
Nigeria: Chinese Firm to Senate - Obasanjo Awarded Abuja Rail Project Without Design, MOU

By George Agba

A Chinese firm, CCE, handling the Abuja Rail project yesterday told the Senate committee on Federal Capital Territory (FCT) that former President Olusegun Obasanjo awarded the contract in 2007 without the crafting of a design or Memorandum of Understanding (MOU).

The contract was said to have been signed based on 'uncalculated estimate by the then minister of FCT and present Kaduna State Governor, Mallam Nasir el-Rufai.'

This startling revelation is coming on the heels of the committee's discovery that, while the 60.67 kilometres rails contract was inflated by \$10 m per kilometres, the length was later reduced to 45 kilometres without refund of the cost for the 15.67 kilometres dropped.

Accordingly, the Senate committee chaired by Senator Dino Melaye had demanded that the the sum of \$195,878,296.74 dollars, being the amount for the 15.67 kilometres cut out from the Chinese firm be refunded.

CCE's project manager, Etim Abak who briefed members of the committee while on oversight visit, said the contract was awarded based on conceptual design and estimates were not properly done.

The committee chairman, Senator Melaye said project was shrouded in fraud.

"The Federal Government has so far invested \$31.5bn and another \$7.6bn from the SURE-P fund and if you put these together, we have altogether \$39.1bn invested in the rail project, leaving the balance of \$113. 233,155.32.

"I did research and looked at rail construction of the same specifics, of the same technology across the globe and one cannot but complain that this railway project in Nigeria is on a very high side."

Melaye also questioned the rational behind the government's loan of \$500m from Exim Bank of China for the project calling it misplaced.

"From my comparison with other rail projects across the world, the federal government's investment in this project is enough to execute the project without taking a loan as high as \$500m from China. From our research and it's very simple, the world is now a global village.

"As you are sitting here now, on your phone you can google details, even in India and Egypt. Fortunately, one of those projects in Zambia was also done by this same company, CCE. We have six countries and the average cost per kilometre, none is above \$4m per kilometre. Why is the Nigerian project costing approximately \$14m per kilometre?"

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