

**PRESS RELEASE ON THE THIRD INTERIM REPORT OF THE PRESIDENTIAL
COMMITTEE ON AUDIT OF DEFENCE EQUIPMENT
PROCUREMENT FROM 2007 TO 2015**

In continuation of its assignment, the Committee on Audit of Defence Equipment Procurement (CADEP) in the Nigerian Armed Forces, analysed procurement contracts awarded by or for the Nigerian Army between 2007 and 2015. The Committee so far noted that within the period under review, the total amount spent for procurement and operations were **₦185,843,052,564.30** and **\$685,349,692.49**.

The Committee reviewed some of the Nigerian Army contracts awarded by MOD for the period under review and observed that contracts were often awarded without significant input from the end-user (i.e. the Nigerian Army) and to vendors who lacked the necessary technical competence. As an example, 3 contracts with a total value of **₦5,940,000,000.00** were awarded to **DYI Global Services Ltd and Doiyatec Comms Nig Ltd** (owned by the same individuals) for the procurement of military hardware including 20 units of K-38 Twin Hull Boats and 6 units of 4 x 4 Ambulances fitted with radios. The Committee found that the 2 companies collected **₦5,103,500,000.00** representing 86% of the total value of the 3 contracts worth **₦5,940,000,000.00**, but only performed to the tune of **₦2,992,183,705.31**

In another instance, 2 contracts were awarded to Baram International Nigeria Limited, amounting to **₦420,726,799.20** for the procurement of 53 Armoured Vehicles Spare Parts at the cost of **₦169,916,849.77** and that of Ballistic Vests, Night Vision Binoculars and 3 Unmanned Aerial Vehicles at the cost of **₦250,809,949.50**. Sadly, the contract worth **₦169,916,849.77** with 90 days completion time is yet to be completed 5 years after.

Similarly, between 29 April 2005 and 19 October 2010, the MOD awarded 2 contracts to **Progress Limited** for the supply of 42 units of BTR-3U Armoured Personnel Carriers and spare parts for the Nigerian Army. However, neither the MOD nor the NA could provide the contract agreements to ascertain the cost of the APCs. Although 26 of the APCs were delivered in 2007 and immediately deployed for Peace Keeping Operations in Sudan, the APCs scandalously broke down on induction. The Committee observed that the APCs did not meet the operational requirement for the Army, caused Nigeria international embarrassment and deprived her appropriate reimbursement from the United Nations.

With respect to contracts awarded directly by the Nigerian Army, the Committee found that many of the contracts were characterized by lack of due process, in breach of extant procurement regulations and tainted by corrupt practices. In this regard, a review of the procurement carried out by **Chok Ventures Ltd** and **Integrated Equipment Services Ltd** established that between March 2011 and December 2013, the 2 companies exclusively procured various types of Toyota and Mitsubishi vehicles worth over **₦3,000,000,000.00** for the Nigerian Army without any competitive bidding. Though the Committee found no credible evidence of delivery of the vehicles, the vendors were fully paid based on job completion certificate authenticated by the then Chief of Logistics. Also, analyses of the various banks accounts of the 2 companies showed transfers to individuals related to the then Chief of Army Staff.

Similarly, between 19 September 2013 and 11 September 2014, the Army awarded contracts to **DICON** amounting to **₦4,329,985,000.00** for the procurement of Igirigi and Spartan APCs; with arms and ammunition. The contract for the procurement of 40 units of NSVT Heavy Machine Gun with accessories and 10 units of Igirigi APCs were subcontracted to **Kennedy Logistics Ltd** and **Streit Group FZE** at the cost of

\$1,597,500.00 and **\$1,850,000.00** respectively. The contracts were awarded to **DICON** at the cost of **\$2,237,000.00** and **\$3,450,000.00** resulting in price differentials of **\$781,000.00** (33%) and **\$1,600,000.00** (46.4%) respectively. Furthermore, the post-delivery Technical Inspection Reports revealed that the APCs were unsuitable for the North East operation. However, sequel to the deployment of the APCs in the North East, one was destroyed by RPG fire, killing a Colonel inside. As at 13 May 2016, only one of the 10 Igirigi APCs deployed to the North East was serviceable.

It was also found out that following a request by the ONSA on 13 May 2013, the Government released **₦1,340,000,000.00** for OPERATION BOYONA, aimed at dislodging terrorist camps along the borders with Cameroun, Chad and Niger. In August 2013, ONSA requested and got approval for additional **₦2,000,000,000.00**. However, DHQ and the Services confirmed non-receipt of any additional funds for Operation BOYONA.

In March 2014, the ONSA made a case for the release of **₦1,000,000,000.00** to sustain offensive operations against Boko Haram insurgents across. Although the amount was approved and released, the Committee could not establish the utilisation of the funds. Similarly, in January 2015, the then **Honourable Minister of State Foreign Affairs (HMSFA II)** requested for **₦7,000,000,000.00** to urgently fund the operation of the Multi National Joint Task Force (MNJTF) in the Lake Chad Basin which was approved and released to ONSA. However, the Committee could not ascertain the utilization of the funds from ONSA, DHQ and the Services. The returns made by ONSA to the Committee showed that about **₦1,500,000,000.00** was withdrawn in cash while several disbursements were made to some companies that appeared not to have any relationship with the MNJTF or any operations against Boko Haram.

The Committee observed that contracts awarded to **SEI** and its 2 associated companies, **APC Axial Ltd and HK-Sawki Nig Ltd**, fell short of established norms. Between May

2014 and March 2015, the ONSA mandated CBN to release various sums totaling **\$386,954,000.00** to SEI and the 2 associated companies for ‘procurement of technical equipment’, without tying the money to particular items of procurement. Thus, the allotment of the fund was left at the discretion of the vendor without input or consultation with ONSA or the Nigerian Army. One of the new equipment SEI procured for the Nigerian Army from Ukraine was BTR-4E APC. However, according to the designers of the equipment, "some of the products sold to Nigeria were actually among 42 units designed for Iraq which subsequently rejected them due to poor performance rating”.

The Committee also noted that between 3 September 2014 and 30 April 2015, NIMASA funded accounts of the **Joint Task Force Operation Pulo Shield** with various sums totaling **₦8,542,586,798.58** purportedly to enhance operations of the Joint Task Force in the Niger Delta. Analyses of the accounts of the Joint Task Force showed that transfers totalling **₦6,277,698,885.13** were made from the account. The then JTF Commander could not justify these transfers but confirmed that the sums were changed into dollars and handed over to a private citizen. Additionally, he could not account for the balance of **₦2,264,887,914.45**.

The Committee observed breaches of laws and regulations on payments of With-holding Tax (WHT) and Value Added Tax (VAT). The unremitted WHT from 2007 to 2015 amounted to about **₦862,962,065.99**, **\$2,093,710.06** and **€2,700.00** respectively. However, through the intervention of the Committee, some companies remitted **₦109,843,495.40** to FIRS. The Committee is of the opinion that the FIRS should liaise with the Nigerian Army to recover all outstanding payments of WHT.

The Committee’s interactions with the field operators revealed that although the platforms and ammunition procured for the Nigerian Army were deployed for the NE opera-

tions, most of them were over aged or expired and support spares were insufficient or completely not available. The platforms were prone to frequent breakdown without immediate recovery support. The non-adherence to the procurement procedures resulted in procurement of some unreliable equipment that reduced the capacity of the Nigerian Army in the NE Operations and resulted in avoidable loss of lives and equipment.

The President, Commander in Chief of the Armed Forces has therefore approved the recommendation of the Committee that relevant agencies should carry out further investigation in respect of the following individuals and companies that were accounting officers or played key roles in the Nigerian Army procurement activities during the period under review:

SERVING AND RETIRED MILITARY PERSONNEL

- | | | | |
|----|---------------------------------|---|-------------------------------------|
| a. | Lt Gen OA Ihejirika (Rtd) | - | former COAS |
| b. | Lt Gen KTJ Minimah (Rtd) | - | former COAS |
| c. | Maj Gen JAH Ewansiha (Rtd) | - | former CTOP(A) |
| d. | Maj Gen U Buzugbe (Rtd) | - | former COPP(A) |
| e. | Maj Gen ER Chioba (Rtd) | - | former DG DICON |
| f. | Maj Gen AI Muraina (Rtd) | - | former CAB(A) |
| g. | Maj Gen EJ Atewe | - | former Commander JTF Op PULO SHIELD |
| h. | Maj Gen DD Kitchener (Rtd) | - | former COLOG |
| i. | Brig Gen DM Onoyiveta | - | former COS to COAS |
| j. | Brig Gen AJS Onibasa | - | former OMT |
| k. | Brig Gen M Mamman | - | HQ NAE |
| l. | Col N Ashinze | - | former SA - NSA |
| m. | Col AA Abubagaji | - | former AD Fin |
| n. | Col AM Inuwa | - | former AD Fin (COPP) |
| o. | Lt Col MS Dasuki (Rtd) | - | former NSA |
| p. | Lt Col El-Hussaini Boyi (Rtd) | - | former AD Fin |
| q. | Sqn Ldr M Oyaduogba | - | Finance Offr JTF Op PULO SHIELD |
| r. | 96NA/43/8364 Cpl Abubakar Usman | | |

SERVING AND RETIRED PUBLIC OFFICIALS

- a. Dr Nurudeen Mohammed - former HMSFA II
- b. Mr Bukar Goni Aji - former Perm Sec (MOD)
- c. Mr Haruna Sanusi - former Perm Sec (MOD)
- d. Mr EO Oyemomi - former Perm Sec (MOD)
- e. Mr Abdulrazak Salau - former DJSD MOD
- f. Mr Jonah Ogunniyi Otunla - former DFA MOD
- g. Mrs Josephine N Opara - former DFA MOD
- h. Mr Abdullahi Maikano - former DFA MOD
- i. Mr John Bamidele - former DFA MOD
- j. Mr Buba M Gamawa - former DJSD MOD
- k. Mr Tajudeen Gbenga Fetuga - former DFA MOD
- l. Alhaji Salisu Shuaibu - former Dir Finance ONSA

CEOs OF COMPANIES

- a. Col Olu Bamgbose (Rtd) - CEO Bamverde Ltd
- b. Mr Amit Sade - CEO Doiyatec Comms Ltd & DYI Global Services Ltd
- c. Mr Noam Sade - GM Doiyatec Comms & DYI Global Service Ltd
- d. Mr Jimmy Ntuen - CEO Barnes & Tubbies Ltd
- e. Dr O Ayandele - CEO TS-Y Ltd
- f. Mr Hima Aboubakar - CEO SEI
- g. Alhaji Gujja Attom - CEO Baram International Nig Ltd
- h. Alhaji Maisudan Bello Mohammed - CEO Dalfam Nig Ltd,
- i. Mr Lawal Oriyomi - CEO 2020 Nig Ltd
- j. Mr Chinedu Onyekwere - CEO Chok Ventures
- k. Mr Eleojo Peters - CEO Clover Nig Ltd
- l. Mr Alon Nelken Samuel - CEO Hadassa Investment Security (Nig) Ltd
- m. Mr Edward Churchill - CEO Westgate Global Trust Ltd
- n. Capt Rohit Nandal - CEO Hercules Manufacturing (Nig) Ltd.
- o. Mr JM Claassens - CEO Conella Services Ltd
- p. Mr Kingsley Onyeabor - CEO Phoenix Technology Trading Company.
- q. Mr Donald Peterson - CEO Richfield Technologies Ltd.

- r. Kaja Alexander Onyemachi - CEO Jiangxi 299 Metal & Stones Ltd
- s. Mr Ponnle Abiodun - Berwick Integrated Services Ltd
- t. CEO - Rapiscan System Ltd
- u. CEO - Dorema Nigeria Ltd.
- v. CEO - Progress Ltd
- w. CEO - Koncept Auto Centre Ltd
- x. Mr Kime Egozi

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