



BUDGET IMPLEMENTATION MONITORING AND PERFORMANCE MONITORING REPORT

2016 Third Quarter

**Ministry of Budget and National Planning
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I

LIST OF ACRONYMS AND ABBREVIATIONS

A/C	Account
ACM	African Common Market
AfDV	African Development Bank
AIE	Authority to Incur Expenditure
B	Billion
BDC	Bureau de Change
BOF	Budget Office
bpd	Barrels per day
BPP	Bureau of Public Procurement
BREXIT	Britain Exit
CBN	Central Bank of Nigeria
CIT	Company Income Tax
CMD	Center for Management Development
CPI	Consumer Price Index
DMO	Debt Management Office
ECA	Excess Crude Account
ECOWAS	Economic Community of West African States
EMDE	Emerging and Developing Economies
EU	European Union
FAAC	Federal Account Allocation Committee
FAAN	Federal Airports Authority of Nigeria
FCT	Federal Capital Territory
FFS	Federal Fire Service
FGN	Federal Government of Nigeria
FMA&RD	Federal Ministry of Agriculture and Rural Development
FME	Federal Ministry of Education
FMF	Federal Ministry of Finance
FMH	Federal Ministry of Health
FMST	Federal Ministry of Science & Technology
FMT	Federal Ministry of Transport
FMWASD	Federal Ministry of Women Affairs and Social Development
FMYD	Federal Ministry of Youth Development
FRA	Fiscal Responsibility Act
GAT	General Aviation Terminal
GDP	Gross Domestic Product
GIFMIS	Government Integrated Financial Management
GIS	Geographic Information System System
ICRC	Infrastructure Concession Regulatory Commission
IMF	International Monetary Fund
IMTO	International Money Transfer Organization
INEC	Independent National Electoral Commission
JPB	Joint Planning Board
JVC	Joint Venture Company
LNG	Liquefied Natural Gas
M2	Money Supplied

M&E	Monitoring and Evaluation
MBPD	Million Barrels Per Day
MDAs	Ministries, Departments and Agencies
MFA	Ministry of Foreign Affairs
MICS 5	Multiple Indicator Cluster Survey (round 5)
MIS	Management Information System
MNDA	Ministry of Niger Delta Affairs
MoD	Ministry of Defence
MPR	Monetary Policy Rate
MPR	Ministry of Petroleum Resources
MSMD	Ministry of Solid Minerals Development
MTEF	Medium Term Expenditure Framework
MTSP	Medium Term Strategic Plan
N	Naira
NBS	National Bureau of Statistics
NCDP	National Council for Development Planning
NDDC	Niger Delta Development Commission
NEC	National Economic Council
NERGP	Nigerian Economic Recovery and Growth Plan
NHP	National Housing Programme
NHRC	National Human Rights Commission
NIPP	National Integrated Power Project
NISER	Nigerian Institute of Social and Economic Research
NJC	National Judicial Council
NNPC	Nigerian National Petroleum Corporation
NPS	Nigerian Prison Service
OAGF	Office of the Accountant General of the Federation
OPEC	Organization of the Petroleum Exporting Countries
OSGF	Office of the Secretary to the Federation
OSEX	Outer Southern Expressway
PCC	Public Complaint Commission
PPP	Public-Private Partnership
PPT	Petroleum Profit Tax
PSC	Production Sharing Contracts
SWF	Sovereign Wealth Fund
UBEC	Universal Basic Education Commission
UK	United Kingdom
US	United States
VAT	Value Added Tax
WB	World Bank
WEF	World Economic Forum
ZBB	Zero Based Budgeting

EXECUTIVE SUMMARY

I. Background

The 2016 “Budget of Change” is the first full-year Budget of the present Administration. It was prepared while taking into account the general slowdown in global economic growth and more significantly a massive decline in crude oil prices, which is a major source of revenue and foreign exchange. The Budget was also designed to anchor the Federal Government’s commitment to create a more diversified, sustainable and inclusive economy.

A budget of N6.06 trillion was estimated for the 2016 fiscal year. It focused on macroeconomic policies and growth strategies aimed at reflation the economy through investment in critical infrastructure and social development. A Strategic Implementation Plan (SIP) was developed for the 2016 Budget. It outlines priority economic and developmental strategies, aimed at focusing both the national and regional economies toward sustainable development and inclusive growth over the 2016 fiscal year. As such the SIP provides the key short-term macroeconomic and sectoral policies for the 2016 fiscal year.

The SIP is anchored on six strategic pillars:

- (1) Economic Reforms
- (2) Infrastructure
- (3) Social Development
- (4) Security and Governance,
- (5) Environment, and
- (6) States and regional Development.¹

The SIP is conceptually based on the implementation of thirty-four (34) priority actions across the following four (4) policy areas: (1) investing in critical infrastructure, (2) embracing and encouraging the private sector, (3) continuously advocating for greater social inclusion, and (4) improving security and tackling corruption.

¹ These pillars are explained and analyzed in further depth in Chapter 4.

Further, the SIP articulates six (6) thematic strategic areas for 2016:

- (1) Policy, Security and Governance
- (2) Diversify the economy
- (3) Power, rails & roads
- (4) Oil & gas reforms
- (5) Ease of doing business
- (6) Social Investment

II. Report Objective

The objective of the Report is to:

- i. Asses the performance of the 2016 Budget in line with the harmonized change agenda of the Federal Government of Nigeria, as set out in the Strategic Implementation Plan;
- ii. Highlight the contributions of individual MDAs to the sectoral goals;
- iii. Provide credible data for evidence-based decision making;
- iv. Identify achievements, opportunities and challenges based on set targets against sectoral key performance indicators; and
- v. Identify success factors, lessons learnt and make recommendations to the government.

III. Major Findings

In the third quarter of 2016, the country's Gross Domestic Product (GDP) contracted by -2.24% (year-on-year) in real terms with third quarter performance lower by 0.18% from a negative growth of -2.06% in the preceding (2nd) quarter.

2016 Performance of Key Budget Assumptions and Targets

KEY ASSUMPTIONS AND TARGETS	Assumed for 2016	Actual for Q3 2016
Projected Production (in mbpd)	2.2	1.63
Budget Benchmark Price (Per barrel in US)	38	45.86
Average Exchange Rate (N/US\$)	197	305.23
VAT Rate	5%	5%
CIT Rate	30%	30%

Source: BOF, NNPC, FIRS and NCS, 2016

A review of the financial performance as at 19th October 2016 showed that **out of the total capital budget appropriation of N1,587.40 billion, N753.663 billion (47.5%) had been released and cash backed with N403.4 billion (54%) utilized by thirty (30) out of the forty-six (46) MDAs** reported by the Office of the Accountant General of the Federation (OAGF). A detailed discussion of sectoral performance, organized by Strategic Pillars is provided below.

SECTORAL PERFORMANCE ANALYSIS

As explained in the Background section above, the Strategic Implementation Plan is anchored on the following six (6) Pillars: Economic Reforms, Infrastructure, Social Development, Security and Governance, Environment, and States & Regional Development. As part of the monitoring exercise, sectors were selected under each strategic pillar and projects were visited at the relevant Ministries, Departments and Agencies (MDAs).

STRATEGIC PILLAR	SECTORS/MDAs UNDER PILLAR		MINISTRIES COVERED IN FIELD MONITORING EXERCISE
Economic Reforms	<ul style="list-style-type: none"> ▪ Agriculture ▪ Solid Minerals ▪ Trade and Investment 	<ul style="list-style-type: none"> ▪ Finance ▪ Petroleum ▪ Information and culture 	<ul style="list-style-type: none"> ▪ Ministry of Agriculture ▪ Ministry of Solid Minerals
Infrastructure	<ul style="list-style-type: none"> ▪ Power, Works & Housing ▪ Transportation ▪ Water Resources 	<ul style="list-style-type: none"> ▪ Science and Technology ▪ Communication Technology 	<ul style="list-style-type: none"> ▪ Ministry of Power, Works & Housing ▪ Ministry of Transportation ▪ Ministry of Water Resources
Social Development	<ul style="list-style-type: none"> ▪ Health ▪ Education 	<ul style="list-style-type: none"> ▪ Women Affairs & Social Development ▪ Youth and Sports 	<ul style="list-style-type: none"> ▪ Ministry of Health ▪ Ministry of Education ▪ Ministry of Women Affairs and Social Development
Governance & Security	<ul style="list-style-type: none"> ▪ Defence ▪ Governance ▪ Budget and National Planning ▪ Presidency 	<ul style="list-style-type: none"> ▪ Office of the Head of Service of the Federation ▪ Justice ▪ Foreign Affairs ▪ Interior 	<ul style="list-style-type: none"> ▪ Ministry of Defence ▪ Ministry of Interior ▪ Ministry of Budget and National Planning

	* note: only select sectors/MDAs listed due to space constraints	
State and Regional	<ul style="list-style-type: none"> ▪ FCT ▪ Niger Delta 	<ul style="list-style-type: none"> ▪ Ministry of the Federal Capital Territory ▪ Ministry of Niger Delta
Environment	<ul style="list-style-type: none"> ▪ Environment 	<ul style="list-style-type: none"> ▪ n/a (no MDAs monitored in Q3 2016)

1) Economic Reforms

The Economic Reforms Pillar highlights MDAs contributing to economic growth and diversification. This consists of capital budget utilization in the Ministries of Agriculture & Rural development, Solid Minerals, Trade and Investment, Finance, Information and Culture and Petroleum Resources. A review of financial performance shows that out of a total of N72.437 billion (9.61%) appropriation figure, N38.988 billion (53.82%) was released and cash backed with only N4.626 billion (11.86%) so far utilized by MDAs contributing to achieving these pillar objectives. The details of the appropriation are shown below.

2) Infrastructure

The Infrastructure Pillar consisting of Ministry of Power, Works & Housing, Ministry of Transportation, and the Ministry of Water Resources. Infrastructure development plays a critical role in economic growth and development, and therefore infrastructure received N684.80 billion, representing the highest budgetary allocation (41% of the total capital allocation). Of the total of N684.80 billion funds allocated, N277.81 billion (40.57%) was released and cash backed with N113.74 billion (51.37%) so far utilized by MDAs contributing to achieving these pillar objectives.

3) Social Development

The Social Development Pillar focuses on the implementation of social welfare, health and education projects tailored towards enhancing the quality of life. The 2016 Appropriation under the Social Development Pillar is N69.87 billion, out of which N38.35 billion was released with N16.69 billion so far utilized during the reporting period. The financial performance analysis focuses on performance

under the Federal Ministry of Health, Education, Women Affairs and Social Development, Youth and Sports Development.

4) Governance and Security

The Governance and Security strategic thrust is anchored on enhancing sustainable development in an atmosphere of security, respect for the rule of law and governance reforms, to increase efficiency of service delivery and reduce endemic corruption. Financial performance of this Pillar, focused on performance in the Presidency, Office of the Auditor General, Ministry of Defence, Ministry of Interior, Ministry of Foreign Affairs, Office of the Head of Service of the Federation, Ministry of Budget and National Planning, the Ministry of Justice, Office of the Secretary to the Government of the Federation, Ministry of Labour and other statutory bodies.

A review of capital releases for the MDAs as at October 19th 2016 shows that out of a total appropriation of N298.306 billion with N140.671 billion cash-backed, while the utilization is N51.937 billion (26.94%).

5) Environment

The Environment Pillar focuses on combating climate change and its resulting impact, and promoting the sustainable use of natural resources. The total appropriation under the Environment Pillar was N4.957 billion, out of which N2.076 billion had been released with N860.699 million utilized (41.5% utilization) within the reporting period.

6) State and Regional Development

This section highlights the financial performance of MDAs contributing to the States and Regional Development Pillar. A review of the capital utilization of the Ministry of Niger Delta Affairs and the Federal Capital Territory (FCT) show that out of a total of N48.737 billion appropriated for 2016, N13.161 billion (representing 27%) had being cash backed and released, while a cumulative sum of N8.859 billion (representing 67.31%) was utilized by both MDAs, with the FCT achieving 100% utilization performance.

IV. Key Achievements and Good Practices

- Employment opportunities were created due to project activity in several areas, and particularly in the Infrastructure sector due to the resumption of work on some of the abandoned road projects such as the Ibadan-Oshogbo-Ilorin Expressway (Section Two) and other road projects spread across the country.
- Under the Social Development Pillar, particularly within the Health sector, usage of funds received led to increased investments in physical infrastructure, particularly construction of additional health wards and procurement of advanced health diagnostic machines across various tertiary health institutions, resulting in increased access to healthcare.
- Projects focusing on Research & Development, and entrepreneurial training targeting skills development and self-sufficiency were particularly evident in the Agriculture sector. Most agricultural research institutions had active demonstration farms that supported the achievement of food security in the country and improvement on agricultural inputs especially improved seedlings and better farming techniques.
- The project monitoring teams observed increased exploratory activity in the Solid Minerals sector, with a specific focus on coal, iron ore, and bauxite exploration. For example, the National Steel Raw Materials Exploration Agency undertook a series of geological surveys across the country. Ongoing exploration activities ongoing include Yola Nora Iron Ore Exploration, Amasiodo Coal Geological Mapping, Mambilla, Bauxite Exploration and Amasiodo Coal Sample Analysis.
- The Ministry of the Federal Capital Territory fully utilized its budgetary provisions and releases during the quarter. In particular, it applied funds to the completion of abandoned projects such as the construction of left and right service carriage-ways (OSEX), the Abuja light rail, and other roads completion projects.

V. Key Challenges

1) Procurement Delays

The monitoring teams found that procurement delays caused by the late commencement of the procurement process, longer wait periods due to administrative issues, and the subsequent late passage and release of the budget were major contributory factors to below average performance across the Strategic Pillars. Specifically, MDAs delayed procurement processes until funds were released, and relied on Section 16(1)(b) of the Public Procurement Act (2007) as justification. Section 16(1)(b) states:

“[B]ased only on procurement plans supported by prior budgetary appropriations, no procurement proceedings shall be formalized until the procuring entity has ensured that funds are available to meet the obligations and subject to the threshold in the regulations made by the Bureau, has obtained a ‘Certificate of ‘No Objection’ to Contract Award’ from the Bureau”

MDAs delayed procurement processes despite receiving a Circular from the Office of the Secretary to the Federation (OSGF) on January 5, 2016 (Ref. No. SGF/OP/I/S.3/VOL.XI/833) instructing all MDAs to commence procurement activities for all new and ongoing projects, with the requirement that no awards be made until the Budget had been signed into law. The Circular states:

“[I]n order to ensure early and full implementation of the Budget Bill when enacted into law, all MDAs are immediately advised to commence the implementation of the procurement activities for all new and ongoing projects as indicated in the 2016 Procurement Plans and Budget Proposals.

To this end MDAs are expected to:

a. Establish procurement planning committee in accordance with Section 21 of the Public Procurement Act.

...

e. Awards should only be made when the Budget is finally signed into law by Mr. President after all necessary clearance is obtained.”

The full text of the Circular is available in Appendix A.

2) No Adjustment of Budget Releases to Account for Seasonality

Budget releases and cash management understandably focused more on priority spending especially in the infrastructure, transport and other core priorities of Government. However, the methodology for releases did not take into account seasonal periods (dry and rainy seasons), resulting in delays and underutilization of funds across most Strategic Pillars.

3) Inadequate Agency Participation in the Project Award/Implementation Process

There were several instances where the conceptualization, contract award, implementation and control of projects in host agencies were directly handled by the parent Ministry without the active participation of host agencies. For example, in the Water Resources sector the parent ministry handled many high value/impact projects. Further, in the Education sector, the handling and execution of projects by the parent ministry was found to be a contributory factor to the high rate of abandoned projects. These practices lead to a lack of ownership by host agencies when it came to project oversight to ensure effecting implementation by contractors.

4) Inadequate Monitoring & Evaluation Technical Capacity and Coordination Across MDAs

Inadequate monitoring and evaluation technical capacity across MDAs, along with coordination challenges across MDAs resulted in challenges across the board.

VI. Summary of Key Recommendations

- MDAs should (1) align their actions with the instructions provided in the OSGF Circular (Ref. No. SGF/OP/I/S.3/VOL.XI/833); and (2) the ongoing review of the Public Procurement Act currently being undertaken by the Bureau of Public Procurement (BPP), which will among other things allow for a reduction in the length of procurement process, should be fast-tracked.

- Cash management and fund releases should be adjusted for seasonality, as most projects have peak and inactive periods.
- Government should continue to pivot to participatory budgeting so that critical and priority needs of MDAs, and by extension citizens, are considered in a bottoms-up approach. This strengthens ownership and ensures sustainability of the projects, because stakeholders are carried along during the conceptualization, implementation and project management planning and control required to ensure successful completion of the projects. This is particularly valid for projects in agencies domain in which parent ministries are handling without the input of their respective agencies.
- MDAs are encouraged to understudy the project prioritization and selection criteria adopted by the Ministry of Power, Works and Housing, as it provides the necessary guidelines for effective project prioritization. All the projects classified as priority projects during the project selection methodology were visible and ongoing in line with the annual planned targets.
- It is necessary to strengthen capacity of MDAs on monitoring and evaluation, and to put better coordination measures in place to ensure better responsiveness across MDAs. Furthermore, strengthening will require the development of a formal Monitoring and Evaluation Policy, and the support of key stakeholders and champions for its implementation.

1 INTRODUCTION

1.1 BACKGROUND

The 2016 Third-Quarter Budget Implementation Report (the Report) provides insight into the Nigerian government's budget implementation and performance so far. It includes an overview of budget implementation activities, a brief analysis of the macroeconomic context within which the 2016 Budget of Change (the budget) was executed, and an analysis of the government's revenue receipts and expenditure in the third quarter. Additionally, the report measures budget performance against the strategic goals, pillars and intended outcomes stipulated by the 2016 Appropriation Act and the Strategic Implementation Plan.

1.2 OBJECTIVES OF THE REPORT

The primary objective of the Report is to provide an appraisal of the Federal Government of Nigeria's (the Government) performance towards achieving the Change Agenda. Specifically, the report intends to:

- vi. Provide evidence-based information on the performance of the 2016 Budget in line with the harmonized change agenda of the Federal Government of Nigeria, as set out in the Strategic Implementation Plan;
- vii. Highlight the contributions of individual MDAs to the sectoral goals, as captured under the strategic pillars of the harmonized change agenda;
- viii. Provide credible data for evidence-based decision making;
- ix. Identify achievements, opportunities and challenges based on set targets against sectoral key performance indicators; and
- x. Identify success factors, lessons learnt and make recommendations to the government.

1.3 STRATEGIC IMPLEMENTATION PLAN (SIP)

The Strategic Implementation Plan (SIP) for the 2016 Budget of Change is aimed at directing the trajectory of the national and regional economies towards the path of sustainable development and inclusive growth over the course of the 2016

Fiscal Year. It prioritizes accelerated implementation of a select number of critical priority policies and targeted interventions that are crucial to delivering the expected outcomes and deliverables over the short to medium-term, in line with the current Administration's mandate.

The SIP is anchored on six major pillars:

- (1) Economic Reforms
- (2) Infrastructure
- (3) Social Development
- (4) Security and Governance,
- (5) Environment, and
- (6) States and Regional Development.²

The conceptual underpinning of the SIP is based on implementing thirty-four (34) priority initiatives, across the following four (4) policy areas: (1) investing in critical infrastructure, (2) embracing and encouraging the private sector, (3) continuously advocating for greater social inclusion, and (4) improving security and tackling corruption.

Additionally, six (6) thematic strategy areas derived from the aforementioned six (6) policy areas.

- (1) Policy, Security and Governance
- (2) Diversify the economy
- (3) Power, rails & roads
- (4) Oil & gas reforms
- (5) Ease of doing business
- (6) Social Investment

A budget of N6.06 trillion was estimated for the 2016 fiscal year. The budget focused on macroeconomic policies and growth strategies aimed at reflation the economy through investment in critical infrastructure and social development. The Zero-Based Budgeting (ZBB) methodology, requiring that all expenses be justified for each financial period, was used. Consequently, the Ministries, Departments, and Agencies (MDAs) carried out fresh evaluations and estimates of all programmes/projects based on the government's priorities. The budget was also

² These pillars are explained and analyzed in further depth in Chapter 4 of this report.

guided by the 2016 –2018 Medium-Term Expenditure Framework (MTEF) and Fiscal Strategy Paper.

1.4 METHODOLOGY

The Methodology adopted in the production of this report draws from a number of interrelated approaches. The aim is to offer representative information that accurately provides necessary context for verifying the quality, efficiency and effectiveness of the Federal Government's programmes and their attendant progress towards implementation, to reflect the increased demand for transparency and accountability in Government. A combination of desk review and physical verification exercise was adopted, in order to: (1) make a case as to whether projects and programmes were achieving their intended results, and (2) justify budgetary resource allocation.

Considering the constraints occasioned by limited time and resources, a mix of random and purposeful sampling was undertaken in line with the Government's priority and specific sector objectives. Performance desk reviews were undertaken on 12 selected MDAs and their parastatals with the aim of collecting, organizing and reviewing submitted implementation plans, in order to ensure their alignment with the sector objectives and core strategic pillars envisioned in the Strategic Implementation Plan.

The field visitation exercise was undertaken by all sector departments in the Ministry of Budget and National Planning and the Budget Office with the goal of assessing financial performance of individual projects selected, their annual planned milestones and contributions to the budget goals and outcomes as stated in the SIP.

Following the completion of the validation exercise, secondary sources of information, especially publicly available information from the National Bureau of Statistics (NBS), and Nigeria Institute of Social and Economic Research (NISER) were referenced to further validate and contextualize the monitoring exercise. In addition, other secondary sources of data were acquired from publications of the World Bank, United Nations Development Programme (UNDP), and the United Nations Children's Fund (UNICEF) among others.

Project Selection Criteria:

Projects were selected using a random sampling method based on a scoring model. The scoring model is an objective technique wherein relevant criteria were selected and weighed according to their level of importance and priorities. The weighted values were then added to a score lists. Once scoring of projects was concluded, the projects with the highest scores were chosen.

A total of two hundred and eighty five (285) projects were selected, cutting across 24 ministries and their Parastatals, based on the following criteria:

- a. Pattern of budget releases (30%)
- b. Value and impact of priority projects (20%)
- c. Alignment to six key pillars of the SIP (20%)
- d. Status of projects (15%)
- e. Geographical spread of projects (15%)

These selections were further validated with the MDAs as a representative cross-section of projects. Variances and implementation plans were reviewed in line with the ZBB Framework to ensure implementation plans for the 2016 budget were adhered to.

Data Collection and Analysis:

Data was collected through the administration of uniform templates that were consistent with the M&E Framework and the 2016 Budget. This primary level data was collected from the MDAs for further data quality assessment, analysis and interpretation. In addition, informal data sources were collected through focus group discussions and semi-structured interviews with beneficiaries.

In order to increase the speed and efficiency of data analysis and interpretation, data triangulation was achieved by deploying the M&E Management Information System (MIS).

The MIS consists of a web portal and smartphone based app running on Android ("Budget FMS"), which was used to make validation of data collected more accurate, easier and quicker to do. Location data coordinates and pictures were also collected for the projects visited.

1.5 LIMITATIONS

Several limitations were encountered during the preparation of the report that may have affected timely reporting, quality and assumptions made in the report. These include:

I. **Late release of the capital expenditure component of the Budget**

Capital expenditure releases were not initiated in preparation for disbursements until late 2nd quarter of the year. Some of the MDAs submitted their implementation plans for priority projects late. Consequently, monitoring activities did not start until projects/programmes reached critical maturity point and necessary procurement processes had reached the advanced stage. Monitoring activities started in November, thus affecting timely submission of the report in line with the Fiscal Responsibility Act (FRA).

While the 2016 Appropriation Bill was submitted to the National Assembly in December 2015, the final Appropriation Act was not signed into law until May 2016. This late passage in turn meant that the Bill could not be fully implemented, and ultimately delayed monitoring activities.

II. **Procedural Issues**

The procedural lag time between budget cash backing and utilization of the appropriated funds accounted for the delay in submission of the report. This could be attributed to procurement timelines and other preparatory activities that needed to be concluded before actual project execution. It was necessary to delay performance assessment until significant grounds had been covered. However, it is important to note these procedural issues are necessary to comply with the extant provisions of the law.

III. **Coverage**

One of the limitations of this report is the time period used in producing the report, not all sectors and MDAs were covered during the exercise. Only priority sectors that had been identified through the methodology were covered within the period of this Report. Also new facts might have emerged; assumptions and progress of work might have changed during the process of development of the report.

IV. Weak M&E technical capacity across MDAs and inadequate coordination amongst the MDAs

There was evidence of systemic weakness in terms of conceptualizing and entrenching M&E processes within the MDAs. M&E is still viewed as process of reporting to the Ministry of Budget and National Planning rather than a practice of critical reflection and learning within the MDAs themselves.

This had negative effect in terms of longer response and wait times it took to receive feedback from the MDAs resulting in poor support for the system through poor quality of information provided.

In some cases, baseline data and targeted sectoral outcomes were not provided, prompting the need for further enlightenment and engagement of the MDAs. It was also difficult to create a causal link between project executed and targeted sectoral outcomes as most projects were at their inception stage. Coordination with the MDAs was a challenge, resulting in insufficient collection of necessary data to make evidence based conclusions.

V. System Strengthening required in M&E departments of NME & BME within the MBNP

The instruments used in collection of performance data do not capture the results oriented component and performance indicators that are required to fully understand the extent of the budgetary contributions to the National Development Plan. This may have affected the quality of the report in contextualizing the contributions of the projects visited to the overall vision of Government. There is a need to continuously strengthen and review the instruments used in collecting data with a view to performing various evaluation studies on the potential impact of government programmes.

The process of data collection between the Ministry of Budget and National Planning and other MDAs pertaining to implementation plans, balanced score cards and medium term sector strategy needs to be strengthened with a view to providing effective feedback and learning mechanism that

can benchmark performance indices. In this regard, the capacity in the Ministry of Budget and National Planning is sub optimal.

VI. Logistics and limited resources

As has been well documented, government is currently experiencing a shortfall in revenues due to the fall in current oil prices; which in turn has affected its capacity to fund this exercise appropriately. As a rule of thumb, the monitoring exercise is expected to sample a minimum of ten percent (10%) of the total projects intended to be completed in the 2016 Budget year; however, due to lack of funds, adequate manpower and equipment, the monitoring exercise has not achieved this target. It is therefore important to treat its findings in the context of the sample size available to avoid a misrepresentation of facts on a larger scale. Furthermore, acquiring and verifying data in the field takes time, and in some cases data has to be collected from scratch due to unavailable data; this must be taken into account during monitoring field work as allocating less time to Officers (to save cost) is detrimental to the data collected and analyzed.

2 FINANCIAL AND MACROECONOMIC DEVELOPMENT & ANALYSIS

2.1 GLOBAL ECONOMIC OUTLOOK

The outlook for the global economy continued to face various uncertainties following the UK vote in favour of leaving the EU (Brexit), weaker than expected growth in the United States, lower yields on long term government bonds due to slack monetary policy from advanced economies and subdued performance of the Euro zone, Japan and China economies. These have led to the downgrade of baseline growth forecasts by the IMF and World Bank as shown in Table 2.1 below.

Table 2.1: Global Growth Forecasts

World Economic Outlook	Projections (%)			
	2015	2016	Revised 2016	% Change
IMF	3.2	3.2	3.1	-0.1
WORLD BANK		2.9	2.4	-0.5
Emerging and Developing Economies (EMDE) Economies Outlook				
IMF	4.0	4.2	4.3	0.1
WORLD BANK		4.3	4.1	-0.2

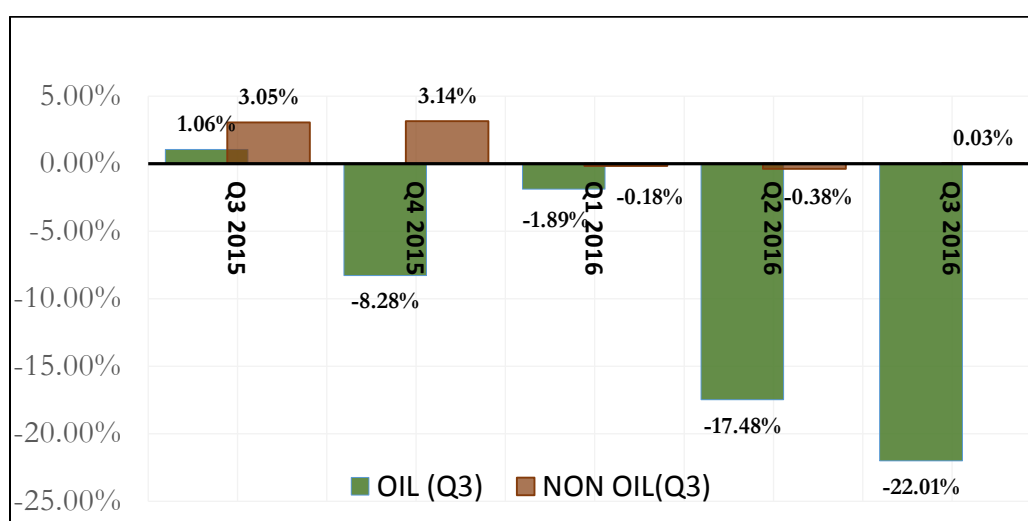
Source: IMF & WORLD GES

The EMDEs continue to experience daunting policy challenges due to weak commodity prices, low capital inflow and inflexible macroeconomic environment encountered in 2015 through to the third quarter of 2016. However, the prospect for growth is likely to be driven by rising credits, surge in government spending, firming of oil prices due to the possible agreement between OPEC and non-OPEC members on possible output quota cuts and disruptions of oil production in Nigeria, Libya and Iraq.

2.2 DOMESTIC ECONOMY

The Nigerian economy continued to experience negative growth, which started in the first quarter of the year. Information from the National Bureau of Statistics (NBS) revealed that the nation's **Gross Domestic Product (GDP) contracted by -2.24% (year-on-year) in real terms** with **third quarter performance lower by 0.18% from a negative growth of -2.06% in the preceding quarter (Q2 2016)**. A further analysis of oil and non-oil sector growth figures are presented in Figure 2.1 below.

Figure 2.1: Oil and Non-Oil Sector Growth (Nigeria)



Source: GDP Growth Rate - Q3, NBS 2016

The non-oil sector contributed 91.81% to the nation's GDP; this contribution was largely driven by agriculture (crop production), information & communication and other services. While the oil sector contributed 8.91%, to the nation's GDP. The shocks associated with energy shortages and price hikes, scarcity of foreign exchange and depressed consumer demand, among others, apparently proved to be more harmful than expected. Knowing that the conditions that triggered the current economic downturn were not basically sensitive to monetary policy interventions, there was again a renewed call for urgent complementary fiscal policies to revive production and engineer aggregate consumption.

In particular, diversification of the economy away from oil to agriculture, manufacturing and services was recommended. It was also suggested that more efforts be made towards payment of salaries and arrears of public sector

employees particularly in states and local governments to stimulate aggregate consumption. On the supply side, efforts should be intensified to increase capital expenditure, so as to redress infrastructural deficits, improve the business environment and spur growth.

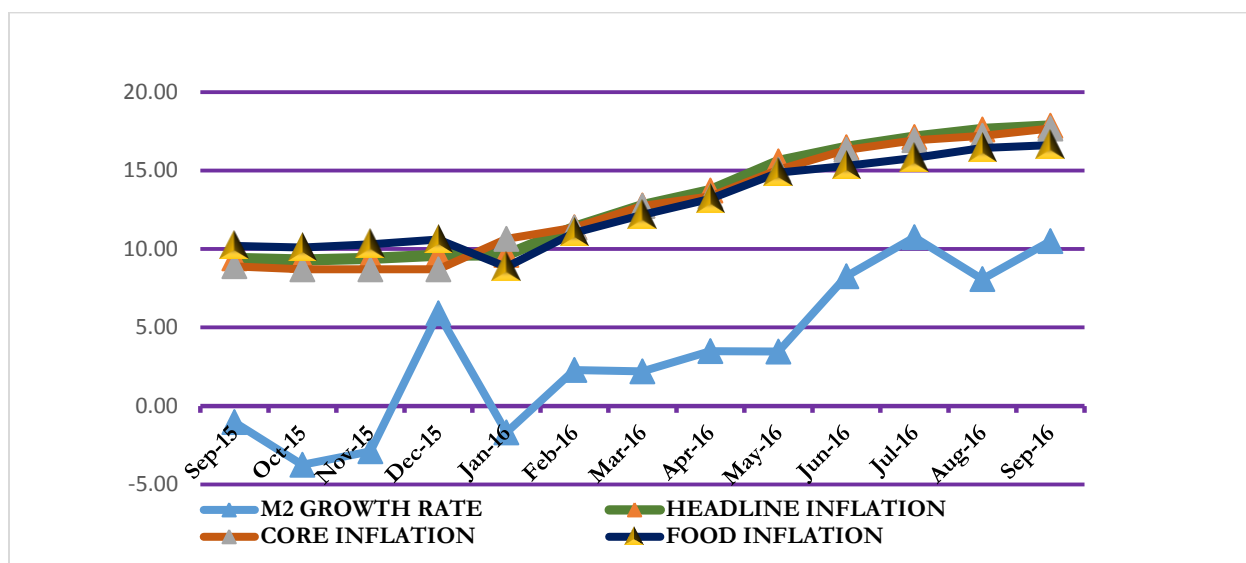
As illustrated in Table 2.2 and Figure 2.2 below, the Headline, Core and Food inflation continued their upward trend as in Q1 and Q2 of 2016. The pressure on consumer prices can be attributed to ongoing reforms and basic factors including high costs of electricity, transport, production inputs, as well as higher prices of both domestic and imported food products. It is hoped that the harvest season and flexible foreign exchange regime will begin to reduce consumer prices in the last quarter of the year.

Table 2.2: Inflation and M2 Growth Rate

	M2 GROWTH RATE	HEADLINE INFLATION	CORE INFLATION	FOOD INFLATION
Sept -15	-1.03	9.4	8.9	10.2
Oct – 15	-3.75	9.30	8.70	10.10
Nov – 15	-2.89	9.4	8.70	10.30
Dec – 15	5.90	9.60	8.70	10.30
Jan -16	-1.69	9.62	10.64	8.84
Feb – 16	2.29	11.38	11.35	11.04
March -16	2.20	12.77	12.74	12.17
April – 16	3.49	13.72	13.35	13.19
May – 16	3.46	15.58	15.05	14.86
June – 16	8.26	16.48	16.32	15.30
Jul – 16	10.75	17.13	16.93	15.80
Aug – 16	8.08	17.61	17.21	16.43
Sept - 16	10.50	17.85	17.67	16.62

Source: Central Bank of Nigeria & National Bureau of Statistics, 2016

Figure 2.2: Inflation and M2 Growth Rate



Provisional data from the Central Bank of Nigeria (CBN) shows broad money supply (M2) grew by N448.87 billion (or 2.07%) in September. Equally, net domestic credit, credit to government and credit to private sector followed the same trend with net domestic credit increasing by N2,023.33 billion (or 8.32%), credit to government increased by N855.65 billion (or 29.57%) and credit to private sector increased by N1,167.68 billion (or 5.45%). The average prime lending rate increased from 16.78% in June to 17.09% in September 2016. Likewise, the average maximum lending rate increased from 26.93% in June to 27.49% in September 2016.

In pursuit of price stability, the Central Bank of Nigeria (CBN) reviewed the Monetary Policy Rate (MPR) from 12% to 14% in the third quarter of 2016. The decision to increase the MPR is premised on the fact that loosening monetary policy now is not advisable as real interest rates are negative, pressure exists on the foreign exchange market while inflation is trending upwards. The current stance of monetary policy is expected to continue to help lock-in expectations of inflation, which, has started to improve with the gradual return of stability in the foreign exchange market. The interest rates in the interbank money market are reflections of the liquidity situation in the banking system. Thus, the average interbank call rate decreased from 35.26% in June to 14.5% in September 2016. However, the calls for interest rates reduction was mainly from the believe that doing so will spur credit growth in the private and public sector and stimulate

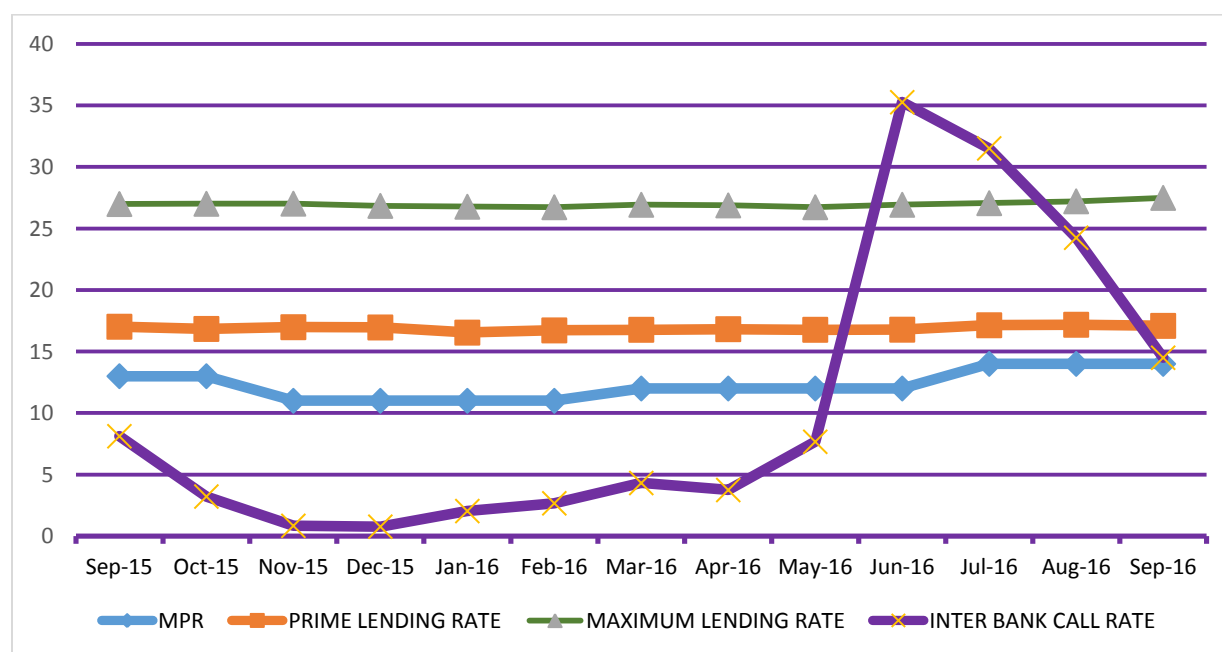
consumption and investment spending. Figure 2.3 and Table 2.3 below illustrate the aforementioned interest rate trends.

Table 2.3: Interest Rates Trend (September 15 - September 2016)

	MPR	PRIME LENDING RATE	MAXIMUM LENDING RATE	INTER BANK CALL RATE
Sept -15	13	17.02	26.99	8.12
Oct – 15	13	16.84	27.01	3.22
Nov – 15	11	16.98	27.02	0.84
Dec – 15	11	16.96	26.84	0.77
Jan -16	11	16.54	26.77	2.04
Feb – 16	11	16.72	26.73	2.67
Mar – 16	12	16.77	26.93	4.32
Apr - 16	12	16.82	26.88	3.75
May – 16	12	16.77	26.73	7.67
Jun – 16	12	16.78	26.93	35.26
Jul – 16	14	17.14	27.06	31.51
Aug – 16	14	17.18	27.21	24.25
Sept - 16	14	17.09	27.49	14.5

Source: Central Bank of Nigeria, 2016

Figure 2.3: Interest Rates Trend (September 2015 - September 2016)



The average exchange rate of the Naira/Dollar weakened at both the Official and Inter-Bank segments of the foreign exchange market with the exchange rate

opening at an average of N231.76/US\$ in June and closing at an average of N305.23/US\$ in September 2016. While at the Bureau de Change (BDC), the Naira depreciated from N351.82/US\$ in June to N431.10/US\$ in September 2016.

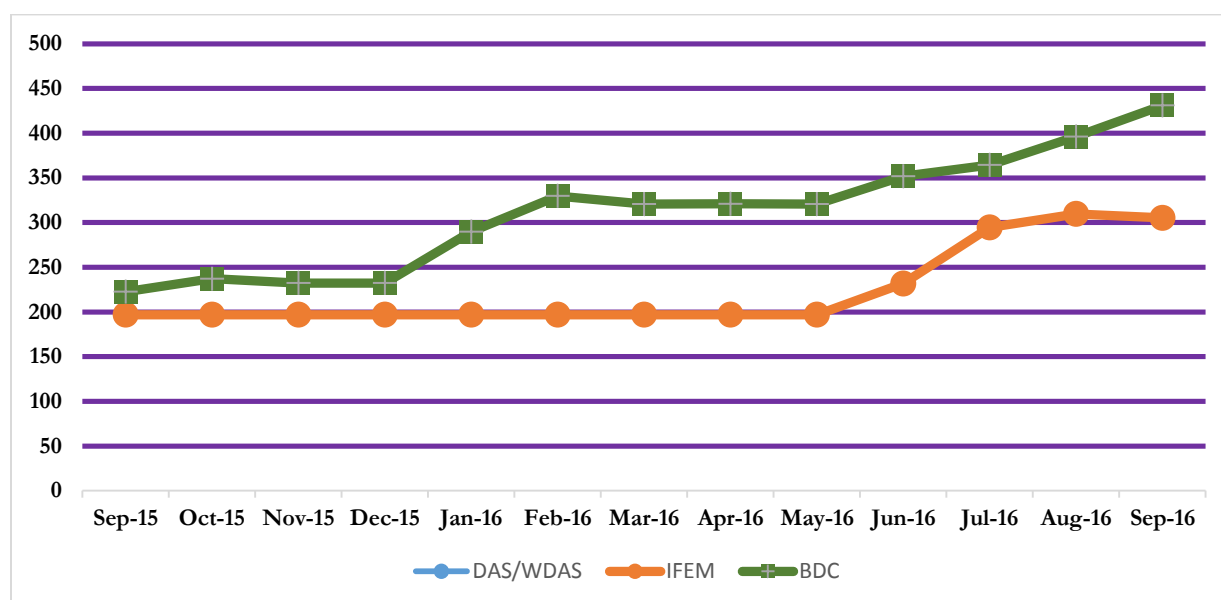
In direct efforts to expand the foreign exchange market and stabilize the financial markets generally, a number of policy instruments were deployed by CBN which include; an increase in the benchmark interest rate and complementary administrative policies like the directives to International Money Transfer Operators (IMTOs) to sell Forex directly to Bureau de Change operators.

Table 2.4: N/US\$ Exchange Rates Trend (September 2015 - September 2016)

Naira/US\$	DAS/WDAS	IFEM	BDC
Sep-15	197	197	222.68
Oct-15	196.97	196.97	237.15
Nov-15	196.99	196.99	232.4
Dec-15	196.99	196.99	232.4
Jan-16	197	197	289.78
Feb-16	197	197	329.83
Mar-16	197	197	320.71
Apr-16	197	197	320.93
May-16	197	197	320.71
Jun-16	231.76	231.76	351.82
Jul-16	294.57	294.57	364.47
Aug-16	309.73	309.73	396.15
Sep-16	305.23	305.23	431.1

Source: Central Bank of Nigeria, 2016

Figure 2.4: N/US\$ Exchange Rates Trend (September 2015 - September 2016)



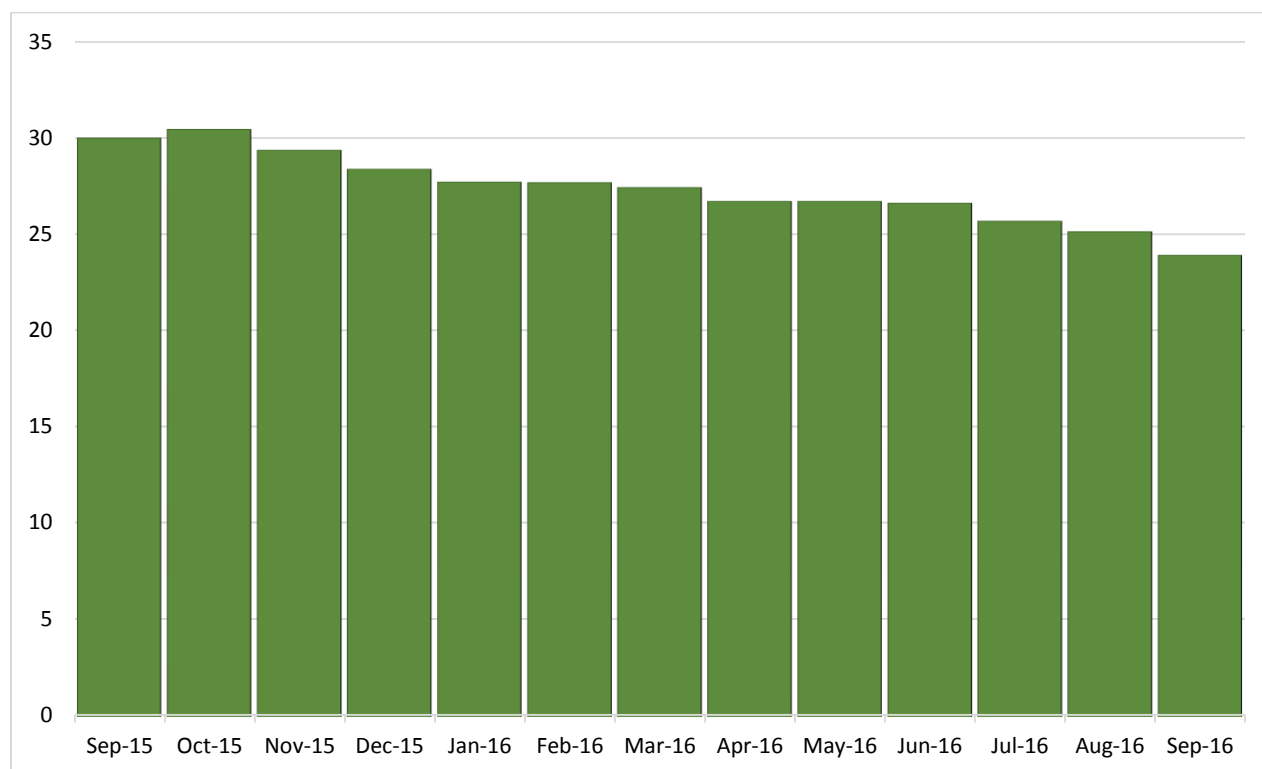
Figures from the CBN revealed that Nigeria's gross official (external) reserve dropped from US\$26.51 billion in June to US\$23.81 billion as at the end of September 2016 representing a reduction of US\$2.7 billion (or 10.18%). The decreasing level of external reserves can be attributed to the declining oil price and the problems in the foreign exchange market caused by excess liquidity conditions in the banking system and speculative actions. These elements triggered an increased funding of the foreign exchange market by CBN to stabilize the Naira. The current foreign reserves level could finance over six (6) months of imports, which is well above the internationally endorsed minimum threshold of 3-months import cover.

Table 2.5: External Reserves In Billion US\$ (September 2015 - September 2016)

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
External Reserves	29.88	30.34	29.26	28.28	27.61	27.57	27.33	26.61	26.6	26.51	25.58	25.03	23.81

Source: Central Bank of Nigeria, 2016

Figure 2.5: External Reserves: In Billion US\$ (September 2015 - September 2016)



According to the Debt Management Office (DMO), as of September 30, 2016 the Federal Government domestic debt stock stood at N10,845.22 billion representing an increase of N238.89 billion (or 2.25%) from the preceding second quarter. The 2016 third quarter debt figure was also N2,232.99 billion (or 25.93%) above the N8,612.23 billion recorded in the same period of 2015.

The external debt stock which were mostly low interest funds from multilateral financial institutions as 30th September, 2016 stood at US\$11,582.59 million representing an increase of US\$320.70 million (or 2.85%) from external debt stock in the second quarter of 2016 and an increase of US\$965.24 million (or 9.09%) over the US\$10,617.35 million documented in the third quarter of 2015.

3 FINANCIAL ANALYSIS OF THE 2016 BUDGET IMPLEMENTATION

3.1 KEY ASSUMPTIONS AND PROJECTIONS

Table 3.1: 2016 Performance of Key Budget Assumptions and Targets

KEY ASSUMPTIONS AND TARGETS	Assumed for 2016	Actual for Q3 2016
Projected Production (in mbpd)	2.2	1.63
Budget Benchmark Price (Per barrel in US)	38	45.86
Average Exchange Rate (N/US\$)	197	305.23
VAT Rate	5%	5%
CIT Rate	30%	30%

Source: BOF, NNPC, FIRS and NCS, 2016

3.2 ANALYSIS OF REVENUE PERFORMANCE

Overview of Oil Revenue Parameters:

The price of crude oil in the world market averaged US\$45.86 per barrel in the third quarter of 2016, indicating an increase of US\$0.29 per barrel (or 0.64%) above the US\$45.57 per barrel recorded in the second quarter of 2016 and US\$4.4 per barrel (or 8.75%) but below the US\$50.26 per barrel recorded in the third quarter of 2015.

Provisional data from the Nigerian National Petroleum Corporation (NNPC) shows that the average oil production and lifting (including Condensates) in the third quarter of 2016 was 1.60mbpd and 1.62mbpd respectively. This illustrates a shortfall of 0.58mbpd (or 26.36%) below the 2.2mbpd projected for the 2016 Budget. The drop in the quantity of oil lifted during the quarter as against the expected budget figure could be linked to uncertainties of oil in the international market and as well as other factors like crude oil theft, illegal bunkering, pipeline vandalism that occurred during the period under review.

Oil Revenue Performance:

An appraisal of the oil revenue performance shows that only Petroleum Profit and Gas Taxes of N305.44 billion (102.76%) and Other Oil and Gas Revenue of

N2.33 billion (145.9%) were above their initial quarterly estimates of N150.64 billion and N0.95 billion. Crude Oil Sales of N387.80 billion, Gas Sales of N15.55 billion, Royalties (Oil & Gas) of N86.95 billion, Rent of N0.04 billion and Gas Flared Penalty of N0.40 billion were all below their quarterly estimates.

Net Oil Revenue:

The actual Net Oil Revenue that accrued into the Federation Account was N201.37 billion, representing a decrease of N168.51 billion (or 45.56%) below the estimated quarterly projection of N369.87 billion. Similarly, the net oil revenue in the third quarter of 2016 was also lower than the N349.56 billion net oil revenue reported in the second quarter of 2016 by N148.19 billion (or 42.39%). The poor oil revenue performance in the third quarter can be linked to the fall in oil prices in the world market and as well as other challenges like crude oil theft, illegal bunkering and destruction of pipelines that took place during the period.

Non-Oil Revenue Performance:

The focus on improvement on non-oil revenue performance had given rise to the continuous increase in targets and actual revenues collected from the non-oil sector. The actual gross non-oil revenue of N814.24 billion was received which signifies a shortfall of N239.37 billion (or 22.72%) below the quarterly estimate of N1,053.61 billion.

A breakdown of the non-oil revenue items shows that all the non-oil revenue items fell below their quarterly expected estimates. Value Added Tax, Company income tax, Custom and Excise Duties, Special Levies were below their quarterly projections. Revenue Dividend by Companies/Investments Funded by FAAC, which had a quarterly projected estimate of N49.25 billion, yielded nothing in the quarter. On the other hand, Solid Minerals and Other Mining Revenue surpassed their quarterly projections as shown in Table 3.2 below.

However, when compared with their corresponding second quarter performances, Value Added Tax, Company Income Tax, Customs & Excise Duties and Special Levies improved considerably due to the increased pace of economic activities during the period and improved efficiency of both revenue generating and collecting agencies. It is expected that this trend will continue following continued releases and extended implementation of the 2016 capital budget to May 2016.

Table 3.2: Net Distributable Revenue as of September 2016 (Oil Revenue at Benchmark Assumptions)

S/N	DESCRIPTION	2016 BUDGET			2016 ACTUAL				VARIANCE					
		Annual	Quarterly Budget	3QRTS	First Quarter	Second Quarter	Third Quarter	3QRTS	3rd Quarter Actual Vs Quarterly Budget		3rd Quarter Vs 2nd Quarter (Actual)		Actual Vs Budget (3QRTS)	
A	OIL REVENUE	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%
1	Crude Oil Sales Export													
2	Crude oil Sales Domestic	1,778.30	444.57	1,333.72	402.18	295.66	387.80	1,085.64	(56.77)	(12.77)	92.15	31.17	(248.08)	(18.60)
3	Gas Sales (NLNG Feedstock Sales & Upstream Liquid Gas)	644.34	161.09	483.26	6.37	8.64	15.55	30.55	(145.54)	(90.35)	6.91	79.92	(452.71)	(93.68)
4	Oil Royalties & Gas Royalties	501.71	125.43	376.28	100.69	92.46	86.95	280.09	(38.48)	(30.68)	(5.51)	(5.96)	(96.19)	(25.56)
5	Rent	1.08	0.27	0.81	0.16	0.02	0.04	0.21	(0.23)	(85.24)	0.03	166.67	(0.60)	(73.80)
6	Gas Flared Penalty	3.05	0.76	2.29	0.37	0.32	0.40	1.09	(0.37)	(48.13)	0.08	23.75	(1.20)	(52.41)
7	PPT & Gas Income @ 30% CITA	602.56	150.64	451.92	213.35	120.33	305.44	639.12	154.80	102.76	185.11	153.84	187.19	41.42
8	Other Oil and Gas Revenue	3.78	0.95	2.84	1.52	0.78	2.33	4.63	1.38	145.90	1.54	196.56	1.79	63.05
9	Sub-Total	3,534.83	883.71	2,651.12	724.64	518.20	798.49	2,041.33	(85.21)	(9.64)	280.30	54.09	(609.80)	(23.00)
10	DEDUCTIONS													
11	DPR Cost of Collection	-	-	-	4.23	3.86	5.43	13.51	5.43		1.57	40.60	13.51	
12	Joint Venture Cash Calls	1,094.32	273.58	820.74	159.93	112.54	270.66	543.12	(2.92)	(1.07)	158.11	140.49	(277.61)	(33.82)
13	National Domestic Gas Development	280.94	70.24	210.71	-	-	-	-	(70.24)	(100.00)	-	-	(210.71)	(100.00)
14	Gas Infrastructure Development & Other Gas Expenses	305.07	76.27	228.80	-	-	-	-	(76.27)	(100.00)	-	-	(228.80)	(100.00)
15	Under Remittance of Funds by NNPC	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Arreas of 2015 Subsidy on Domestic Consumption	150.00	37.50	112.50	-	-	-	-	(37.50)	(100.00)	-	-	(112.50)	(100.00)
17	Transfer to Excess Crude Oil on PPT from Oil	-	-	-	-	-	145.48	145.48	145.48		145.48		145.48	
18	Crude Oil Pre-Export Inspection Agency Expense	3.94	0.99	2.96	-	-	-	-	(0.99)	(100.00)	-	-	(2.96)	(100.00)
19	Sub - Total	1,700.57	425.14	1,275.42	560.49	401.79	376.93	1,339.21	(48.21)	(11.34)	(24.86)	(6.19)	63.79	5.00
20	Transfer to Excess Crude Oil on PPT from Oil	-	-	-	-	-	145.48	145.48	145.48		145.48		145.48	
21	Balance of Oil Revenue	1,700.57	425.14	1,275.42	560.49	401.79	231.46	1,193.74	(193.68)	(45.56)	(170.34)	(42.39)	(81.69)	(6.40)
22	13% Derivation of Net Oil Revenue	221.07	55.27	165.81	72.86	52.23	30.09	155.19	(25.18)	(45.56)	(22.14)	(42.39)	(10.62)	(6.40)
23	TO FEDERATION ACCOUNT (OIL)	1,479.49	369.87	1,109.62	487.62	349.56	201.37	1,038.55	(168.51)	(45.56)	(148.19)	(42.39)	(71.07)	(6.40)
B	DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC													
24	Total Dividend Payment	197.00	49.25	147.75	-	-	-	-	(49.25)	(100.00)	-	-	(147.75)	(100.00)
25	TO FEDERATION ACCOUNT (DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC	197.00	49.25	147.75	-	-	-	-	(49.25)	(100.00)	-	-	(147.75)	(100.00)
C	SOLID MINERALS & OTHER MINING REVENUE													
26	Total Solid Mineral Revenue	16.36	4.09	12.27	-	-	9.92	9.92	5.83	142.69	9.92		(2.34)	(19.10)
27	13% Derivation of Solid Minerals Revenue	2.13	0.53	1.59	-	-	1.29	1.29	0.76	142.69	1.29		(0.30)	(19.10)
28	TO FEDERATION ACCOUNT (SOLID MINERALS)	14.23	3.56	10.67	-	-	8.63	8.63	5.08	142.69	8.63		(2.04)	(19.10)
D	NON-OIL REVENUE													
29	Value Added Tax (VAT)	1,475.03	368.76	1,106.27	196.57	194.61	210.35	601.53	(158.41)	(42.96)	15.74	8.09	(504.74)	(45.63)
30	Corporate Tax (CIT, Stamp Duties & CGT)	1,877.02	469.25	1,407.76	176.26	171.71	453.74	801.71	(15.51)	(3.31)	282.04	164.25	(606.06)	(43.05)
31	Customs: Import, Excise & Fees	723.72	180.93	542.79	124.94	102.18	141.96	369.08	(38.97)	(21.54)	39.78	38.93	(173.71)	(32.00)
32	Special Levies (Federation Account)	138.69	34.67	104.02	10.29	4.36	8.19	22.83	(26.49)	(76.39)	3.83	87.88	(81.19)	(78.05)
33	Sub-Total	4,214.46	1,053.61	3,160.84	508.05	472.86	814.24	1,795.15	(239.37)	(22.72)	341.39	72.20	(1,365.69)	(43.21)
34	Cost of Collection and Other Deductions	207.81	51.95	155.86	24.38	22.11	37.07	83.56	(14.88)	(28.64)	14.96	67.68	(72.30)	(46.39)
35	4% Cost of Collection (VAT)	59.00	14.75	44.25	7.86	7.78	8.41	24.06	(6.34)	(42.96)	0.63	8.09	(20.19)	(45.63)
36	4% Cost of Collection (CIT)	63.44	15.86	47.58	7.05	6.87	18.15	32.07	2.29	14.43	11.28	164.25	(15.51)	(32.60)
37	7% Cost of Collection (Customs and Special Levies)	60.37	15.09	45.28	9.47	7.46	10.51	27.43	(4.58)	(30.36)	3.05	40.94	(17.84)	(39.41)
38	FIRS Tax Refunds	25.00	6.25	18.75	-	-	-	-	(6.25)	(100.00)	-	-	(18.75)	(100.00)
39	TO FEDERATION ACCOUNT (NON-OIL)	2,590.62	647.65	1,942.96	294.97	263.92	575.23	1,134.12	(72.42)	(11.18)	311.31	117.96	(808.84)	(41.63)
40	Total VAT Pool	1,416.03	354.01	1,062.02	188.71	186.82	201.94	577.47	(152.07)	(42.96)	15.11	8.09	(484.55)	(45.63)
41	Net Non-Oil Revenue	4,006.65	1,001.66	3,004.98	483.67	450.74	777.17	1,711.59	(224.49)	(22.41)	326.42	72.42	(1,293.40)	(43.04)
42	Sub-Total: FEDERATION ACCOUNT	4,281.34	1,070.33	3,211.00	782.59	613.48	785.23	2,181.30	(285.10)	(26.64)	171.75	28.00	(1,029.70)	(32.07)
43	Actual Balances in Special Accounts	22.25	5.56	16.68	-	-	-	-	(5.56)	(100.00)	-	-	(16.68)	(100.00)
44	TOTAL FEDERATION ACCOUNT	4,303.58	1,075.90	3,227.69	782.59	613.48	785.23	2,181.30	(290.66)	(27.02)	171.75	28.00	(1,046.39)	(32.42)
E	TOTAL DISTRIBUTION													
1	Federation Account	4,303.58	1,075.90	3,227.69	782.59	613.48	785.23	2,181.30	(290.66)	(27.02)	171.75	28.00	(1,046.39)	(32.42)
2	VAT Pool Account	1,416.03	354.01	1,062.02	188.71	186.82	201.94	577.47	(152.07)	(42.96)	15.11	8.09	(484.55)	(45.63)
3	GRAND TOTAL	5,719.61	1,429.90	4,289.71	971.30	800.31	987.17	2,758.77	(442.73)	(30.96)	186.86	23.35	(1,530.94)	(35.69)

Source: OAGF and Budget Office of the Federation, 2016

Comparative Revenue Performance Analysis:

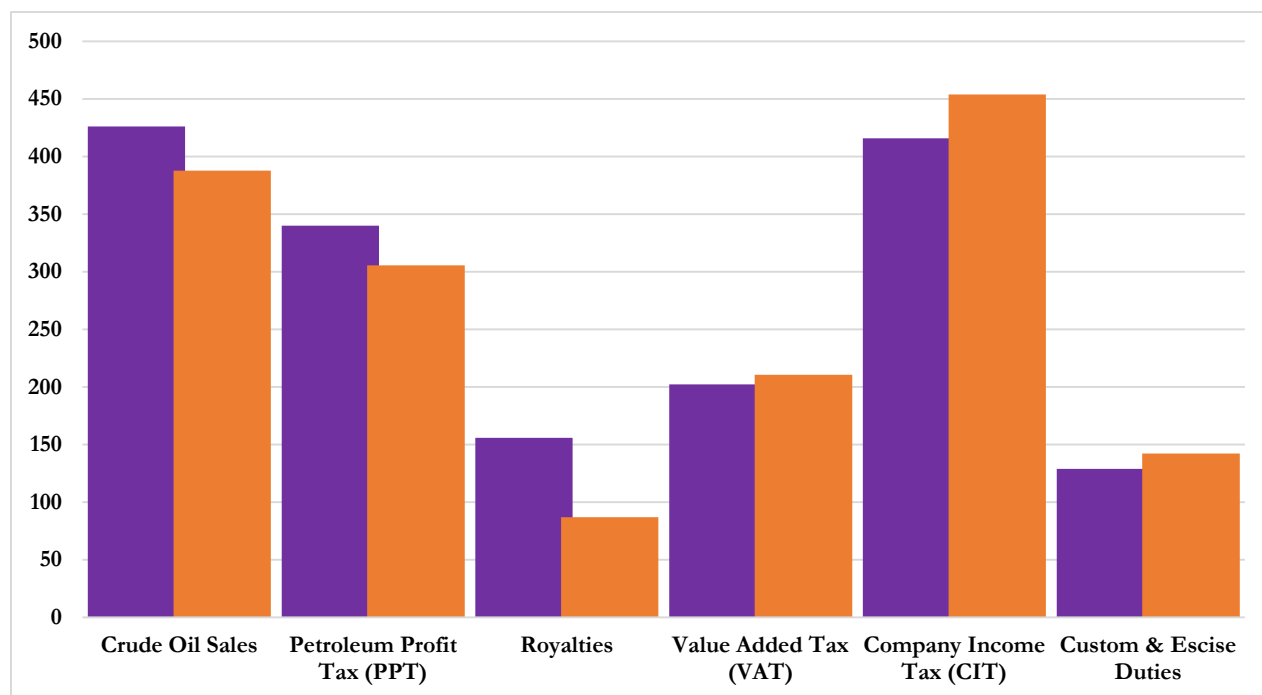
A comparative analysis of the data further suggests that the aggregate gross oil receipts in the third quarter of 2016 were not only lower than their corresponding estimates for the period, but were also below the equivalent levels in the third quarter (Q3) of 2015. The low performance can be attributed to the fall in the price of oil in the world market and the drop in oil lifting figures due to slow demand, incessant crude oil theft and vandalism of pipelines in the Niger Delta region during the period. On the other hand, the aggregate gross non-oil revenues for the same period revealed an increase of N57.87 billion (or 7.65%) above the corresponding figures reported in 2015. Please see data in Table 3.3 below.

Table 3.3: Revenue Performance in Q3 (Year-On-Year)

REVENUE ITEMS	2015	2016	3rd Quarter 2016 vs. 3rd Quarter 2015	
	3rd Quarter Actual	3rd Quarter Actual		
Oil Revenue	N'bens	N'bens	N'bens	%
Crude Oil Sales	426.15	387.8	-38.35	-9.00
Petroleum Profit Tax (PPT)	339.78	305.44	-34.341	-10.11
Royalties	155.61	86.95	-68.66	-44.12
Gross Oil Revenue	930.46	798.49	-131.97	-14.18
Net Oil Receipts	603.53	201.37	-402.16	-66.63
Non Oil Revenue	N'bens	N'bens	N'bens	%
Value Added Tax (VAT)	202.11	210.35	8.24	4.08
Company Income Tax (CIT)	415.67	453.74	38.07	9.16
Custom & Excise Duties	128.8	141.96	15.36	12.13
Gross Non Oil Revenue	756.37	814.24	57.87	7.65
Net Non Oil Receipts	709.96	777.37	67.21	9.47

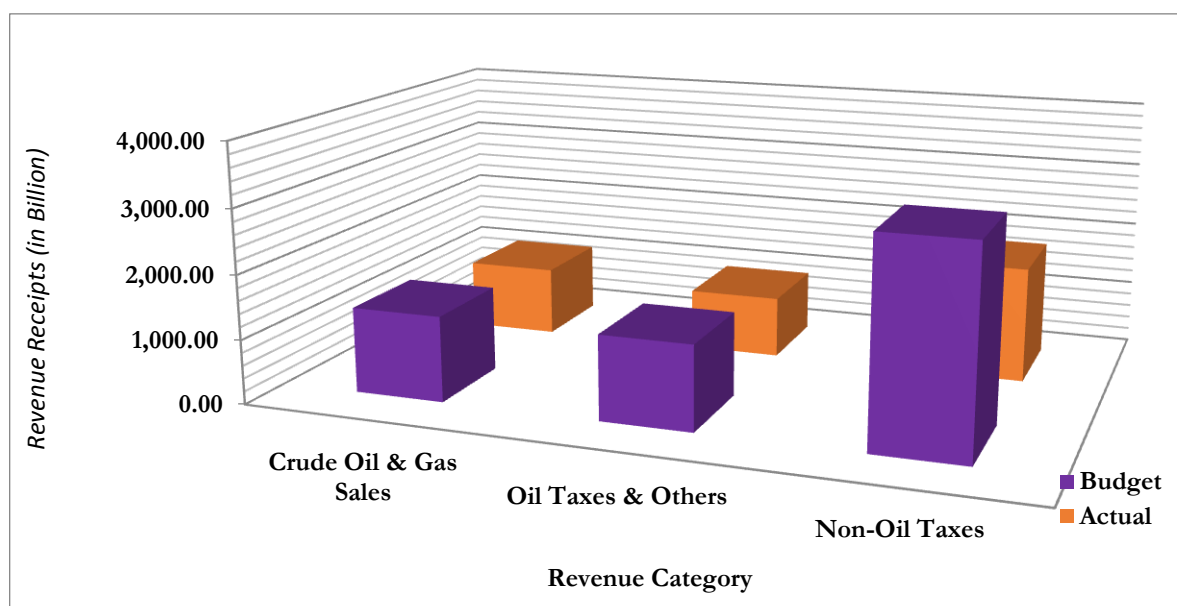
Source: OAGF and Budget Office of the Federation, 2016

Figure 3.1: Q3 Year-on-Year Revenue Performances (in Billion Naira) (2015 vs. 2016)



Source: OAGF and Budget Office of the Federation, 2016

Figure 3.2: Projects vs. Actual FAAC Revenue Receipts (as of September 2016)

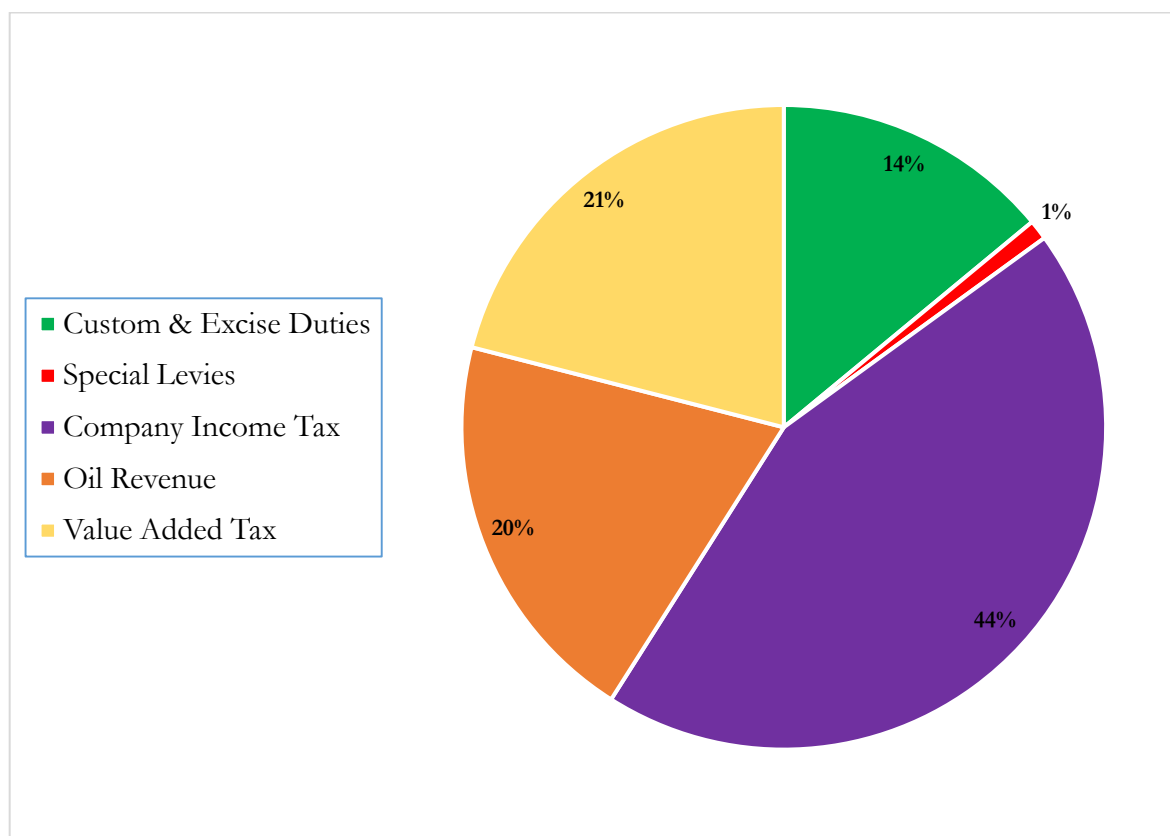


Source: Budget Office of the Federation, 2016

Distributable Revenue:

The net distributable revenue is the balance of funds in the Federation Account available for sharing among the three tiers of government after the deduction of all costs. A net sum of N987.17 billion was available for distribution in the third quarter of 2016. This implies a shortfall of N442.73 billion (or 30.96%).

Figure 3.3: Contributions to Distributable Revenue (Q3 2016)



Source: Budget Office of the Federation, 2016

3.3 EXCESS CRUDE ACCOUNT

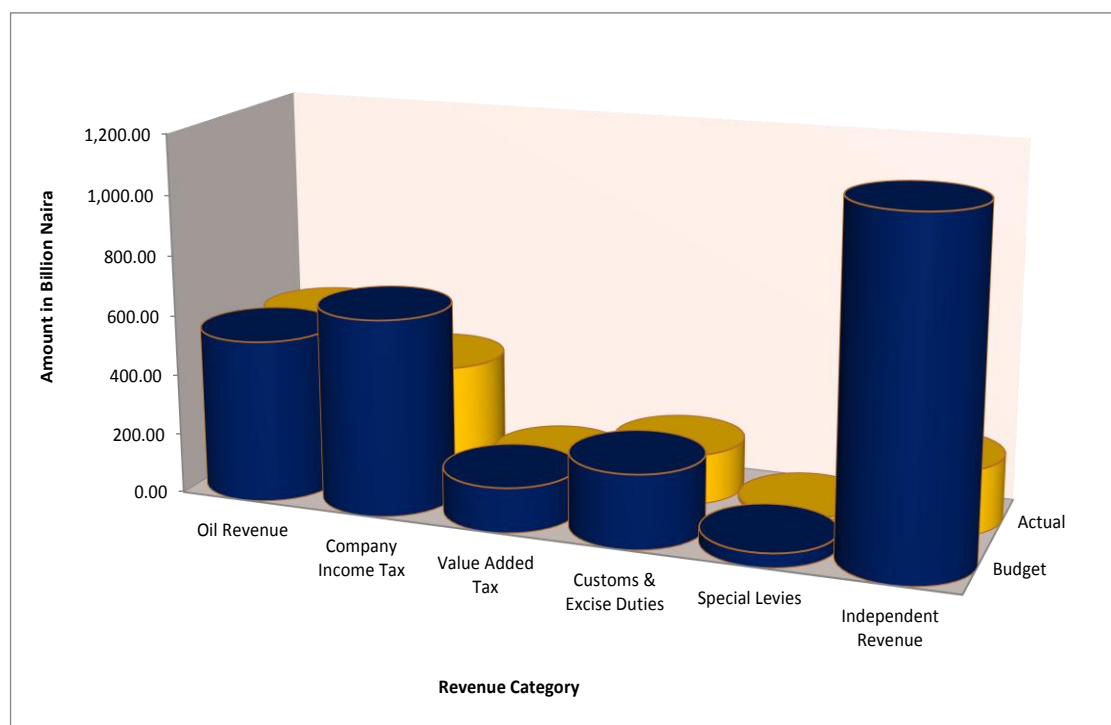
The Excess Crude Account (ECA) serves as a stabilization and savings account for excess oil revenue accruing from the sales of crude in the global market. The falling oil pricing in the world market and supply constraints resulted in no transfers to the ECA in the first two quarters of the year. However, due to price recovery in Q3 2016, the sum of N145.48 billion was transferred to the ECA. A total of N85.17 billion was withdrawn for distribution among the three tiers of government within the quarter with current ECA closing balance at US\$2.89 billion as of September 20, 2016. A slight gain when compared to the closing balance of US\$2.23 billion as of January 1, 2016.

Table 3.4: Net Excess Crude Account

Description	2015 Actual (N'bn)			2016 Actual (N'bn)			
	First Quarter	Second Quarter	Third Quarter	First Quarter	Second Quarter	Third Quarter	Jan - Sept
Inflows							
Transfer to Excess Crude Oil Account	14.98	0.00	33.96	0.00	0.00	145.48	145.48
Outflows							
Payment of Petroleum Product Subsidy	197.05	162.34	0.00	0.00	0.00	0.00	0.00
Augmentation: Distribution among tiers of Government	15.63	0.00	82.56	0.00	0.00	85.17	85.17
Transfer for Special Intervention Fund	0.56	0.00	0.00	0.00	0.00	0.00	0.00
Transfer Int. trf- SWF	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Outflow	213.25	162.34	82.56	0.00	0.00	85.17	85.17
Net Excess Crude Account	-198.27	-162.34	-48.60	0.00	0.00	60.31	60.31

Source: Office of the Accountant General of the Federation, 2016

Figure 3.4: FGN Revenue (Budget vs. Actual as of September 2016)



Source: The OAGF and Budget Office of the Federation, 2016

Table 3.5: Inflows to the 2016 Federal Budget (as of September, 2016)

S/NO	ITEMS	2016 BUDGET			2016 ACTUAL				VARIANCE					
		Annual	Quarterly Budget	3QRTS	First Quarter	Second Quarter	Third Quarter	3QRTS	3rd Quarter Actual Vs Quarterly Budget		3rd Quarter Vs 2nd Quarter (Actual)		Actual Vs Budget (3QRTS)	
1	Inflow for the Federal Budget (CRF)	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%
2	FGN Share of Oil Revenue	717.55	179.39	538.17	236.50	169.54	97.66	503.70	(81.73)	(45.56)	(71.87)	(42.39)	(34.47)	(6.40)
3	FGN Share of Non-Oil Revenue	1,567.93	391.98	1,175.95	169.48	154.16	311.44	635.08	(80.54)	(20.55)	157.29	102.03	(540.87)	(45.99)
4	FGN Share of Company / Investment by FAAC	95.55	23.89	71.66	-	-	-	-	(23.89)	(100.00)	-		(71.66)	(100.00)
5	FGN Share of Solid Minerals Revenue	6.90	1.73	5.18	-	-	4.19	4.19	2.46	142.72	4.19		(0.99)	(19.11)
6	FGN Share of Value Added Tax (VAT)	198.24	49.56	148.68	26.42	26.16	28.27	80.85	(21.29)	(42.96)	2.12	8.09	(67.84)	(45.63)
7	FGN Share of Customs	326.44	81.61	244.83	56.35	46.09	64.03	166.47	(17.58)	(21.54)	17.94	38.93	(78.35)	(32.00)
8	FGN Share of Special Levies (Federation Account)	62.56	15.64	46.92	4.64	1.97	3.69	10.30	(11.95)	(76.39)	1.73	87.89	(36.62)	(78.05)
9	FGN Share of Company Income Tax	867.46	216.86	650.59	82.06	79.95	211.26	373.27	(5.60)	(2.58)	131.32	164.25	(277.32)	(42.63)
10	FGN Share of Actual Balances in Special Accounts	10.79	2.70	8.09	-	-	-	-	(2.70)	(100.00)	-		(8.09)	(100.00)
11	FGN Independent Revenue	1,505.88	376.47	1,129.41	47.52	59.10	108.03	214.66	(268.44)	(71.30)	48.93	82.79	(914.76)	(80.99)
12	FGN Balance of Special Accounts as at 31/12/15:	14.38	3.59	10.78	-	-	-	-	(3.59)	(100.00)	-		(10.78)	(100.00)
13	Unspent Balance from Previous Fiscal Year	50.00	12.50	37.50	-	-	-	-	(12.50)	(100.00)	-		(37.50)	(100.00)
14	Sub-Total	3,855.74	963.93	2,891.80	453.49	382.79	517.14	1,353.43	(446.79)	(46.35)	134.35	35.10	(1,538.38)	(53.20)
15	Other Financing Sources	-	-	-	36.56	78.73	339.98	455.26	339.98		261.26	331.85	455.26	
16	NNPC Refund to FGN	-	-	-	17.48	17.48	17.48	52.45	17.48		-	-	52.45	
17	Share from Excess PPT	-	-	-	-	-	21.17	21.17	21.17		21.17		21.17	
18	Receipts from LNG	-	-	-	14.26	-	-	14.26	-		-		14.26	
19	Exchange Rate Difference	-	-	-	4.81	3.39	120.22	128.43	120.22		116.83	3,446.43	128.43	
20	Refund of First Quarter Capital Allocations to CRF	-	-	-	-	57.85	-	57.85	-		(57.85)	(100.00)	57.85	
21	Settlement of State Component of Coupon	-	-	-	-	-	41.11	41.11	41.11		41.11		41.11	
22	Transfer from Capital Development Account to CRF	-	-	-	-	-	140.00	140.00	140.00		140.00		140.00	
23	TOTAL RETAINED REVENUE	3,855.74	963.93	2,891.80	490.05	461.52	857.12	1,808.69	(106.81)	(11.08)	395.60	85.72	(1,083.11)	(37.45)
24	TSA/Pool A/C	-	-	-	45.93	21.15	17.91	84.99	17.91		(3.25)	(15.34)	84.99	
25	Mopped Up Capital	-	-	-	-	195.14	-	195.14	-		(195.14)	(100.00)	195.14	
26	Total Revenue Available for Implementation	3,855.74	963.93	2,891.80	535.98	677.81	875.03	2,088.82	(88.90)	(9.22)	197.22	29.10	(802.98)	(27.77)

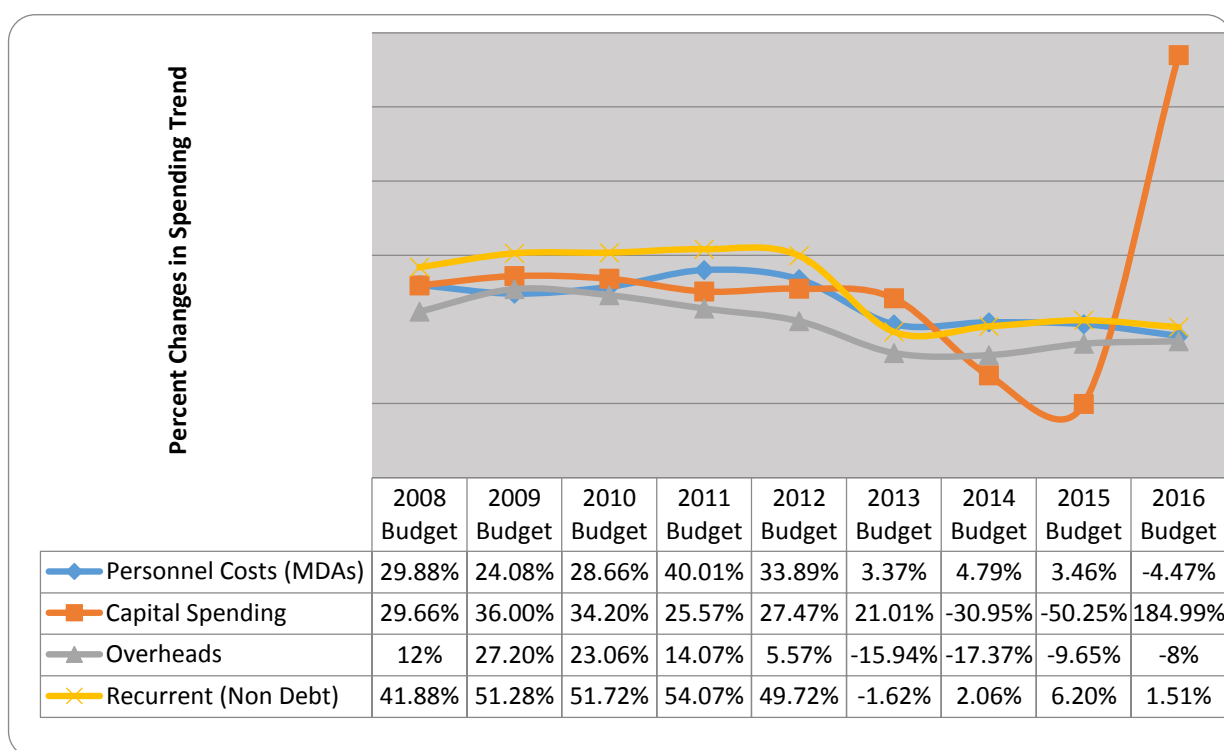
Source: Budget Office of the Federation and the OAGF, 201

3.4 EXPENDITURE DEVELOPMENT

3.4.1 NON-DEBT RECURRENT EXPENDITURE

Data from the OAGF indicates that a total of N586.24 billion was spent on non-debt recurrent expenditure in the third quarter of 2016. This amount entails a decrease of N75.36 billion (or 11.39%) below the quarterly estimate of N661.60 billion.

Figure 3.7: Personnel, Overhead and Capital Expenditure Trends (2008 - 2016)



Source: BOF and OAGF, 2016

3.4.2 DEBT SERVICE

A total of N980.55 billion was proposed for domestic debt servicing within the period but N1,044 billion was actually used for the servicing of the debts. This means a difference of N63.45 billion (or 6.47%) above the three-quarter of the year projection. Similarly, the sum of N40.86 billion was proposed for the servicing of external debt during the period while the actual external debt service payment amounted to N50.22 billion. Thereby, indicating a difference of N9.36 billion (or 22.91%) above the budgeted estimate for the time period. These figures are also expected to be reconciled at the end of the year.

Table 3.8: FGN Budget Expenditure and Fiscal Account (in N Billion) as of September 2016)

S/NO	ITEMS	2016 BUDGET			2016 ACTUAL				VARIANCE					
		Annual	Quarterly	3QRTS	First Quarter	Second Quarter	Third Quarter	3QRTS	3rd Quarter Actual Vs Quarterly Budget	3rd Quarter Actual Vs 2nd Quarter (Actual)	Actual Vs Budget (3QRTS)			
		N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%
A	TOTAL RETAINED REVENUE	3,855.74	963.94	2,891.81	490.05	461.52	857.12	1,808.69	(106.82)	(11.08)	395.60	85.72	(1,083.12)	(37.45)
B	TSA/Pool A/C	-	-	-	45.93	21.15	17.91	84.99	17.91		(3.25)	(15.34)	84.99	
C	Mopped Up Capital	-	-	-	-	195.14	-	195.14	-		(195.14)	(100.00)	195.14	
D	TOTAL INFLOW	3,855.74	963.94	2,891.81	535.98	677.81	875.03	2,088.82	(88.91)	(9.22)	197.21	29.10	(802.99)	(27.77)
E	EXPENDITURE:	-	-	-	-	-	-	-	-	-	-	-	-	-
1	RECURRENT NON DEBT:	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Personnel Cost	1,748.33	437.08	1,311.25	364.25	526.56	417.94	1,308.75	(19.14)	(4.38)	(108.62)	(20.63)	(2.50)	(0.19)
3	Pension & Gratuities Including Service Wide Pension	298.11	74.53	223.58	31.95	47.23	59.10	138.28	(15.42)	(20.69)	11.87	25.14	(85.30)	(38.15)
4	Overhead Cost	163.39	40.85	122.54	27.04	28.38	56.54	111.96	15.69	38.41	28.16	99.22	(10.59)	(8.64)
5	Other Service Wide Vote Including Presidential Amnesty	136.56	34.14	102.42	25.83	44.16	52.65	122.64	18.51	54.23	8.50	19.25	20.22	19.74
6	Special Intervention (Recurrent)	300.00	75.00	225.00	-	-	-	-	(75.00)	(100.00)	-	-	(225.00)	(100.00)
7	Sub-Total (Non-Debt)	2,646.39	661.60	1,984.79	449.07	646.32	586.24	1,681.63	(75.36)	(11.39)	(60.09)	(9.30)	(303.16)	(15.27)
8	Domestic Debts & Int. on Ways & Means	1,307.40	326.85	980.55	349.36	218.56	449.59	1,017.51	122.74	37.55	231.03	105.71	36.96	3.77
9	Foreign Debts	54.48	13.62	40.86	15.45	15.26	19.29	50.00	5.67	41.64	4.03	26.38	9.14	22.37
10	Sub-Total (Debt Services)	1,361.88	340.47	1,021.41	364.81	233.82	468.88	1,067.51	128.41	37.72	235.06	100.53	46.10	4.51
11	States Deferred Loan Deductd IFO DMO April '16	-	-	-	-	10.89	10.97	21.86	10.97		0.08	0.73	21.86	
12	Sinking Fund to Retire Maturing Loans	113.44	28.36	85.08	-	-	27.03	27.03	(1.33)	(4.69)	27.03		(58.05)	(68.23)
13	Sub-Total (Recurrent Debt)	1,475.32	368.83	1,106.49	364.81	244.71	506.88	1,116.40	138.05	37.43	262.17	107.13	9.91	0.90
14	Sub-Total Recurrent 2016	4,121.71	1,030.43	3,091.28	813.88	891.04	1,093.12	2,798.03	62.69	6.08	202.08	22.68	(293.25)	(9.49)
15	Recurrent Exenditure 2015	-	-	-	82.09	0.52	-	82.61	-		(0.52)	(100.00)	82.61	
16	Total Recurrent	4,121.71	1,030.43	3,091.28	895.97	891.56	1,093.12	2,880.64	62.69	6.08	201.56	22.61	(210.64)	(6.81)
17	CAPITAL EXPENDITURE:	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Capital Release 2015	-	-	-	59.19	9.09	-	68.28	-		(9.09)	(100.00)	68.28	
19	Capital Releases 2016	1,587.40	396.85	1,190.55	12.65	78.13	-	90.79	(396.85)	(100.00)	(78.13)	(100.00)	(1,099.77)	(92.37)
20	Sub-Total (Capital)	1,587.40	396.85	1,190.55	71.84	87.22	-	159.06	(396.85)	(100.00)	(87.22)	(100.00)	(1,031.49)	(86.64)
21	TRANSFERS:	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Niger Delta Development Commission (NDDC)	41.05	10.26	30.79	6.84	13.68	10.26	30.79	0.00	0.00	(3.42)	(25.00)	0.00	0.00
23	National Judicial Council (NJC)	70.00	17.50	52.50	11.67	23.33	17.50	52.50	(0.00)	(0.01)	(5.83)	(25.00)	(0.00)	(0.01)
24	Universal Basic Education Commission (UBEC)	77.11	19.28	57.83	12.85	25.70	19.28	57.83	0.00	0.00	(6.43)	(25.00)	0.00	0.00
25	Independent National Electoral Commission (INEC)	45.00	11.25	33.75	7.50	11.25	11.25	30.00	-	-	-	-	(3.75)	(11.11)
26	National Assembly (NASS)	115.00	28.75	86.25	19.17	38.33	28.75	86.25	(0.00)	(0.00)	(9.58)	(25.00)	(0.00)	(0.00)
27	Public Complaint Commission (PCC)	2.00	0.50	1.50	0.50	0.50	0.50	1.50	0.00	0.20	-	-	0.00	0.13
28	National Human Right Commission (NHRC)	1.21	0.30	0.91	0.20	0.20	0.30	0.71	0.00	0.17	0.10	50.00	(0.20)	(22.09)
29	Sub-Total (Transfers)	351.37	87.84	263.53	58.73	113.01	87.84	259.58	0.00	0.00	(25.16)	(22.27)	(3.95)	(1.50)
30	TOTAL ACTUAL EXPENDITURE	6,060.48	1,515.12	4,545.36	1,026.54	1,091.78	1,180.96	3,299.28	(334.16)	(22.06)	89.18	8.17	(1,246.08)	(27.41)
31	Refund to MDAs and Banks	-	-	-	55.90	58.04	9.90	123.84	9.90		(48.14)	(82.94)	123.84	
32	Excess PPT Account	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Settlement of State Component of Coupon Payment	-	-	-	-	-	41.11	41.11	41.11		41.11		41.11	
34	Mopped Up Capital Refunded	-	-	-	-	187.12	-	187.12	-		(187.12)	(100.00)	187.12	
35	ECA Loan Deduction May 2016	-	-	-	-	-	3.54	3.54	-		3.54		3.54	
36	TOTAL OUTFLOW	6,060.48	1,515.12	4,545.36	1,082.44	1,336.94	1,235.50	3,654.88	(279.62)	(18.46)	(101.43)	(7.59)	(890.48)	(19.59)
37	Fiscal Deficit	(2,204.74)	(551.19)	(1,653.56)	(546.46)	(659.13)	(360.48)	(1,566.06)	190.71	(34.60)	298.65	(45.31)	87.49	(5.29)
F	FINANCING ITEMS	-	-	-	-	-	-	-	-	-	-	-	-	-
1	Privitization Proceeds	10.00	2.50	7.50	5.92	-	-	5.92	(2.50)	(100.00)	-	-	(1.58)	(21.04)
2	Signature Bonus	0.74	0.19	0.56	-	-	-	-	(0.19)	(100.00)	-	-	(0.56)	(100.00)
4	Borrowing from Special Accounts	-	-	-	(3.49)	-	380.00	376.51	380.00		380.00		376.51	
5	Securitization of Balance of 2015 Borrowing	-	-	-	-	224.60	-	224.60	-		(224.60)	(100.00)	224.60	
6	Foreign Borrowing	635.88	158.97	476.91	-	-	-	-	(158.97)	(100.00)	-	-	(476.91)	(100.00)
7	Domestic Borrowing (FGN Bond)	1,182.80	295.70	887.10	300.00	-	-	300.00	(295.70)	(100.00)	-	-	(587.10)	(66.18)
8	Deficit Funding for 2015 Supplementary	-	-	-	300.00	-	-	300.00	-		-	-	300.00	
10	Refund to Excess Crude Account	-	-	-	-	-	(40.00)	(40.00)	(40.00)		(40.00)		(40.00)	
11	Refunds/Recoveries from Strategic Alliance Contracts	137.90	34.48	103.43	-	-	-	-	(34.48)	(100.00)	-	-	(103.43)	(100.00)
12	FGN share of JV Assets Transferred to NDPC (NNPC/CBN)	162.43	40.61	121.82	-	-	-	-	(40.61)	(100.00)	-	-	(121.82)	(100.00)
13	Recoveries of Other Misappropriated Funds	50.00	12.50	37.50	-	-	-	-	(12.50)	(100.00)	-	-	(37.50)	(100.00)
14	Proceed of Sale of Government Properties	25.00	6.25	18.75	-	-	-	-	(6.25)	(100.00)	-	-	(18.75)	(100.00)
15	Sub-Total	2,204.74	551.19	1,653.56	602.44	224.60	340.00	1,167.04	(211.19)	(38.31)	115.40	51.38	(486.52)	(29.42)
16	Net Deficit / Surplus	-	-	-	55.97	(434.52)	(20.48)	(399.03)	(20.48)		414.05	(95.29)	(399.03)	

Source: OAGF and Budget Office of the Federation

3.4.3 STATUTORY TRANSFERS

A total of N87.84 billion was released as statutory transfers in the third quarter of 2016. A breakdown of the actual transfers in the third quarter shows that N10.26 billion was to Niger Delta Development Commission (NDDC), N17.50 billion was to National Judicial Council (NJC), N19.28 billion was to Universal Basic Education Commission (UBEC), N11.25 billion was to Independent Electoral Commission (INEC), N28.75 billion was to National Assembly (NAS), N0.50 billion was to Public Complaint Commission (PCC) and N0.30 billion was to the National Human Right Commission (NHRC). It is worthy to note that quarterly releases under this subhead are made on demand by the beneficiaries subject to budgetary provisions and availability of funds.

3.4.4 CAPITAL EXPENDITURE PERFORMANCE

The N1,587.40 billion capital expenditure component of the 2016 budget is designed to structurally reform the economy through the provision of critical infrastructure in roads, power, housing, rail and aviation sectors as well as improving the provision of physical and food security.

MDAs' Capital Vote Utilization:

The late passage of the 2016 Appropriation Act and shortfalls in projected revenue inflow were responsible for the late releases to MDAs. Data from the OAGF revealed that as at 19th October, 2016 a total of N753.663 billion were released for priority projects and programmes identified as contributing to the Strategic Implementation Plan of the budget.

The sum of N318.35 billion was released and cash backed in the First Quarter, N77.93 billion in the Second Quarter and N357.38 billion in the Third Quarter through Capital Development Warrant and Authority to Incur Expenditure (AIEs).

Performance as of October 19, 2016:

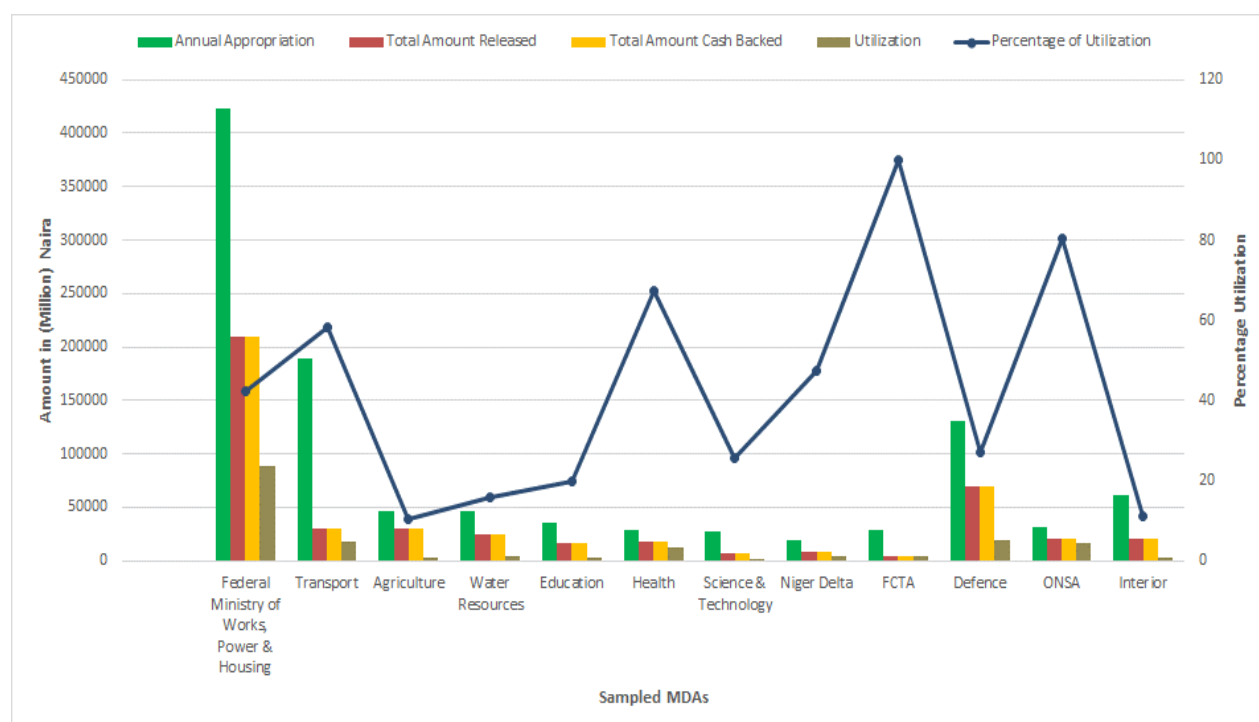
A review of utilization performance as at 19th October 2016 showed that out of the total capital budget appropriation of N1,587.40 billion, N753.663 billion (47.5%) has been released and cash backed with N403.4 billion (54%) so far utilized by Thirty (30) out of the Forty-Six (46) MDAs reported by the Office of the Accountant General of the Federation (OAGF).

Table 3.6: Capital Budget Utilization by MDAs (as of October 19, 2016)

MDA	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization			
	N	N	N	N	As % of Annual Capital Appropriation	As % of Cash-Backed Funds	As % of Budgetary Releases
Federal Ministry of Works, Power & Housing	422,964,928,495	209,246,760,165	209,246,760,165	88,324,861,419	20.88	42.21	42.21
Transport	188,674,679,674	30,540,042,428	30,540,042,428	17,803,575,156	9.44	58.30	58.30
Agriculture	46,173,963,859	29,578,929,050	29,578,929,050	3,111,632,618	6.74	10.52	10.52
Water Resources	46,081,121,423	25,201,857,951	25,201,857,951	4,021,557,343	8.73	15.96	15.96
Education	35,433,487,466	16,743,672,981	16,743,672,981	3,300,840,914	9.32	19.71	19.71
Health	28,650,342,987	18,472,539,524	18,472,539,524	12,428,907,597	43.38	67.28	67.28
Science & Technology	27,081,179,073	6,681,349,721	6,681,349,721	1,714,132,383	6.33	25.66	25.66
Niger Delta	19,440,328,551	8,161,196,486	8,161,196,486	3,859,552,697	19.85	47.29	47.29
FCTA	29,297,122,872	5,000,000,000	5,000,000,000	5,000,000,000	17.07	100.00	100.00
Defence	130,864,439,542	69,512,363,730	69,512,363,730	18,729,704,619	14.31	26.94	26.94
ONSA	32,084,085,624	20,984,301,122	20,984,301,122	16,834,904,350	52.47	80.23	80.23
Interior	61,713,279,496	21,210,059,596	21,210,059,596	2,342,028,501	3.80	11.04	11.04
Total Average Utilization by All MDAs (Inclusive of Capital Supplementation)	1,744,824,622,028	753,633,667,464	753,633,667,464	403,443,465,569	23.12	53.53	53.53

Source: OAGF and BOF, 2016

Figure 3.9: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF, 2016

4 ANALYSIS OF SECTORAL PERFORMANCE

4.1 INTRODUCTION

As explained in Chapter 1 above, the Strategic Implementation Plan is anchored on the following Pillars: Economic Reforms, Infrastructure, Social Development, Security and Governance, Environment, and States & Regional Development. This Chapter provides an analysis of sectoral performance for the Pillars. Specifically, the financial performance of the Ministries, Departments and Agencies contributing to each pillar (as categorized in the 2016 Budget) is analyzed. One or more representative sectors are then discussed with a focus on the projects monitored during the joint department field exercise. For each sector, the analysis includes a discussion of trends for projects reviewed and evaluation of project alignment with the governments stated sector objectives. Finally, each sector analysis concludes with a discussion of the challenges to implementation observed during the field monitoring exercises. Table 4.1 below lists the sectors and MDAs covered.

Table 4.1: Sectors Analyzed Under Each Pillar

STRATEGIC PILLAR	SECTORS/MDAs UNDER PILLAR		MINISTRIES COVERED IN FIELD MONITORING EXERCISE
Economic Reforms	<ul style="list-style-type: none">▪ Agriculture▪ Solid Minerals▪ Trade and Investment	<ul style="list-style-type: none">▪ Finance▪ Petroleum▪ Information and culture	<ul style="list-style-type: none">▪ Ministry of Agriculture▪ Ministry of Solid Minerals
Infrastructure	<ul style="list-style-type: none">▪ Power, Works & Housing▪ Transportation▪ Water Resources	<ul style="list-style-type: none">▪ Science and Technology▪ Communication Technology	<ul style="list-style-type: none">▪ Ministry of Power, Works & Housing▪ Ministry of Transportation▪ Ministry of Water Resources
Social Development	<ul style="list-style-type: none">▪ Health▪ Education	<ul style="list-style-type: none">▪ Women Affairs & Social Development▪ Youth and Sports	<ul style="list-style-type: none">▪ Ministry of Health▪ Ministry of Education▪ Ministry of Women Affairs and Social Development

Governance & Security	<ul style="list-style-type: none">▪ Defence▪ Governance▪ Budget and National Planning▪ Presidency	<ul style="list-style-type: none">▪ Office of the Head of Service of the Federation▪ Justice▪ Foreign Affairs▪ Interior	<ul style="list-style-type: none">▪ Ministry of Defence▪ Ministry of Interior▪ Ministry of Budget and National Planning
	* Note: only select sectors/MDAs listed due to space constraints		
State and Regional	<ul style="list-style-type: none">▪ FCT▪ Niger Delta		<ul style="list-style-type: none">▪ Ministry of the Federal Capital Territory▪ Ministry of Niger Delta
Environment	<ul style="list-style-type: none">▪ Environment		<ul style="list-style-type: none">▪ N/a (no MDAs monitored in Q3 2016)

4.2 STRATEGIC PILLAR 1: ECONOMIC REFORMS

One of the strategic thrusts of the budget is to build an economy that is less vulnerable to crude oil price shocks by vigorously pursuing economic diversification through investments in Agriculture, Solid Minerals, Trade and Investment, Finance, Information & Culture and Petroleum Resources as a platform to achieving economic reforms.

It is based on this premise that the 2016 budget focuses on the following priority actions:

- Implement the National Industrial Revolution Plan & launch 'Made in Nigeria' campaign
- Increase manufacturing capacity by operationalizing Industrial Parks, Free & Export Processing Zones, etc.
- Implement a roadmap to increase Private Sector Investment into Tourism, Entertainment & Sports
- Revitalize & expand Agro-Allied processing to intensify local production & processing of cassava, cocoa, cashew, and sesame seed
- Enhance support facilities to provide increased financial, technical assistance, networking & information to new investors and existing enterprises
- Create high-technology innovation hubs to support growth in the Digital & Technology Sector.
- Adopt & implement a roadmap to stimulate investments into the solid minerals sector & plug revenue leakages in the sector

- Implement measures to achieve self-sufficiency & become net exporters of a certain agricultural Items: Rice, Tomato paste, Wheat. Increase local production of maize, soya, poultry & livestock, so as to achieve self-sufficiency.

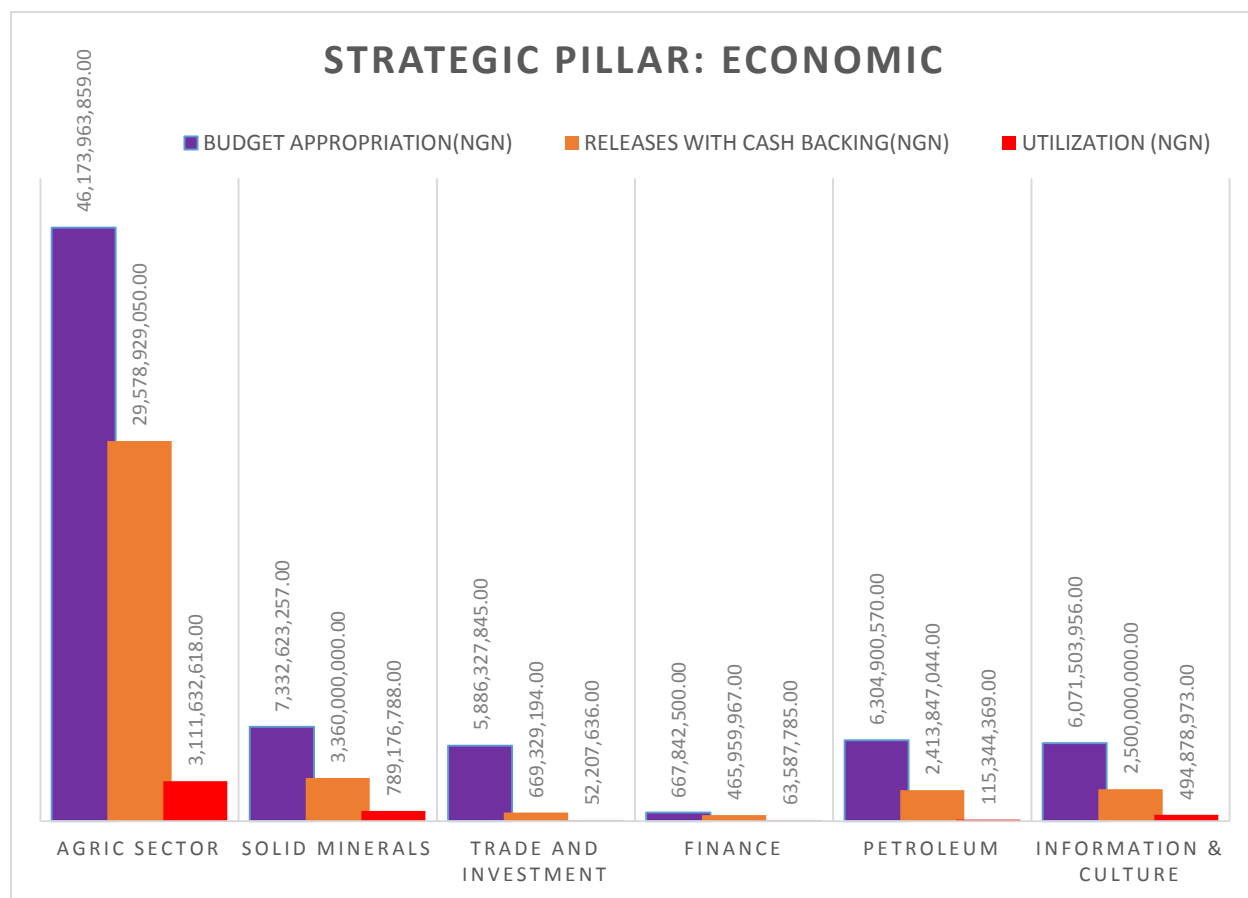
4.2.1 FINANCIAL PERFORMANCE

This section highlights financial performance of the MDAs contributing to economic reforms. A review of capital utilization of the Ministries of Agriculture & Rural development, Solid Minerals, Trade and Investment, Finance, Information and Culture and Petroleum Resources shows that **out of a total of N 72.437 billion appropriation figure (9.61), N38.988 billion (53.82%) was released and cash backed with only N4.626 billion (11.86%) so far utilized by MDAs contributing to achieving these pillar objectives**. The details of the appropriation are shown in Figure 4.1 below.

Table 4.2: Financial Performance of MDAs Contributing to Economic Reforms

MINISTRY, DEPARTMENT & AGENCY	2016 BUDGET APPROPRIATION (N)	AMOUNT WARRANTED/ CASH BACKED (N)	UTILIZATION (N)	RELEASES (%)	UTILIZATION (%)
FEDERAL MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT	46,173,963,859.00	29,578,929,050.00	3,111,632,618.00	64.06	10.52
FEDERAL MINISTRY OF SOLID MINERALS	7,332,623,257.00	3,360,000,000.00	789,176,788.00	45.82	23.49
FEDERAL MINISTRY OF TRADE AND INVESTMENT	5,886,327,845.00	669,329,194.00	52,207,636.00	11.37	7.80
FEDERAL MINISTRY OF FINANCE	667,842,500.00	465,959,967.00	63,587,785.00	69.77	13.65
FEDERAL MINISTRY OF PETROLEUM RESOURCES	6,304,900,570.00	2,413,847,044.00	115,344,369.00	38.29	4.78
FEDERAL MINISTRY OF INFORMATION & CULTURE	6,071,503,956.00	2,500,000,000.00	494,878,973.00	41.18	19.80
TOTAL	72,437,161,987	38,988,065,255	4,626,828,169	53.82	11.86

Figure 4.1: Financial Performance of MDAs Contributing to Economic Reforms



Source: OAGF as of October 19, 2016

4.2.2 AGRICULTURE

4.2.2.1 Overview of Sector Performance

The Agriculture sector showed increased productivity in Q3 2016, with GDP growth at 4.54% year-on-year as compared with Q3 2015, and growth remaining approximately the same compared to Q2 2016 (4.53%). Crop production grew by 4.88% as compared to 4.72% in Q2 2016, representing its highest since 2014. However, fisheries contracted by -0.34% from 6.85% in the third quarter. Further, the contribution of Agriculture to overall GDP in Q3 2016 was 28.65%, higher than Q2 2016 by 6.10%.

The Ministry's budgetary allocation of N46.17 billion was aimed at improving agricultural value chains (Maize, Cassava, Poultry and Livestock) and laying the foundation for self-sufficiency in major staple crops like Rice in 2018, Tomato Paste in 2016 and Wheat in 2019. In addition to major staple crops, the Ministry also focused on revitalizing agro-allied processing to intensify local production of

cocoa, cashew, fruits and sesame seeds, with the aim of achieving food security, import substitution and job creation opportunities.

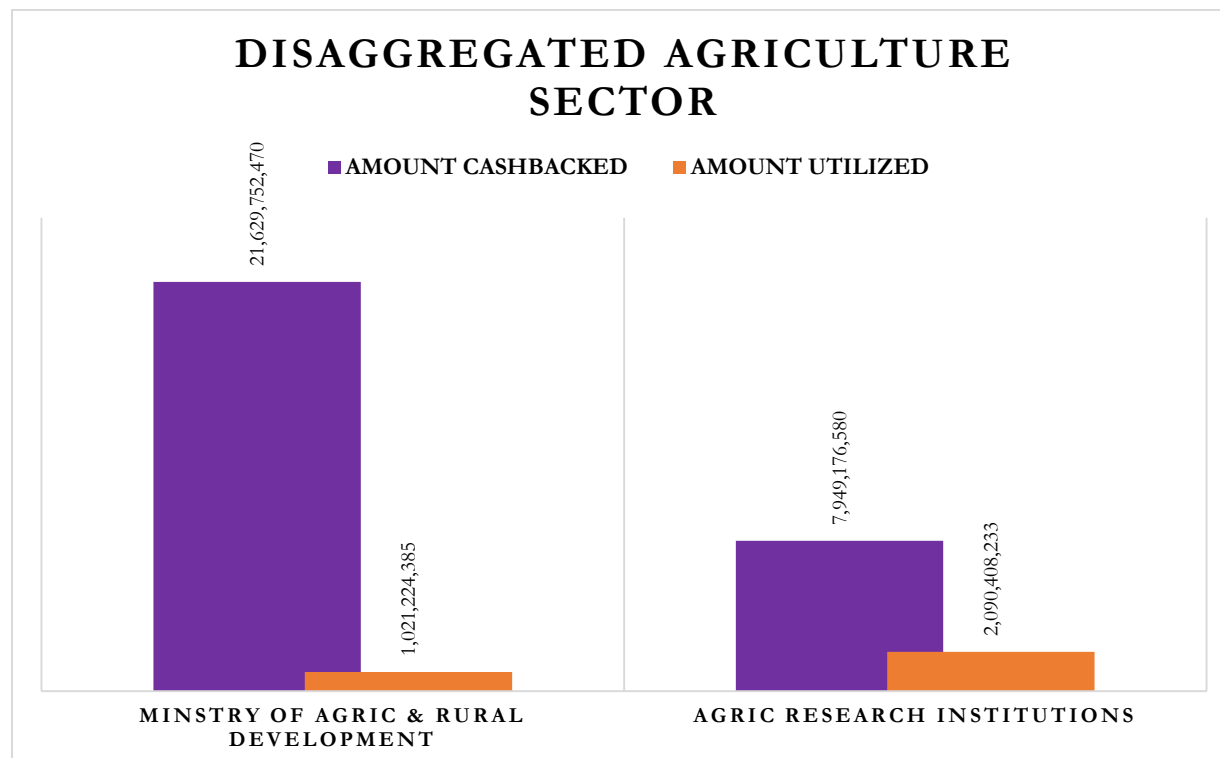
4.2.2.2 Level of Fund Utilization

The level of fund utilization in the Agricultural sector was low (12.34%). A disaggregation of the figures shows a relatively better performance from agencies especially research institutions when compared to the parent ministry. Table 4.3 below provides the disaggregated figures.

Table 4.3: Fund Utilization (Agriculture)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Ministry of Agriculture	21,629,752,470	1,021,224,385	4.72%
Agricultural Research Institutions	7,949,176,580	2,090,408,233	26.3%

Figure 4.2: Fund Utilization (Agriculture)



Research Institution projects mostly focused on upgrading infrastructure, especially buildings, assets & machineries, establishment of demonstration farms, training of young entrepreneurs and students on modern farming practices and procurement/installation of processing and packaging equipment to support the improvement of agricultural inputs especially improved seedlings and better farming techniques.

For example, rehabilitation work on the headquarter building of Institute of Agricultural Research & Training, Zaria and Ilorin has reached an advanced stage of completion. Another important project is the National Horticultural Institute Ibadan's high yield tolerant tomato and pepper research laboratory, which was established to handle the "tomato Ebola" diseases by providing improved tomato resistant seedlings. This project has been completed and is being commissioned to ensure improved seedlings for tomato and pepper.

It is important to also note that the low capital utilization performance of the Ministry of Agriculture and its Agencies was majorly caused by delay in the passage of the budget. Since the budget was passed at the onset of the rainy season, the Ministry delayed its procurement processes while waiting for funds to be released. Further, there were challenges with fertilizer distribution due to the Security Agencies' clamp down on free and unhindered distribution.

4.2.2.3 Project Monitoring Coverage

Out of a total of three hundred and eighty-eight (388) projects in the 2016 budget for the Ministry of Agriculture and its agencies, thirty-six (36) projects were selected and monitored. A total of six (6) projects were completed with others at various stages of completion at the time of the field visit. These projects were designed to achieve the sector objectives, focused on improved inputs, especially improved seedlings, agricultural mechanization, processing and packaging.

Project Spotlight 4.1: Multi-location Release Trials of Cassava/Yam Clonal Materials at NRCI Umedike

The main project objective focuses on the development of yam hybrids for improved agronomic practices. Through this project the National Root Crops Research Institute seeks to develop cassava/yam varieties amounting to 50-60 tonnes per hectare yield. The improved cassava varieties and yam hybrids will improve the income and livelihood of benefitting communities and generate foreign exchange earnings for Nigeria.

The project is executed directly by the NCRI. A total of N150.239 million was appropriated in the 2016 Appropriation Act. Out of this amount, N93.4 million was released with N73.376 million utilized as at the time of the visit by the monitoring team. Further, the project had attained 70% completion by the end of the reporting period.

Findings:

The team was informed that four thousand (4000) bundles of cassava and only two hundred and fifty thousand (250,000) yam seedlings had been produced out of the targeted 5,000 cassava bundles and 2,000,000 yam seedlings, respectively.



Observed Outcomes:

The project has led to training for host community members and farmers in the South East Geo-Political Zone in adopting improved cassava varieties and yam hybrids. It is expected that the project will enhance agricultural productivity and contribute to improved farmer incomes.

Project Spotlight 4.2: Construction of Water Treatment Plant and Reticulation at College of Agriculture, Ishiagu

This project involves the installation of a Water Treatment Plant and reticulation of water to the entire College of Agriculture. The aim is to provide clean and drinkable water to college staff and students, and water for irrigation farming.

The contract was awarded to Strazbourg Investment Nigeria Limited in September 2016 at a total cost of N55.8 million. The entire contract sum has been appropriated and released, with N35.8 million utilized so far. The project has attained 80% completion.

Findings:

At the time of visit, the contractor had installed the water treatment plant; and completed and test run a reservoir. Further, the reticulation work had also been completed.



Observed Outcomes:

The installation will alleviate the acute water shortages experienced at the college. Further, completion of the project will enhance the school's research and academic activities, through the provision of water for irrigation and other forms of farming.



4.2.2.4 Project Alignment with Sector Objectives

Of the thirty-six (36) projects monitored, a sizeable number were designed to contribute to the food and nutritional security component of the Strategic Implementation Plan. Examples include: the demonstration farms in National Horticultural Institute Ibadan rehabilitation and construction of ponds in Federal College of Fisheries and Marine Technology Lagos, Federal College of Agriculture, Ishiagu & Federal College of Agriculture, MOOR Plantation, Ibadan.

Other projects contributed to capacity building to improve modern agricultural practices, mechanization, and rehabilitation of administrative buildings, and vehicle procurement.

4.2.2.5 Observed Project Outcomes and Impact

The potential outcome and impact of the projects were not readily visible because most of the projects were ongoing at the time of the visit. However, field monitors observed immediate positive effect on the demonstration farms as the research institution contributed to the food security component of the sector. Further, progress was made in the development of a high-yielding wilt tolerant tomato and pepper laboratory to provide improved tomato resistant seedling for tackling the “tomato Ebola” disease that ravaged tomato production in the country.

In addition, ongoing projects created employment opportunities for surrounding communities.

4.2.2.6 Observed Challenges to Implementation

Challenges in this sector included delayed release of funds and the resulting impact of rainy season on farming, and restricted fertilizer distribution.

Specifically, low budget utilization in this sector, particularly by the parent ministry, was reported to have resulted from the delayed release of 2016 budget funds. As a result, farming could not commence before the onset of rainy season.

Procurement processes were delayed by MDAs until funds were released, as most MDAs under the sector relied on provision S.16(b) of the Public Procurement Act (2007), which states:

“based only on procurement plans supported by prior budgetary appropriations, no procurement proceedings shall be formalized until the procuring entity has ensured that funds are available to meet the obligations and subject to the threshold in the regulations made by the Bureau, has obtained a “Certificate of ‘No Objection’ to Contract Award” from the Bureau”

Further, fertilizer (NPK) distribution was restricted by security agencies. This affected the parent Ministry’s supply plans and contributed to price increases, causing delays in effective fertilizer distribution programmes and affected capital utilization rates of the sector.

4.2.3 SOLID MINERALS DEVELOPMENT

4.2.3.1 Overview of Sector

The solid minerals sector grew at an average of 7% GDP. The mining and quarrying sector contributed 8.34% to real GDP, representing a decline of 2.06% as compared to Q2 2016.

The Federal Ministry of Solid Minerals had a budgetary allocation of N7.332 billion aimed at stimulating and revitalizing investment in the sector by expanding the country's mineral assets and providing a clear road map to increase and plug revenue leakages within the sector. The focus of the budgetary allocation was to coordinate the entire solid minerals value chain through increased regulatory environment and open up the space for effective partnership between the federal and state governments.

4.2.3.2 Level of Fund Utilization

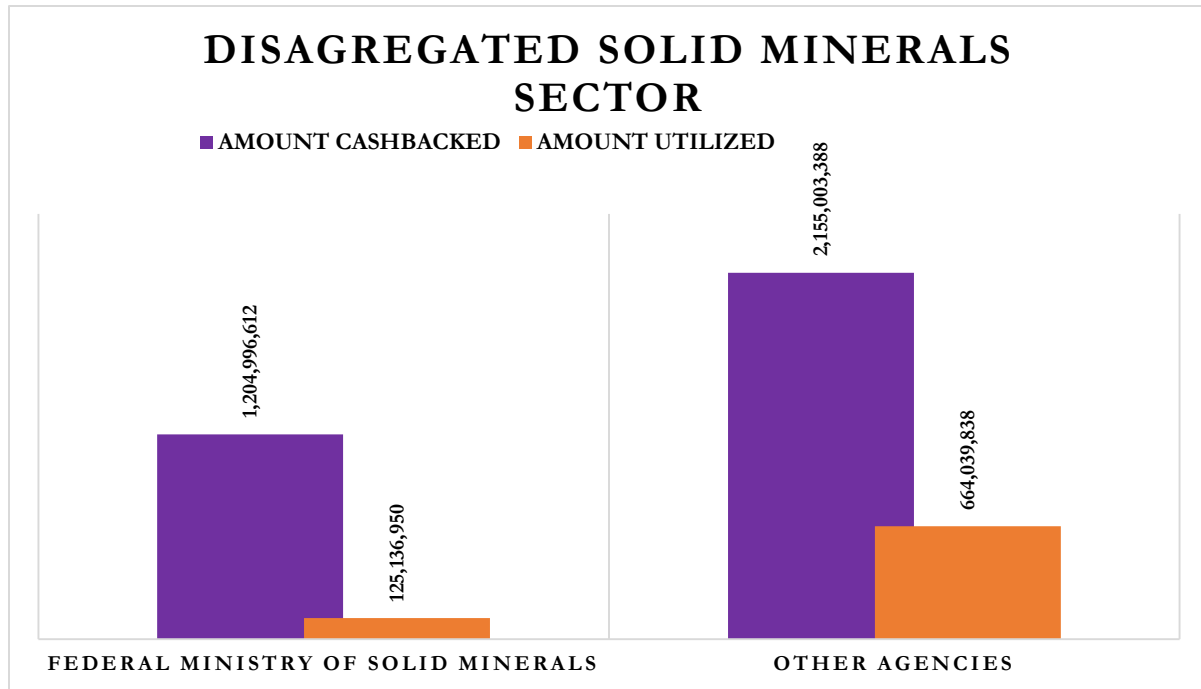
A disaggregation of capital utilization of the budget in the Solid Minerals sector shows relatively below average performance of the sector. Where as the parent ministry utilized only 10.38% of its cash backed amount, its agencies performed relatively better with 30.80% utilization rate. Table 4.4 and Figure 4.3 below provide a breakdown of fund utilization in the sector.

Table 4.4: Fund Utilization (Solid Minerals)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Federal Ministry of Solid Minerals	1,204,996,612	125,136,950	10.38%
Other Agencies	2,155,003,388	664,039,838	30.80%

Source: OAGF Report as of October 19, 2016

Figure 4.3: Fund Utilization (Solid Mineral)



Performance assessment of monitored projects shows a deliberate approach to increase the pace of exploration. For example, the National Steel Raw Materials Exploration Agency undertook a series of geological surveys across the country. Exploration activities ongoing include **Yola Nora Iron Ore Exploration, Amasiodo Coal Geological Mapping, Mambilla, Bauxite Exploration and Amasiodo Coal Sample Analysis.**

However, there is still need for improved utilization rates, in order to reach commercial viability. Additionally, the funds released were not sufficient to achieving many intended milestones.

For example, activities under the Mambilla Bauxite Exploration included geological mapping, contour map, survey, and a report on the preliminary investigation. The total project cost to reach commercial viability was estimated at N621.546 million, with N90.744 million appropriated, N40.9 million released and N35.092 million utilized by the Agency so far.

Even though utilization was generally below average, the agencies fared better compared to their parent ministry. However, the Federal Ministry of Solid Minerals has achieved several milestones, with settlement of the ownership crisis on Ajaokuta Steel Company being of particular note. The procurement of security equipment worth N459,000 was completely executed by the contractor to secure

the industrial equipment. Further, procurement of N294.637,800 worth of industrial equipment for power and utilities was ongoing at the time of the monitoring visit, with a completion rate of 21%.

A good example of capital utilization worth emulating is project execution under the Metallurgical Training Institute Onitsha. The releases had been completely utilized and applied to the refurbishment, repair and purchase of training equipment/machines for training low/middle level manpower in the maintenance and repair works for the Steel and Allied Industries. These include 40 workshop benches in the BEC Department; and repair and refurbishing of machines and equipment in the Electrical, Instrumentation & Control Systems, Mechanical maintenance, Industrial Metallurgy and Foundry, Heavy Mobile Steel Fabrication and Welding Departments.

4.2.3.3 Project Monitoring Coverage

Out of a total of one hundred and twenty-seven (127) projects, ten (10) projects were monitored with cumulative project cost of N1.0321 billion, representing 30.71% of the total cash backed amount of N3.360 billion. This selection was based on the methodology detailed above in Chapter 1, and also took into account time constraints and funding challenges.

The major component of projects monitored was to ascertain the level of exploration activities in the non-oil mineral segment and determine its progress towards achieving economic diversification.

Project Spotlight 4.3: Purchase of Industrial Equipment at Ajaokuta Steel Company

This project involves the purchase and supply of industrial equipment and services, including cable oil, Motorola walkie talkies, centrifugal priming pump, installation of automated air compressor, submersible pumps, bearings and 400 KW 6.6KV shafts, etc. Other equipment to be purchased includes lorry pumps and Canvas hoses, rolling mills, and facilities equipment (CCTV) Cameras.

The contract was awarded to Crown Resources and three (3) others in October 2016, at the cost of N81.17 million.

The sum of N294.63 million was appropriated in the 2016 Budget, with N134.76 million released, and N71.51 million utilized as at third quarter of the year. This has resulted in 55% project completion.

Findings:

As of the time of visit, the automated air compressor, centrifugal priming pump and 7 nos. of 7.5kv submersible pump had been installed. Also, the following machines/equipment had been procured and delivered: 6 drums of MN-4 filled with cable oil, 2.5mm 2 x 3 cores 100 metres, 15 Motorola walkie-talkie, 12KVA bulk line energy precision, rolling mills, facilities equipment (CCTV) cameras, etc.



Picture 120: 6nos. of drums of MN-4 filled with cable oil & automated air compressor installed

Observed Outcomes:

Upon completion, the project will enhance industrial development; it will provide employment opportunities for a large labour force of 10,000 upstream and downstream workers. Reactivation of the rolling mills will pave way for the indigenous participation of Nigerian investors in the industry. Furthermore, it will also help to add value to the myriad of solid minerals products utilized for liquid Iron/Steel production.

Project Spotlight 4.4: Refurbishing and Repairs of Training Equipment/Machines at National Metallurgical Training Institute (NMTI), Onitsha

The project involves the refurbishing and repair of training equipment/machines at the NMTI, with the objective of improving the facilities for the training of low and middle manpower in the maintenance and repair works for Steel and Allied Industries in Nigeria.

The project contract was awarded to Vuco Consults Limited. The sum of N40.991 million was appropriated for the execution of the project in the 2016 Budget. Out of this, N5.710 million was released and fully utilized. Sixty percent of the project had been completed.

Findings:

At the time of visit, repairs and refurbishing work had been concluded for 16nos panel trouble shooting, 10nos refrigerator gas recycle, 41nos power console and 20nos oscilloscopes machines/equipment. Other work includes: 5nos drilling and grinding machines, a cylindrical/surface grinding machine, a computerized numerical control (milling and shaping) machine. In addition, the Institute successfully carried out reconstruction of 40 workshop benches in the BEC department.



Observed Outcomes:

The project though not fully completed has enhanced the NMTI's facilities, thereby facilitating enabling environment for technical empowerment and skills training of young Nigerians in the metal and allied profession. This in turn will reduce Nigeria's dependence on foreign technical expertise in the sector.

4.2.3.4 Project Alignment with Sector Objectives

The ten (10) projects monitored demonstrated alignment to sector objectives by contributing to increased exploration, especially on coal, iron ore and bauxite for energy, and as feed stock to Ajaokuta Steel Company. Another project aligning to the sector objective is the low to mid-level manpower training required for maintenance and repair work on the steel and allied industries.

4.2.3.5 Observed Project Outcomes and Impact

The outcomes and resulting impact were unclear for most projects monitored because they were still ongoing. However, a few projects monitored showed immediate effects. In the Ajoakuta Steel Company, for example, procurement of security equipment such as CCTVs and hand-held communication devices resulted in necessary security coverage for the complex. Further, the refurbishment and procurement of training equipment contributed to training of low to mid-level staff.

4.2.3.6 Observed Challenges to Implementation

Without increased funds to support exploratory activities, it will be difficult to reach commercial viability for exploration, and in turn meet sector objectives. For example, additional funds would allow for machinery upgrades, such as the purchase of the much-needed Atlas Copco Mustang P5 Multi Purpose Crawler Mounted Drilling Rig. This would increase raw material exploration, as a means for diversifying the economy into mining activities; thereby creating jobs opportunities, contributing to National GDP and improving revenues.

4.3 STRATEGIC PILLAR 2: INFRASTRUCTURE

Infrastructure represents the cardinal pivot of the 2016 Budget, with a primary goal of rejuvenating the ailing infrastructure in the country with specific focus on roads, power supply, the railway system and airports. Hence, the infrastructure component has the highest allocation of N684.801 billion. In this regard, the Budget provides investment in critical infrastructure as a driver for economic growth and development, and specifically prioritizes investment in the areas of Power, Roads, Rail, Housing and Water Infrastructure. Further, the Strategic Implementation Plan recognizes the key role of the private sector, particularly in sharing the cost and risks of the envisaged infrastructural projects, as well as providing much-needed technical and managerial capacity to bridge the massive infrastructure deficit through structured Public-Private Partnerships (PPP).

The MDAs contributing to this Pillar intend to achieve this through the following strategic action items:

- Undertake the rehabilitation and construction of 31 major projects to restore degraded sections of the Federal Highways and Improve connectivity over a distance of 2,193 KM through public works, maintenance, PPPs and other interventions.
- Undertake the construction of 3,552 Mixed Housing Units as Pilot scheme in the 36 States of the Federation and FCT under the National Housing Programme (NHP) in a secured and planned environment.
- Optimize the 7,000MW installed power capacity & ensure associated infrastructure to fuel, transmit and distribute this capacity.
- Complete the Privatization of NIPP Plants and improve the management and performance of TCN.
- Increase Energy Generation Mix Footprints through efficient use of solar, water and wind, coal to power resources to harness and increase power generation
- Ensure tariff includes all costs of transmission, generation and gas at the new price as well as DISCOs costs required to operate, maintain and upgrade distribution networks.
- Resolve all issues relating to Gas Pricing, Tariff & Payment Assurance
- Conclude Roadmap on Gas Development
- Rehabilitation and Completion of the existing rail lines and construction of new rail lines especially the Abuja-Kaduna, Ajaokuta-Warri and Lagos-Calabar rail lines

- Complete the rehabilitation of four (4) Airports i.e. Abuja, Kano, Lagos and Port Harcourt and explore options for the concessioning of Airports
- Concession the Dadinkowa, Gurara (Phase 1) and Oyan Dams with capacity to contribute a total of 82.5MW to the National Grid
- Utilize 5,000 hectares of irrigable land in the 12 River Basin Development Authorities and utilize 22 Dams for commercial farming activities by prospective investors.

4.3.1 *FINANCIAL PERFORMANCE*

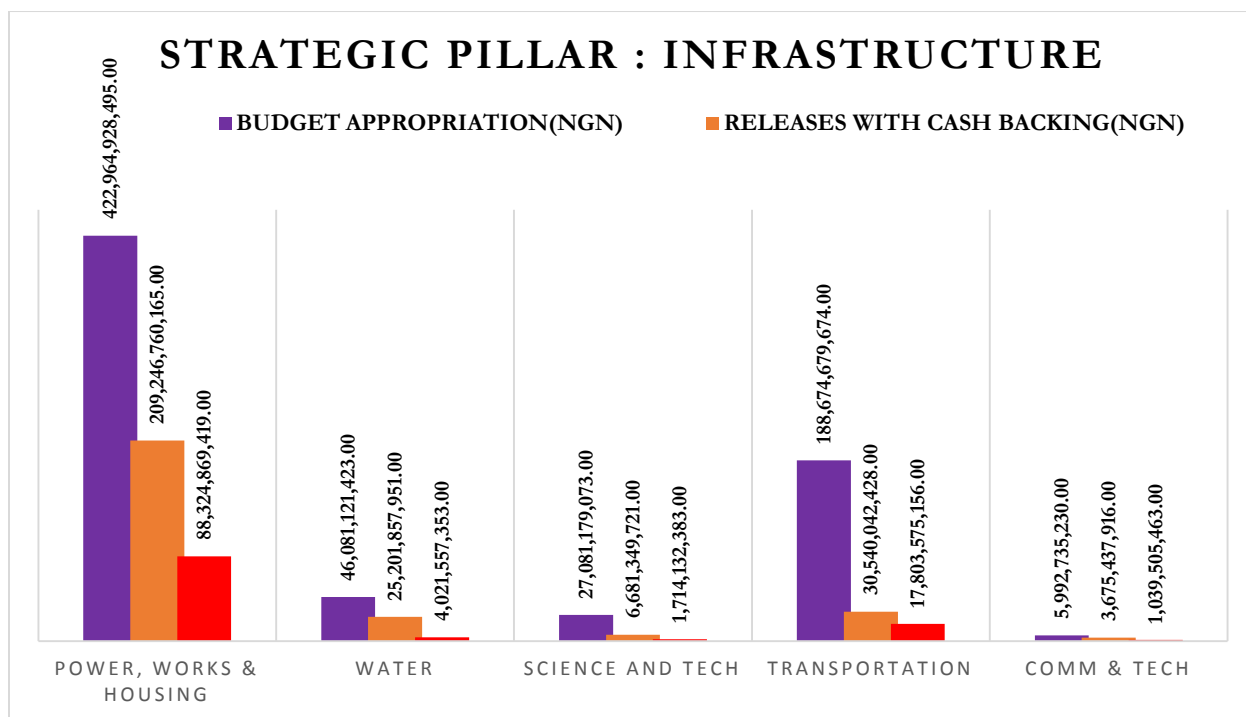
This section provides a detailed performance of the following MDAs under the Infrastructure Pillar: the Ministry of Power, Works & Housing, the Ministry of Transportation, and the Ministry of Water Resources, as shown below.

Table 4.5: Financial Performance of MDAs Contributing to Infrastructure

MINISTRY, DEPARTMENT & AGENCY	2016 BUDGET APPROPRIATION (N)	AMOUNT WARRANTED/ CASH BACKED (N)	UTILIZATION (N)	UTILIZATION (%)
FEDERAL MINISTRY OF POWER, WORKS, & HOUSING	422,964,928,495	209,246,760,165	88,324,861,418	42.21
FEDERAL MINISTRY OF WATER RESOURCES	46,081,121,423	25,201,857,951	4,021,557,353	15.95
FEDERAL MINISTRY OF TRANSPORTATION	188,674,679,674	30,540,042,428	17,803,575,156	58.29
FEDERAL MINISTRY OF YOUTH & SPORTS	3,497,043,000	2,462,897,729	834,817,993	33.90
FEDERAL MINISTRY OF COMMUNICATION TECHNOLOGY	5,992,735,230.00	3,675,437,916.00	1,039,505,463.00 ³	28.28
FEDERAL MINISTRY OF SCIENCE & TECHNOLOGY	27,081,179,073.00	6,681,349,721.00	1,714,132,383.00	25.66
TOTAL	684,801,908,665.00	277,808,345,910	113,738,449,766	40.90

³ The Federal Ministry of Communication Technology provided that the amount utilized as of March 2017 was 3,494,308,478.67 (95.07%).

Figure 4.4: Financial Performance of MDAs Contributing to Infrastructure



The figure and table above represent the total capital releases and utilization for relevant MDAs as of 19th October 2016. Capital releases for the Infrastructure Pillar averaged 39.67%, with a corresponding expenditure and budget utilization of 40.90%, spread across the Power, Works, Transportation, Water, Science & Technology and Communication Sectors.

The Power, Works and Housing Sector showed that of its appropriated budget of N422.96 billion, N209.25 billion representing (49.47%) had been released and cash backed, with N88.32 billion (42.21%) so far utilized as at the time of this report. Similarly, the Transportation sector with a total budget appropriation of N188.67 billion had total releases of N30.54 billion, with N17.80 billion utilized representing 58.03%. However, budget utilization in the Water Resources sector was low, with only 15.96% (approximately N4.02 billion) utilized out of the N25.20 billion released.

4.3.2 **POWER, WORKS & HOUSING**

4.3.2.1 **Overview of Sub-Sector**

The Power, Works and Housing Sector provides the necessary vehicle for achieving infrastructural renewal in roads, power and housing by creating a

foundation for economic growth & development, and addressing the infrastructure and housing deficits, in order to enhance productivity and lower the cost of doing business.

Power infrastructure is critical to generation and distribution of energy to Nigerians and the SIP seeks to address its key infrastructural and systemic impediments to enhance and improve power generation, transmission and distribution and progressively deliver more energy to Nigerian homes, businesses and communities.

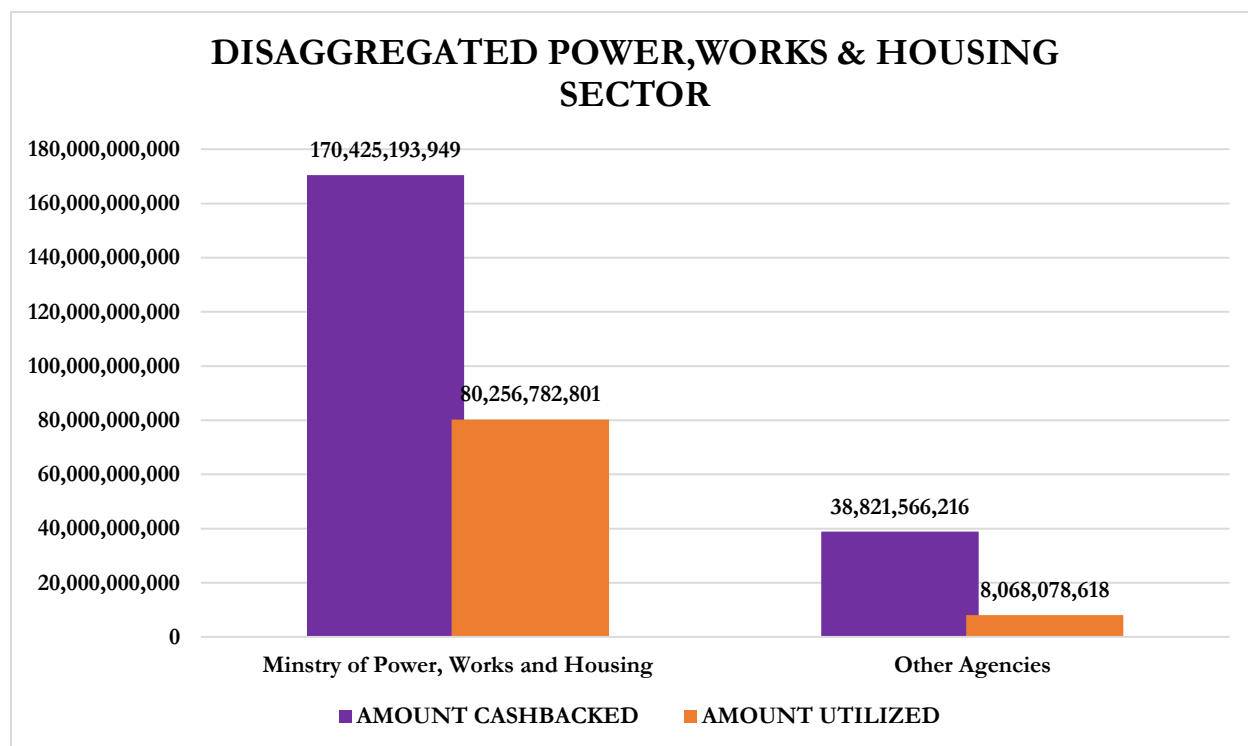
4.3.2.2 Level of Fund Utilization

Analysis of the financial performance of the Power, Works and Housing Sector shows an average utilization of 42.21%, representing the highest performance across sectors within the Pillar. When further broken down, the Federal Ministry of Power, Works and Housing has an average budget utilization rate of 47.09% whilst its Agencies have a combined utilization of 20.78% (see Table 4.6 below).

Table 4.6: Fund Utilization (Power, Works and Housing)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Ministry of Power, Works & Housing	170,425,193,949	80,256,782,801	47.09%
Other Agencies	38,821,566,216	8,068,078,618	20.78%

Figure 4.5: Fund Utilization (Power, Works and Housing)



Source: OAGF Capital Performance for MDAs Budget as at October 2016

4.3.2.3 Project Monitoring Coverage

There are over two hundred and fifty (250) Power projects in the 2016 Budget to be implemented by the Federal Ministry of Power, Works and Housing and its Agencies. However, due to prioritization, random sampling, low manpower and funding, a total of seven (7) Power projects were selected and inspected during the monitoring exercise, across six (6) States. Highlights from two of the projects visited are provided in Project Spotlights 4.5 and 4.6 below.

Project Spotlight 4.5: Construction of 33KV Transmission Line, Installation and Commissioning of 2x2.5MVA, 33/11KV Substation at Federal University, Otuoke

The project involves the provision of a 33KV dedicated feeder transmission line, and the installation of 2x2.5MVA, 33/11KV substation from Glory Land Power Station at the Federal University, Otuoke and other strategic institutions.

The contract was awarded in December 2013 to Income Electrix Nigeria Limited at a cost of N725.95 million. The expected completion date of February 2015 was revised to December 2015 due to paucity of funds. The sum of N457.46 million was appropriated for the project in the 2016 Budget, out of which N228.20 million was released while N198.95 million was utilised as at the third quarter of the year. A total of N441.41 million has been committed to the project since its, with a 95% cumulative level of completion.

Findings:

At the time of this visit, the project had been completed but was yet to be energized. It was observed that the Federal University, Otuoke was yet to benefit from the project because the step down transformer had not been connected to the female student hostel.



Project Spotlight 4.6: Construction of 215MW LPFO/Gas Power Plant

The project involves the construction of 215MW dual fired power plant (LPFO/GAS) that utilises low pour fuel oil or natural gas. It was conceived to supply power to the Kaduna Industrial Zone and its surroudings. The project comprises: procurement of 8 gas turbines and their accessories, 3-no transformers, 8 generators, 40,000 litres reservoir tank and a batching machine. Others include: the provision of a substation, warehouse, workshop, control room, admin block and fencing of the power plant. Upon completion, this project is expected to generate 215mw of Power, out of which 120MW will be transmitted to the industrial cluster in Kaduna and the balance of 95MW will be evacuated to Mando substation for transmission to the national grid. It is also expected to resuscitate the comatose textile and cottage industries in the state.

The contract was awarded to General Electric/RocksonEngineering Ltd in October, 2009 at a cost of €135.8 million plus N6.066 billion (inclusive of N3.0 billion). This was later reviewed upward to €144.2 million plus N8.961 billion, due to relocation of the project from Brownfield to Greenfield location with final completion date scheduled for December, 2016.

In the 2016 Budget, the sum of N5. 5 billion was appropriated, with N1.30 billion released and N192.19 million utilised as at the third quarter of the year. However, a total of

€114.72 million plus N.5.12 billion (inclusive of N3.0 billion provisional sum) had so far been committed to the project since its inception, to achieve 94% level of completion.

Findings:

At the time of visit, the substation, the construction of the administrative block, warehouse, supply of 8-no gas turbines, batching machine, 3-no transformers, fencing of the power plant and 8-no generators with 128 BOP's (Balance of Plant) had been completed. However, the associated civil and mechanical works were on going. The outstanding works include; Central control building, Drainages, flooring of the entire power block area, construction of the workshop building and procurement and installation of fire fighting instrument.



4.3.2.4 Level of Project Completion

Of the projects visited, six (6) were reported at various levels of completion. These projects include: (1) the Kashimbilla/Gamovo Earth Dam project expected to produce 40MW of hydropower (98% complete); (2) construction of 30MVA Transmission Injection Sub-Station Power Station at Umuikaa Isiala Ngwa South, Abia State (100% complete); and (3) Construction of 330kv D/C Transmission line between Benin North (Edo State) and Oshogbo (Osun State) out to New Akure substation (Ondo State) (19.54% complete). The wide disparity in completion level across projects is likely evidence of project prioritization within the Ministry. If so, this is a positive step that will ensure project deliverables are achieved within the planned timelines.

It was observed that work was progressing on all projects with several skilled and semi-skilled workers under employ (approx. 2,000 workers). The team also reported that the Contractor working on the Kashimbilla/Gamovo Multipurpose Buffer Earth Dam has instituted several corporate social responsibility programmes, which were beneficial to the surrounding communities and increased the economic value of the land.

4.3.2.5 Project Alignment with Sector Objectives

The selected projects are in line with the sector objectives particularly as it relates to associated infrastructure to fuel, transmit and distribute installed power capacity and; to increase energy generation mix footprints through efficient use of solar, water and wind, coal to power resources to harness and increase power generation.

4.3.2.6 Observed Challenges

A wide range of challenges affecting the individual projects were reported, however, the major trend amongst the projects is the lack of timely release of funds and inadequate appropriation. The Katsina Windmill project reported that important waivers for procurement of customized equipment were not initially granted and this delayed work. Furthermore, the construction of 330KVA D/C transmission line between, Benin, Oshogbo and Akure reported a challenge of Way Leave compensation for diversion of the lines between the Akure-Oshogbo axis. This they claimed is a serious setback for the project and will affect

completion timelines and incur losses to the government if urgent action is not taken.

The Works sub-sector will be further analyzed below, due to its particular importance to the 2016 Budget.

4.3.2.7 Works Sub-Sector Overview

The Works Sub-Sector provides the necessary vehicle for achieving infrastructural renewal of roads, by expanding the national, regional and States road network to complement the national rail, ports and air transportation systems.

4.3.2.7.1 Project Monitoring Coverage

There are one hundred and four (104) works projects in the 2016 Budget. However, due to prioritization, random sampling, low manpower and funding, twenty-three (23) projects were monitored during the exercise, covering the country's six geopolitical zones.

Of the twenty-three (23) projects visited, all were reported at various levels of completion, ranging from the 74.91% recorded for the Dualisation of Kano-Maiduguri Road, section 3 (Azare-Potiskum, Bauchi/Yobe States) to 2.7% completion recorded for the Reconstruction and Asphalt Overlay of Benin-Ofosu-Ore-Ajebandele-Shagamu Dual Carriageway Phase IV (Edo/Ondo/Ogun States). However, the average completion rate for the projects visited was 39.87%.

Project Spotlight 4.7: Rehabilitation of Outstanding Section of Onitsha - Enugu Expressway, Amansea-Enugu Road = C/No. 6266

The project entails rehabilitation of an outstanding section of the Onitsha – Enugu dual carriageway, including 2nos. bridges of 160m and 60m lengths, respectively. It covers 18km on Enugu bound starting from Amansea by Ezu River, and 40km Onitsha bound carriageway making a total length of 58km single carriage.

The contract was awarded to Reynolds Construction Company (Nig.) Ltd. in October 2014, at a cost of N24.24 billion. Work commenced in February 2015, and is scheduled for completion in February 2018. In the 2016 Budget, the sum of N5.47 billion was appropriated, while N2.65 billion was released and utilized as at the end of the third quarter. However, a total of N3.3 billion had so far been committed to the project since inception to achieve 2.75% level of completion.

Findings:

At the time of this report, the contractors had implemented drainage/erosion control at km16 including re-statement of washed out (failed) portion at 19 km, Onitsha bound (right hand side). Filling and basement work was in progress, up to the level of cement stabilization on Enugu bound between km30 – 35. The project monitoring team gathered that work at the site commenced effectively in June 2016 due to late passage of the Budget.



Socio-Economic Impact:

Prior to the construction work, vehicle accidents and prolonged travel time were common, due to the dilapidated nature of the road. However, the re-statement of the failed portions of the road and other partial works, have so far facilitated free flow of traffic. In addition, the project, while still in its initial stage, has generated employment for more than one hundred and fifty (150) skilled and unskilled youths of the immediate communities.

Project Spotlight 4.8: Dualization of Obajana Junction to Benin Section IV, Ehor – Benin Road

This project entails the dualization of 47km stretch of road from Benin City to Ehor in Edo State. The scope of work includes site clearance, scarification of an existing road, provision of lateritic sub-base on the width and shoulder of the road, laying of crush stone base, binder and wearing course. Other work includes: provision/reconstruction of concrete side drains, construction of 2nos. roundabout and U-turn at 4km intervals with 2 pedestrian bridges, laying of new underground concrete pipe culvert and construction of crash barrier, etc.

The contract was awarded to Reynolds Construction Company (Nigeria) Ltd in December 2012 at an initial cost of N 11.67 billion. However, the contract sum was increased to N35.25 billion in November 2014, and the project is expected to be completed in December 2018. The cost increase revision was due to increased scope of work from 16km to 47km length of the road. The sum of N3.28 billion was appropriated in the 2016 Budget while N3.021 billion was released and utilized as at end of the third quarter. A total of N12.12 billion has so far been committed to the project, with a cumulative project performance of 22%.

Findings:

At the time of this report, the following works had been achieved: site clearance at 19.67km of Benin bound,

scarification at Ehor bound (13.38km), wearing and binder courses at Benin bound was 8.7km and 13.24km respectively, stone base 13.38km at Benin bound and 7.88km at Ehor bound.



Socio-economic impact:

Prior to the construction of the road, drivers experienced serious road congestion existed, leading to prolong travel time and increased vehicular maintenance. The completed portions have aided free movement of goods and people.

4.3.2.7.2 Project Alignment with Sector Objectives

The selected projects were in-line with the main sector objective, which focuses on rehabilitation and construction of major projects to restore degraded sections of the Federal highways and improve connectivity over a distance of 2,193 km through public works, maintenance, PPPs and other interventions.

It was observed on the field that work was progressing on all projects with different stages of completion; however, a common trend was the late fund releases and seasonal issues (rainy season), meaning that many contractors could only move to site in late September. As a result, several projects were behind their 2016 planned targets (*i.e.*, number of km of road constructed or rehabilitated).

Furthermore, reports indicated that skilled and semi-skilled workers were employed, with most coming from the surrounding communities. All projects visited commenced prior to 2016, and none were scheduled to be completed within the year. Therefore, in terms of measuring the benefits/results of the projects in the longer term, the 2016 Appropriation, releases and utilization will be attributed to the result as the major outcome (reduction in travel time) can only be achieved once the roads have been completely constructed or rehabilitated.

4.3.2.7.3 Observed Challenges

A wide range of challenges affecting the individual projects were reported, however, the major trend amongst the projects is the lack of timely release of funds and inadequate appropriation for completion of projects in a timely manner. These time lags lead to variation in costs due to the contractor leaving and remobilizing to site several times, this affects contractual agreements and leads to losses for the government.

Furthermore, an improvement in procurement processes would help to solve some time lags and improve efficiency. Lack of appropriate data collection tools, templates and management is a concern, although some projects reported sporadic information, the majority of projects were not collecting or recording important data necessary for evaluation.

4.3.3 TRANSPORTATION

The Transportation sector provides the necessary vehicle for achieving infrastructural renewal and investment, which can significantly enhance the competitiveness of Nigerian entrepreneurs and businesses, enabling them to more meaningfully participate in the global market place. To this end, the Federal government is committed to implementing a truly intermodal transport system that effectively integrates water, land and air transportation, for the seamless movement of goods and people within and outside the country, through the seaports, inland waterways, rail, road, airports; and connecting new cities to transport infrastructure.

4.3.3.1 Overview of Sector

The mandate of the Ministry has been reinforced with the recent merger of the Ministries of Transport and Aviation to form the current Federal Ministry of Transportation, with a mandate to reposition and revitalize the national transport system through the establishment of a safe, efficient, affordable and seamless intermodal transport system in line with global trends, while creating an enabling environment for Public Private Partnership (PPP).

For the Ministry, the 2016 Budget is integral to the Federal Government's plan of prioritizing infrastructure development; this includes exploring the option of concessioning arrangements for airports, railway lines, major roads and other infrastructure projects. Furthermore, as part of the efforts to encourage private sector participation in infrastructure, the Ministry also explored an arrangement for the establishment of an infrastructure fund, this as anticipated should raise up to \$25 billion within three years.

4.3.3.2 Level of Fund Utilization

Analysis of the financial performance of the Transportation Sector shows that of its appropriated budget of N188.67 billion, N30.5 billion representing (16.16%) had been released and cash backed, well below the average of releases made in 2016. However, of the amount released, N17.80 billion (58.29%) has so far been utilized as at the time of this report.

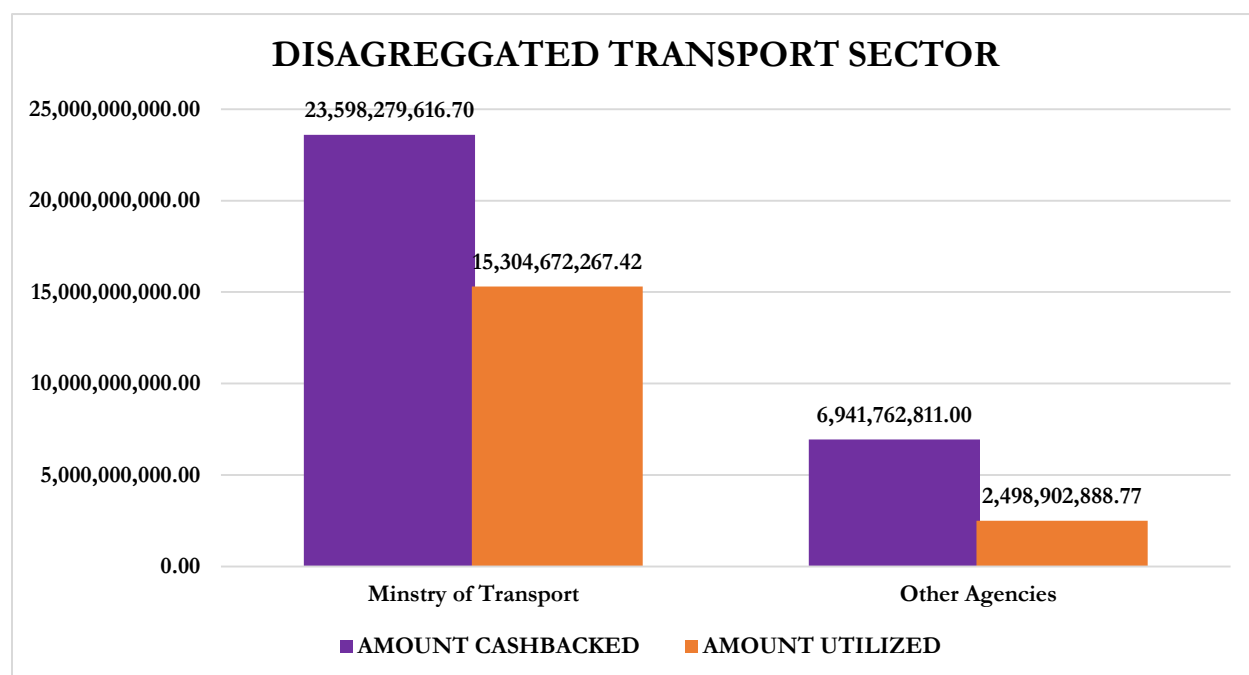
The performance of the Federal Ministry of Transportation compared to its Agencies shows budget utilization rates of 64.85% for the parent Ministry and 35.99% for other Agencies. Although the amount cash backed for both the Ministry and its Agencies has been low; this did not deter the Federal Ministry of Transportation from utilizing a significant portion of the available project funds. As

a critical aspect of the infrastructure pillar, it is imperative that further releases to this sector concentrate on transport infrastructure particularly water transportation to increase the possibility of the sector achieving its 2016 annual planned targets.

Table 4.7: Fund Utilization (Transportation)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Ministry of Transportation	23,598,279,616.70	15,304,672,267.42	64.85%
Other Agencies	6,941,762,811.00	2,498,902,888.77	35.99%

Figure 4.6: Fund Utilization (Transportation)



Source: OAGF Capital Performance for MDAs Budget as at October 2016

Of the fourteen (14) projects visited, all were reported at various levels of completion ranging from 100% completion of generator boathouse in the Maritime Academy, to 40% completion for the rehabilitation & asphalt resurfacing at General Aviation Terminal (GAT) Apron, Murtala Muhammed International Airport, Lagos. Average completion rate for the projects visited were relatively high at 69.40%.

4.3.3.3 Project Monitoring Coverage

There are over two hundred and thirty-two (232) transportation projects in the 2016 Budget, however, due to prioritization, random sampling, low manpower and funding, a total of seven (14) projects were selected and inspected during the exercise, covering seven (7) different States; highlights of which are outlined below in Project Spotlights 4.9 and 4.10.

Project Spotlight 4.9: Completion of Abuja (Idu) - Kaduna Rail Line Project (Transportation)

The project involves the completion of the 187km single track rail line from Abuja (Idu) to Kaduna. The scope of work includes: design and construction of 1,186.5km standard gauge railway line; 9nos. stations (5 passengers and 4 shunting stations); construction of railway and overpass bridges, box culverts, signaling and telecommunications installations, etc.

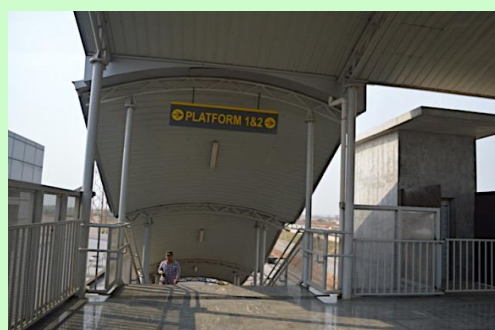
The project was awarded to CCECC Nig. Ltd in October 2009, at an initial total cost of US\$849.75 million. The cost comprises a US\$500 million concessionary loan from the China Exim Bank plus US\$349.75 million from the Federal Government of Nigeria). There was also a consultancy fee of US\$24.56 million. The initial completion date was February 2014. However, the project cost and completion date were reviewed upward to US\$1.040 billion and June 2017, respectively, due to additional works.

In the 2016 Budget, the sum of N19.81 billion was appropriated, out of which N17.78 billion was released as of the third quarter and utilized in the year. A total of US\$727.461 million had so far been committed to the project since inception to achieve cumulative performance of 98%.

Findings:

At the time of this report, the project had been substantially completed on July 26, 2016, and is currently in use. However, preparation of site for freight yard and fencing of the rail

corridor were in progress based on the additional works.



Observed Outcomes:

As of the time of the visit, the rail line ran four daily train trips between Abuja and Kaduna, with a capacity of 319 passengers. A total of 1,276 passengers are transported daily. The presence of the rail transport will tremendously help to reduce the proliferation of heavy-duty vehicles and pressure on the roads. In addition, it has attracted the development of settlements, industries and boosted other socio-economic activities along the rail corridor.

Recommendations:

There is a need for the government to fast-track the completion of fencing of the rail corridor. This will prevent the movement of livestock across the rail line, thereby increasing safety and reducing travel time.

Project Spotlight 4.10: Expansion and Upgrading of MM1A Terminal Building at Lagos Airport (Aviation)

The project entails expansion and upgrading of Wings D and E of the Arrival and Departure sections of Murtala Mohammed International Airport Terminal building, Lagos. Major contract works included expansion, partitioning and upgrade of facilities at the Airport to meet up with the international standards required for an airport.

The contract was awarded to Ogbosite International Limited in December 2012, at a cost of N991.5 million. The contractors did not meet the December 2014 expected completion date, due to lean budgetary provisions and releases by the Federal Ministry of Aviation.

The sum of N249.7 million was appropriated in the 2016 Budget, of which N152 million was released and utilized as at the third quarter of the year. A total of N801.70 million has so far been committed since inception, and the project has achieved 80% completion.

Findings:

At the time of monitoring visit, the expansion and partitioning works were substantially complete, while fixing of the glass panel, doors, ceiling, and painting were in progress, and at different stages of completion. However, the team noticed poor air conditioning in the terminal.



Observed Outcomes:

Though the project is still ongoing, the aesthetic value of the airport and its environment has increased immensely, in line with international standards. Upon completion, the terminal facility will enable more reliable airline operations and increased airport patronage, thereby enhancing the revenue generating capacity of the airport (FAAN).

Recommendations:

There is need to fast track completion of the project, and in particular ensure effective air conditioning of the terminal building for maximum passenger comfort.

4.3.3.4 Project Alignment with Sector Objectives

The selected projects were in-line with the sector objectives, particularly in relation to rehabilitation and completion of the existing rail lines and construction of new rail lines and the rehabilitation of four (4) Airports, *i.e.*, Abuja, Kano, Lagos and Port Harcourt. However, no projects covering ports or water transportation in general were inspected during this exercise, and these projects should be prioritized in future monitoring exercises.

Observations and reports on the projects visited are mixed as some projects had contractors on site and working while others have been abandoned. Several aviation projects at the Murtala Muhammed International Airport have been reported as on-going with contractors on-site and work moving at a reasonable pace; in some cases, like the upgrade of passengers processing area (75.8% completion rate), intermediate outcomes are already being achieved with interviewed passengers relieved at the conducive atmosphere and faster rate of processing passengers. Another success story is the construction of standard gauge railway tracks from Idu (Abuja) – Kaduna which is already in use with passengers being conveyed between Abuja and Kaduna on a daily basis, however work is still on-going on the connection of 33KVA power line, construction of fence on entire corridor, construction of freight yard and locomotive and rolling stock depot.

On other projects however, particularly in the Maritime Academy, Oron, Akwa-Ibom State, work has stopped due to non-payment of liabilities to contractors. However several of these projects have attained a high level of completion and should receive the necessary funds to clear liabilities and complete the projects.

4.3.3.5 Observed Challenges

A wide range of challenges affecting the individual projects were reported, however, the major trend amongst the sector is the inadequate budget release in relation to the appropriated budget. In the case of the Nigerian Railway Service, its budget of over N330 million was not cash-backed and as such rail transportation projects such as the Lagos-Calabar and Ajaokuta-Warri Rail line that were expected to contribute to the inter-modal transport system and solid mineral development have not been implemented. Similarly, in the case of the Maritime Academy of Nigeria most projects appropriated in the 2016 budget are

not the priority projects of the Academy, and as such the Academy has difficulty funding its priority projects because they were not captured in the appropriation.

4.3.4 WATER RESOURCES

4.3.4.1 Overview of Sector

A crucial component of the Water Resources sector is to drive the rural water supply initiatives to support rural water distribution and sanitation programmes. The primary goal is to ensure sustainable integrated water resource management by increasing access to water supply and sanitation.

The sector as envisioned in the SIP is designed to achieve sustainable improvement in water supply for agriculture, power, safe drinking and sanitation across the nation. Hence, projects monitored were purposefully selected in-line with the Federal Government's priorities and objectives of the 2016 Budget. This is primarily driven through the construction of multi-purpose Dams for irrigation, safe water for drinking, sanitation, all year round agricultural farming, and for hydro-power generation to boost electricity.

4.3.4.2 Level of Fund Utilization

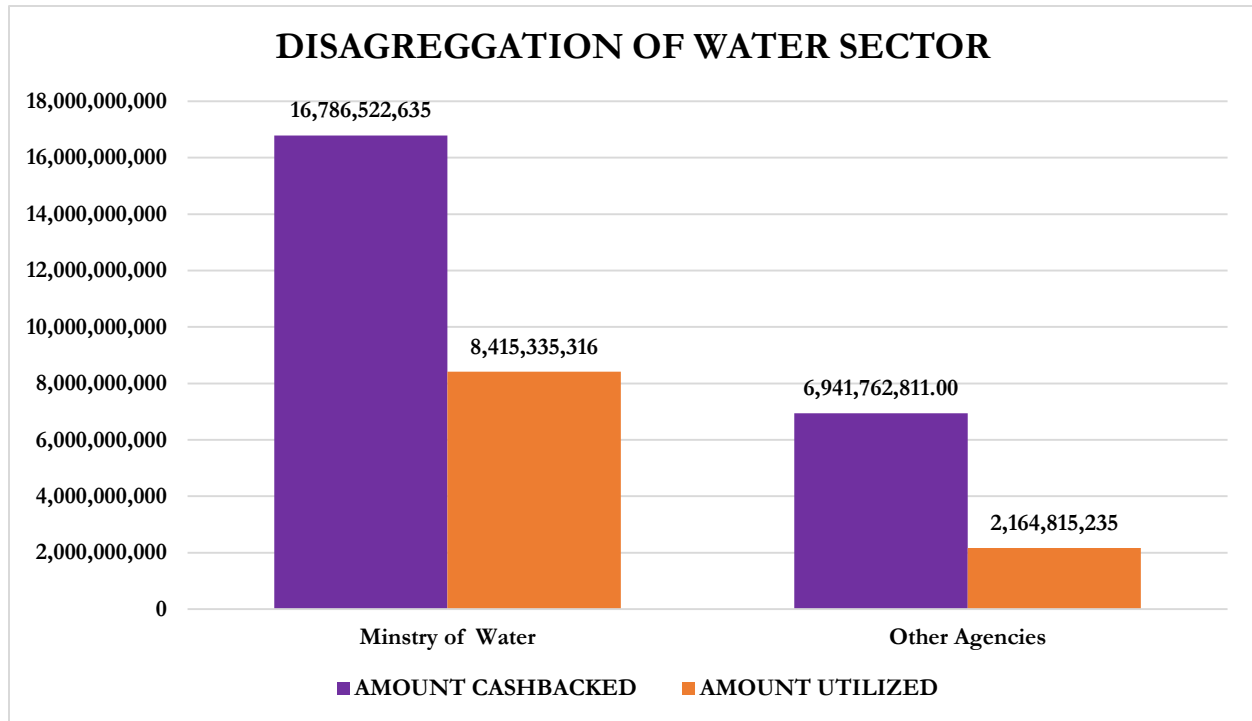
Analysis of the financial performance of the Water Resources Sector shows an appropriated budget of N46.081 billion for the period of 2016. A total release of N25.201 billion representing about 54.69% has been cash-backed, and the sum of N4.021 billion representing about 15.96% of released amount or over 8.7% of appropriated amount has been utilized as at the time of this report.

A further disaggregation of utilization performance is shown in the table below which indicates that the Federal Ministry of Water Resources had an average budget utilization rate of 11.06%, while its Agencies had a combined utilization of 25.72%.

Table 4.8: Fund Utilization (Water)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Federal Ministry of Water Resources	16,786,522,635	1,856,742,108	11.06%
Other Agencies	8,415,335,316	2,164,815,235	25.72%

Figure 4.7: Fund Utilization (Water)



The projects visited were at various stages of completion with the Rehabilitation and Desilting of Canal at Kampe (Omi) Dam Irrigation Project in Kogi State, and Rehabilitation and Asphaltting of Headquarters RBDA Owerri at Imo State having attained 100% completion respectively. However, the Construction of Dam Embankment, Construction of Spillway, Inlet and Outlet Structures at Ogbesse Earth Dam in Ekiti State is at 29% while the Rehabilitation of Access Road to Makurdi Irrigation Project is at 15%. The sector therefore recorded an average completion rate of 58.4%, based on the monitoring visit.

4.3.4.3 Project Monitoring Coverage

There are over eight hundred and fifty (850) projects under this sector in the 2016 Budget. However, due to prioritization and inadequate material and financial resources, a random and purposeful sample of fifteen (15) projects spread across seven states of the Federation were selected and inspected in the course of this exercise, highlights of which are outlined in Project Spotlights 4.11 and 4.12 below.

Project Spotlight 4.11: Construction of Earth Dam in Jare, Katsina State

The project involves the construction of a dam embankment (3km long and 25m high) above the seabed. Additional structures to be built include: inlet and outlet structures, 2.9km crest length, 100m spillway length, 26.30m reservoirs, and a 11km access road.

The contract was awarded to Abuhalawa International Ltd in May 2007, at a cost of N3.18 billion and an expected completion date in March 2009. This deadline was not achieved, however, because of insufficient funds.

The sum of N1.2 billion was appropriated in the 2016 budget, of which N700 million was released and N495 million was utilized, as of the third quarter of the year. A total of N1.88 billion has been expended on the project from inception to date.

Findings:

At the time of the field visit, the contractor had just remobilized to site after three (3) years of non-activity. Earthwork for the construction of the 11km access road to the dam site and the contractors yard had been completed, while fencing of the yard and site clearance for the project was ongoing.



Challenges:

Community-related issues pose the biggest challenge to project completion. Specifically, the Katsina and Bakori local governments have not yet settled the issue of farmland compensation and resettlement of communities that would otherwise be displaced by the construction work.

Recommendation:

The Ministry of Water Resources needs to investigate the delay behind the completion, and prioritize related activities/projects appropriately in subsequent budgets.

Project Spotlight 4.12: Construction of Kashimbilla/Bamovo Multipurpose Buffer Earth Dam Project in Takum, Taraba State

The project was initially conceived to lessen flooding from the structurally weak volcanic lake Nyos (Cameroun). The project scope was later expanded to include construction of an irrigation scheme, water supply and hydropower component (reservoir capacity of 500mcm). The scope of work comprises: construction of the dam and related structures, a water treatment plant, a 11 km access road from Takum junction to the Dam; and rehabilitation of 21 km access road from Jato – Aka to Kashimbilla. Other work includes: construction of 40MW hydropower plant, construction of 1.2 km airstrip for emergency evacuation of people, and 40 km access roads to the resettlement camps.

The contract was awarded to SCC (Nig) limited in May 2007 at an initial cost of N42.94 billion and was expected to be completed by April 2010, which was later revised to

N60.63 billion in September 2011 due to the upgrading of the hydropower component of the project from 6MW to 40MW. In November 2013, the Federal Executive Council further reviewed the contract sum to N104.36 billion (N36.53 billion plus €412.38 million), with a new completion date of May 2015 (later extended to December 2016). A total of N100.18 billion (N31.59 billion plus €335.35 million) has been committed since inception (through a combined counterpart funding by Federal Ministry of Power and Ecological Funds, amongst others). The sum of N1.5 billion was appropriated in the 2016 Budget.

Findings:

At the time of this report, completed works included: embankment, spillway and diversion channel, floor directing structures, intake and outlet works, staff housing unit, stream bridge, airstrip and access road. Works in progress included: construction of the 40km access road to the resettlement camp and irrigation of 2000ha of farmland.



Socio-economic impact:

The project has reduced the threat to Taraba, Adamawa, Benue and Kogi. It has created employment opportunities for over 1000 youths in the community while providing for a police post, law court and telecommunication mast. However, the project manager shared that inadequate budgetary provisions and releases over the years by the Federal Ministry of Water Resources had affected timely delivery of the project.

4.3.4.4 Project Alignment with Sector Objectives

In line with the sector objectives, particularly as it relates to the Administration's priorities, the projects selected are critically aligned to the development of irrigation projects across the country with embedded multi-functionality for agriculture, water and power.

Due to the mixed completion levels of most of the projects in the sector and low utilization rates, a general review of all the River Basin activities shows low project implementation rates, especially for Benin-Owena River Basin Development Authority, Chad Basin River Development Authority, Hadejia-Jamaare River Basin Authority, Niger Delta River Basin Development. However, prominent among the observed benefits of the projects inspected are intermediate-outcomes such as the revitalization of agricultural activities around irrigation programme/project sites across the country, particularly the Orin Irrigation Project, Tiga Dam and to some extent the Ogun Irrigation Project, currently 25% completed.

It was reported that these projects have been a major source of portable water and also boosted agricultural production activities among communities in Kano, Jigawa, Yobe, Borno, Kwara and Ogun States along their respective river courses. Similarly, in Lower Anambra River Basin Authority, several varieties of crops such as okro, pawpaw, sweet corn, moringa, cassava, plantain and cucumber, etc. have been planted and water supplied to installed sprinklers at various farm location to increased food production. This is a good model that can be replicated across the various River Basin Authorities.

4.3.4.5 Observed Challenges

The common challenges observed during the field visit are generally related to: (1) inadequacies associated with accessing budgetary provisions; (2) time-lapses due to delayed contractor mobilization, settlement of outstanding liabilities, project management planning and prioritization; and (3) and seasonal weather changes.

In addition, there is a registered case of political interference with implementation of projects, which inhibited the progress of projects at the Sokoto Rima River Basin Development Authority (SR RBDA) serving Sokoto, Zamfara, Katsina, and Kebbi States as catchment areas. Although 69% (N1.218 billion) of the total

budget appropriation has been released to the Agency, there was no substantial progress on any of the “community projects” directly handled by the Agency with most of them subject to EFCC Investigations.

Other challenges affecting effective service delivery include erosion of canal embankments and access roads, and inadequate operational and extension staff. Finally, it was observed that the Ministry of Water Resources mostly handled high value/impact projects, without coordination with the River Basins or Agencies within the targeted area.

Although the projects were better managed and implemented, there is a risk when it comes to agency ownership and post maintenance knowledge transfer, which might affect the sustainability of the projects. These projects spread across various categories, from irrigation projects, to dam embankment, construction of inlet, outlet structures and Water treatment plants.

Even though all completed water projects are handed over to communities where the project is cited for ownership, while dams are handed over to the River Basin concerned for maintenance; there is need for a more inclusive process prior to project completion.

4.4 STRATEGIC PILLAR 3: SOCIAL DEVELOPMENT

This strategic thrust focuses on the implementation of social welfare, health and education projects tailored towards enhancing the quality of life. The social development pillar provides for projects/programmes like the revitalization of 10,000 primary health centres, increase in access to quality education which includes; construction and rehabilitation of new and existing schools across the country as well as training and re-training of teachers.

While, the welfare component emphasizes on the massive rehabilitation of existing and construction of new skill acquisition centers across the country with major focus on gender mainstreaming by providing women with requisite skills to make them self-sufficient and socially independent.

Based on this premise, the 2016 budget specifically focuses on the following priority areas:

- Create a significant number of jobs to reduce unemployment and underemployment especially among the youth;
- Protect the poor and vulnerable by special social intervention programmes
- implement social intervention programmes and other specific health and education projects; and
- Flag off the revitalization of 10,000 primary health care facilities across the country; representing one primary health care per ward.

4.4.1 FINANCIAL PERFORMANCE

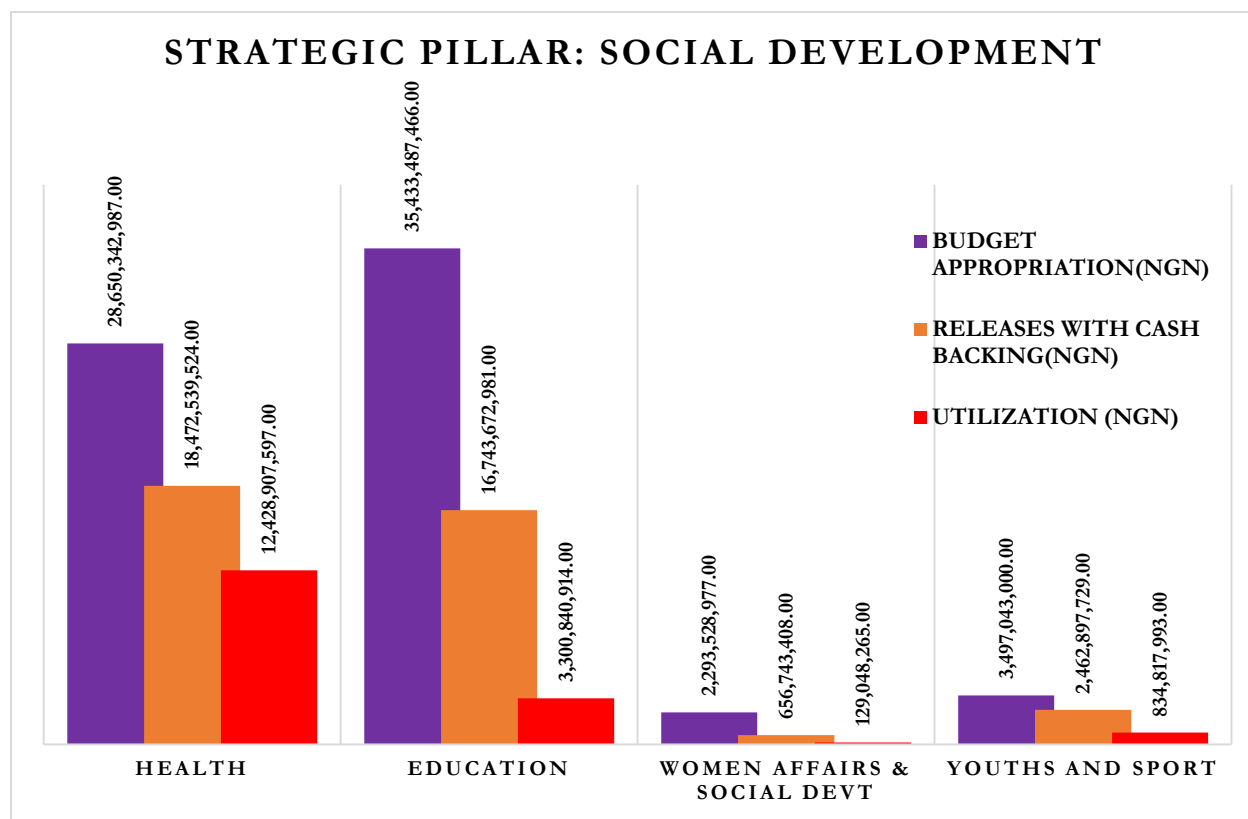
The total appropriation under the Social Development Pillar is N69.874 billion out of which N38.355 billion has been released with N16.693 billion utilized as shown in Table 4.9 and Figure 4.8 below. The financial performance analysis focused on capital utilization of selected MDAs as follows: Federal Ministry of Health, Education, Women Affairs and Social Development, Youth and Sports Development.

Table 4.9: Financial Performance of MDAs Contributing to Social Development

MINISTRY, DEPARTMENT & AGENCY	2016 BUDGET APPROPRIATION (N)	#	AMOUNT WARRANTED/ CASH BACKED (N)	UTILIZATION (N)	UTILIZATIO N (%)
FEDERAL MINISTRY OF EDUCATION	35,433,487,466	1,030	11,657,995,902	1,692,317,307	14.52
FEDERAL MINISTRY OF HEALTH	28,650,342,987	693	18,472,539,524	12,428,907,597	67.28
FEDERAL MINISTRY OF WOMEN AFFAIRS	2,293,528,977	65	656,753,408	129,048,265	19.50
FEDERAL MINISTRY OF YOUTH & SPORTS	3,497,043,000	72	2,462,897,729	834,817,993	33.90
TOTAL	69,874,402,430.00		38,335,853,642	16,693,614,769	43.55

Source: OAGF Capital Budget Performance for MDAs as at October 2016

Figure 4.8: Financial Performance of MDAs Contributing to Social Development



4.4.2 HEALTH

4.4.2.1 Overview of Sector

The Health sector budgetary allocation of N69.874 billion was designed to improve infrastructure in tertiary institutions and revitalize 10,000 primary healthcare centres across each ward, to provide community health services that reduces incidences of polio, malaria, tuberculosis and maternal mortality. The 2016 budget is designed to support both family and public health services.

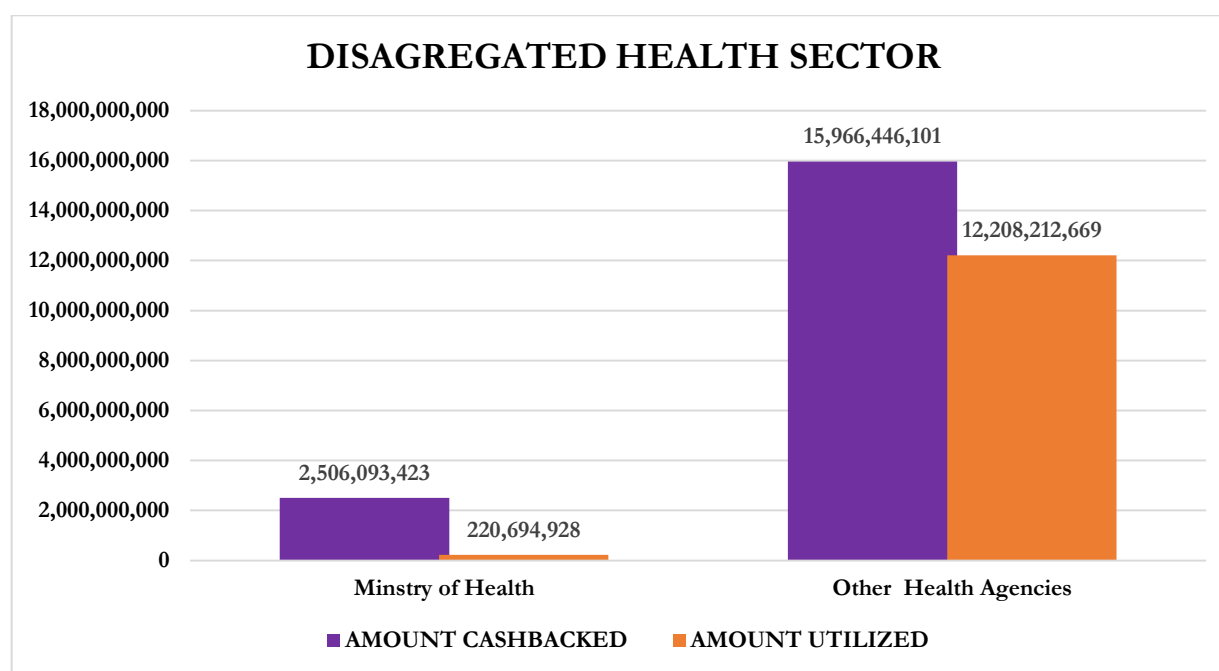
4.4.2.2 Level of Fund Utilization

The capital utilization in the Health sector was good with 67.3% performance and comparatively one of the highest performance rates when compared to other sector and MDA level performance. Further disaggregation of the figures shows the impressive performance of 474 projects emanating from health Agencies like the Teaching hospitals, National Primary Healthcare Development Agency, etc.

The parent Ministry had a poor utilization rate of 8.81% when compared to amount cash backed and the implementation of the Health agencies.

Table 4.10: Fund Utilization (Health)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Ministry of Health	2,506,093,423	220,694,928	8.81%
Other Health Agencies	15,966,446,101	12,208,212,669	76.4 %

Figure 4.9: Fund Utilization (Health)

Source: OAGF Capital Performance for MDAs Budget as at October 2016

A review of status performance of the 86 projects visited showed that health projects have lasted an average of three (3) to seven (7) years without completion, due to poor funding.

Abandoned projects monitored were sited in institutions such as the University of Calabar Teaching Hospital, the Obafemi Awolowo University Teaching Hospital, Ondo State, and the University of Benin Teaching Hospital. As of the time of the field visits, these projects were yet to receive funding from the 2016 Appropriation. Further, twenty-three (23) out of eighty-six (86) projects were still undergoing procurement processes at the time of the field visit, which affected the MDAs' ability to utilize their budgetary releases.

It is worth noting that the impressive performance in the health sector can be attributed to high level of financial discipline in cases where capital releases were tied to projects. This trend should be encouraged going forward.

4.4.2.3 Project Monitoring Coverage

Eighty-six (86) projects out of a total of six hundred and ninety-three (693) were monitored during the visitation exercise, with projects drawn from Federal Medical Centers, University Teaching Hospitals, Psychiatric, Orthopedic Hospitals, School of Medical Sciences amongst others.

A further analysis of the monitored projects shows fifty-six (56) building construction projects of various hospitals, with the remaining projects focused on procurement of equipment and other projects like water, car park, road and fencing projects. The focus on infrastructure, especially constructions of hospital buildings, shows the commitment of the Federal government towards rehabilitation of existing and construction of new tertiary health facilities as captured in the 2016 Appropriation.

Project Spotlight 4.13: Completion of Construction of Admin block/Theater Complex at National Obstetric Fistula Center, Abakaliki - Ebonyi

The National Obstetric Fistula Centre was established to provide free medical treatment, training, rehabilitation, research and prevention of obstetric fistula nationwide. Additionally it is intended to serve as a national cancer screening centre for the country's South-East geo-political Zone.

The project includes construction of a 2-storey office building for administrative and clinical staff; 4nos theatre suites and rooms, 100capacity ward; 2nos. Conference halls; and an e-library and reception hall.

The project was awarded to Tirmana Consult Ltd. in September 2012 at a cost of N200.35 million and scheduled for completion within 72weeks. The sum of N65.26 million was appropriated in the 2016 budget, of which N27.38 million was released and N12.44 million was utilized within the period under review. A total of N188.42 million has so far been committed to the project from inception to date to achieve 88% level of completion.

Findings:

At the time of field visit, the project was substantially complete and ready for occupation. The project monitoring team gathered that a final project inspection was being carried out, and a certificate of payment being raised for the contractor.

Recommendation:

Adequate funding needs to be provided for the completion of the project, which will enhance effective healthcare delivery in the State.



Completed 2-storey Administrative block/Theatre Complex, Phase I at National Obstetric Fistula Centre - Abakaliki, Ebonyi State.

Project Spotlight 4.14: Construction of Trauma Center, Abubakar Tafewa Balewa University Teaching Hospital (ATBUTH), Bauchi Main Campus

The project was planned to provide a centre for emergency medical services for trauma patients (burns, assaults, falls, and accidents). It involves the construction of a 2-storey building comprising of office accommodation and consulting rooms.

The contract was awarded to Aswad Investment Resources Nig. Ltd. in October 2013, at a cost of N156.88 million with an expected completion date of October 2018. The sum of N62.20 million was appropriated in the 2016 Budget, out of which N43.52 million was released and utilized. A total of N92.55 million had so far been committed to the project since inception to achieve a cumulative performance of 62%.

Findings:

At the time of this report, the first floor slab/decking, block work, tilling, lintel and columns and internal plastering work at the first floor had been

completed. Outstanding work includes: completion of external plastering, ramp, painting, hanging of doors/windows and installation of mechanical/electrical fittings.

Observed Outcomes:

The project had empowered indigenous contractors and created employment opportunities for 62 skilled and 140 unskilled labourers from the area. When completed, the project will provide crucial trauma services, as well as important learn environment for medical personnel and students.

Recommendation:

There is need to provide adequate funding to ensure timely completion of the project due to its strategic importance to the health sector and citizens in general.



The on-going construction of Trauma Centre, ATBUTH, Bauchi Main Campus

4.4.2.4 Project Alignment with Sector Objectives

A review of the eighty-six (86) projects monitored clearly shows the projects aligned to the strategic objectives of achieving tertiary health services by providing advanced, specialist care to the country. It also advances the goal of increasing access to complex surgical medical procedures that can reduce incidences of medical tourism. The revitalization of primary health care facilities was yet to commence as at the time of the monitoring exercise.

4.4.2.5 Observed Project Outcomes and Impact

The projects implemented under the health sector are mostly still ongoing and as such had not delivered expected outcome; however, the construction works generated a large number of skilled and unskilled jobs for the immediate community. The completed projects provided facilities for improved healthcare. Specifically, there has been an increase in the number of outpatient citizens attended to on a daily basis and an improved work environment had been created for staff of the hospital.

4.4.2.6 Observed Challenges to Implementation

There were incidences where projects captured in the Appropriation did not reflect the priority objectives of the MDAs. An example was the University of Maiduguri Teaching Hospital, where funds were trapped and could not be used for other purposes, thereby impacting utilization.

The exchange rate volatility grossly affected the cost of procurement of health equipment, as witnessed in Federal Medical Centre Makurdi where the procurement of Haemodialysis and mobile x-ray machine could not be achieved due to huge differentials between the current market value and the budgeted price.

There were incidences of vandalism of existing installed facilities particularly at projects sites that were nearly completed and yet to be occupied.

4.4.3 *EDUCATION*

4.4.3.1 Overview of the Sector

The budgetary allocation to the educational sector is generally designed to enhance access to quality education and increase enrolment in the country's

educational institutions. Emphasis has been placed on investment on infrastructure in tertiary institutions, especially the Federal Ministry of Education Headquarters, Federal Universities, Colleges of Education and Unity Colleges.

4.4.3.2 Level of Fund Utilization

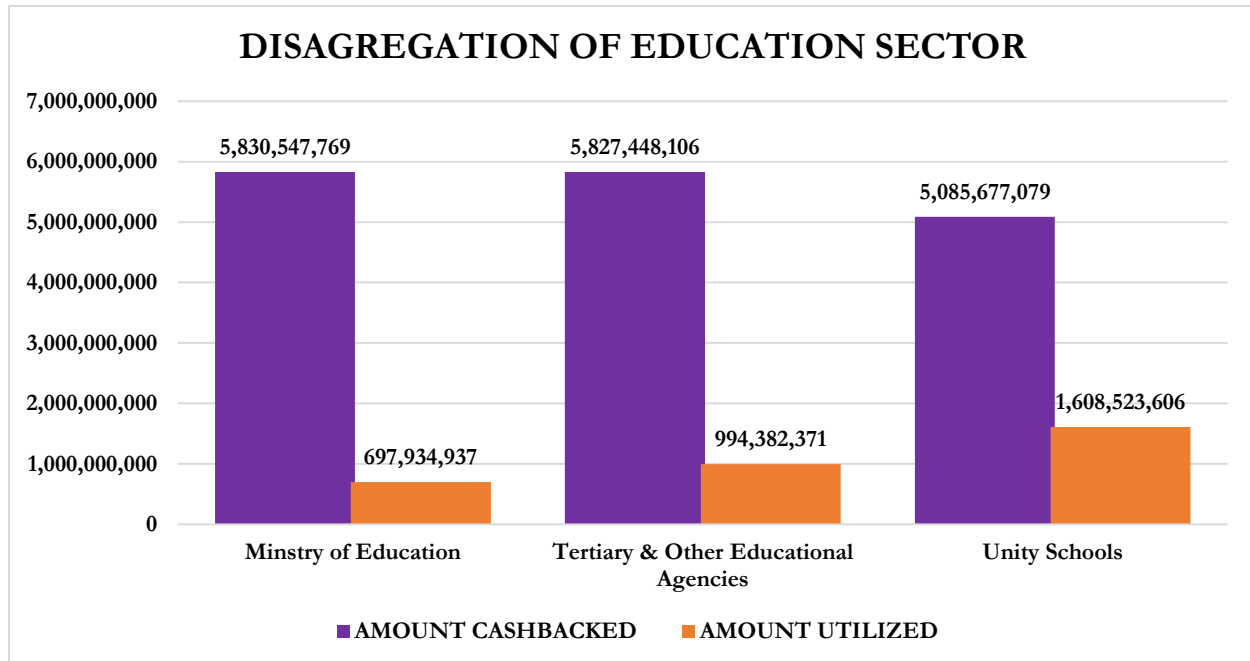
The financial performance in terms of appropriation, releases, and utilization of the Federal Ministry of Health and its Agencies as at 3rd quarter 2016 is contained in Table 4.11 and Figure 4.10 below.

Capital utilization was generally below average with performance at 19.71%. Out of a total of N16.743 billion, only N3.3 billion was utilized by the entire education sector. A further disaggregation of sector performance is illustrated in the table below, with Unity schools having the highest utilization rates of 31.62% when compared to the Tertiary Institutions and the Federal Ministry of Education.

Table 4.11: Fund Utilization (Education)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Federal Ministry of Education	5,830,547,769	697,934,937	11.97%
Tertiary Institutions and Other Agencies	5,827,448,106	994,382,371	17.06%
Unity Schools	5,085,677,079	1,608,523,606	31.62%

Figure 4.10: Fund Utilization (Education)



Source: OAGF Capital Budget Performance for MDAs as at October 2016

A review of findings from field observations shows that twenty (20) out of the forty-eight (48) projects monitored were under the below average categorization (10%-40%), six (6) projects were above average categorization (41% - 75%) and ten (10) projects were under the good categorization (76%-100%). However, only 2 projects had been completed as at the time of the visitation.

The field report indicates a substantial number of abandoned projects in some academic institutions. For example, the construction of the senate/administrative building at Alvan Ikoku College of Education Owerri, Imo State had been abandoned. The project had an initial contract sum of N195.709 million which was reviewed upward to N273 million due to variations in the cost; an indication of the high rising cost of remobilizing contractors back to site.

There are situations where the parent ministry is handling and executing projects on behalf of the tertiary institutions. This trend needs to be discouraged as it is a major contributory factor to the high rate of abandoned projects witnessed in the education sector because of the lack of ownership by the host institutions to oversight and ensure that contractors adhere to right standards. There is a compelling need to involve host institution in conceptualizing and planning for projects to be domiciled in their domain.

The field activities show that some projects were awarded to contractors who had no capacity to execute such projects; this also lead to the large number of

abandoned projects shortly after commencement and award of the contracts, as witnessed in University of Uyo faculty of Agriculture building.

Another trend worth mentioning is how the late release of budgeted funds stalled effective project implementation. We, therefore, note the correlation between timely release and effective project implementation as the Federal University Ndufu Ikwo, Ebonyi State had its projects under the 2016 budget completed due to the timely release of funds.

In other situations, the institutions claim to have received appropriation schedules that differed from their priority needs, which ultimately affected their budget performance, as most institutions tend to disown projects that do not conform to the institution's implementation plan. For example, in Yaba College of Technology, Lagos State, Out of the N390.29 million appropriated in the 2016 Budget, N171.92 million was released to the College for completion of ongoing projects. However, the College reported to have received a different appropriation schedule from the GIFMIS platform, which listed projects different from the ones captured in the Appropriation Act.

It was observed that the Zero-Based Budgeting approach of budgetary allocation improved financial discipline in some institutions, particularly those whose fund releases were tied to projects. This contributed to increased transparency and accountability in the area of funds management. Such initiatives need to be consolidated, improved upon and sustained.

4.4.3.3 Project Monitoring Coverage

Forty-eight (48) out of a total of one thousand and thirty (1030) projects were monitored during the visitation exercise with projects drawn from various Tertiary Institutions. These projects included the construction of classrooms and faculty blocks, internal road constructions and procurement of equipment. Specifically, thirty (30) projects were related to construction of new buildings and faculties, while eighteen (18) projects were focused on procurement of land and equipment for both the Tertiary and Unity College.

Project Spotlight 4.15: Construction of Central Administrative Building at University of Uyo, Akwa Ibom

The project was designed to provide office accommodation for University officers and staff. The scope of works includes; building work, mechanical and electrical installation works.

The contract was awarded to Ebom Brothers Limited and Sosay Nigeria Limited in February, 2009 at a cost of N689.79 million with a completion date of December 2016. The sum of N43.69 million was appropriated in the 2016 Budget, out of which N29.86 million was released and utilized in the third quarter. A total of N622.55 million has so far been committed to the project, to achieve 95% cumulative performance.

Findings:

At the time of monitoring, the building, water reticulation and external works had been completed and were in use,

while the installation of the lift was ongoing. The final testing of CCTV, telecom, lift equipment and training of the end users were still outstanding on the project.

Observed Outcomes:

The completed building has improved the efficiency and effectiveness of administration in the university through the availability of adequate office spaces for the principal officers and other staff of the institution.

Recommendations:

There is need to train and retrain end users who are to operate the already installed facilities, to ensure adequate maintenance and sustainability of the facilities.



Completed Central Administrative Building at University of Uyo

Project Spotlight 4.16: Completion of International Conference Centre at Bayero University, Kano

The project involves the construction of a 1500 seat auditorium and a building containing 40 chalets. Other components comprise of a banquet hall of 250 capacity, 6 syndicate rooms for conferences, gymnasium, and catering and leisure facilities.

The contract was awarded to Saigwa Global Services Limited in March 2015 at a cost of N702 million, with a completion date of December 2016. The sum of N241.008 million was appropriated in the 2016 budget, out of which N104.50 million was released and utilized as of the third quarter. A total of N514.45 million has so far been committed to the project from inception, to achieve 60% level of completion.

Findings:

At the time of monitoring, the superstructure for the 40 chalets had been completed, plastered and roofed, while the international conference centre is at lintel level. Work in progress includes; aluminum works, casting of roof structure, screening and plastering,

while the outstanding work for the chalets includes: ceiling, fixing of doors and windows, floor finishing, tiling, plumbing, electrical fittings, sanitary wares and external works.

Observed Outcomes:

The project has created employment opportunities for engineers, artisans and labourers from the host community. When completed, the project is expected to increase the institution's internally generated revenue (IGR).

Recommendations:

There is need to provide adequate funding for the completion of the project, particularly since the project has exceeded the agreed completion period. The IGR that will be generated shall boost the finances of the institution.



Ongoing completion of International Conference Centre & 40 no chalets

4.4.3.4 Project Alignment with Sector Objectives

Analysis of the projects monitored shows that they aligned towards ensuring qualitative education particularly relating to tertiary institutions and unity colleges. These projects were mostly infrastructure driven, with specific focus on construction of classrooms, labs, administrative buildings and educational infrastructure assets to increase access to education and improve the standard of education in the country.

4.4.3.5 Observed Challenges to Implementation

The budgetary provision and amount released for priority projects were inadequate to reach project completion status. Even though this can be attributed to competing needs in the sector during the preparation of the Budget, there seems to be too many projects chasing limited resources. This might be one of the reasons why several construction projects in tertiary institutions had lingered for more than five (5) years, affecting speedy completion of projects.

Another key challenge observed during the monitoring exercise is that some of the projects appropriated to the institution are not priority projects of the institutions as there were more compelling needs to which such funds could be spent to achieve maximum impact. This often meant budgetary allocations were trapped and virement of such funds was very difficult to achieve.

The delay in passage and releases of the budget meant that institutions needed to adjust for seasonality effects as the releases happened during the rainy season and it was necessary to delay project execution to the dry season. This was identified as a contributory factor to the low utilization of released budgetary provisions.

4.4.4 SOCIAL WELFARE PROGRAMMES

4.4.4.1 Overview of Sector

The social welfare component of the 2016 Budget was tailored towards gender mainstreaming by providing vocational skills primarily targeted at women and other unemployed Nigerians who are willing to enhance their skills and become self-reliant. A total of N2.293 billion was allocated to the Federal Ministry of Women Affairs and the National Center for Women Development to achieve the rehabilitation, construction and equipping of skills acquisition and women's development centres across the country.

4.4.4.2 Level of Fund Utilization

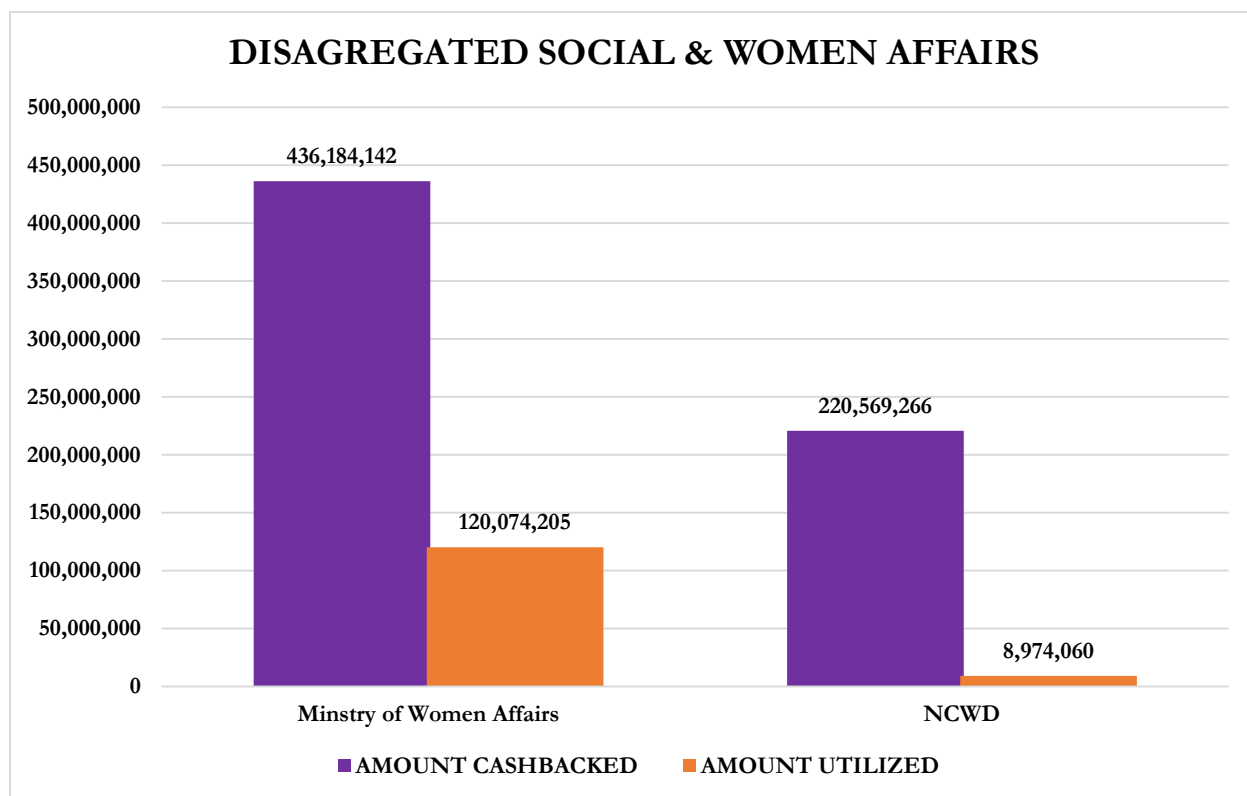
The financial performance in terms of appropriation, releases and utilization of the Federal Ministry of Health and its Agencies as at Q3 2016 is contained in Table 4.12 and Figure 4.11 below.

The Social Development and Welfare sector had a below average utilization rate of 19.67%. A further disaggregation of the utilization rates shows the Ministry of Women Affairs had comparatively better performance rate when compared to its agency (NCWD). This can be attribute to procurement delays as most of the processes were started late, with others not having started yet.

Table 4.12: Fund Utilization (Social Development and Welfare)

MDAs	Amount Cash Backed	Amount Utilized	Budget Utilization Rate (BUR)
Federal Ministry of Women Affairs	436,184,142	120,074,205	27.53%
National Center for Women & Development	220,569,266	8,974,060	4.07%

Figure 4.11: Fund Utilization (Social Development and Welfare)



A review of the implementation performance of the three (3) projects visited showed that two (2) had been completed, while one (1) was still ongoing, at the time of the visitation. The Skills Acquisition Centre in Lere, Kaduna State was still ongoing, while Skills Acquisition Centres in Kwara and Anambra had already been completed but had not yet been commissioned and put to use since the centres were awaiting equipment procurement.

Field observations showed poor budgetary releases. Specifically, out of the sum of N33.21million appropriated for the Skills Acquisition Centre in Kwara State, only N2 million was released for the implementation of the work. This made it difficult to clear outstanding debts owed to the Contractor and also slowed the pace at which the centres could be equipped. The quantities of equipment, such as desktop computers, hair dryers, air conditions amongst others were not sufficient for center.

It was also observed that the architectural design of certain buildings did not take into account weather conditions and the resulting long-term costs of repair. For example, the architectural design (particularly roofing) of the Skills Acquisition Center Lere, Kaduna, was unsuitable and as a result the roofing sheets constantly needed repair/replacement because of strong winds. There is

therefore a need to find a permanent solution to the recurrent issue of the roofing structure.

4.4.4.3 Project Monitoring Coverage

Three (3) out of a total of sixty-five (65) projects were monitored during the visitation exercise with projects drawn from the Federal Ministry of Women Affairs and National Center for Women Development.

Field observations of the three (3) projects visited shows that all the projects visited were construction and equipping of the Skills Acquisition Centres in Lere Kaduna, Uve-Uga Anambra and Ilorin Kwara State.

Project Spotlight 4.17: Construction of Skills Acquisition Centre, Oye-Uga, Anambra State

The project was designed to provide a training centre for women. Specific project activities included: renovation, construction of fence, landscaping, parking lots, access road, drive way, drainage and equipping of the skill acquisition centre.

The contract was awarded to Vivid and Valid Ventures Limited in December 2009 at a cost of N17.86 million, with completion scheduled for December 2013. A sum of N20 million was appropriated in the 2016 Budget and released, but was not utilized within the reporting period. However, a total of N17.42 million has so far been committed to the project since inception to achieve 86% level of completion.

Findings:

At the time of the visit, the contractor was not on site. However, the building had been completed but was still unoccupied. It was noted that landscaping, window repairs, construction of access road tailoring, beads making, (snail, fish and honey farming), production of soap and detergent among others. Consequently, it will enhance rural income generation and employment, thereby improving the standard of living of the beneficiaries in these communities.

Recommendations:

There is need to equip the Centre so that it can be fully utilized to deliver on its expected objectives.



Ongoing renovation/construction of skill acquisition centre, Oye-Uga – Anambra State

Project Spotlight 4.18: Skills Acquisition Centre, Lere, Kaduna

The project involves the construction of a main building, generator house, gatehouse and a borehole. The contract was awarded in 2009 to Kiseh & Co. Ltd, at a cost of N45.013 million and was targeted for completion within three (3) months. In the 2016 Budget, the sum of N20 million was appropriated for the project but no money had been released as of the end of the third quarter. However, N33.4 million has been committed to the project since inception, with an 89% cumulative performance.

Findings:

At the time of visit, the project had been substantially completed. However, it was observed that the roof and the ceiling of the main building had been blown off by rain/wind storm. The contractor informed the team that

this incident had occurred three times, and that he had written to the supervising Ministry for intervention but there had been no response to date. The continual neglect of this building may lead to its total collapse and result in an eventual waste of government resources.

Recommendation:

The supervisory Ministry should engage the Ministry of Works on how best to redesign or reinforce the building to withstand weather situations/wind storm in that area. More so, the contractor should be paid the outstanding certificate to facilitate renovation of the damaged structures to prevent it from further collapse and waste of resources.



Part of the skill acquisition center at Lere-Kaduna which was blown off by rain/wind storm

4.4.4.4 Project Alignment with Sector Objectives

The construction and equipping of Skills Acquisition Centers align with the sector objectives of providing vocational training for women and unemployed youths. Even though projects monitored were ongoing with most awaiting procurement of equipment, the desired outcome had not been achieved.

4.4.4.5 Observed Challenges to Implementation

One of the observed challenges was the funding constraint. Budget releases significantly fell short of the funding necessary to achieve project completion milestones. For example, only N2 million out of N33.21 million was released for the Skills Acquisition Center in Kwara State. This lack of timely funding leads to delays in project completion.

Further, a lack of security in the Skill Acquisition Center exposes the facility to vandalism, and a lot of equipment procured in the Kaduna Skill Acquisition center was stolen.

Another challenge is project location and architectural design. For example, the roof for the Skills Acquisition Centre in Lere is vulnerable to strong winds in the area, and has been repaired three (3) times without success. There is a need for a long-lasting solution.

4.5 STRATEGIC PILLAR 4: GOVERNANCE & SECURITY

The Governance and Security strategic thrust is anchored on enhancing sustainable development in an atmosphere of security, respect for the rule of law and governance reforms, to increase efficiency of service delivery and reduce endemic corruption.

The 2016 Budget aimed to strengthen implementation of its policy framework by strengthening institutions and enabling them to meet development plans. In this regard, measures were taken to enhance policy implementation, secure Nigeria's territorial integrity, restore and stabilize the North-East, enhance transparency and imbibe zero tolerance to insurgency, violent crimes, kidnapping and corruption.

It is based on this premise that the 2016 budget focused on the following priority actions under this Pillar:

- Achieve an appropriate foreign exchange regime
- Increase low interest lending to the real sector
- Maintain capital spending in the budget at a minimum of 30%. Complement this with funds from the infrastructure fund for commercial projects
- Intensify the implementation of public financial management reforms to grow revenues & cut costs
- Maintain a sustainable debt management strategy
- Introduce fiscal incentives to improve collections
- Intensify the fight against corruption by increasing transparency, accountability & compliance with law & order
- Intensify public procurement reforms in projects to obtain value for money and reduce cost
- Sustain the fight against insurgency, kidnapping and other violent crimes, terrorism, cyber-crimes, piracy, oil theft and illegal mining Activities. Intensify the reorientation of the populace through integrity campaigns

4.5.1 *FINANCIAL PERFORMANCE*

This section discusses financial performance of the Governance and Security Pillar, consisting of the Ministry of Defence, Office of the Head of Service of the Federation, the Ministry of Budget and National Planning, the Ministry of Justice, the Ministry of Foreign Affairs, the Office of the Secretary to the Government of the Federation, and the Ministry of Interior.

A review of capital releases for the MDAs under this sector as of October 2016 shows that the Ministry of Defense has Budget Appropriation value at N130.86

billion with N69.512 billion cash-backed, while the utilization is N18.729 billion (26.94%). For the Ministry of Interior, the Budget Appropriation value stood at N61.713 billion with a cash-backed value of N21, 10,059,596 and N2.342 billion utilization (11.04%). The Office of the Secretary to the Government of the Federation has N20.319 billion, amount cash backed N5.669 billion and N1.423 billion (44.14%) utilization. The Ministry of Finance has the Budget Appropriation value at N667.842 billion with amount cash backed value of N465.959 million and N63.587 million utilization (13.65%). For Foreign Affairs the Budget Appropriation value stood at N7.076 billion with N5.603 billion cash-backed, and N2.433 billion utilized (43.43%).

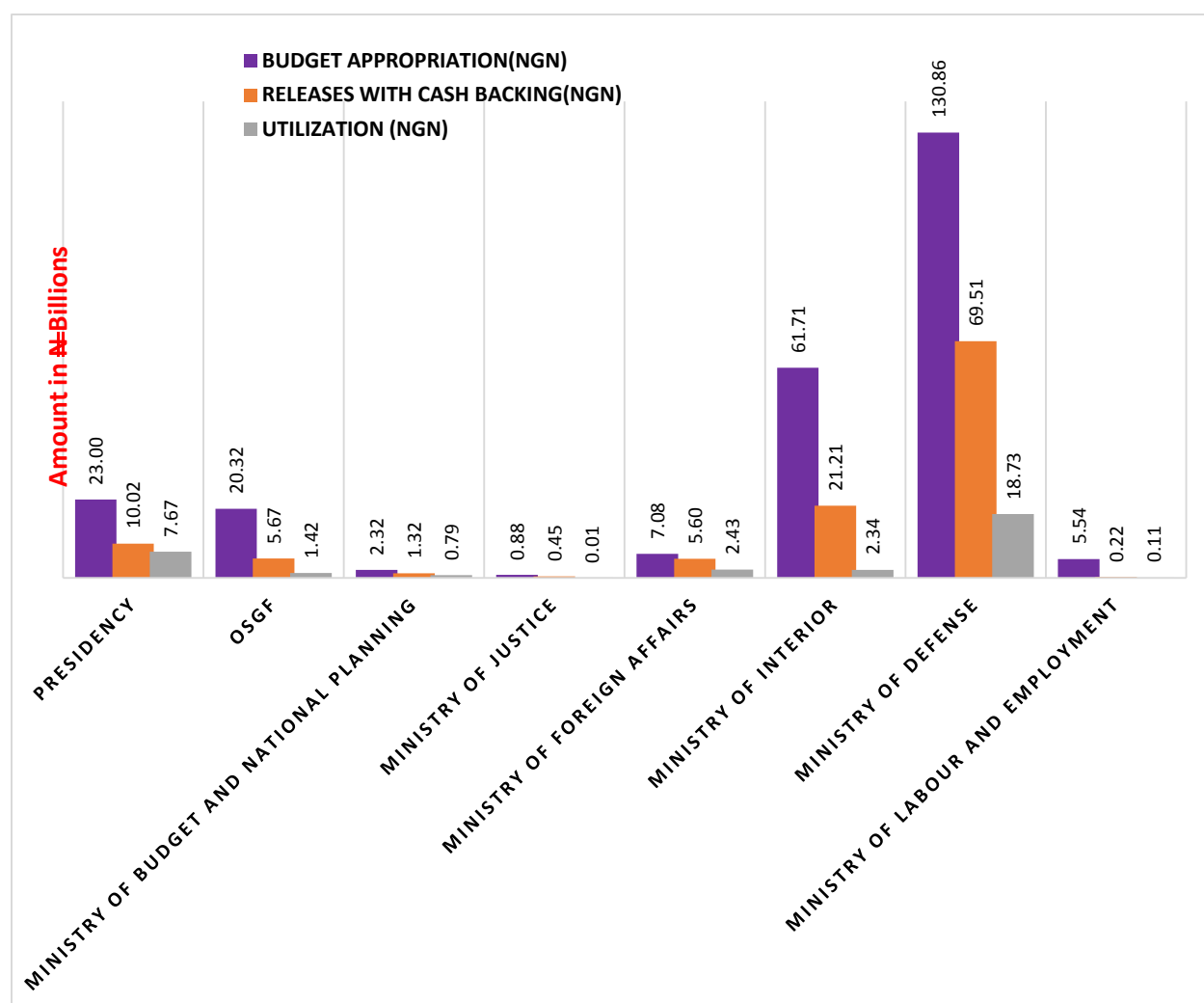
For the Office of the Head of Service of the Federation, the Budget Appropriation value stood at N1.429 billion with amount cash backed value of N1.042 billion and N563.056 million utilization (53.99%). For Ministry of Justice, the Budget Appropriation value stood at N879.736 million with amount cash backed value of N451.715 million and N10.769 million utilization (2.38%), while the Ministry of Budget and National Planning has Budget appropriation value at N2.322 billion with amount cash backed value of N1.315 billion and N788.105 million utilization (59.91%).

The details of the budgetary allocations, releases and utilization for the MDAs under the sector are provided in Table 4.13 and Figure 4.12 below.

Table 4.13: Financial Performance of MDAs Under the Governance and Security Pillar

MDA	BUDGET APPROPRIATION (N)	CASH BACKED (N)	UTILIZATION (N)	% UTILIZATION
Presidency	23,004,199,699.00	10,018,689,063.00	7,665,555,921.00	76.51
Secretary to the Government of the Federation	20,319,288,049.00	5,669,819,116.00	1,423,990,516.00	25.12
Ministry of Budget and National Planning	2, 322, 144, 778	1, 315, 449, 021	788, 105, 181	59.91
Office of the Head of Service of the Federation	1, 429, 176, 735	1, 042, 974, 802	563, 056, 659	53.99
Ministry of Justice	879, 736, 744	451, 715, 827	10, 769, 032	2.38
Ministry of Foreign Affairs	7, 076, 226, 760	5, 603, 719, 898	2, 433, 538, 757	43.43
The Office of the Secretary to the Government of the Federation	20, 319, 288, 049	5, 669, 819, 116	1, 423, 990, 516	44.14
Ministry of Interior	61, 713, 279, 496	21, 210, 059, 596	2, 342, 028, 501	11.04
Ministry of Defense	130, 864, 439, 542	69, 512, 363, 730	18, 729, 704, 619	26.94
Ministry of Labour and Productivity	5,542,655,626.00	218,456,512.00	113,473,808.00	51.94
Office of Auditor General of the Federation	317,509,819.00	158,754,505.00	0.00	0.00
Police Service Commission	269,629,000.00	80,888,780.00	0.00	0.00
National Security Adviser	32,084,085,624.00	20,984,301,122.00	16,384,904,350.00	78.08
Code of Conduct Bureau	4,889,127,358.00	265,393,575.00	0.00	0.00
Code of Conduct Tribunal	1,055,560,066.00	551,100,973.00	370,305,120.00	67.19
ICPC	799,680,570.00	282,281,231.00	286,800.00	0.10
ICRC	35,730,000.00	16,650,000.00	0.00	0.00
Federal Character Commission	16,841,017.00	10,451,017.00	0.00	0.00
Federal Civil Service Commission	16,841,017.00	10,451,017.00	0.00	0.00
National Population Commission	4,411,606,590.00	2,205,803,295.00	789,878,380.00	35.81
National Salaries, Income and Wages Commission	169,871,885.00	148,621,885.00	119,596,733.00	80.47

Figure 4.12: Financial Performance of Governance and Security Pillar



Average budget utilization was generally low across the MDAs contributing to the Governance Strategic Pillar. However, a significant number of MDAs performed above average, with the National Salary, Wages and Income Commission demonstration the highest utilization rate of 80.47%, followed by the National Security Adviser (78.08%), the Presidency (76.51%), the Ministry of Budget and National Planning (59.91%) and the Office of the Head of Service of the Federation (53.99%).

MDAs with below average or no utilization performance included the Office of the Auditor General (0%), the Police Service Commission (0%), and the Ministry of Justice⁴ (2.38%).

⁴ The Federal Ministry of Justice has provided that the capital allocation for the payment of 2016 was intended for the payment of Judgment Debts and, as of the end of the third quarter, the debts were being scheduled for payment. The Ministry explained that this what resulted in the low utilization of the cash-backed releases.

4.5.2 DEFENCE

4.5.2.1 Overview of Sector

Appropriations under the Defence sector were primarily designed to sustain and consolidate the fight against insurgency, especially the North-East; curtail and reduce to the barest minimum incidences of kidnapping and other violent crimes; and strengthen the institutional capabilities on terrorism, cyber-crimes, piracy, oil theft and illegal mining activities. Another important component of the security architecture was to strengthen global partnership and international cooperation in mitigating against internal and external security risks.

4.5.2.2 Level of Fund Utilization

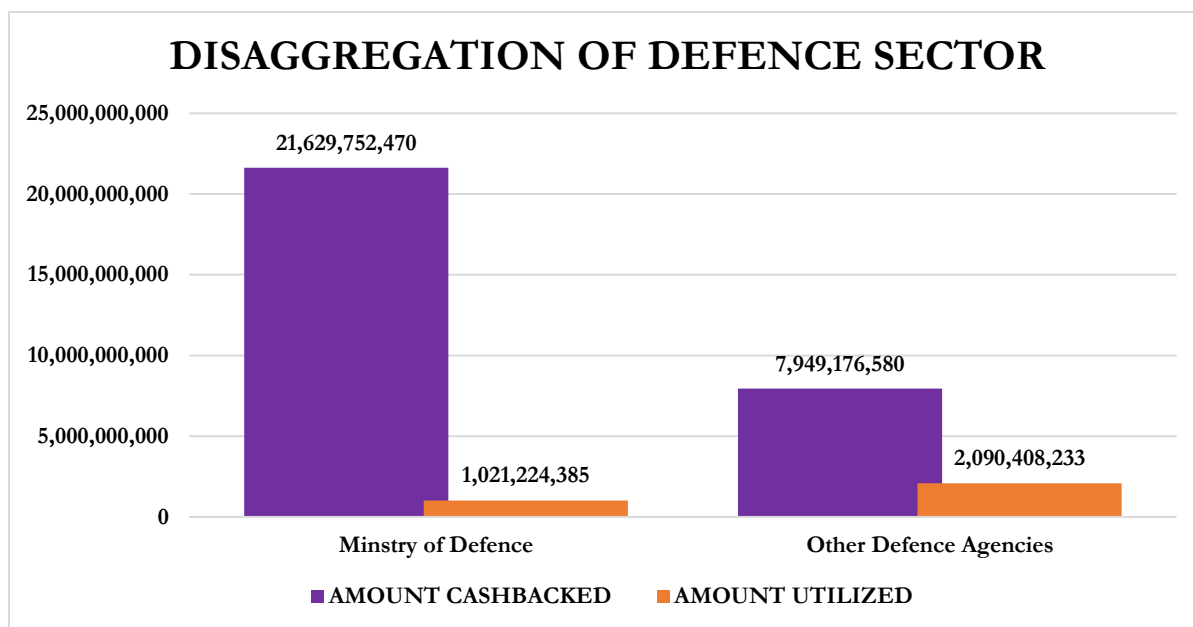
The level of fund utilization in the Defence sector was generally below average. However, further disaggregation of the sector shows good budgetary utilization rates by the Nigerian Army (67.25%), the Defence Intelligence School (67.08%), the Defence Intelligence Agency (63.47%), the Nigerian Defence Academy (63.47%), the National Defence College (63.47%), and the Armed Forces Command & Staff Colleges (63.47%).

Below average utilization performances in the sector include the Nigerian Navy (0%), the Nigerian Air Force (11.82%), the Ministry of Defence (1.85%), and the Defence Space Agency (37.69%).

Table 4.14: Fund Utilization (Defence)

(MINISTRY, DEPARTMENT, AGENCY)	AMOUNT CASH BACKED (N)	UTILISATION (N)	Budget Utilization Rate
MINISTRY OF DEFENCE	6,724,858,626.00	124,198,056.00	1.85%
DEFENCE AGENCIES	62,787,505,104.00	18,605,506,564.00	29.63%

Figure 4.13: Fund Utilization (Defence)



Source: OAGF's office as at 19th October 2016

4.5.2.3 Project Monitoring Coverage

Twelve (12) projects were monitored out of a total of three hundred and eighty-eight (388) within the Ministry of Defence and its agencies, due to funding and time constraint challenges encountered during the monitoring exercise. Further, the critical and most important aspects of defence expenditure were not available to the monitoring team due to the security implications of the information.

The projects ranged from procurement of equipment to the construction of infrastructure, with a good overall level of fund utilization.

Project Spotlight 4.19: Construction of Guards' Battalion at Gwagwalada to include Search and Rescue Company through Direct Labour by Nigerian Army (N/A) Engineers

This project involves the construction of a Guards' Battalion from foundation to roofing and final finishing for the army in order to increase the troops' presence for enhanced security around Abuja.

The N600 million contract was awarded to the Nigerian Army Post-Service Housing Development Limited (PHD) in September 2016. The entire project sum was appropriated for in the 2016 Budget. The project has been completed and funds released were properly utilized. This project was nonexistent prior to 2016 and has currently attained 100% completion.

Findings:

As at the time of visit, in terms of work done compared to funds released, there was significant evidence to demonstrate that funds released had been optimally utilized. Project completion was largely due to the commitment of the contractor (Nigerian Army Engineers).

Observed Outcomes:

Nigeria Army officers on standby for search and rescue have occupied the completed Battalion. It is worth noting that Nigerian Army engineers, through PHD, a registered civil engineering company, solely executed the project. PHD's successful completion of this project is highly commendable and demonstrates that the services of the Nigerian Army engineers could be used for future construction works without doubt of non-performance.



Project Spotlight 4.20: Military Pensions Board, Abuja: Construction of Sporting Facilities

This project is new and involves the construction of sporting facilities for military officers in order to attend to the fitness and relaxation needs of personnel in the institution.

The contract was awarded to Amal Engineer & Construction Ltd in September 2016, at a total contract sum of N297.21 billion, while the total appropriation for 2016 is same as the total contract sum, a total sum of N112.340 billion has so far been released as of the time of the monitoring visit (37.79% of Appropriation). While the project is not scheduled to be completed in 2016, the field monitoring visit indicated that work is currently ongoing at a very fast pace.

Findings:

The institution has not achieved its target result due mainly to inadequate budget releases for 2016. The total cost of the project could not be catered for in the 2016 Appropriation, which means a result cannot be delivered within the year.



Observed Outcomes:

From a results perspective, the output indicator “Number of building constructed” had a baseline of 0 in 2015 and an actual performance of 0 as of the time of the monitoring visit, against the target of 1 for 2016.

Challenges:

No unaresolved challenges were reported.

4.5.2.4 Project Alignment with Sector Objectives

Site visitations show that most of the projects implemented aligned with sector and specific project objectives. The Construction of Guards' Battalion in Gwagwalada by the Nigerian Army Engineers had the primary objective of increasing the presence of troops for enhanced security around Abuja, the project had already been completed, commissioned and already occupied by the officers of the Nigerian Army on standby search and rescue operations. Likewise, the construction of soldiers' accommodation through direct labour by the Nigerian Army Engineers in Abuja, which was meant to provide conducive living condition for troops to enhance their morale and provide good living conditions has also been completed and already put to use.

4.5.2.5 Level of Project Completion

Most of the projects monitored under the Ministry and its Agencies were ongoing at the time of monitoring, with an appreciable level of completion. Projects such as the construction of the guards' battalion by the Nigerian Army, including the construction of soldier accommodation were 100% completed, and already commissioned for use. The purchase of official vehicles and the procurement of instructional aids in the National Defense College had also been completed.

However, the reconstruction, renovation and furnishing of the trainee accommodation project by the Nigerian Air Force had a low completion level of 23% because of low utilization rates of released amount already cash backed.

4.5.2.6 Observed Project Outcomes and Impact

The projects monitored focused on providing a more conducive working environment for the security agencies to perform optimally. This is necessary to sustain the tempo against insurgency, kidnapping and other forms of crime. The projects were also able to add 109 jobs, especially the direct construction works handled by the Nigeria Army PHD.

It is however important to note that because of the nature of the security agencies, it was difficult to get the necessary information relating to arms procurement and other security related procurement.

4.5.2.7 Observed Challenges

The delay in the passage of the Budget affected the timely release of budgetary funds and contributed to the seasonality effect on implementation. Most construction projects could not be commenced in the rainy season, because the Armed Forces uses special purpose vehicles (SPVs), like the Nigerian Army Engineers (otherwise referred to as the Nigerian Army Post-Service Housing Development Limited (PHD)) employs direct labour to implement their construction projects.

A common trend on projects monitored under the Defence sector is the inadequate budget releases attributed to cash management, resulting from visibility that the ZBB framework had provided to projects under the Budget. As a result, several projects were ongoing without any focus on completing prioritized projects, as determined by the implementing MDAs.

4.5.3 *INTERIOR*

4.5.3.1 Overview of Sub-Sector

The objective of the Ministry of Interior under the 2016 Budget is to enhance internal security with the use of modern technology, to secure lives and properties, and also to intensify the fight against corruption by increasing transparency, accountability and compliance with law and order. The core focus of the Ministry of Interior and its agencies in 2016 was to ensure that internal security operations were boosted in a manner that ensures crime rates are managed and controlled.

The budgetary allocation for Interior was focused on strengthening operational capabilities of the Ministry of Interior, Nigerian Prison Service, Nigerian Immigration Service, Nigeria Security and Civil Defense Corps, Federal Fire Service and Police Formations, and their various operational platforms such as the pension boards and academies.

A total of N61.713 billion was appropriated under this subsector, representing 11.04% of the 2016 Appropriations Act.

4.5.3.2 Level of Fund Utilization

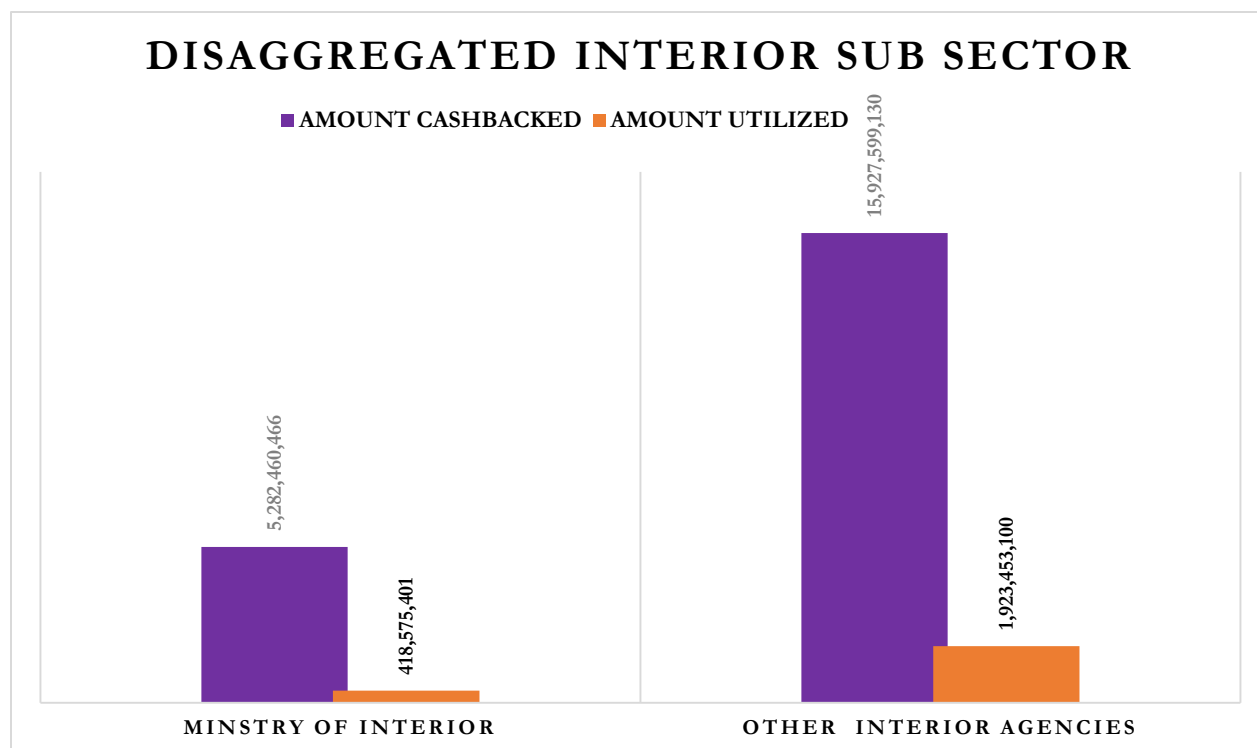
A review of capital utilization showed below average sector performance, with a number of projects still in the early implementation stages or still in procurement pending formal clearance and award. Further, disaggregation of the figures showed that the parent Ministry fared poorly (7.92%) when compared to its agencies (12.07%).

Table 4.15: Fund Utilization (Interior)

(MINISTRY, DEPARTMENT, AGENCY)	AMOUNT WARRANTED/ CASHBACKED (N)	UTILIZATION (N)	Budget Utilization Rates (%)
MINISTRY OF INTERIOR	5,282,460,466	418,575,401	7.92
OTHER AGENCIES	15,927,599,130	1,923,453,100	12.07

Source: OAGF's office as at 19th October 2016

Figure 4.14: Fund Utilization (Interior)



4.5.3.3 Project Monitoring Coverage

Ten (10) projects were monitored under the Ministry of Interior and its agencies. The projects ranged from the procurement of equipment to upgrading the capabilities of police, prisons and immigration services, to the construction of infrastructure to improve the well-being and living conditions of the security agencies. Projects within this sub-sector had reached an appreciable level of achievement.

Project Spotlight 4.21: 4-No Block of 8 Flats: Nigerian Police Force Headquarters, Abuja

This project involves the completion of a 4-No Block Of 8 Flats, to enhance the welfare of members of the Nigerian Police Force for better performance, through the provision of a more conducive living environment.

The contract, which started in 2010, was awarded to Modmak Ltd and Dehanet Towers Ltd in 2016, with a total appropriation of N300,000,000. A total of N52,312,741 was released for the project, representing 17.4% of the total resources required for the year.

Findings and Observed Outcomes:

The money released for this project was utilized satisfactorily, as three out of the four blocks of flats have been completed, and are being put to full use. All completed flats have been fully occupied. The contractor, due to non-availability of funds, has abandoned work on the fourth block of flats.



External View of the Newly Constructed Police Quarters Tiles and Door Fittings at the quarters

Recommendation:

The necessary funds should be released to allow completion of the fourth block of flats.

Project Spotlight 4.22: Rehabilitation of Firefighting Equipment (Lagos and Abuja)

This project focuses on the rehabilitation of broken and unserviceable firefighting equipment, including vehicles.

The contract, which started in August 2016, was awarded to Pama Nig Ltd, with a total appropriation of N215,954, 424. The total appropriation for 2016, which is the same as the contract sum, had been fully released, as of the field visit.

Findings:

The project monitoring team's physical inspection and field observations showed that work was ongoing at a very fast pace, with 65% completed.

Observed Outcomes:

The planned project activities and project implementation both made sense in light of the budgeted project cost. It is the view of the project monitoring team that the rate of budget execution was in line with the level of work done.



4.5.3.4 Project Alignment with Sector Objectives

Projects monitored in this sub-sector aligned with the sector objectives, primarily aimed at boosting and modernizing internal capabilities of the security agencies in responding to internal threats like violent crimes, kidnapping and corruption.

For example, the provision of equipment and technological infrastructure at the Police headquarters is expected to upgrade and modernize intelligence capability especially regarding communications and information gathering. This equipment has been installed and commissioned for use at the police headquarters. The retooling of the Fire Service in terms of buildings, equipment and training was also an important highlight of projects implemented in the 2016 Budget.

4.5.3.5 Level of Project Completion

Projects such as the procurement of arms, ammunition and personnel protection equipment were still at their early stage of procurement (1%) completion. This is attributed to delayed commencement of the procurement process. The furnishing of the Nigerian Security and Civil Defense Corps office was still ongoing with 37% completion rate.

Several projects monitored were at advanced completion stages, with the construction NPF Finance Corps office by the Nigerian Police Headquarters reaching a 90% completion rate, while the Provision of Water and Sewage Network in the Nigeria Prison Service Edo had been completed and already put to use.

4.5.3.6 Observed Project Outcomes and Impact

While the majority of monitored projects were still ongoing, some immediate outcomes of project implementation included the provision of a Fiber Optics Intelligence Data Centre by The Nigerian Police Headquarters. This equipment has increased response times, improved communication, and enhanced information gathering and dissemination by, aiding in solving high profile crimes and apprehending criminals especially kidnappers in the country.

4.5.4 BUDGET AND NATIONAL PLANNING

4.5.4.1 Overview of Sector

The appropriation under the Ministry of Budget and National Planning and its agencies was primarily designed to provide policy advice to the President in particular and Nigeria in general on all spheres of national life; to set national priorities and goals and engender consensus among Government agencies, as may be contained in guidelines issued by the Ministry from time to time; to undertake periodic review and appraisal of the human and material resources capabilities of Nigeria with a view to advancing their development, efficiency and effective utilization; to formulate and prepare long-term, medium-term and short-term national development plans and to co-ordinate such plans at the Federal, State and Local government levels and to monitor projects and progress relating to plan implementation.

In addition, the Ministry advises on changes and adjustments in institutions and management techniques as well as attitudes necessary for the alignment of actions with planned targets and goals; to conduct research into various aspects of national interest and public policy, and ensure that the implications and results of the findings in such research are geared towards the enhancement of national, economic, social, technological defence and security capabilities and management; to mobilize popular group and institutional consensus in support of Government policies and programmes and to manage multilateral and bilateral economic co-operation, including development aid and technical assistance.

Also, to deal with matters relating to regional economic co-operation, including the Economic Community of West African States (ECOWAS) the African Common Market (ACM), the United Nations Economic commission for African and the South-South co-operation; and to carry out such other duties as are necessary or expedient for the full discharge of all or any of the functions conferred on the Ministry under the Act.

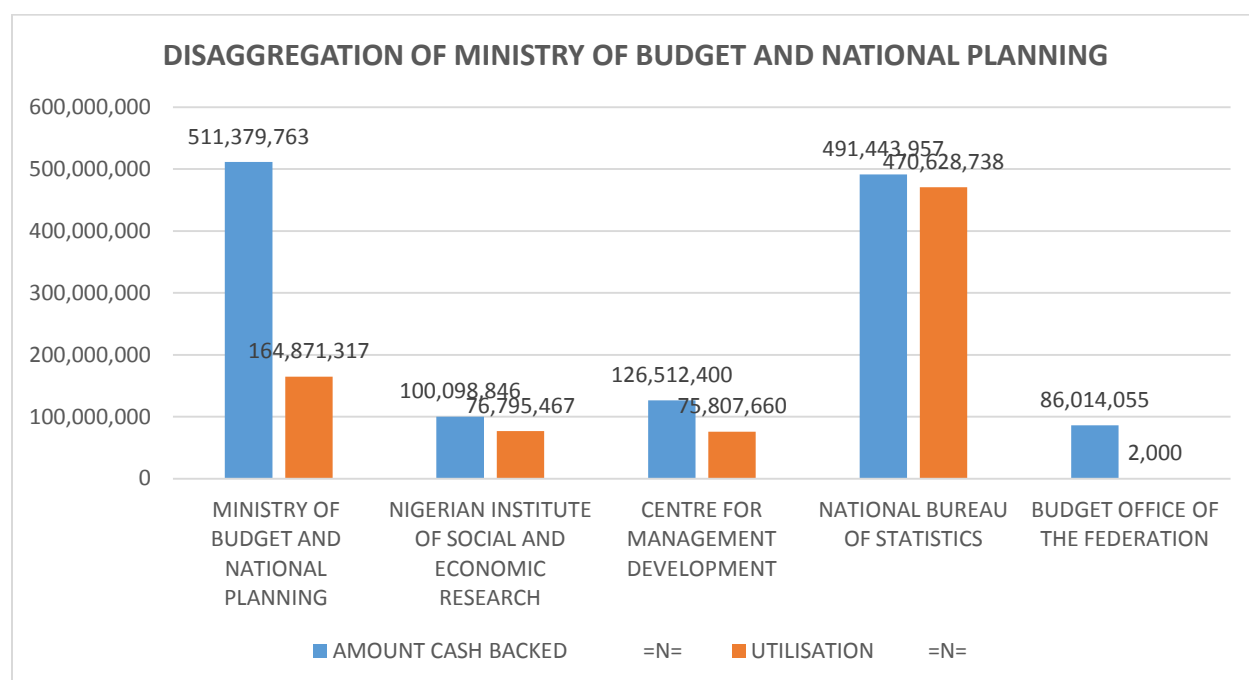
4.5.4.2 Level of Fund Utilization

The level of fund utilization shows above average budget utilization. However, further disaggregation of the sector shows particularly good budgetary utilization rates by the Nigerian Institute of Social and Economic Research with 76.72%, Centre for Management Development (59.92%) and National Bureau of Statistics (95.76%). In contrast, the parent Ministry and the Budget Office of the Federation achieved 32.24%, and close to 0% (N2,000 out of N86.014 million) utilization, respectively.

Table 4.16: Fund Utilization (Budget and National Planning)

(MINISTRY, DEPARTMENT, AGENCY)	AMOUNT WARRANTED/ CASHBACKED (N)	UTILIZATION (N)	Budget Utilization Rates (%)
MINISTRY OF BUDGET AND NATIONAL PLANNING	511,379,763	164,871,317	32.24
OTHER AGENCIES	804,069,258	623,233,865	77.51

Figure.4.15: Fund Utilization (Budget and National Planning)



Source: OAGF's office as at 19th October 2016

4.5.4.3 Project Monitoring Coverage

Research and Development:

The Ministry embarked on a series of research and development programs for its staff and other MDAs at a cost of N302.381 million out the N305.900 million released for the quarter. The Ministry embarked on the development of the Medium Term Strategic Plan (MTSP), the 2017 -2020 Nigeria Economic Recovery and Growth Plan (NERGP), which aims to bring the country out of recession, restructure and diversify the economy. The project was at 80%

completion at the time of the field visit⁵. Also, the ministry embarked on the Development of Strategic Implementation Plan for 2016 Budget of change, which is to layout four key policy priorities and six strategic intervention areas to reflate and reposition the Economy, which has been completed.

Likewise, the In-Depth Policy Research Studies for Evidence Based Decision Making (50% completed at the time of the monitoring exercise) were carried out to identify the composition, ownership, structure, employment and income generating capacities of the informal sector in ten (10) states. In addition, the research also entails reviewing and improving current non-oil revenue, while also identifying new revenue sources.

The Ministry of Budget and National Planning is also responsible for the capacity development of staff, in order to ensure an efficient and effective service delivery institution. These programs were carried out at various locations and duration within the country. The objectives of the capacity development include but are not restricted to the following:

- i) To build the capacity of participants on the effective linkage of strategic planning and plan formulation to the budgeting process;
- ii) To improve the capacity of participants on the necessary skills required to perform the task of planning in the era of Digital Age;
- iii) To enhance capacity of the staff of the ministry to delivering improved, efficient and effective service to the public;
- iv) To enhance the capacity of staff on Result Based Monitoring and Evaluation; and
- v) To adequately equip staff in the process of policy formulation.

Monitoring and Evaluation:

To ensure accountability, transparency and objectivity in governance, the Ministry carried out M&E activities to the tune of N75.359 million which is the expenditure from the N87.460 million released for the project. The activities consisted of consultancies for reviewing the M&E and the Management Information System (MIS) and the Geographic Information System (GIS), capacity building for M&E/Budget officers and the physical monitoring of the Quarterly and Annual MDAs' capital project execution.

Inter-Governmental Collaboration:

⁵ This project has been completed, and the Nigeria Economic Recovery & Growth Plan (2017-2020) is available at <http://www.nationalplanning.gov.ng/images/pub/ERGP%20document%20as%20printed.pdf>.

In order to enhance inter-governmental collaboration for National growth and development, the Ministry expended the sum of N32.5 million coordinating the organizing and successful hosting of the Joint Planning Board/National Council on Development Planning Meeting, held in the city of Kano. The objective of the meeting was to provide a coordinated secretariat support services that will accelerate policy-making implementation and National development among the 36 states and FCT.

Centre for Management Development:

Infrastructural Upgrade

The Centre for Management Development (CMD), which intends to stimulate, Promote and Coordinate Management Development for the Achievement of Management Excellence in Nigeria and beyond, embarked on the renovation/upgrade of the dilapidated building and uplifting the face of the syndicate rooms in line with the expectations of CMD clients. The CMD expended the sum of N21.451 million, which is also the total released for the quarter, in carrying out the upgrade of the facility, located in its Lagos center. The project was 34.84% complete at the time of the field monitoring exercise.

Training Needs Assessment

The CMD expended the total sum of N57.757 million out of the N72.52 million required on the training needs assessment to identify skill gaps and design training modules to enhance capability of the DPRS officers across the nation. The assessment took place in the FCT and the 36 States of the Federation. It was 56.25% completed at the time of the field monitoring exercise.

National Bureau of Statistics:

The National Bureau of Statistics (NBS), whose mission is “[t]o generate, on a continuous and sustainable basis, socio-economic statistics on all facets of development in Nigeria”, carried out surveys, computation of indices and GDP, baseline data, etc.

Surveys

NBS embarked on the “Job Creation and Labour Force Survey,” aimed at collecting National Employment/Unemployment and Labour Force data. The survey was conducted in all States of the Federation. NBS expended N62.54 million, representing the total release as of Q3 2016, in carrying out the survey, which will eventually cost N319.974 million (counterpart funding) as stated in the 2016 Appropriation.

Also, NBS carried out a General Household Survey in select States and the FCT, to determine household consumption and expenditure patterns. The project cost N17.515 million, representing the total amount released in Q3 2016 but still falling short of the N31.289 million required to complete the project.

Furthermore, N22.085 million (total amount required for counterpart) was expended on the monitoring of the on-going fifth round of the Multiple Indicator Cluster Survey (MICS 5), aimed at collecting vital statistics on infant/maternal nutrition and health from seven hundred (700) households each in the thirty-six (36) States of the Federation and the FCT.

Computations of GDP and Consumer Price Indices

NBS researched and prepared national GDP data for Q2 2016. Specifically, the agency collected administrative data from all States of the federation and the FCT, at a cost of N10 million (representing the total released in Q3 2016). The results were published in the Nigerian Gross Domestic Product Report, Quarter Two 2016. In addition, NBS expended the sum of N6 million on the computation of consumer price indices for publication in the monthly consumer price index (CPI) and petroleum products price bulletin. As at the time of reporting, indices for July, August and September 2016 were already available.

Nigerian Institute of Social and Economic Research (NISER):

The Nigerian Institute of Social and Economic Research (NISER) mission statement is to consistently generate credible knowledge through quality research, conduct specialized training, and provide consultancy services, while interacting with relevant segments of Nigerian society in the task of national development. NISER conducted research at a cost of N82.872 million, which is the total amount released for the quarter, indicating a 100% utilization of the funds. Research (which was at various stages of completion at the time of the project monitoring exercise) comprises:

- i. Research on the impact of the CBN intervention fund on small and medium enterprises in Nigeria (50% completion);
- ii. Research on electricity supply and consumption and the effects on the Economy (80% completion);
- iii. Research on domestic production and export potentials of the Nigerian textile industry (75% completion);
- iv. Research project on legislative effectiveness (75% completion);
- v. Research Project on School Feeding Programmes in Nigeria (70% completion); and

- vi. Research on Non-Oil Sector and the enhancement of Revenue Generation in Nigeria (70% completion).

Rehabilitation of NISER Library

Also, NISER embarked on the rehabilitation of the library located at its headquarters, in order to preserve its learning resources. At the time of the project monitoring exercise, N10.408 million had been released for the project, but N5 million had been utilized (the library has a new roof), indicating just over 50% utilization.

Project Spotlight 4.23: Infrastructure Upgrade (Renovation/upgrade of the dilapidated building and uplifting the face of the syndicate rooms)

This project involves the rehabilitation of syndicate rooms at the Centre for Management Development. Specific project activities include painting, air-conditioner repairs, electrical work, plumbing, iron bending works, dry cleaning of curtain fabrics, etc.

The contract was awarded to Fine grass Integrated/Afbol Services Nig/Desolak Tech. Nig/Na'Amlih, with plans to commence in April 2016. The total contract sum was N59.273 million, which is the total appropriation for 2016 but only N21.451 million had been released as of the monitoring visit.

Findings:

The field visit revealed that the centre for learning has been dilapidating gradually over the years due to paucity of funds; hence, the need to carry out rehabilitation work. It was observed that, despite the partial release of funds, the Centre had rehabilitated 8 rooms and toilets at the training complex and the ICT block. The rehabilitation works observed include painting works, air-conditioners repairs, electrical works, plumbing works, iron bending works, dry cleaning of curtain fabrics.

Observed Outcomes:

Though the Centre expended the funds judiciously, the project is yet to be completed and it is important to mention that the fund released is inadequate to ensure the full rehabilitation of the institution situation as the centre is fast becoming a shadow of itself characterised with broken ceilings, leaking roofs, peeled paintings, lack of operational vehicles, non- functional air-conditioners, broken toilets, just to mention a few. Hence, the need to make more funds available.



Project Spotlight 4.24: Rehabilitation of NISER Library

This project involves the rehabilitation of the NISER library.

The contract was awarded to Samsoj Engineering Service Nigeria Limited with a total contract sum of N10.407 million. The total contract sum was appropriated in 2016, out of which N5 million had been released as of the field monitoring visit.

Findings:

Though the library has a new roof, there is still much work to be done, with the ceiling boards not fixed and several electrical works outstanding. Furthermore, owing to the fact that the contractor was not on site, the library area on the upper floor is out of use due to the debris created by the roofing works.

Observed Outcomes:

From a results perspective, the number of building rehabilitated had a baseline of 0 in 2015 and an actual performance of 0 in 2016 as at time of visit; this is against the target of 1 for 2016. While the contractor was not on site during the visit, a physical inspection shows that the contractor has replaced the roof of the library. However, upon inspection of the building's interior, there is still much work to be done with the ceiling boards not fixed and several electrical works outstanding.



4.5.4.4 Project Alignment with Sector Objectives

Results of the project monitoring visits indicated that most of the projects implemented aligned with sector and specific project objectives. The development (a series of activities) of Medium Term Strategic Plan (MTSP), Nigeria Economic and Recovery and Growth Plan (2017-2020) aims to bring the nation out of recession, restructure and diversify the economy, and had reached 80% completion at the time of the monitoring exercise (and is currently complete and publicly available). Also, the nationwide monitoring of the implementation of projects in which the 3rd quarter capital releases were used commenced and has been completed.

In addition, research relating to the enhancement of the social and economic development of the country is being conducted and is at various stages of completion. Likewise, monitoring indicated that surveys (several of which were already publicly available) were carried out to enhance and ensure evidence-based decision-making.

Furthermore, the infrastructure upgrade by the Centre for Management Development and the rehabilitation of the Library by the Nigerian Institute for Social and Economic Research (both on-going projects) is meant to provide a conducive environment for human capacity development.

4.5.4.5 Level of Project Completion

Observations from field visitations show that most of the projects monitored under the Ministry and its agencies were ongoing with appreciable levels of completion. Generally, the development of plans, monitoring exercises, surveys and researches had reached significant level (above average) of completion.

However, other projects were below average, such as the infrastructural upgrade at the CMD (34.84% completion) and the rehabilitation of the NISER Library (50% completion).

Though the projects monitored were at considerable completion levels, it important to mention that other relevant projects could not be executed due to paucity of funds.

4.5.4.6 Observed Project Outcomes and Impact

The projects monitored aligned towards ensuring and enhancing National development, which is necessary to ensure sustainable economic growth and development for the Nation.

Further, the research completed and surveys carried out, will further the goal of ensuring evidence-based decision making at both at the sector and national level.

4.5.4.7 Observed Challenges

The delay in the passage of the Budget affected the timely release of budgetary funds and contributed to the seasonality effect on implementation. Most projects could not commence early in the year in order to achieve the intended completion milestones for Q3 2016.

The issue of inadequate budget releases was observed as a major challenge to the successful and timely implementation of projects. Examples include the CMD infrastructural upgrade and the NISER Library rehabilitation, where work has slowed due to inadequate budgetary releases.

Also, relevant projects as stated in the 2016 Appropriation Act are yet to commence due to paucity of funds (e.g., rehabilitation of CMD staff quarters, procurement of statistical equipment at the NBS, procurement of vehicles for the Ministry and its agencies, etc.).

4.6 STRATEGIC PILLAR 5: ENVIRONMENT

The Environment Pillar focuses on combating climate change and its resulting impact, and promoting the sustainable use of natural resources.

4.6.1 FINANCIAL PERFORMANCE

The financial performance analyzes capital utilization of the Ministry of Environment and its Agencies. The total appropriation under the Environment Pillar is N4.958 billion, out of which N2.076 billion had been released with N860.699 million utilized (41.5% utilization) within the reporting period (as shown in Table 4.17 and Figure 4.15 below).

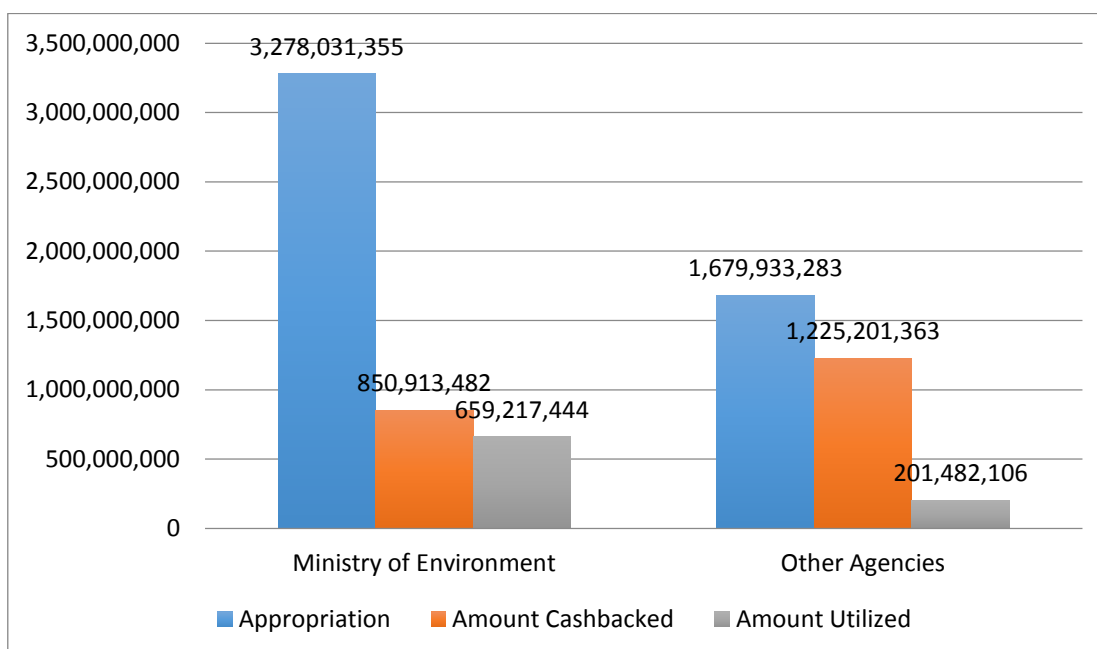
Table 4.17: Financial Performance of MDAs Contributing to Environment

MDAs	BUDGET APPROPRIATION (N)	AMOUNT CASH BACKED (N)	UTILIZATION (N)	% UTILIZATION
Ministry of Environment	3,278,031,355	850,913,482	659,217,444	77.5
National Park Headquarters	107,618,924	77,571,354	39,780,000	51.3
Kainji National Park	11,523,564	11,523,564	4,987,710	43.3
Oyo National Park	5,000,000	5,000,000	-	-
Chad Basin National Park	162,294	162,294	-	-
Gashaka Gumti National Park	268,367	268,367	-	-
Cross River National Park	-	-	-	-
Kamuku National Park	269,129	269,129	-	-
Okumu National Park	4,500,000	4,500,000	-	-
Federal College of Wild Life Management New Bussa	31,919,568	31,919,568	-	-
Federal College of Forestry Ibadan	48,600,000	48,600,000	-	-
Federal College of Forestry, Jos	5,824,794	5,824,794	-	-
Forestry Research Institute of Nigeria,	604,850,131	423,664,431	56,764,370	13.4

Ibadan				
Forestry Mechanisation College, Afaka	37,558,409	30,046,728	7,126,486	23.7
National Oil Spill Detection and Response Agency	123,838,103	100,351,134	-	-
National Environmental Standards and Regulation Enforcement Agency	168,000,000	116,600,000	13,434,540	11.5
Environmental Health Officers Registration Council of Nigeria	430,000,000	318,900,000	79,389,000	24.9
National Agency for Great Green Wall Headquarters	-	-	-	-
National Biosafety Management Agency Headquarters	100,000,000	50,000,000	-	-

Source: OAGF's office as at 19th October 2016

Figure 4.16: Financial Performance of MDAs Contributing to Environment



Source: OAGF's office as at 19th October 2016

The Ministry of Environment utilized 77.5% of the money cash backed. The average budget utilization was mixed across the Ministry's Agencies, however, with several agencies yet to utilize money that had been cash backed.

4.6.1.1 Project Monitoring Coverage

No projects were monitored under this Strategic Pillar.

4.7 STRATEGIC PILLAR 6: STATE AND REGIONAL DEVELOPMENT

The State and Regional Development Pillar seeks to achieve effective synergy amongst the Federal, State and Local Governments in Economic Management through the National Economic Council (NEC). This was supported with a budgetary provision to propel the renewal and rebuilding of infrastructure as well as buy-in of key States and LGAs in strategic planning processes.

The focus of budgetary provisions under this strategic thrust is to renew and rebuild infrastructure and also to secure the buy-in of the identified states and LGAs in strategic planning processes and to ensure a reduction in income inequalities across the six Geopolitical zones through the Joint Planning Board (JPB)/National Council for Development Planning (NCDP).

4.7.1 FINANCIAL PERFORMANCE

This section highlights the financial performance of MDAs contributing to the Pillar. A review of the capital utilization of the Ministry of Niger Delta Affairs and the Federal Capital Territory (FCT) shows that, out of a total of N48.737 billion appropriated for 2016, N13.161 billion (representing 27%) had being cash backed and released, while a cumulative sum of N8.859 billion (representing 67.31%) was utilized by both MDAs. The FCT achieved 100% utilization performance.

Figure 4.17: Financial Performance of MDAs Contributing to State and Regional Development

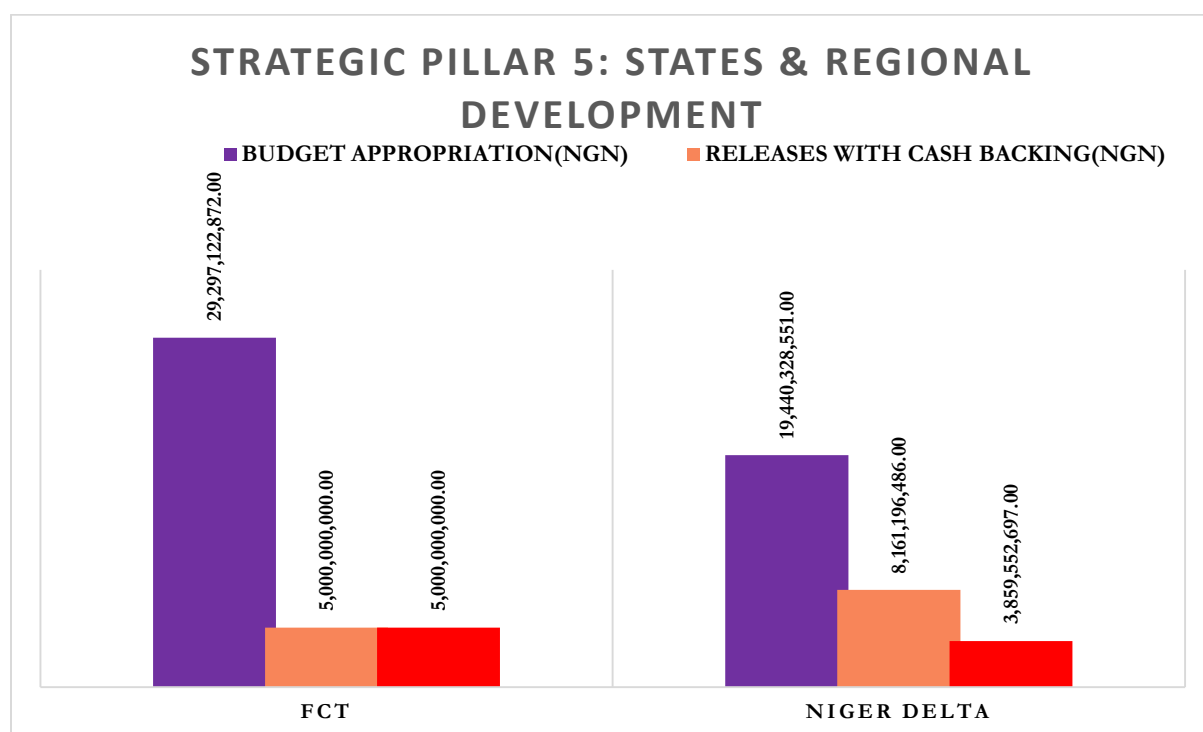


Table 4.18: Financial Performance of MDAs Contributing to State and Regional Development

MDAs	2016 Appropriation (N)	Amount Cash Backed (N)	Amount Utilized (N)	Budget Utilization Rate (%)
Ministry of Niger Delta Affairs	19,440,328,551	8,161,196,486	3,859,552,697	47.29
Federal Capital Territory	29,297,122,872	5,000,000,000	5,000,000,000	100
Total	48,737,451,423	13,161,196,486	8,859,552,697	67.31

4.7.2 FEDERAL CAPITAL TERRITORY ADMINISTRATION (FCT)

The Federal Capital Territory Administration (FCT) is responsible for administering the Federal Capital Territory of Abuja.

4.7.2.1 Level of Fund Utilization

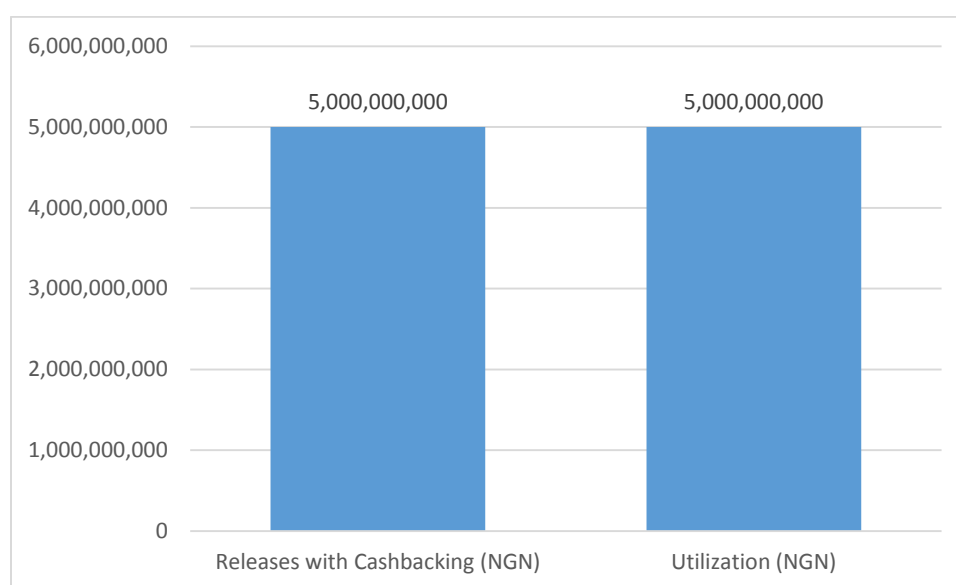
The FCT was allocated a total of N29.29 billion in the 2016 Budget to implement its capital Projects/Programmes. Of this amount, N5 billion was released and

cash backed, representing 17% of the amount appropriated. The FCT reported 100% utilization of this amount, as of October 19, 2016.

Table 4.19: Fund Utilization (FCT)

MDAs	Amount Cash Backed (N)	Amount Utilized (N)	Budget Utilization Rate (%)
Federal Capital Territory Administration	5,000,000,000	5,000,000,000	100

Figure 4.18: Fund Utilization (FCT)



Source: OAGF's office as at 19th October 2016

4.7.2.2 Project Monitoring Coverage

Three (3) Federal Capital Territory Administration were visited for the monitoring exercise. Project selection was affected by time constraints and funding challenges. A summary of the project is provided in Project Spotlight 4.43 below.

Project Spotlight 4.25: Rehabilitation and Expansion of the Outer Southern Expressway (OSEX), Including Four Interchange Structures, Phase I

The project involves the construction of left and right service carriage ways, with additional lanes of main carriage-way and the rehabilitation of 6.7km length of the existing carriage ways from villa round about to Apo round about including four interchange structures. The scope of work comprises: site clearance, earth works, stone base, sub-base, macadam, binder and wearing courses. Others include: 2nos full cloverleaf interchange, drainage and trumpet interchange structures, curbstone, concrete barriers, etc.

The contract was awarded to CGC (Nig) Ltd in December 2013, at a cost of N39.83 billion with completion date schedule for December 2017. The sum of N2.56 billion was appropriated in the 2016 budget, of which N1 billion was released and utilised as at third quarter of the year. A total of N3.5 billion had so far been committed to the project from inception to date to achieve 9.5% level of completion.

Findings:

At the time of this report, site clearance, topsoil removal and sub-soil investigation has been completed on OSEX/RR1, OSEX/Shehu Shagari Way and OSEX/Muhammadu Buhari interchange location. However, work in progress includes: extension and construction of new culverts, bridges works at various locations, soil replacement and rock blasting at OSEX/Shehu Shagari interchange.

Observed Outcomes:

The project had created job opportunities for artisans, craftsmen, engineers and labourers. On completion, the traffic gridlock experienced on this side of the road will be eliminated; while, the interchange structures will provide easy links to other adjoining roads in the city.



On-Going Bridge Work at Villa Roundabout (OSEX)

4.7.2.3 Project Alignment with Sector Objectives

The selected projects under the Federal Capital Territory Administration align with the key objectives of the sector, which focus primarily on completion of abandoned projects and provision of critical infrastructure.

The potential outcomes and impact of the projects were not readily visible in the on-going projects. However, immediate positive impacts, (such as job opportunities for artisans, craftsmen, engineers and labourers) were observed for the project involving the rehabilitation and expansion of the Outer Southern Expressway.

4.7.2.4 Observed Challenges to Implementation

The primary project execution constraint was the inadequacy of budgetary provisions. For example, out of a total N39.83 billion initially costed in 2013 for the rehabilitation and expansion of the Outer Southern Expressway (Project Spotlight 4.43 above), only N3.5 billion has been committed thus far. At this rate, it is essentially impossible for the project to be completed by the target deadline of December 2017.

4.7.3 *NIGER DELTA AFFAIRS*

The Niger Delta Affairs sector is primarily responsible for developing critical infrastructure in the Niger Delta Region. This includes road construction to link up various communities; construction of skill acquisition centers to empower the repentant militant youths; provision of electricity and potable water; conflict resolution as well as land reclamation, among others. In achieving these objectives, the 2016 Appropriation Act made budgetary provisions to the tune of N19.440 billion to the sector.

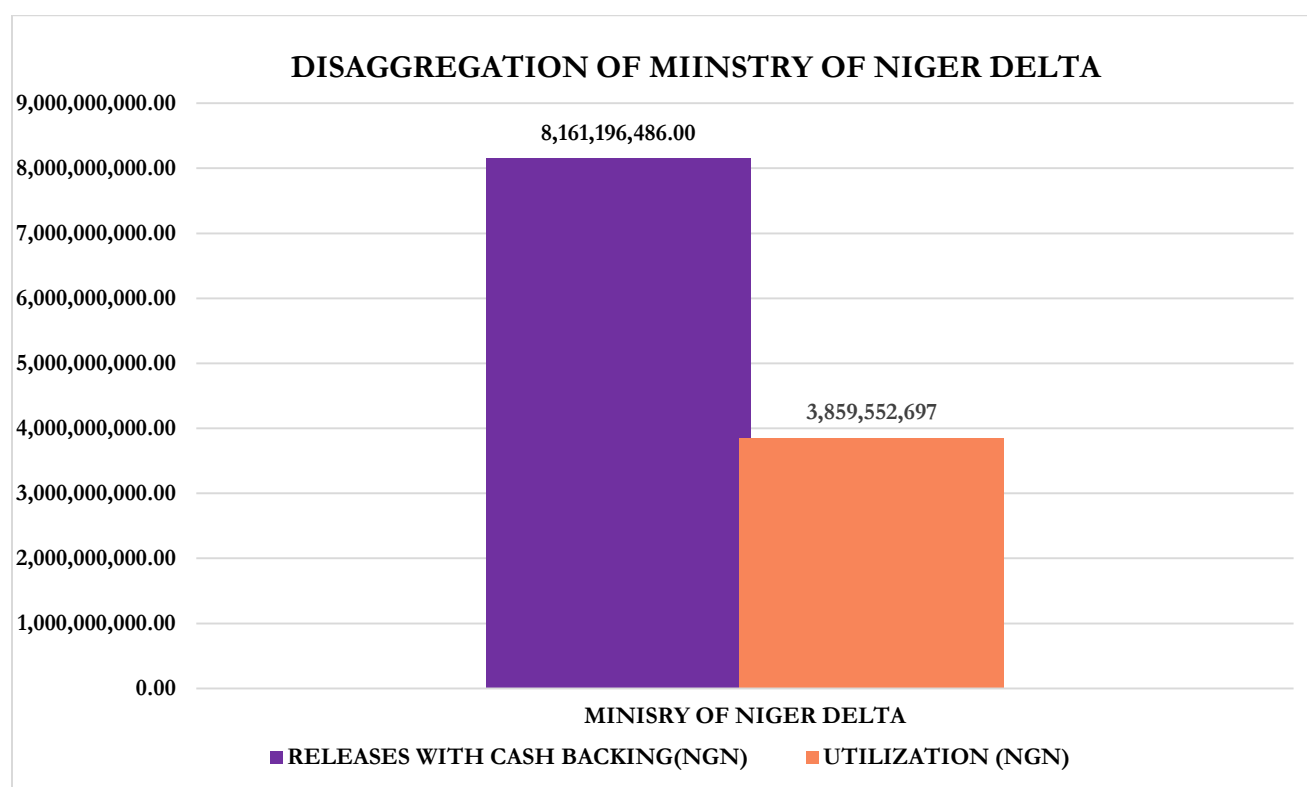
4.7.3.1 Level of Fund Utilization

A review of capital releases for the Niger Delta sector in 2016 indicates that N19, 440, 328,551 was appropriated for the sector, while the amount cash backed and released was N8.161 billion, representing 41.98% of the appropriation. However, of the released amount, N3.859 billion had been utilized (i.e., 47.29%).

Table 4.20: Fund Utilization (Niger Delta)

MDAs	Amount Cash Backed (N)	Amount Utilized (N)	Budget Utilization Rate (%)
Ministry of Niger Delta	8,161,196,486	3,859,552,697	47.29

Figure 4.19: Fund Utilization (Niger Delta)



Source: OAGF's office as at 19th October 2016

4.7.3.2 Project Monitoring Coverage

Out of a total of one hundred and thirty-two (132) projects appropriated for in 2016 for the Ministry of Niger Delta Affairs, four projects were selected and monitored. The project selection was affected by time constraints and funding challenges. The selected projects were designed to achieve the sector objectives, which focus on road construction to connect various communities within the region. Further, these projects were designed to provide cross-cutting regional development on infrastructure, education and health priority objectives.

Project Spotlight 4.26: Dualization of East/West Road Section II, Sub-Section II Ahoada-Kaiaama Rivers State

The scope of work for this project includes the expansion of the existing 54.50km length of road into a standard dual 2-lane with asphaltic concrete surfacing divided highway, 7.3m wide for each carriageway. Additional work includes construction of a new dual carriageway road with 2.75m width asphalt concrete outer shoulders.

The contract was awarded to Setraco Nigeria Limited in June 2009 at an initial cost of N44.88 billion, and was later revised to N93.41 billion with a new completion date of March 31, 2017. The sum of N3.65 billion was appropriated for the project in the 2016 Budget, out of which N1.53 billion was released and utilized in the third quarter. A total of N57.69 billion has been committed to the project from inception to date, to achieve 63.53% cumulative performance.

Findings:

At the time of the visit, site clearing, earthworks and filling operations, stone base course, prime coat, asphaltic binder course, wearing course, road marking, median barriers and some bridges had been completed in some portions of the road while work was ongoing on the Kaiama Bridge. The monitoring team was informed by the officials of the Ministry that the contractor had an outstanding liability of N5.9 billion owed to him, and as a result the contractor was only carrying out

minimal work on the new Kaiama bridge.

Observed Outcomes:

Although, the project is yet to be fully completed, it had created employment opportunities for over 200 skilled and



unskilled workers. The completed portion of the road has improved the movement of goods and services, reduced travelling time and has boosted the level of socio-economic activities within the road corridor.

Challenges:

The market that holds in various communities (Elele, Alimini, Mbiama and Zarama) poses a serious challenge to the flow free traffic as the number of road users along the route is growing owing to the improvements on the road. The Ministry had written to the various Local Government Areas and the Ministry of Environment in Rivers State to consider the urgent need for the relocation of these markets to safer locations. The progress of work is low due to non-payment of some of the certified works.

Project Spotlight 4.27: Dualization of East-West Road Section 1: Warri-Kaiama Contract

The East-West road traverses Delta, Bayelsa, Rivers, Abia, Akwa-Ibom and Cross River States in the Niger Delta region of the country. The road was redesigned from an existing single road to a dual carriage way, in view of its socio-economic relevance for the movement of vehicles transporting men and goods, and easing the large volume of traffic.

The contract was awarded to Setraco Nig. Ltd on August 3, 2006, at a cost of N120.89 billion with a completion date of December 2016. In the 2016 Budget, the sum of N1.20 billion was appropriated, out of which N400 million was released and utilized in the third quarter of the year. A total of N118.86 billion had been committed to the project since inception to achieve 100% cumulative performance.

Findings:

As of the time of visit, the project had been completed since June 2015 and was awaiting hand over. The only work done in 2016 was the completion of the markings on the road. The Engineer's Representative informed the team that a retention fee of N1.4 billion is outstanding for payment to the contractor. The project was co-funded by the SURE-P intervention and the African Development Bank (AfDB).



Observed Outcomes:

Prior to the completion of the road, the project engaged over 1500 skilled and unskilled workers. This has led to the training of indigenes in iron bending and welding works. Since the completion of the road, there has been hitch-free vehicular movement of goods and services. It has also boosted socio-economic activities along the road.

Challenges:

In the course of construction works, there were security issues, which led to the kidnapping of three construction company staff members, between November and December 2012, which resulted to the killing of one military guard. There was also major setback in October 2012, as flood activities damaged some portions of the new road between CH45+000 and CH64+000.

4.7.3.3 Project Alignment with Sector Objectives

The four selected projects under the Ministry of Niger Delta Affairs align with the key objectives of the sector, which focuses primarily on the provision of critical infrastructure in the region.

The potential outcome and impact of the projects were not readily visible in the on-going projects. However, some of the immediate positive effects of some of the projects were evident, particularly the creation of employment opportunities for more than 200 skilled and unskilled persons as a result of the project for dualization of the Ahoada-Kaiama section of the East-West road.

Further, the completed dualization of the East-West Road Warri-Kaiama section has contributed to the engagement of over 1500 skilled and unskilled workers. It has also led to the training of indigenes in iron-bending and welding works. Since the completion of the road, there has been hitch-free vehicular movement of goods and services. In addition, it has also boosted socio-economic activities along the road.

4.7.3.4 Observed Challenges to Implementation

One of the major challenges in the implementation of projects in the Niger Delta Region is security. In most cases, project personnel are attacked, kidnapped and even killed. There is need for Government to protect the lives and properties of her citizens by providing adequate security for Nigerians in general and project staff in particular.

Another other key constraint to project execution in the sector is that of inadequate budgetary provisions for projects. Some of the projects monitored were awarded many years ago and are still on-going due to inadequate funding.

5 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The monitoring exercise provided a necessary situational analysis of projects implemented during the quarter under review, and also provided an indication of the performance of the selected MDAs in meeting their quarterly planned targets and milestones. A general summary of key findings and recommendations are further highlighted below.

Finding 1: **Procurement processes were a major contributory factor to low capital utilization performance**

The monitoring teams found procurement delays caused by the late commencement of the procurement process. Longer wait periods due to administrative issues and the subsequent late passage and release of the budget were major contributory factors to below average performance. This may be attributed to the average duration of the procurement cycle, which takes up to six (6) months to conclude.

Further the interpretative clause of the Public Procurement Act 2007 (the Procurement Act), Section 16(1)(b) was also a contributing factor. Specifically, Section 16(1)(b) states:

*“Based only on procurement plans supported by prior budgetary appropriations, no procurement proceedings shall be **formalized** until the procuring entity has ensured that funds are available to meet the obligations and subject to the threshold in the regulations made by the Bureau, has obtained a “Certificate of ‘No Objection’ to Contract Award” from the Bureau”.*

Several MDAs subjectively interpreted of this provision of the Act to mean that procurement processes cannot be initiated or formalized until funds are available and released subject to existing budget appropriations. As a result, procurement processes were delayed and releases warehoused as most of the projects had only begun their prequalification exercises.

MDAs delayed procurement processes despite receiving a Circular from the Office of the Secretary to the Federation (OSGF), on January 5, 2016 (Ref. No. SGF/OP/I/S.3/VOL.XI/833) instructing all MDAs to commence procurement activities for all new and ongoing projects, with the requirement that no awards be made until the Budget had been signed into law. The Circular, which is provided in full in Appendix A, states:

“[I]n order to ensure early and full implementation of the Budget Bill when enacted into law, all MDAs are immediately advised to commence the implementation of the procurement activities for all new and ongoing projects as indicated in the 2016 Procurement Plans and Budget Proposals.

To this end MDAs are expected to:

a. Establish procurement planning committee in accordance with Section 21 of the Public Procurement Act.

...

e. Awards should only be made when the Budget is finally signed into law by Mr President after all necessary clearance is obtained.”

Conclusion:

The administrative processes provided in the Procurement Act contributed to the slow implementation of the capital budget. For example, the Procurement Act prescribes nine (9) essential steps that must be concluded before a contract can be awarded with duration cycles for each. These steps are: (1) efficient procurement plan; (2) availability of adequate appropriation in the budget bill; (3) advertisement and call for expression of interest; (4) transparent prequalification and tender exercise; (5) Bid submission and opening of bids; (6) Technical and financial bid evaluation; (7) Tenders board or Federal Executive Council approval; (8) contract award cycle; and (9) project implementation.

Recommendation: Explore avenues to accelerate the procurement cycle and enhance the visibility of the Annual Procurement Plan as a precondition to capital releases

With respect to the challenges faced regarding the procurement process: (1) MDAs should align their actions with the instructions provided in the OSGF Circular (Ref. No. SGF/OP/I/S.3/VOL.XI/833); and (2) the ongoing review of the Public Procurement Act currently being undertaken by the Bureau of Public Procurement (BPP), which will among other things allow for a reduction in the length of procurement process, should be fast-tracked.

Also, in addition to the MTSS and Implementation Plans, MDAs should be required to submit Annual Procurement Plans. Further, submission of an Annual Procurement Plan should be a pre-condition to the capital release of the approved budget. This would provide the Ministries of Finance and Budget & National Planning with a global picture of the anticipated duration of procurement processes. It would also provide an environment for effective cash management, as fund releases would only be focused on projects that have reached advanced procurement cycles as envisaged in the ZBB framework.

Finding 2: No Adjustments Made for Seasonality

While budget releases and cash management rightfully focused on priority spending (especially on infrastructure, transport and other core priorities of Government), releases did not factor seasonal periods (dry and rainy seasons).

As a result, large amounts of releases to the infrastructure pillar (particularly for roads) were not utilized during the rainy season. With respect to road projects, which are ideally implemented during the dry season, Funds were idle and dormant during the rainy season. Contractors did not mobilize to site during these periods or instead performed skeletal services.

The Agricultural sector was also impacted by the lack of adjustment for seasonality. Specifically, the 2016 Budget was passed at the onset of the rainy season. It was therefore practically difficult, for example, for the Ministry of Agriculture to finance the strengthening of its fertilizer distribution programmes in time. This most likely contributed to below average capital utilization in the sector.

Conclusion:

It appears that releases to the various MDAs were based on priority projects in infrastructure, transport and other high impact projects. However, these releases did not consider the seasonal variations as a critical criterion required for funds disbursement. This resulted in idle funds, which in turn delayed progress on infrastructure projects and impacted the agricultural sectors ability to mobilize funds to strengthen its fertilizer distribution programmes.

Recommendation: Adjust for Seasonality

Cash management and fund releases should be adjusted for seasonality, in addition to the current criteria used to determine fund releases, as most projects

have peak and inactive periods. To ensure that project activity occurs during peak periods, it is important to account for seasonal variables so that fund releases can achieve the maximum effects required to meet budget goals and outcomes.

Finding 3: **Lack of Absorptive Capacity**

There appears to be too many projects chasing limited resources. Some MDAs proposed too many projects that they do not necessarily have the resources or project management capability to handle concurrently. The effect is that inadequate budget releases were reported on most projects executed by the MDAs. Projects that were meant to last a single budget cycle tend to exceed those cycles and continue to recur under subsequent budget heads.

Conclusion:

The large number of concurrent projects undertaken by MDAs causes the low capital utilization performance experienced across various MDAs. This trend shows inadequate project management planning and prioritization, as a significant number of the projects that are yet to start are at various stages in the procurement cycle.

Recommendation: Ministry of Power, Works and Housing provides a good model on project prioritization and planning

MDAs are encouraged to review and consider adopting the project prioritization and selection criteria adopted by the Ministry of Power, Works and Housing as it provides the necessary guidelines for improved capital utilization performance. All the projects classified as priority projects during our project selection methodology were visible and ongoing in line with the Ministry's annual planned targets.

Finding 4: **Lack of Ownership of Projects**

There were several instances where the conceptualization, contract award, implementation and control of projects in host agencies were directly handled by the parent ministry without the knowledge or active participation of the host agencies. This is especially common in the Water and Aviation sub-sectors. This practice leads to apathy, as host agencies do not own the project and do not feel obliged to maintain and ensure the sustainability of a project when it is eventually handed over to them.

Conclusion:

Based on the data collected, it can be concluded that parent ministries often implement high value projects without the support or engagement of the host agency to supervise and provide project management services. This often leads to apathy and lack of ownership on those projects as the host agencies are not carried along and hence do not have an idea on the anticipated outcomes for those projects.

Recommendation: Need to Pivot to adopting Participatory Budgeting

Government should continue to focus more on participatory budgeting so that the priority needs of MDAs are considered in a bottom-up approach. This strengthens ownership and ensures project sustainability, because stakeholders are carried along during the conceptualization, implementation and project management planning and control required to ensure successful completion of the projects.

APPENDIX A: OSGF Circular (Ref. No. SGF/OP/I/S.3/VOL.XI/833)

CIRCULAR

Ref. No. SGF/OP/I/S.3/VOL.XI/833

Office of the Secretary to the
Government Federation,
The Presidency,
Shehu Shagari Complex,
Three Arms Zone,
Abuja.

5th January, 2016

Chief of Staff to the President,
Deputy Chief of Staff to the President, Office of the Vice-President,
Honourable Ministers/Ministers of State,
Head of the Civil Service of the Federation,
Chairman, Federal Civil Service Commission,
Chairman, Federal Character Commission,
Chairman, Independent National Electoral Commission,
Chairman, Revenue Mobilization, Allocation
and Fiscal Commission,
Chairman, National Population Commission,
Chairman, Code of Conduct Tribunal,
Chairman, Code of Conduct Bureau,
Permanent Secretaries,
Special Advisers/Senior Special Assistants,
Service Chiefs/Inspector-General of Police,
Governor, Central Bank of Nigeria,
Chairman, Independent Corrupt Practices and other
Related Offences Commission,

OFFICE OF THE PERMANENT SECRETARY
FEDERAL MINISTRY OF HEALTH

RECEIVED

Sign.....

**DIRECTOR OF PROCUREMENT
FEDERAL MINISTRY OF HEALTH**

12 JAN 2016

RECEIVED

Sign.....

Chairman, Economic and Financial Crimes Commission,
Chairman, National Drug Law Enforcement Agency,
Chairman, National Assembly Service Commission,
Clerk of the National Assembly,
Chief Registrar, Supreme Court of Nigeria,
Secretary, National Judicial Council,
Auditor-General for the Federation,
Accountant-General of the Federation,
Heads of Extra-Ministerial Departments/Directors-General/Chief
Executive Officers of Parastatals, Agencies and Government-Owned
Companies:

**SUBMISSIONS OF PROCUREMENT RECORDS FOR 2014 FINANCIAL
YEAR, PROCUREMENT PLANS FOR 2015 AND COMMENCEMENT OF
PROCUREMENT ACTIVITIES FOR 2016**

Further to the Circular No. SGF.50/S.52/T/3 of 11th December, 2014 on Procurement Records for 2014, all Accounting Officers are reminded that they are statutorily required to prepare and submit their Procurement Records for 2015 Financial Year to the Bureau of Public Procurement (BPP).

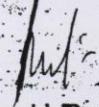
2. For the avoidance of doubt, Part IV, Clause 16(13) (Fundamental Principles for Procurements) of the Public Procurement Act, 2007 provides that "copies of all procurement records shall be transmitted to the Bureau not later than 3 months after the end of the financial year and shall show:

- (a) Information identifying the procuring entity and the contractors;
- (b) The date of the contract award;
- (c) The value of the contract award; and
- (d) The detailed records of the procurement proceedings".

are clearly indicated. In addition, MDAs should ensure that tendering periods are adequate as stipulated in the Act.

10. It is expected that if all MDAs immediately commence the implementation of procurement activities and comply with procedures and time-lines laid down in the Act, the process for award of most contracts would have been concluded by early 2016, thereby providing the platform for full implementation of the 2016 Budget by the Federal Government.

11. Please ensure strict compliance with the contents of this circular.


Engr. Babachir David Lawal
Secretary to the Government of the Federation

3. Accordingly, all Accounting Officers of Ministries, Departments and Agencies (MDAs) are required to collate and submit their Procurement Records for the financial year 2015, specifically covering the period of implementation of 2015 Appropriation to the Bureau of Public Procurement.

4. The submissions, which should be in hard and electronic copies, should be in line with the attached template (formatted copy of which can be downloaded from the Bureau's website at www.bpp.gov.ng), should reach the Office of the Director-General, Bureau of Public Procurement not later than 31st March, 2016.

5. Furthermore, you will recall that in Circular No. SGF/OP/1.S.3/V.III/177 of 31st December, 2009, Accounting Officers were advised to adopt the Procurement Plan Templates developed by the Bureau of Public Procurement for Procurement of Goods, Works and Consultancy Services, to facilitate the full implementation of the Budget as required by the Public Procurement Act, 2007.

6. In this regard, all MDAs are now required to prepare and submit their procurement plans and other relevant information for the 2016 Financial Year for the consideration of the Bureau of Public Procurement. The plans which are to be submitted in hard and electronic copies should be in accordance with the approved template adopted for 2008 – 2015 exercise using the Procurement Plan Software which can be accessed on the Bureau's website at www.bpp.gov.ng. Procuring entities that do not yet have access are to request for same by contacting the Bureau of Public Procurement. The completed Procurement Plans should reach the Office

of the Director-General, Bureau of Public Procurement on or before 31st March, 2016.

7. Similarly, in order to ensure early and full implementation of the 2016 Budget Bill when enacted into Law, all MDAs are advised to immediately commence the implementation of the procurement activities for all new and on-going projects and programmes as indicated in the 2016 Procurement Plans and Budget Proposals.

8. To this end, each MDA is expected to:

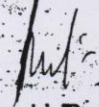
- (a) Establish Procurement Planning Committee (PPC) in accordance with Section 21 of the Public Procurement Act, 2007;
- (b) Place advertisement and solicit for bids in accordance with Section 16(1)(c), 19(a) and 25(2) of the Public Procurement Act, 2007;
- (c) Adopt Standard Bidding Documents developed by the Bureau of Public Procurement for all projects for easy implementation;
- (d) Examine and evaluate the bids received in line with the Section 31, 32 and 33 of the Public Procurement Act, 2007 to determine and select the most responsive bids with a view to ensuring fairness and give value for money; and
- (e) Awards should only be made when the Budget is finally signed into Law by Mr. President after all necessary clearance is obtained.

9. Ministries, departments and Agencies are to ensure that all advertisements for new projects and programmes (whether for prequalification, financial bids or combined exercises) are explicit and that qualifying requirements, scope of works and project/programme locations

are clearly indicated. In addition, MDAs should ensure that tendering periods are adequate as stipulated in the Act.

10. It is expected that if all MDAs immediately commence the implementation of procurement activities and comply with procedures and time-lines laid down in the Act, the process for award of most contracts would have been concluded by early 2016, thereby providing the platform for full implementation of the 2016 Budget by the Federal Government.

11. Please ensure strict compliance with the contents of this circular.


Engr. Babachir David Lawal
Secretary to the Government of the Federation