.5m with an elevation of 334.5 (masl). Other components of the project include: spillway channel 100m length and a hydropower system of 5mm.

At the time of site visit by CWP monitors, the project site had been abandoned. Only preliminary work has been done at the site. Again the challenge of funding is responsible for time and cost overruns.

Images of the Project

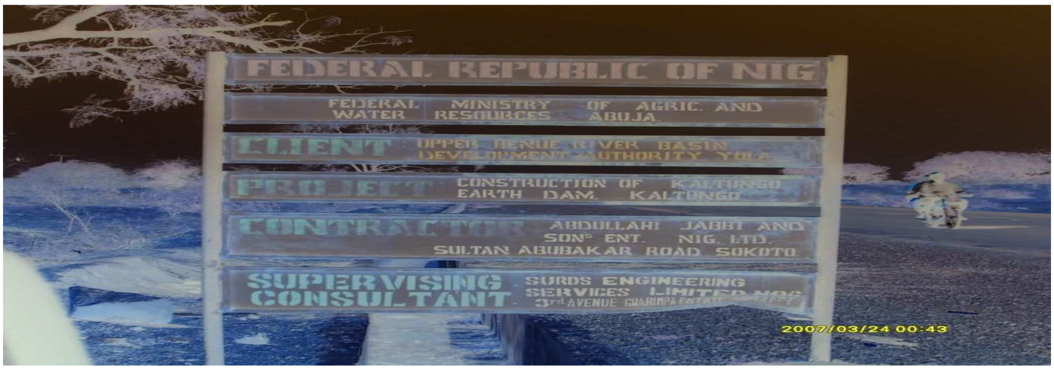
Sign Post of the Project and the Level of the Dam Abandoned
Source: Project Monitoring by CWP, February 2014

3.3.4 Construction of Kaltungo Earth Dam

The Kaltungo Earth Dam is located on River Kaltungo, 3km North-West of Kaltungo Town (about 68km from Gombe Town along Gombe-Yola Road) in Kaltungo Local Government Area of Gombe State. The idea of constructing a Dam was conceived by the Federal Government for the purpose of solving the problems of acute shortage of water supply in the area and for irrigation and recreational activities. The project's envisaged benefit include water supply to Kaltungo and environs and farm irrigation activities. The Ministry of Water Resources awarded the contract to Messrs Alh Abdullahi Jabbi and Sons Ltd in 2008 at a cost of N261.157million. The contract sum was later revised to N459. 279million. The project was scheduled for completion by 27th

June 2013. The paltry sum of N500,000 was appropriated for the project in the 2013 budget. The project is yet to be completed.

Image of the Project



Project Site for the Construction of the Kaltungo Earth Dam
Source: Project Monitoring by CWP, February 2014

3.3.5 Construction of Cham Dam and Irrigation, Gombe State

The Upper Benue River Basin Development Authority awarded this contract to Ceylon Construction Services Limited with Surds Engineering Services Limited acting as consultants at a cost of N832,677,743.05 (revised). The contract was awarded on 21st December 2011 for 18 Months duration. The new completion date is 30th April, 2015.

The access road has been completed as provided in the main contract. However, improvement of the provided access road has been awarded to same contractor on separate contract and supervised by the client. The spillway concrete structure is 100% completed; backfilling and stone pitching is 0%; spillway approach channel has been executed to the limit of the original contract provision (2,845m^3). However the remaining aspect of 54,900m^3 has been submitted as RETC awaiting approval, therefore no work was done within the month of February. For the spillway discharge channel; the work aspect of 42,100m3 has been submitted as RETC awaiting approval, therefore no work was done within the month. Removal and rebuilding of the rock fill downstream were in progress from chainage 0+700; about 49,226.71m^3 has been done to date. Removal of rock fill material downstream has reached final stage. Dam crest grading from chainage 0+400 was completed: Borrow pit for clay core was secured and exploration in progress while stockpiling of clay core material has reached some substantial level and is still in progress.

The amount released so far is N381,430,064.11. The work has attained 45% completion. The Contractor at the time of site visit was working on the removal and rebuilding of the embankment.

Images of the Project

Source: Project Monitoring by CWP, February 2014

3.4 MINISTRY OF POWER

3.4.1 2nd Benin Onitsha 33KVSC Line: Edo-Delta-Anambra

The Ministry of Power awarded this contract to Messrs. Dextron Engineering Nigeria Limited at a project cost of N2.01billion. The project got an allocation of N1.87billion in the 2013 budget. The Project entails engineering, procurement and construction of 300KV single circuit 2nd Benin-Onitsha transmission line. It was initiated to evacuate stranded power from the generating stations located in the South-South and South-East States of the Federation and also transport bulk power to the two zones. The current work done by the contractor includes completion of 246 tower foundations, erection of 230 towers, 6no. pole submerge foundations, conductor stringing from existing tower 309 to the Gantry tower at Onitsha substation, installation of suspension towers BR 270, 271 and Aerial warning light, tension towers BA 269 and 272 erected, construction of 2Km 132 Kv D/C at Onitsha. It also includes tower rehabilitation and checking (Tower 1-19) with an outstanding work which includes 18 land foundations and 11 pile foundations at Onitsha end, Okwe and Abudu in Edo State. The erection of 45 Land Line Towers, and conductor stringing of 18Km Niger River Crossing Towers is nearing completion. The current level of completion could be put at 80%.

3.4.2 Okigwe 2x30/40 MVA 132/3KV Sub Sub Station, Imo State

The Ministry of Power awarded this project to Messrs Union Nigeria Ltd at a cost of N688.23million in 2012. The 2013 allocation is N198.43million. The project is a 2x30/40MVA, 132/33KV transmission sub-station connected through the Mbalano substation to provide stable power to Okigwe Township and its neighbouring communities. These communities are Arondizuogu and Isuochi in Imo and Abia States respectively. As at the time of inspection, the 2x30/40 MVA transformer and 2 auxiliary transformers had been installed. The control building and staff quarters were partly completed as the buildings have been roofed but the windows and doors have not been fixed. The switch gear equipment support structures were in place. Outstanding works include installation of control panels, control cables, conduit and stringing materials as well as pantograph switches. However, it is important to note that work has not resumed at the site since it stopped in 2012. A security man was the only person on the site and he took monitors around the project site. The project could be said to have reached 60% completion. For project work that stopped in 2012 against the site visit in early 2014, the implication would be that there has been no disbursement in 2013 despite the provision in the Appropriation Act. Again, this project has witnessed time overrun which may likely lead to cost overrun.

3.5 MINISTRY OF AVIATION

Construction of Bauchi International Airport

The Third Quarter Budget Implementation Report states of the project as follows:

> *The project is co-funded by the Bauchi State Government and Federal Government. The scope comprises; the construction of 3.4km access road from the Bauchi – Ningi Expressway, 18.6km Perimeter Fence and side road, 3.4km runway with 350m crash road, twin taxi-way for easy traffic, Apron, Terminal Building for both Domestic and International wings with Arrival and Departure sides, 2500 capacity car park, main rescue and fire fighting station, 3No automobile fire fighting vehicles, 14.5m height control tower, metrological station, 350,000 cubic meter of water supply tank and reservoir, electrical/mechanical aviation workshop unit, navigation landing aids, airfield lighting, 2No store for both chemical and equipment, 2No hostel which serves as a changing room for cabin crew, office facilities, provision of power supply, 2No 2500KVA capacity generating system and 1No 2750KVA capacity generator with 40,000 litres capacity to supplement the power supply and other auxiliary components of works.*
>
> *The contract was awarded to Messrs Triacta Nigeria Limited in January, 2012 at an initial cost of N7.9 billion which was later reversed upward to N13.1 billion due to additional works. The project is expected to be completed in February 2014. In the 2013 Budget, the sum of N1.15 billion was appropriated to the project in the Federal Budget but nothing had been released to the project from the bulk releases to the sector as at the third quarter of the year. However, Bauchi State Government allocated the sum of N8 billion in the 2013 Budget and the whole amount was released and utilised as at end of third quarter of the year.*

CWP monitors found that the project has been virtually completed although the bulk of the money came from the Bauchi State Government. The only major work that is remaining at the moment is the lighting connection and installation. The State Government is expecting a refund of money it invested from the Federal Government.

Images of Project

The Bauchi International Airport Main View; Runway and Access Road
Source: Project Monitoring by CWP, February 2014

3.6 MINISTRY OF TRANSPORT

Channelisation of Oguta Lake and Escravos Channel, from Oguta in Imo State to Degema in Rivers State

According to the Second Quarter BIR of the Budget Office of the Federation, the project runs from Oguta in Imo State to Degema in Port- Harcourt Rivers State. The scope of work includes dredging and sweeping of the Orashi Channel. The contract was awarded by the Ministry of Transport to Simidia S&I International Company Limited in April 2012 at a cost of N2.20billion with a completion date of March, 2013. The sum of N500 million was appropriated in 2013, out of which N140 million was released and utilised bringing cumulative financial commitment on it to over N1.06 billion. It had achieved 100% completion level. The project has a certificate of job completion which was issued by National Inland Waterways Authority (NIWA). The contractor has demobilised from site but is still being owed the sum of N1.2 billion. CWP monitors observed that the project was hurriedly completed and interactions with community members indicate that the project is not fully meeting the demand of fitness of purpose.

Images of the Project

Images of Oguta Lake Beach View
Source: Project Monitoring by CWP, February 2014

3.7 MINISTRY OF HEALTH

Construction of Theatre/Changing Rooms and Administrative Building Complex at National Obstetric Fistula Centre Abakiliki

Tirmana Consult Ltd is the contractor chosen by the Ministry of Health for this project which was awarded in September 2012 for completion in February 2014. The project cost is N200.3million while the 2013 budgetary appropriation stood at N100.19million. The project is a two storey building which incorporates four operation theatres on the ground floor, two large wards, administrative offices, a boardroom, conference hall and a library.

The BOF visited the project site in the second quarter of 2013 and observed that the building has reached the roofing stage while internal plastering was over 90% completed. It placed the overall project completion rate at 55%. The BOF indicates that of the budgeted sum, N35.6 million had been utilised in the second quarter bringing total spending on the project to N70.7 million[22]. CWP's site visit indicates that the structure has been completed. However, putting tiles on some sections of the building is yet to be completed; construction of concrete crams where patients can be wheeled to the theatre is ongoing; test painting has been done but as soon as the tiling is completed, the electrical fittings will be installed and the entire building will be painted. The contractor stated that the project is about 85% completed. It was indicated that the building will be completed by March 2014. The project does not have any major challenge apart from a previous review of the project design which involved changing the position of the theatre room. This has been successfully implemented. Work is ongoing at a good pace and the project can be completed at the stipulated time frame if the required funds are released as at when due. The project is beneficial in meeting the needs of increasing patients of obstetric vesico-virginal fistula condition in women.

Images of the Project

Sign post of NOFIC.

Ongoing finishing.

Theater Changing Rooms

A Hospital Ward

Source: Project Monitoring by CWP, February 2014

[22] Second Quarter Budget Implementation Report 2013.

3.8 MINISTRY OF EDUCATION

3.8.1 Construction of University Gate House at Federal University Ndufu Alike Ikwo, Ebonyi State

The Ministry of Education awarded this contract in 2013 to Tembol Construction Limited. Provision was made for it in the sum of N136.188m in the 2013 Appropriation Act. It is for completion in a period of six months. It is specifically for the construction of the university gate house, bore holes, office buildings and perimeter fencing. However, the university has the following other projects in the approved 2013 budget; construction of university gate house for N136.188m; construction of 2 blocks of students hostels for N100.44m and construction of road, drainage and workway for N78.11m. The exact scope of the project which we monitored appears a bit blurred with the other projects approved in the 2013 federal budget.

The site visit indicated that the bore hole has been dug and is in use by members of the community. For the other construction works, excavation has been done and substructure work is on-going. Some challenges have dogged the construction notably; the school realised that there was no soil test on the proposed site before the commencement of excavation. Therefore, the soil was taken and sent to a consultant while the contractors await the result. The result of the soil test may lead to the redesign of the structural drawings. The contract which commenced in January 2014 has been stopped for three weeks at the time of the site visit in February 2014. The monitor observed building materials on site and the foundations for the proposed buildings. The construction is likely to experience time overruns. Considering the dearth of infrastructure in the university, it is debatable whether a gate house that costs over N136m should be a priority for the university.

Images of Work Done



Construction of gate at Permanent Site *Sign Post at University Temporary Site*

Source: Project Monitoring by CWP February 2014

3.8.2 Construction and Furnishing of Academic Board Room in Federal Polytechnic, Ado Ekiti

According to the BOF Second Quarter Budget Implementation Report:

> *The project involves the construction of a storey building comprising, academic boardroom of 350 sitting capacity, 40nos of offices, 12nos convenience and store. The contract was awarded to Messrs Works Tead Nig. Ltd in October 2010 at a cost of N160.89 million with completion date scheduled for July 2011. The completion date was however reviewed to December 2013 due to paucity of funds. The sum of N80.48million was appropriated in 2013 budget, out of which N5million was released and utilised as at second quarter of the fiscal year. A total of N80.21million had been expended on the project from inception to date to achieve 35% level of completion.*

As at the time of the visit of CWP monitors in February 2014, the block work was almost completed. Work has been stopped owing to paucity of funds. Nothing was happening at the site. Again, the new rescheduled time frame of December 2013 was not met necessitating new requests for rescheduling. This will likely be followed by a review of costs.

Image of the Project

Ongoing Construction Of Academic Board Room
Source: Project Monitoring by CWP, February 2014

3.9 MINISTRY OF YOUTHS

Establishment of Youth Development Centre Awka

The Federal Ministry of Youth Development has approval to construct a Youth Development Centre in Awka, Anambra State and the sum of N145million was set aside in the 2013 budget for this purpose. Our monitors discovered that no one in Awka is aware of the project - whether it has commenced, its site and who exactly made the demand for the Centre. The community did not make a demand for the Centre. A visit to the State Ministry of Youths, Sports and Social Development at the Anambra State Secretariat Awka revealed that the state government is unaware of the project. Apparently, no money has been released for the project and no site has been acquired as at the time of the monitoring visit.

3.10 POVERTY REDUCTION: NAPEP

Construction of Village Economic Programme Multipurpose Civic Centre at Enyi Ogugu

The Office of the Secretary to the Government of the Federation/NAPEP is responsible for this project valued at N90million. The sum of N80million was provided in the 2013 budget. The project involves the construction of a civic centre building sitting on approximately half an acre of land. The current level of work done on the project is put at 50%. However, there is no community awareness of the project and the contract cost of the project seems over-valued. According to an independent engineer who monitored the project, the value of the project should not exceed N40 million.

3.11 MINISTRY OF WOMEN AFFAIRS

Completion of National Children Resource Centre

The Ministry of Women Affairs awarded this contract to Messrs Saidi Nigeria Limited at a cost of N1billion for completion within 48 months. It is for the construction of a six floor storey building. The building was initially designed as a children's library and resource centre but the supervising ministry has instructed the contractor to remodel the design to include office use. Based on this, the fourth floor is being remodeled and construction of columns for fifth floor including decking, lift shafts and staircase has commenced. The current level of work done is about 50% of the skeleton/concrete work.

Findings from the project manager indicates that the project might not be completed within the 48 months time frame given that more than 8 weeks of delay was caused by the Abuja Development Control Office following its concern that the structure is being built on underground water pipelines as well as overhead electricity transmission cables in the Abuja Master Plan. A representative of the contractor on site confirmed that the problem has been resolved with the Development Control Office. However, the contract had been abandoned at the third floor for many years.

Images of the Project

On-going Construction work at site of National Children Library Centre, Abuja
Source: Project Monitoring by CWP, February 2013

Chapter Four

CONCLUSIONS AND RECOMMENDATIONS

4.1 CONCLUSIONS

Effective capital budget implementation facilitates economic development and the improvement of the human condition. Monitoring and using the monitoring results for improving budget performance is a forward looking way of strengthening the budgeting system. However, the FGN budgeting system repeats on a yearly basis, the same mistakes and misdemeanours at the formulation, approval, implementation, monitoring and evaluation stages. FGN budgets lack effective monitoring and evaluation frameworks and there is hardly a systemic learning from the best in class through benchmarking.

The early approval of the 2013 budget by the legislature did not lead to improved capital budget implementation. The executive proposal for the amendment of the budget after its approval contributed to the delay in commencement of implementation as no kobo was utilised in the first quarter. By the end of the 2013 financial year, 60.91% of the appropriated capital sum has been utilised. However, 60.91% capital budget implementation in a year when the budget was enacted early is a poor performance. By the end of the fourth quarter of 2013, of the N273.5billion budgeted for SURE-P, 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 utilised. The actual performance vis-a-vis the overall SURE-P vote was 66.21%. This was a very poor performance considering that the resources were available and there was no shortage of funding.

Poor capital budget implementation starts from the conceptualisation and formulation of the budget. With meagre resources, the budget is overloaded with so many projects. The result is that resources are spread so thinly over too many projects. This is also linked with the question; whether MDAs are still preparing Medium Term Sector Strategies where prioritisation of programmes and projects in accordance with high level policy documents is done. If stakeholders from the executive, legislature, private sector and civil society come together to plan for the medium term, the result would have been different and capital projects would have been better prioritised, planned and prepared for execution and eventually funded. For instance, roads like the Apapa-Oshodi Expressway which is the link road to the sea port, one of the largest revenue earners after oil would have been top priority in budgeting.

Poor capital budget implementation is also linked to the quality of the Medium Term Expenditure Framework presented by the executive and approved by the legislature.

Recent MTEFs have become so watered down that they defeat the purpose of medium term planning and therefore obstruct the benefits of allocative efficiency, fiscal discipline, value for money and realisation of programmme outcomes. MTEFs do not come with sector envelopes; they have been reduced to the opportunity for crude oil benchmark price war between the executive and legislature.

Procurement practices that encourage award of project contracts so late in the year have also become the norm. For instance, awarding a 2013 budget project in the months between August and November 2013 makes no sense. If the financial year ends in December, why do we leave out the first seven months and award contracts less than four months to the end of the year? Preliminary issues such as compensation to land owners and site acquisition are still delaying capital budget implementation. This shows poor procurement planning. Absence of preliminary technical tests relating to soil type, water level, etc are also recurring as reasons for project delay and requests for project redesign. But these should have been done before the award of contract through requisite tests, environmental impact assessment, etc. The impression given is that MDAs are in a hurry to award contracts without doing their home work. This is the juncture where the MTEF and the budget interface. Projects approved in the MTEF should take some time to be prepared and readied before being admitted into the budget, so that once they are approved, implementation proceeds in earnest.

Over 90% of the projects reviewed have experienced time overruns. Hardly has any project been executed and finished according to the time scheduling at the commencement or award of the contract. Contractors perpetually complain of non availability of funding to meet the contract deadlines while MDAs also complain of lack of funds to disburse to contractors. For instance, projects such as sections of the rehabilitation of the Enugu Port Harcourt Expressway scheduled for completion in 40 months will take over 28 years to complete at the 2013 level of funding. New time schedules for the completion of some of the roads (East-West road, Abuja-Lokoja road, etc) will still be missed. Sections of a road under construction begin to fail over some time before other parts of the road are fully constructed.

On the part of the fiscal authorities, there is always a complaint of not meeting the revenue profile expected to fund the budget. It is a perpetual complaint and as such leads to the inescapable conclusion that the revenue projections are not based on empirical evidence. They are overt optimistic projections which should not be the case. For instance, in 2013, a total sum of N4.1trillion was expected as inflow to fund the federal budget but only the sum of N3.5trillion accrued leaving a balance of about N600billion outstanding. The deviation is quite high. This has been the trend over the years.

Time overruns eventually lead to requests for variation of the cost of the contract. At the end of the day, the treasury incurs more costs for the construction of projects which would have otherwise been executed at a lower cost. The new sums required to complete the projects are sometime outrageous and do not tally with the inflation rate in the country. Sometimes, the increase is justified by demands for additions to the original project design. In some cases, projects are abandoned which leads to incredible waste of societal resources.

Some contractors were reported to have grossly underestimated the cost of projects in a bid to win a contract. This can be interpreted in two ways. It is either a deliberate subversion of the procurement proceedings so as to gain an undue advantage which is a criminal office under the Public Procurement Act of 2007. The second approach is to view it as incompetence on the part of the contractor which should be evidence of lack of technical capacity to undertake an assignment of such magnitude. But such contractors have not been punished. Rather, they have benefitted from either subverting the system or their lack of technical capacity.

Some of the delays are caused by contractors who apparently have more jobs that their execution capacity. Due to the quality and quantity of their human and material resources, some contractors are overstretched and therefore delay project implementation based on their available capacity.

The basis for the costing of some of the projects lacks empirical support. For instance, under the cancelled concession agreement between the Federal Government and Bi-Courtney Highway Services Ltd for the Lagos-Ibadan Expressway, the firm was to expand the lanes to 10 (5 on each side of the road) from Lagos to Sagamu, and six lanes from Sagamu to Ibadan. It was also expected to build trailer parks and five interchanges among other things at a cost of N89.5billion. But the specifications and the demands of the current contract with Julius Berger and RCC are not as detailed as that of Bi-Courtney. However, with less to do, the cost of the contract has escalated from N89.5billion to N167billion, a difference of N77billion. This project is evidently and manifestly over-invoiced.

Clearly, more funding is required for the completion of ongoing projects and the initiation of new ones. However, the idea of public private partnerships remains on paper and has hardly been explored for the promotion of vital capital projects.

There seems to be a lack of technical capacity in the Ministry of Works to determine the quality of construction and whether contractors deliver according to specifications. This is especially so in the road sector. The Automatic Road Analyser (ARAN) is one of the most advanced platforms available for collecting pavement condition and road asset data, providing the monitoring agency with a safe, accurate, reliable and cost effective understanding of the condition of road infrastructure. The ARAN is fitted inter alia with a Ground Penetrating Radar (GPR) which enables the monitor to ‘see’ a clearer picture of what is happening beneath the surface – in essence it is an x-ray of the road. GPR is a non destructive test for determining what lies below. In the pavement industry, GPR is widely used for locating utility lines, monitoring pavement and runways, locating reinforcement bars, changes in layer thicknesses and voids, as well as moisture determination. GPR is an echo sounding method where a transducer (transmitter/receiver) is passed over the surface. The transmitter sends out low powered radio energy and reflections from material boundaries and embedded features such as metal or voids are picked up by the receiver. Results can be viewed on-screen and recorded to disk or on paper. Sampling is so rapid that the collected data is effectively a continuous cross section, enabling rapid assessment of thickness and condition over large areas. By assessing the strength and the scatter of signals, it is often possible to find voids and changes in compaction, bond and moisture content[23]. Instead of using this scientific method in assessing whether contractors performed in accordance with specification, the Ministry of Works is still relying on the human intellect of its workers, which is subject to manipulation and subversion.

4.2 RECOMMENDATIONS

The following recommendations flow from the body of this Report.

(1). It is imperative to revive best practices and the inclusive system of preparing Medium Term Sector Strategies which will feed into the Medium Term Expenditure Framework. Stakeholders including MDA personnel, representatives of legislative oversight committees, organised private sector, academia and civil society groups should be involved in the preparation of the MTSS, including the prioritisation of projects based on high level policy documents.

(2). MTEFs prepared by the executive for approval by NASS should come with indicative sectoral envelopes to enable NASS properly consider the priorities and arrive at a decision.

(3). Each MDA should maintain and update on a yearly basis a register of ongoing projects. This will give a quick dash board view of ongoing projects, their cost, implementation schedule, purpose and benefits, etc. This will help the MDAs avoid

[23] See www.http://pavement.com.au/equipment/ground-penetrating-radar/. Other mechanisms for road standard testing include Falling Weight Deflectometer, Laser Profilometer, Outback Ranger, GripTester and Norsemeter Roar Friction Tester.

duplication and spreading the resources of the MDA too thinly. Such register should also be made available on the website of the MDA for public view.

(4). Revenue projections in our budgets should be realistic, based on empirical evidence and not overtly optimistic. Through this approach, the deviation between the budgeted revenue and the actual revenue accruals will be minimized and capital budget projection will be more realistic.

(5). Budgets should contain only projects that can be realistically funded from available resources. The idea of spreading resources too thin on so many projects leads to waste and inefficiency.

(6). FGN should consider a moratorium on the initiation of new capital projects to be funded from the regular budget for a period of four years or pending when over 70% of existing projects will be completed.

(7). FGN should explore the idea of public private partnerships for the funding of capital projects especially projects that are bankable. Nigerians are desirous of investing in special purpose vehicles floated on the stock exchange to raise funds for specific projects. Projects can also be funded with infrastructure bonds managed transparently.

(8). The MOF/BOF in collaboration with the National Planning Commission should devise an actionable Monitoring and Evaluation Template for use across the MDAs in the budgeting process. This would enable lessons to be drawn from the monitoring exercise and best practices replicated, leading to improvements in the budgeting system on a yearly basis.

(9). The MOF/BOF and National Planning Commission should also consider a yearly benchmarking exercise across federal MDAs so that interactions and learning from the best in class can occur on a regular basis.

(10). Projects approved in the MTEF should be fully prepared through relevant studies, tests, approvals and acquisitions before including the final execution part in the annual budget.

(11). Sound procurement planning should lead to early contract awards so that projects can be implemented within the fiscal year.

(12). Realistic time frames should be used in project contracts and monies should be released by MDAs to contractors and service providers as at when due to avoid time overruns.

(13). Requests for cost variations should be properly reviewed to avoid over-invoicing of projects. This should involve collaboration between the executive and the legislature.

(14). MDAs should take inventory and cognisance of contracts already awarded and being executed by bidders and contractors before arriving at the decision to award more contracts. Overloading a contractor with contracts beyond its capacity contributes to delays in project execution.

(15). Contractors who do shoddy and poor quality jobs should be made to deliver on the expected quality and where they cannot remedy the situation, be punished in accordance with the provisions of the Public Procurement Act, 2007. The Bureau of Public Procurement should take up this challenge.

(16). Contractors who deliberately underestimate the cost of projects to gain an undue advantage and win the bid should be relieved of the job and punished in accordance with the provisions of the PPA. The Bureau of Public Procurement should also take up this challenge.

(17). MDAs should insist on the use of open competitive bidding for major capital budget procurements.

(18). The Ministry of Works and other MDAs need to acquire appropriate technical and scientific devices to monitor the quality of work done by contractors. In this context, the procurement and use of the Automatic Road Analyser is imperative for the Ministry of Works.

EXECUTIVE SUMMARY

Chapter One is the Introduction. It provides the background and rationale of the work, its terms of reference, scope and methodology and the limitations of the exercise. Chapter Two is on the capital budget and its implementation. It recalls the amount appropriated for capital budget (N1.591trillion) and the Subsidy Reinvestment and Empowerment Programme ([SURE-P] in the sum of N273.5billion). It reviewed budget implementation reports from the Budget Office of the Federation, from the first to the fourth quarter of the year and the actual level of capital budget implementation. It notes the challenges associated with capital supplementation and constituency projects.

Chapter Three is about reports from the field visits and desk research. It traversed the ministries of works, water resources, power, transport, health, education, aviation, women affairs, youths and NAPEP. The bulk of the projects monitored were federal roads including the Abuja-Lokoja, East-West, Enugu-Port Harcourt, Enugu-Onitsha, Lagos –Ibadan and parts of the Apapa-Oshodi raod. In water resources, the report covered the Ogbia regional water project in Bayelsa, Adada river dam in Enugu, Kaltungo earth dam and the Cham Cham dam. Other projects monitored include the Bauchi airport as well as the channelization of Oguta Lake.

The 2013 capital budget was 60.91% implemented while SURE-P was implemented to the level of 66.44%. The findings include the fact that available resources were too thinly spread across so many projects resulting in time and cost overruns in many of the projects. It was clear that projects were not prioritized and put in the budget based on the prioritization exercise. Hardly was any project been completed on schedule. The fiscal authorities often complained of lack of funds to fund the capital budget. This is the result of overtly optimistic revenue projections which have failed to materialize year after year.

In some instances, projects were poorly designed and awarded without attending to preliminary issues including soil tests, land acquisition, etc. Some contractors appeared to be handling too many projects when compared to their human and material resource capacities. The costing of some projects was grossly underestimated while other appeared to be over-invoiced. Poor procurement planning led to late award of contracts, sometimes less than four months to the end of the fiscal year. This also increased implementation delays. Further, FGN budgets lack effective monitoring and evaluation frameworks and there is hardly a systemic learning from the best in class through benchmarking. MDAs did not have the appropriate scientific and technical tools to determine the exact quality of works and construction especially in the road sector.

On the back of the above findings, the report made the following recommendations.

(1). It is imperative to revive best practices and the inclusive system of preparing Medium Term Sector Strategies which will feed into the Medium Term Expenditure Framework. Stakeholders including MDA personnel, representatives of legislative oversight committees, organised private sector, academia and civil society groups should be involved in the preparation of the MTSS, including the prioritisation of projects based on high level policy documents.

(2). MTEFs prepared by the executive for approval by NASS should come with indicative sectoral envelopes to enable NASS properly consider the priorities and arrive at a decision.

(3). Each MDA should maintain and update on a yearly basis a register of ongoing projects. This will give a quick dash board view of ongoing projects, their cost, implementation schedule, purpose and benefits, etc. This will help the MDAs avoid duplication and spreading the resources of the MDA too thinly. Such register should also be made available on the website of the MDA for public view.

(4). Revenue projections in our budgets should be realistic, based on empirical evidence and not overtly optimistic. Through this approach, the deviation between the budgeted revenue and the actual revenue accruals will be minimized and capital budget projection will be more realistic.

(5). Budgets should contain only projects that can be realistically funded from available resources. The idea of spreading resources too thin on so many projects leads to waste and inefficiency.

(6). FGN should consider a moratorium on the initiation of new capital projects to be funded from the regular budget for a period of four years or pending when over 70% of existing projects will be completed.

(7). FGN should explore the idea of public private partnerships for the funding of capital projects especially projects that are bankable. Nigerians are desirous of investing in special purpose vehicles floated on the stock exchange to raise funds for specific projects. Projects can also be funded with infrastructure bonds managed transparently.

(8). The MOF/BOF in collaboration with the National Planning Commission should devise an actionable Monitoring and Evaluation Template for use across the MDAs in the budgeting process. This would enable lessons to be drawn from the monitoring exercise and best practices replicated, leading to improvements in the budgeting system on a yearly basis.

(9). The MOF/BOF and National Planning Commission should also consider a yearly benchmarking exercise across federal MDAs so that interactions and learning from the best in class can occur on a regular basis.

(10). Projects approved in the MTEF should be fully prepared through relevant studies, tests, approvals and acquisitions before including the final execution part in the annual budget.

(11). Sound procurement planning should lead to early contract awards so that projects can be implemented within the fiscal year.

(12). Realistic time frames should be used in project contracts and monies should be released by MDAs to contractors and service providers as at when due to avoid time overruns.

(13). Requests for cost variations should be properly reviewed to avoid over-invoicing of projects. This should involve collaboration between the executive and the legislature.

(14). MDAs should take inventory and cognisance of contracts already awarded and being executed by bidders and contractors before arriving at the decision to award more contracts. Overloading a contractor with contracts beyond its capacity contributes to delays in project execution.

(15). Contractors who do shoddy and poor quality jobs should be made to deliver on the expected quality and where they cannot remedy the situation, be punished in accordance with the provisions of the Public Procurement Act, 2007. The Bureau of Public Procurement should take up this challenge.

(16). Contractors who deliberately underestimate the cost of projects to gain an undue advantage and win the bid should be relieved of the job and punished in accordance with the provisions of the PPA. The Bureau of Public Procurement should also take up this challenge.

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(18). The Ministry of Works and other MDAs need to acquire appropriate technical and scientific devices to monitor the quality of work done by contractors. In this context, the procurement and use of the Automatic Road Analyser is imperative for the Ministry of Works.