

**FISCAL ALLOCATION AND STATUTORY
DISBURSEMENT (FASD) AUDIT
2012 - 2016**



SUMMARY REPORT

The report and all appendices relating to the report are intended for the use of the National Stakeholders Working Group (NSWG) of NEITI for the purpose of that initiative and any reliance placed upon them by third parties shall be in accordance with the NEITI Act of 2007.

This report is the final summary report to the Nigeria Extractive Industries Transparency Initiative (NEITI) on the review of the Federation's Fiscal Allocation and Statutory Disbursement 2012 to 2016.

The report is for the use of the National Stakeholders Working Group of the NEITI in accordance with its national and international mandates.

The report has been carefully put together to reflect the entirety of the Federation's revenue streams with emphasis on the oil and gas industry. It also shows the disbursement cycle and actual disbursement of the Federation Revenue to the three tiers of government and selected beneficiaries. Our TOR does not cover validation of disbursement to the 774 Local Government Councils. As a mandatory requirement of our TOR, the utilization of funds by selected beneficiary entities and nine State governments were reviewed. All observations thereto are shown under each section. This report covers the following as agreed in the TOR:

- a. A summary of the Federal Supervisory and Regulatory Agencies' Report showing:
 - i. Federation revenue vote heads, collection, remittance and disbursement process
 - ii. Deductions and transfers made before remittance
 - iii. FAAC Allocations
- b. A summary of the selected Federal Beneficiary Entities
- c. A summary of the selected State Governments' Reports showing the revenue profile and utilization of funds by each State
- d. Summary of the FASD Audit 2012 - 2016 Observations and Recommendation report.

The content of this report is a collection and concise representation of the data and information received from the covered entities during the course of the project.

Abbreviations and Acronyms

Abbreviation	Meaning	Abbreviation	Meaning
ADB	African Development Bank	GSWB	Gombe State Water Board
ADF	Africa Development fund	HCF	Hon. Commissioner for Finance
AG	Accountant General	HOD	Head of Department
Arc	Architect	IBRD	International Bank For Reconstruction and Development
BIK	Benefit - in - Kind	IDA	International Development Association
BMPIU	Budget Monitoring & Intelligence Unit	IFAD	International fund for Agricultural Development
BOQ	Bill of Quantity	IGR	Internally Generated Revenue
CAPEX	Capital Expenditure	IMF	International Monetary Fund
CBN	Central Bank of Nigeria	IPEA	Ibom Programme on Environment Awareness
CITA	Companies Income Tax Acts	JSMC	Junior Staff Management Committee
Col	Colonel	JTB	Joint Tax Board
CRF	Consolidated Revenue Fund	LG	Local Government
CRF Charges	Consolidated Revenue Fund Charges.	LGA	Local Government Area
DA	Director of Administration	LGT	Local Government Treasury
DA	Development Area	MDAs	Ministries, Department and Agencies
DDA	Deputy Director of Administration	MDGs	Millennium Development Goal
DF	Director of Finance	MFMLG	Model Financial Memoranda for Local Government
DFA	Director of Finance & Accounts	MDG's	Millennium Development Goals
DOW	Director of Works	MR	Mineral Revenue
DVEA	Departmental Vote Expenditure Account	N/A	Not Available
DVEB	Departmental Vote Expenditure Account	NC	North Central
ECA	Excess Crude Account	NE	North East
EDF	Environmental Defence Fund	NMR	Non-Mineral Revenue
EEF	Education Endowment Fund	NRC	National Republican Convention
EIA	Environmental Impact assessment	NW	North West
F&GPC	Finance and General Purpose Committee	NYSC	National Youth Service Corps
FAAC	Federation Account Allocation Committee	OAGF	Office of the Accountant General of the Federation
FASD	Fiscal Allocation And Statutory Disbursement	PAYE	Pay As You Earn
FCT	Federal Capital territory	PFMU	Project Financial Management Unit. This unit oversees World Bank and other International Institutions Assisted projects
FIRS	Federal Inland Revenue Service	PHC	Primary Health Care
FM	Financial Model	PS	Permanent Secretary
FY	Financial Year	SQ.KM	Square Kilometer
GDP	Gross Domestic Product	SSG	Secretary to the State Government
GRB	Gross Reserve Balance	STAB	Stabilization Fund
GSIRS	Gombe State Internal Revenue Service	TMR	Total Mineral Revenue
VAT	Value Added Tax		

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1.0 Introduction and Methodology

1.1 Overview

The Oil and Gas industry in Nigeria represents the backbone of the Federation's economy. The Industry is divided into three sectors;

The Downstream Sector: This refers to crude refining as well as marketing and distribution of crude oil by-products.

The Midstream Sector: This refers to the industry's support services like transportation, (by pipelines, rail, barges, or trucks), storage, and wholesale marketing of crude or refined petroleum products.

The Upstream Sector: This is the most important sector in the Country's economy, providing over 90% of its total export earnings. Core activities in the upstream sector include the quest for potential underground or underwater oil and gas fields, drilling of exploratory wells, and subsequently operating the wells established.

Companies engaged in upstream operations are also bound by law to remit taxes such as Petroleum Profit Tax (PPT), Withholding Tax (WHT) and Value Added Tax (VAT) to the Federation through the Federal Inland Revenue Service (FIRS). Other statutory payments by these companies are royalties, penalties and acreage whose collections are monitored by the government through the Department of Petroleum Resources (DPR). In addition to these, the Federation share of equity crude sales is remitted to the Federation Account (FA) through NNPC who stands as the representative of the government in the ventures.

The apparent poor impact of oil wealth's contribution to sustainable development in the Country has given rise to individuals, activities and organizations debating on the transparency involved in the collection and remittance processes of the Federation Revenue, particularly originating from the oil and gas sector.

Nigeria Extractive Industries Transparency Initiative (NEITI)

The Nigeria Extractive Industries Transparency Initiative (NEITI) occupies an important place in Nigeria's socio - economic reform. It represents a national domestication of the global Extractive Industries Transparency Initiative (EITI). The underlying principle of the EITI is the belief that sustainable development which encapsulates eradication of poverty is possible in resource rich countries which are often victims of "resource curse". However, it is only possible when the government of resource rich countries recognize that it is their sovereign duty to manage their country's resource wealth for the benefits of all their citizens. A complementary fundamental tenet of the EITI is the conviction that public understanding of national revenue and public expenditure, over time, facilitates public debate and informs rational choice of appropriate option and strategies for sustainable development.

Furthermore, the EITI is founded on the faith that transparency in revenue management coupled with the principle and practice of accountability, by government to all citizens constitutes the hallmark of good government. This is the rationale for the use of a multi-stakeholder structure to govern the EITI process. It is also the basic explanation for the mainstreaming of the role of civil society in the implementation of the EITI at the global and national levels.

Nigeria joined the Extractive Industries Transparency Initiative (EITI) in 2004 with its enabling Act passed in 2007.

NEITI, since inception has conducted nine industry Audits in the oil and gas sector, seven in the solid minerals and two FASD in Nigeria. The Audits have focused on the payments made by the Extractive Industry companies reconciled with the receipts recorded/published by the governments through its various agencies.

1.2 The Fiscal Allocation and Statutory Disbursement (FASD) Audit

In December 2012, the Federal Executive Council approved NEITI's request to conduct, for the first time, a Fiscal Allocation and Statutory Disbursement Audit (FASD) covering the period 2007 -2011. The general objectives are to track extractive industry sector funds received into the federation account; as they are distributed and received by federal, state, local government councils, relevant agencies and their utilization for national growth by these entities.

For NEITI to achieve its broader goal of enhancing better governance and accountability, NEITI's effort would have to transcend the previous audit that have focused on the government realizing full benefits of its Mineral Revenue (MR) from the oil exploratory companies. The next step therefore was the FASD audit that would look at the total accrual to the FA, its disbursement and most importantly, its utilization by the various beneficiaries within the period under review.

This Audit sought to make transparent, the actual processes, methodologies and criteria involved in the allocation, disbursement and utilization of the Federation revenue to the three tiers of governments and other beneficiaries thereto. These other beneficiaries were established by the FGN to intervene in specific sectors pertinent to the development of the country. Mostly, their revenue sources are predominantly sought from the nation's MR. Other entities created are the FGN Special Funds; set up with the aim to sustain the development of the Country through strategically defined channels of intervention.

1.3 Objectives of the FASD Audit

NEITI conducted the FASD Audit for the first time in 2013 covering the period 2007-2011. This is the second time the FASD Audit is been undertaken in Nigeria and this exercise covers the years 2012 - 2016. The FASD Audit was conceived to address the information gap between the citizenry in terms of the revenue disbursement and subsequent utilization; which has led to apparent distrust in public governance. The objectives of this project therefore are as follows:

- i. **Ensure Transparency and Accountability** - Section 2(d) and 3(i) of NEITI Act 2007 mandates the agency to track extractive industry sector funds received into the Federation Account as they are distributed and received by the beneficiaries; bringing to limelight the culture of transparency and accountability in the country's utilization of its Mineral Revenue.
- ii. **Improved Public Awareness and Confidence in Public Governance** - It is expected that a simple and easy to understand presentation of the Governments revenue and expenditure would better educate the civil society on the utilisation of revenue realized by the Government and ultimately boost citizen confidence in public financial management and general governance as a whole.
- iii. **Public Governance Enhancement** - The awareness of the financial management stance of the various entities reviewed in this project would boost the decision making processes of the stakeholders which would in the long run enhance good governance.
- iv. **Institution Strengthening** - The audit would also provide baseline information required for NEITI's planning and development; reduce friction and promote public trust through provision of timely and current information and data that would form the basis for revenue allocation, disbursement and application in Nigeria.
- v. **Higher Credit Ratings** - A seemingly ulterior motive of the FASD Audit is also to increase individual credit ratings of the States in Nigeria, modeled through the nine States considered in this project. A disclosure of the State's financial position and management activities would signify a major breakthrough in the quest for improved investors' confidence and private sector participation in the development of the Country's economy.
- vi. **Development of Sub-National Reporting** - The audit would also look to help in further entrenching the EITI principle at the sub-national level in Nigeria; hoped to be achieved through the evaluation of the utilisation of the Federation MR by the various beneficiaries.

1.4 Terms of Reference

BDO Professional Services emerged preferred bidder for the project and was contracted to undertake this nine (9) months long Project. The agreed TOR of the FASD 2012 - 2016 Audit are as follows:

- i. To match collections (revenue payments) from extractive industry companies with statutory disbursements from the Federal Government in accordance with the Constitution of the Federal Republic of Nigeria.
- ii. To report on actual disbursements of funds from the Federation Account to beneficiaries (with emphasis on funds originating from the Oil and Gas Sector).
- iii. To report on actual application/utilisation of funds received by Federal, State, Local Government Councils and other relevant agencies. Particular attention shall be on recipients of 13% derivation allocation to Federal, States and local Government Councils and agencies spelt out in Article 1:6 of the TOR.
- iv. The general objectives are to track extractive industry sector funds received into the Federation account as they are distributed and received by Federal, States, Local Government Councils and relevant other agencies and also to make recommendations on any issues arising in the course of conducting the work.
- v. The general application of the work in respect of statutory allocation received and application/utilization of funds shall be conducted on the agencies/entities listed below:
 - a. Niger Delta Development Commission (NDDC)
 - b. Petroleum Technology Development Fund (PTDF)
 - c. Tertiary Education Trust Fund (TET Fund)
 - d. Central Bank of Nigeria (Development of Natural Resources)
 - e. Federal Government of Nigeria (Share of Derivation & Ecology)
 - f. Administration and Application of Excess Crude Oil Account
 - g. Stabilisation Fund
 - h. Nigeria Sovereign Investment Authority (NSIA)
 - i. Nigeria Content Development and Monitoring Board(NCDMB)
- vi. The period to be covered is between years 2012 and 2016.

1.5 Scope of Work

In accordance with the TOR, the assignment covers and is limited to receipts and disbursements of revenue from the Federation Account with emphasis on revenue emanating from the Oil and Gas sector.

It also shows concise analysis of the utilization of revenue by the selected beneficiaries of the federation mineral revenue.

1.6 Caveat and Limitation of Scope

BDO Professional Services (Chartered Accountants) (the Consultant) was required to undertake the work set out in the Terms of Reference (TOR) for the engagement. The assignment has been carried out in line with the TOR. If there were material receipts or disbursements omitted from the reporting templates by both the paying and receiving entities, our approach would not be sufficient to detect them. Any of such receipts or disbursements would not therefore be included in this report.

This report reflects data and information received from the covered entities based on transactions up to 31 December 2016 by BDO Professional Services. Subsequent comments and adjustments have been taken into account as appropriate.

1.7 The Covered Entities

The Covered Entities were classified into three groups: the Supervisory and Regulatory Agencies, The Beneficiaries Agencies/Special Funds and the State Governments.

i. **The Supervisory and Regulatory Agencies:** These are entities empowered under the constitution of the Federal Republic of Nigeria with the responsibility of regulating, monitoring, generating and/or remitting revenue to the Federation account from any of the sources listed under section 162 of the 1999 constitution of the FGN. The list below shows the specific entities covered under this category:

- Ministry of Finance (MOF)
- Office of the Accountant General of the Federation (OAGF)
- Central Bank of Nigeria (CBN)
- Department of Petroleum Resources (DPR)
- Nigerian National Petroleum Corporation (NNPC)
- The Federal Accounts Allocation Committee (FAAC)
- Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC)
- Federal Budget Office
- Federal Inland Revenue Service (FIRS)
- Federal Ministry of Mines and Steel Development (MMSD)

ii. **Federal Beneficiary Agencies** - These are defined as those entities with direct or indirect sources of revenue from the Nigerian Oil and Gas sector, created by the Federal Government of Nigeria and charged with the responsibilities of administration, management and/or monitoring of the utilization of these funds for the sole purpose of developing the welfare of Nigerians or those specifically identified in their enabling statutory framework. The FGN special funds are also covered on this phase. These are shown below:
entities are as

- Niger Delta Development Commission (NDDC)
- Petroleum Technology Development Fund (PTDF)
- Petroleum Equalisation fund (PEF)
- Petroleum Product Pricing Regulatory Agency (PPPRA)
- Central Bank of Nigeria (Development of Natural Resources)
- Federal Government of Nigeria (Share of Derivation & Ecology)
- Administration and Application of Excess Crude Oil Account
- Stabilization Funds
- Tertiary Education Trust Fund (TET Fund)
- Nigeria Sovereign Investment Authority (NSIA)
- Nigeria Content Development and Monitoring Board (NCDMB)

iii. **Selected State Governments** - As statutory beneficiaries of the Federation's revenue, the FASD Audit 2012 - 2016 focused on specifically selected nine (9) States of the Federation. The selection of the States was based on NEITI and World Bank combination of criteria which included the following:

- States that share in the 13% derivation paid to Oil producing States;
- States that are open, friendly and give account of revenue receipts and the subsequent utilization;
- States that are vocal in terms of delivery of programmes and;
- A fair representation of geopolitical zones as well as score cards of State Governments. The States are listed below:

Selected State Governments

PHASE III - Selected State Governments

Akwa Ibom

Kano

Bayelsa

Nasarawa

Delta

Ondo and;

Gombe

Rivers

Imo

The report covers six chapters made up of the following:

- Chapter 1 explores the background of the FASD Audit; giving overview, objectives and rationale for the Audit and the approach and methodology adopted for the execution of the project, including data sources, standards and approaches employed in the audit.

- Chapter 2 is the executive summary for each category of the agencies selected showing the observations, implications and recommendations for each section of the report.
- Chapter 3 is summary report on the Federal Supervisory and Regulatory Agencies and discussed the national planning framework for the Federation Revenue.
- Chapter 4 highlights the summary of the Beneficiary agencies.
- Chapter 5 is the summary of the state governments.
- Finally, chapter 6 is the conclusion of the FASD 2012 -2016 review.

1.8 Approach and Methodology

1.9 Data Sources

The major sources of data for the Fiscal Allocation and Statutory Disbursement Audit were the templates populated by the relevant officers of the covered entities. The entities were requested to provide monthly data of their total inflows and outflows of revenue from 2012 - 2016.

To further, authenticate data populated in the templates by the entities, a validation exercise was carried out by comparing data filled in the templates with their corresponding source documents.

1.10 Data Representation

Data collected from the States are summarized in in tables, charts and graphical forms. Percentages were used to show the proportion of specific components and overall headings. Details of data summarized can be found in the appendices to the report.

Data flows were primarily received and disbursed in US Dollars and Naira respectively; they are expressed in tables in the main report and the appendices. Where flows were received in US Dollars but reported in Naira, conversion was done at the average exchange rate during the specific year in question.

1.11 Methodology and Standardization

The populated templates received from the Beneficiary Agencies and the State Governments were analysed and compared with the schedule of disbursements obtained from the OAGF in order to identify and reconcile differences, where necessary.

The audited Financial Statements obtained from all the States were reviewed to ensure that

the populated templates are validated with the financial statements and other relevant documents.

1.11.1 General Approach

In accordance with the ISRS 4400 standard, the approach applied in this project in performing the agreed-upon procedures with NEITI, included the following:

- i. **Inquiry and Analysis** - Inquiry was carried out with the use of predefined data collection templates which were reviewed by all the participating stakeholders in the project and agreed for use within the limit of this project. After the completion and validation of the data filled in the templates by the agencies, analysis were carried out therefrom. For a detailed review of validation processes for each of the covered entities, see Appendix 3 - Audit Programme.
- ii. **Re-computation, Comparison and Other Clerical Accuracy Checks** - The templates populated by the State government representatives were casted and cross casted and an independent computation/schedule of the data given was prepared. Comparison of the validated templates with the information/data furnished by these States as well as the validated templates/records of the OAGF was made.
- iii. **Observations** - Overall observations of the project are reported in a separate report as agreed with NEITI and stated in the TOR with the corresponding recommendations presented against them. However, few key observations are highlighted in this report against each of the State's and beneficiary agencies report.
- iv. **Inspections**- Projects carried out by the covered entities were selected for verification based on a stratified random process. With the authorization of the concerned entities, both State projects and beneficiary agencies projects were verified across the nine (9) selected States.
- v. **Confirmations** - At the end of the validation exercise, during exit meetings with States; sign-offs from their key staff were obtained as a confirmation, authentication and proof of non-misrepresentation of the entities financial information.

1.11.2 International Auditing Standards-Government

In accordance with EITI Criterion No. 2, data provided by government is to be taken from accounts that have been prepared according to International Public Sectors Accounting Standard.

Following consultations with the NEITI Secretariat, and the Auditor General of the Federation, it was established that Government accounts and the financial statements of Government agencies and Government owned companies are prepared subject to the provisions of Nigerian laws and generally accepted accounting standards.

The NSWG noted that the audit standards applied in Government audit are in accordance with International Auditing Standards.

The data provided on templates by government reporting entities were attested to by the persons highest in authority in each of the covered entities visited as complete and accurate.

1.11.3 Materiality Level

The Terms of Reference for the NEITI/FASD report states that:

- a. All discrepancies pertaining to data from completing sources relating to a specific transaction shall be reported.
- b. The permissible margin of error for aggregate value of all revenues and investment flows is at zero point five percent (0.5%) of the annual total.

1.11.4 Reporting all Discrepancies

All discrepancies in the underlying data or differing data/and or from various sources pertaining to a specific transaction were reported. Such transactions were specifically identified and the nature of the discrepancy, where determined, was summarized in the report.

In the event that the aggregate value of the discrepancies exceeded US\$5,000,000.00 (or its equivalent in Naira using the average exchange rate in the year of occurrence) then this audit was bound to investigate such discrepancies further, utilizing every best effort to understand and resolve such discrepancies satisfactorily.

1.12 Approach to Project Execution

At inception of the Fiscal Allocation and Statutory Disbursement (FASD) Audit 2012 - 2016, the exercise was divided into three phases based on established relationship among the stakeholders. A template workshop involving relevant stakeholders of the participating agencies was held for all covered entities categorized into three; Regulatory agencies, Beneficiary agencies and selected States.

The first phase of the project involved a review of the Federation Revenue (with emphasis on the Mineral Revenue (MR), its specific components and the agencies responsible for collecting, remitting and monitoring the revenue flows to the Federation Account (FA). It also explored the fiscal allocation to the 3 tiers of government and the disbursements to selected beneficiaries of the Federation's MR. The agencies covered and discussed under this phase of the project were referred to as the Supervisory and Regulatory Agencies.

The second phase covered the agencies and special funds set up by the Federal government to address challenges with sustainable development in diverse sectors of the Nigerian economy.

The specific revenue flows to the entities, the disbursements from their accounts and their onward utilisation of funds for the period 2012 - 2016 are presented in the later sections of this report. The projects carried out under the funds to these entities were also verified and reported herewith.

The third phase of the project, which involved selected State Governments, was carried out to review and analyse the revenue (particularly fiscal allocation) and the expenditure of nine selected states of the Federation. The selection of the State was primarily based on the World Bank assisted combination of criteria for selection highlighted earlier.

2.0 Executive summary

2.1 Regulatory and Supervisory Agencies

Agency	Findings	Implication	Recommendation
NNPC/FAAC/OAGF	All federally collected revenues is paid into the Federation Account monthly as stipulated in section 162 of the Constitution of the Federal Republic of Nigeria. The Federation Account Allocation Committee (FAAC) created the Excess Crude Account to warehouse the excess amount resulting from increases in crude oil prices. The reasoning behind the Fund is to use the proceeds as an augmentation tool if there is a shortfall in the revenue. The Fund is especially important, as there is no cushioning mechanism to be employed in controlling fiscal and monetary policies of the Government. However, there is a legitimacy/constitutional issue as the Excess Crude Account (ECA) has no Constitutional backing. This is because of its formation under a political arrangement from the previous administration.	i. The account is subject to controversy which undermines the legitimacy of the Fund	Genuine efforts should be made by the lawmakers to add such a well-meaning Fund to the Constitution or enact its own law.

2.2 Beneficiary Agencies

Table 1: Summary of revenue received by Beneficiary agencies

Agencies	Years	Total				2012 - 2016 N'm	2007 -2011 N'm	% Variance
		2012 N'm	2013 N'm	2014 N'm	2015 N'm			
Development of Natural Resources	121,222	114,585	105,892	81,771	63,094	486,564	365,312	33
Niger-Delta Development Commission	38,737	61,347	61,940	46,250	41,050	249,324	216,902	15
Petroleum Products Price Regulatory Agency	-	-	-	-	-	-	653,127	100
Petroleum Equalisation Fund	96	25	-	-	-	121	398	(70)
Petroleum Technology Development Fund	-	23,073	15,787	37,375	42,630	118,865	77,874	53
Share of Derivation and Ecology Fund	61,697	68,204	62,524	47,365	36,720	276,510	217,457	27
Stabilization fund	42,673	53,971	45,675	70,135	26,263	238,717	109,716	118
TetFund	188,367	279,173	189,614	206,040	130,123	993,317	365,756	172
Nigeria Sovereign Investment Authority	-	155,200,000	-	-	76,125,000	231,325,000	-	100

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
1.	NDDC The Niger Delta Development Commission was established in 2000 by the NDDC Establishment Act. This Act repealed the oil mineral producing areas Commission decree 1998 among other things. The main sources of revenue to the commission are as follows: • Federal Govt. Subventions • Oil Companies Contribution • Donation and Grants • Recovery on Mass transits • Insurance Claims • Other Income • Disposal of assets • Contractors' fee • Bank Interest	The Commission from 2012 to 2016 received total revenue of NGN 819.81 billion out of which N806.78 billion was received from Mineral revenue and accounted for 98% and N13 billion from Non - Mineral Revenue. The Commission spent NGN932.632 million and \$6.1billion on recurrent and capital related projects. The projects and programmes embarked on by the Commission for which some have been completed while a large number of them were on-going within the region include: • Education - which includes books, scholarships and infrastructures; • Health including drugs, medical equipment and infrastructures; • Transportation including mass transit on roads and waterways; • Road infrastructures such as bridges, landing jetties and land reclamation; • Electrification projections; • Skill acquisition and youth development; • Agricultural development programmes; • Security and logistics projects;	The key findings from the FASD exercise on NDDC which were also identified in the previous review include: • The Federal Government of Nigeria is to contribute the equivalent of 15% of the total monthly statutory allocations due to the member states of the Commission from the Federation Account and 50% of monies due to member states of the Commission from ecological Funds. • It was noted that contribution is based on appropriation in the annual Federal Government budget which is significantly less than the amount due if contributions were made in accordance with the Act. • The enabling Act is silent on the issue of how the budgets of the oil producing companies are obtained by the Commission. It neither mandates the oil and gas producing companies to send copies of their annual budgets to the Commission directly nor direct National Petroleum Investment Management Services (NAPIMS) and the Department of Petroleum	• The Federal government of Nigeria should contribute to the Commission in accordance with the existing Act establishing it. • The Board should take the necessary steps to get the National Assembly to amend the present NDDC Act 2000 with a view to ensuring that the annual budgets of the oil and gas producing companies are easily obtained by the Commission as of right, and basis for computation of contribution clearly established. • Where contracts have been abandoned, contractors should be prosecuted to enable the Commission recover advances made to them.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
		- Environment and waste management; - Portable water projects etc.	- Resources (DPR) to forward their budgets to the Commission. In the current years review: - It was observed some projects that have been duly executed, completed and commissioned are yet to be put into use or occupied. Such projects includes: - Construction of Nigerian Police Barracks (Special Protection Unit - Base 6 Block of flats](Block A) - Construction of admin block, commander's residence, service block and Gate house with a contact sum of N249,910,500. - Construction of Nigerian Police Barracks (Special Protection Unit - Base 6) LOT 3: - Construction of Block of Flats/Residential Quarters (Block B) in Port Harcourt, Rivers State with a contact sum of N249,750,000. - Construction of mobile Police Barracks (Special Protection Unit - Base 6), LOT 6, - General External Works, Port Harcourt with a contact sum of N249,750,825. - Construction of Nigeria Police Barracks - Base 6 LOT 4: Construction of Block of flats/Residential Quarters (Block A) in Port Harcourt with a contact sum of N249,750,000 - Construction of Nigeria Police Barracks - Base 6 LOT 2: construction of Block of flats/Residential Quarters (Block A) in Port Harcourt with a contact sum of N249,750,000 - The supply of whole body X-ray scanner, Baggage and parcel scanner, including walkie talkies with Base station and mobile repeaters to Uesiri Security Services Ltd. A project meant to be for the whole community but done for a single company - It was also observed that there was a general allocation of NGN7.442 billion to the nine state offices of the Commission for the completion of small ticket projects which were neither identifiable nor scheduled for monitoring and proper management	- Also, the terms of advance payment guarantees (APG) should be invoked and related funds recovered. - Management should ensure that all projects undertaken and duly completed should be put into use for the benefit of the public and the purpose for which it was constructed - The Commission should ensure that projects that will be of benefit to the general public are embarked on. - Contractors should be held responsible for their bid and acceptance of offer. Where material and labour variations are to be made, the commission should consider subjecting the contract to the whole process of tender and re- award.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
2.	PPPRA The Petroleum Products Pricing Regulatory Agency (PPPRA) was established via an Act of the National Assembly in 2003 as an autonomous agency to primarily determine the pricing policy of petroleum products and regulate their supply and distribution.	Effective 2011, PPPRA issues a pre audit Sovereign Debt statement to the marketers and notifies the Debt Management Office (DMO), Federal Ministry of Finance and the Federal Ministry of Petroleum Resources. DMO prepares a sovereign Debt Note and notifies the Central Bank of Nigeria and PPPRA while the Federal Ministry of Finance sources for funds to coordinate the subsidy payment	Payment of subsidy by PPPRA was stopped in 2011. Effective 2011, payment of subsidy was done through Debt Management Office (DMO)	No exception noted
3.	Development of Natural Resources The Natural Resources Development Account was established to develop alternative mineral resources. There are basically two Sources of revenue which are: - Statutory allocation: 1.68% of FGN share of allocation of Federation account, and - Allocation from Excess crude account	- Total revenue received from 2012 to 2016 was N486.26billion. - Statutory Allocation was N374.15 billion from both Mineral and Non-Mineral revenue. - A review of disbursement revealed that N543.63 billion was released for various projects.	Some funds were released as loans in which there were no evidence of repayment during the review. Contrary to the implied purpose of setting up the Fund, it served as a borrowing fund for the FGN to meet its obligations in areas such as: - Budget deficits - National security - Independent National Electoral Commission - Nigeria Armed Forces - Other releases A reconciliation of the bank statements of Development of Natural Resources from 2012 to 2016 showed the following:	- The fund should be used for the purpose it was established. - A high level committee should be set up by the Federal Government to recover all unpaid loans from the Fund without further delay. - The Federal Government should have operational guidelines for the release of the Funds mainly for stabilisation purposes.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations												
3.			Reconciliation of Account Balances 2012 - 2016 <table><tr><th>ITEMS</th><th>₦</th></tr><tr><td>Opening Balance as at January 30, 2012</td><td>108,138,781,262</td></tr><tr><td>Add: Inflow during the period under review (2012 to 2016)</td><td>486,263,889,975</td></tr><tr><td>Expected Balance</td><td>594,402,671,237</td></tr><tr><td>Less: Balance as at December 30, 2016</td><td>50,775,126,326</td></tr><tr><td>withdrawals Made during the year</td><td>543,627,544,911</td></tr></table> SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger From the table above, the opening balance on the account as at January 30, 2012 was ₦108 billion, total inflow into the account from 2012 to 2016 was ₦486 billion, therefore the expected balance as at December 30, 2016 was ₦594.4 billion. This is the expected balance during the period under review since the Fund was not utilized for the purpose for which it was established. Amounts unrelated to the purpose of the fund were disbursed in the period under review and are yet to be repaid.	ITEMS	₦	Opening Balance as at January 30, 2012	108,138,781,262	Add: Inflow during the period under review (2012 to 2016)	486,263,889,975	Expected Balance	594,402,671,237	Less: Balance as at December 30, 2016	50,775,126,326	withdrawals Made during the year	543,627,544,911	The Natural Resources Development Account was established to develop alternative natural resources in each State of the Federation. The drive was to reduce the reliance of the Nigeria economy on petroleum. However, our audit revealed that disbursements were made to MDAs for various expenditures outside the purpose of setting up the fund. As such, we recommend a comprehensive audit of the fund to ensure transparency in its administration and application. This audit should be carried out on transactions from inception of the fund to date.
ITEMS	₦															
Opening Balance as at January 30, 2012	108,138,781,262															
Add: Inflow during the period under review (2012 to 2016)	486,263,889,975															
Expected Balance	594,402,671,237															
Less: Balance as at December 30, 2016	50,775,126,326															
withdrawals Made during the year	543,627,544,911															

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
4	Share of Derivation and Ecology The Ecological Fund was originally established in 1981 through the Federation Account Act (1981) based on the recommendation of the Okigbo Commission. The Act has subsequently been modified by Decrees 36 of 1984 and 106 of 1992 respectively; and further modified through the Allocation of Revenue/Federation Account etc. (modification) order of 8th July 2002. The Fund is an intervention facility established to address serious ecological problems across the country. Sources of Revenue are two: Statutory allocation: 1% of FGN share of allocation of Federation account. Excess crude Allocation Beneficiaries are: National Emergency Management Agency (NEMA is entitled to 20% statutory deductions from the 1% SHARE OF DERIVATION AND ECOLOGY), National Committee on Ecological Problems and direct assistance to the State Governments on the approval of Mr. President.	Statutory allocation from 2012 to 2016 was N276.5 billion while that of Excess crude oil was N54 billion. The funds were utilized for several purposes outside the purpose of setting it up.	Disbursements from the fund were made to beneficiaries outside the purpose of setting up the fund. We were unable to verify the projects and not given access to the relevant supporting documents and records. The utilization of the fund does not match the purpose for which it was established, for instance, the loan of N93,768,951,164 released to the Federal Government for funding of budget deficits and advance to States and Local Governments to meet shortfalls in their revenue.	- The fund should be used for the purpose it was established. - A high level committee should be set up by the Federal Government to recover all unpaid loans from the Fund without further delay. - The Federal Government should have operational guidelines for the release of the Funds mainly for stabilisation purposes - The object of the fund should be adhered to and funds released appropriately.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
5	PTDF Prior to the establishment of the PTDF, the Gulf Oil Company Fund was in existence and its Act was repealed by the promulgation of Act No 25 Of 1973 which established the Petroleum Technology Development Fund (PTDF) as a Fund for the purpose of training and educating Nigerians in the oil and gas industry. Section 2 of the Act provides that the fund shall be available for the purpose of training Nigerians to qualify as graduates professionals, technicians and craftsman In the fields of Engineering, Geology, Science and management in the oil and gas industry in Nigeria. The Sources of revenue to the Fund during the years under review were; Signature Bonus/Oil Block Concession allocation, Local and foreign currency Investment income and Tenders/Contractors fees Beneficiaries include: Schools(primary, Secondary and Tertiary Institutions) and Stakeholders in Oil and Gas Industries	Total revenue for the years under review was N 124billion with signature bonus of N119 billion. Fund utilisation activities are as follows: - Scholarship for MSc and PhD Awards, Endowment & Prizes, Institutions Support-, - PTDF Assisted Project Secondary Schools, - PTDF Assisted Projects - Primary Schools,	During the period under review, 37% of the expenditure was incurred on PTDF assisted project and 20% on Scholar related expenditure respectively while the balance 43% were expended for administrative purposes. Of the numerous numbers of scholars funded by the Fund (PTDF) under the overseas scholarship scheme (OSS), it is difficult to ascertain the production of successful scholars who returned after their study programmes and integrated into the Nigerian oil and gas industry. PTDF achieved 20%, 41% and 39% operating surplus in 2013, 2015 and 2016 fiscal years respectively while the actual performance (expenditure) differed unfavourably from the approved budget with respect to Capital expenditures and capacity building programmes. This practice led to an increase of accumulated funds from ₦19 billion in 2012 to ₦62 billion in 2016 as huge cash balances were always left unutilized. To curb this trending practice and fast-track the Fund's (PTDF) achievement of its mandate, priority should be given to domestication of the Fund's Interventions especially the Overseas Scholarship Scheme. This is with a view to stemming the escalating costs and relocating the benefits of these programmes from foreign training institutions & bodies to indigenous institutions. Concerted efforts need to be made to optimally utilise the fund's resources in achieving its mandate. Of the numerous numbers of scholars funded by the Fund (PTDF) under the overseas scholarship scheme (OSS), it is difficult to ascertain the proportion of successful scholars who returned after their study programmes and became integrated in the Nigeria oil and gas industry.	• The Government should ensure that significant part of the fund is used for the purpose the fund was established • An impact assessment should be carried out to ascertain how much the Fund's (PTDF) capacity building programmes have impacted the oil and gas industry given the level of investment since inception in light of developing and promoting Nigeria local content

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
6	Stabilization Fund The Stabilization Fund (SF) generally refers to the mechanism set up by a government or central bank to insulate the domestic economy from shocks in revenue inflows, as from commodities such as oil. A primary motivation is maintaining a steady level of government revenue in the face of major commodity price fluctuations (hence the term “Stabilization”). Sources of Revenue are two: Statutory allocation: 0.5% of FGN share of federation allocation. Excess crude Allocation	The total sum of N 238 billion was received as revenue from 2012 to 2016. It was shown that the Fund served as a pool to grant loans to fund various non related expenditures during the period under review. The various sources of revenue to the fund include N110 billion received from Statutory Allocation. The fund was utilized for various purposes as detailed in the report	- The fund was not used for the purpose it was set up. - Most of the disbursements made from the fund were described as loans but most of them seemed not to be recoverable.	- NEITI should carry out an audit of the fund from inception to date for a complete overview of the fund. - FGN to recover all unpaid loans from the fund without further delay by setting up a high-level committee.. - FGN should have operational guidelines for the release of the funds meant strictly for Stabilization purposes. - Loans should be properly monitored to ensure that they are recovered
7	The Tertiary Education Trust Fund (TETFUND) was established under the Tertiary Education Trust Fund (Establishment), Act, 2011 which repealed education tax Act Cap.E4 Laws of the Federation of Nigeria, 2004 and Education tax fund (Amendment) Act No.17, 2003 and came to effect in June 2011 with mandate to engage in the rehabilitation, restoration and consolidation of tertiary education in Nigeria. The Fund is managed by a Board of Trustees established under section 4 of the new Act The Sources of statutory revenue	The total revenue received by the TETFUND from 2012 to 2016 was N993 billion with N805 billion received from Mineral Revenue while N188billion was received from Non mineral The Funds are to be utilized for the provision of the following: - Essential physical infrastructure for teaching and learning - Instructional materials and equipment - Researches and publications	The fund does not have a comprehensive accounting and operational manual; hence, there is insufficient guide for accounting and operations’ processes.	Issues identified in prior year audit - There is need for ETF to tackle the issue of undue political control and interference by Governors over the execution of the ETF funded projects in their respective States; - There is need to educate the Governors on ETF intervention policies which are rooted in accountability and standards and are performance driven;

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
	allocation to the fund came from: Oil and Gas revenue and Non-Oil and Gas revenue, Beneficiaries are: - Federal Ministries, Commissions and Special Projects - State Primary Education Boards - Universities - State Secondary Education Boards - Staff Training & Development - Polytechnics - Colleges of Education - Libraries - Monotechnics - ICT - Capacity Building - Sports - Book Development - Research - Vocational Training - Police/Para military	• Academic staff training and development and Any other need which, in the opinion of the Board of Trustees, is critical and essential for the improvement of quality and maintenance of standards in the higher educational institutions	• We were unable to verify the income received from the various sources by the agency and unable to evaluate the utilization of the Funds	• Intervention, beneficiaries with accumulated un - accessed funds should be allowed to merge all their outstanding allocations and propose projects to be funded with the back log of funds; • There is need to explore the possibility of developing prototypes for adoption by beneficiaries in order to maintain standards and uniformity in projects executed by them which would ultimately minimize the challenges posed by un - accessed funds • Re -examine the Fund's Intervention Policies with a view to making appropriate recommendations for retention or modifications, if necessary;

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
8.	Petroleum Equalisation Fund (Management) Board The Petroleum Equalisation fund Management Board is a scheduled Parastatal of the Ministry of Petroleum Resources, established by Decree No.9 of 1975 (as amended by Decree No. 32 of 1989), mainly to administer uniform prices of Petroleum products throughout the Country. This is achieved by reimbursing a marketer's transportation differentials for petroleum products movement from depots to their sales outlets in order to ensure that products are sold at a uniform pump price throughout the country. The source of the fund is from the net surplus revenue recovered from oil marketing companies	A total of N499 billion was received by PEF (MB) throughout the review period with N382 billion realised from Bridging allowance. Most of its expense was on claims amounting to almost N303.4 billion.	- The Fund does not impose penalties promptly on defaulting independent and major oil marketers who failed to pay their contributions to the Fund. - Utilization of the Fund is not separated between the core activities and administrative purposes. - The PEF (M) B paid claims to major and independent oil marketers only after deducting the contributions and allowances due from the marketers to PEF (M) B. In some cases, bridging claims were paid to some independent oil marketing companies without deducting the National Transportation Average (NTA) contribution due from them. - When a marketer makes payment to the Fund resulting from the outstanding amount due, the Fund does not have a system to verify what transactions the amount paid relate. Detailed description is also not included in the bank statement. - With emphasis on NNPC; the fund finds it extremely difficult to ensure that NNPC pays the amount owed it and as a result, the fund has huge amount of receivables from NNPC for an accumulated number of years. - We observed that the Fund could not categorically ascertain the total amount due from each marketer.	• We recommended that the utilization of the Fund's resources be disaggregated between primary activities, which include settlement of claims and receipt of NTA contributions, from the conventional administrative activities for management of Fund expenses. • We recommend that management of PEF (M) B should have an aging analysis stating the period to which a marketer can be indebted. After these periods, we recommend that the management should not honor any claims due to independent or major oil marketing company until that company settles all previous indebtedness to PEF (M) B. • It is also recommended that management should have a comprehensive schedule showing the list of marketers as well as the amount due from each marketer. • We recommend that a competent staff be responsible for reconciling the amount paid by the marketers to the transactions to which the amount was due.

S/N	Entities	Revenue and Utilisation	Observations	Recommendations
8.			The following are noted constraints of the PEF (M)B: - No authority to give Bridging approval, but reimburse marketers for bridged products. - Delay in Central Bank of Nigeria's policy/processes as it affects payment of claims and third party payments. - Improper checkmating of the activities of marketers. - Inadequate surveillance and control pricing control. - Non-payment of Bridging and NTA allowance by marketers as at when due. - Delays in remittance of Bridging allowance due to reconciliation process between the Board and PPMC. - Lack of up to date of reconciliation of Major Marketers lifting's and activities as at when due	The Board should put in place necessary measure to ensure: - proper monitoring of the price of petroleum products - Regular reconciliation of Major marketers lifting and activities - Prompt remittance of bridging allowance - Effective checkmating of marketers activities
9	Nigeria Sovereign Investment Authority	The Authority received a total of \$1.250billion from the Federal Government for the purpose of investment	There was no evidence that the investment of the authority had been properly valued as at the end of the period under review.	The Authority should ensure that the investments are properly reviewed, and valued where necessary.

2.3 State Governments

Agency	Findings	Implication	Recommendation
States	- The trend in the revenue flows to the States from 2012 - 2016 showed an obvious over-reliance on Mineral Revenue which was between 40% and 73% - Rivers State had the highest reliance on MR among the nine States reviewed from 2012 - 2016. The State had an aggregate MR percentage of about 73% of its total revenue for the five years reviewed. Rivers State was also the only State with its MR accounting for over 84% (2014) of its total revenue in the period reviewed. - Bayelsa State recorded the second highest MR percentages from 2012 - 2016 of 59% while Imo State was the overall least dependent on MR with 32%. - A review of internally generated revenue showed that the States did not generate enough revenue to pay staff salaries during the period under review.	- Inability of the State to develop and generate revenue within the State economic potentials; - Possible exposure to internal and external loans; - Negative & unexpected volatility in the oil and gas market may adversely affect the economic and political growth of the States and ultimately, their sustainability as a State - Inability to generate revenue internally that will cover the State recurrent expenditure, hence lack of fund to administer the States' administrative functionaries.	The State Governments should re-evaluate their revenue profile with articulated and strategic plan to exploit their full internal economic potentials. The intent is to ensure equalization of their social and economic cost-benefits analysis.

Agency	Findings	Implication	Recommendation
	The annual recurrent expenditure of the States and the corresponding percentage of the States' total revenue revealed the following: ▪ In 2012, Nasarawa State expended 82% of its total revenue on current expenditure and 90% in 2014. This dropped to 86% in 2016. ▪ Akwa Ibom State appeared to be the most prudent, with its recurrent expenditure profile only 25%, 31% 47%, 57% and 52% of its total revenue from 2012 to 2016 respectively followed by Kano State with 48%, 47%, 46%, 43% and 53% from 2012 to 2016 respectively. ▪ Delta State recurrent expenditure increased year by year from 54%, 55%, 67%, 75% to 90% between 2012 to 2016 respectively.	The high recurrent expenditure of the States would negatively impact the available funds for capital expenditure denying the citizens the necessary infrastructure for the collective development of the nation.	For Nasarawa State and Delta State to have recorded such high recurrent expenditure as against their respective revenue, we recommend a total overhaul of the States' expenditure mechanism and the administrative philosophy of the Governments. With the exception of Akwa Ibom state, all other States reviewed should endeavour to re-evaluate their recurrent expenditure profile, most especially the overhead costs.

Agency	Findings	Implication	Recommendation
	Among the nine States reviewed, Akwa-Ibom State committed the largest amount into capital expenditure from 2012 - 2016; followed by Delta State with N493.767 billion while Nasarawa State was the least with committed capital fund of N65.107 billion followed by Ondo State with N138.668 on capital expenditure Akwa-Ibom commitment to capital expenditure was 79%, 62%, 60%, 54% and 48% of its total revenue and was the highest of all the States from 2012 to 2016, followed by Kano State with 34%, 51%, 49%, 41% and 61% while the least was Nasarawa State. The capital Expenditure profile of the States substantially complemented the recurrent expenditure pattern. The level of investment of a State in its Economic, Educational and Social sectors directly impacts the State's overall growth and development by improving investors' confidence and private sector participation in the development of the State. The standard of living of its people would also increase through job creation and intellectual property development. The oil wealth of the nation which accounts for an average of 78% and 50% of the total revenue of the oil producing and non-oil producing states of the Country respectively, may continue to impede rather than improve the general well-being of Nigerians considering the rather poor commitment of the State governments to infrastructure development projects.		The states with low Capital Expenditure investment need a re-orientation for their Governors on the direction the States' resources should be channeled to bring about sustainable development. Generally, in view of the gross disconnect between the States' Accountant Generals' Offices and the MDAs responsible for the award of capital projects, which hinders smooth audit trails of financial verification of the awarded projects, it is recommended that effective integration and collaboration between the departments and MDAs be established to promote transparency and accountability.

Agency	Findings	Implication	Recommendation
	- Most of the states budgeted for and spent the larger part of their resources on recurrent expenditures to the detriment of some key sectors in need of capital investment. Enhanced capital budgeting would facilitate economic development and consequently result in improved standard of living of Nigerians in the states. - Most of the States' have not fully tapped into opportunities that abound in their domains to achieve sufficient inflow through internally generated revenue. As a result, the State relied heavily on domestic, foreign loans as well as salary bailouts to meet the needs of recurrent and capital expenditure. - Most of the States' financial management information systems are deficient and impeding transparency; they function manually implying that adequate records of states' financial transactions may not be readily available and accessible.		- We recommend that the States carefully reconsider their approach to expenditure in order to achieve effective and efficient allocation of state resources such that, sectors in need of capital investment are given needed attention. - The States should aggressively pursue alternative strategies to increase their internally generated revenue. For instance, states with unique topography and landscape can create opportunities to develop into top tourist destinations and substantially increasing their internally generated revenue. - We recommend prioritising the computerisation of the States' financial management information systems. In addition, the financial and accounting procedural manuals in the States should be operationalised and enforced in line with best practice to ensure transparency and accountability of state resources

3.0 Regulatory and Supervisory Agencies

3.1 National Planning for the Federation Revenue

The history of the Nigerian economic planning and transformation programmes dates back to 1946 when the country was under still British colony. The economic planning history is considered together with various macro-economic policies that serve as tools and strategies for the implementation of the envisioned programme and development of the Nigerian economic landscape over the years. Macro-economic policies in Nigeria comprise monetary, fiscal, exchange rate and incomes policies. The economic planning phases in the Country since 1945 are shown in the figure below. With these economic planning models come the requisite funding framework and budgets to enable the implementation of the documented strategies. Annual budgets thus required projection on revenue sources and this provides cash backing to all the envisaged activities in the fiscal years.

3.2 Fiscal Policy Framework in Nigeria

The major fiscal policy instruments in Nigeria have been changes in tax rates and Government expenditures. Major sources of tax revenues for Governments have been listed as personal income tax, company income tax, petroleum profits tax, capital gains, import duties, export duties, excise duties, mining rents, royalties and NNPC earnings.

The fiscal chapter of the 1999 Constitution of the Federal Republic of Nigeria (as amended to date) stipulates the inter-governmental fiscal relations. The constitution maintains an erstwhile division of functions between the various levels of government. The constitution mentions revenue sharing in Chapter 4, Part C, Section VI, and Paragraph 162. It establishes the “Federation Account” and describes all facility collectible revenues except those classified as “independent revenue” of the Federal Government as Federation Account revenues.

3.3 Mineral Revenue Allocation and Disbursement 2012 - 2016

The allocation and disbursement of the gross Federation MR from 2012 - 2016 can be divided into three (3):

- i. Deductions
- ii. 13% Derivative and
- iii. Revenue for FAAC

The deductions include JV Cash Calls, votes for Gas development in Nigeria, domestic subsidy etc. while the 13% derivative is the constitutionally set aside fund for the benefit of the Country’s oil producing States.

Although all federally collected revenues should be paid into the Federation Account monthly as stipulated in section 162 of the Constitution of the Federal Republic of Nigeria, the Federal Allocation Committee (FAAC) created the Excess Crude Account to warehouse the excess amount as a result of increases in crude oil prices. The reasoning behind the Fund is to use the proceeds as an augmentation tool if there is a shortfall in the revenue. The Fund is especially important as there is no cushioning mechanism to be employed in controlling fiscal and monetary policies of the Government.

However, there are legitimacy/constitutionality issues as the Excess Crude Account (ECA) has no Constitutional backing resulting from the nature of its ad hoc formation under a political arrangement.

Implication:

- i. The account is subject to controversy
- ii. It undermines the legitimacy of the Fund

Recommendation:

Genuine efforts should be made by the lawmakers to add such a well-meaning Fund to the Constitution or enact its own law.

3.4 The Federation Revenue 2012 - 2016

Section 162(1) of the 1999 Constitution of the Federal Republic of Nigeria states that “The Federation shall maintain a special account to be called “the **Federation Account**” into which shall be paid all revenues collected by the Government of the Federation, except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigeria Police Force, the Ministry or department charged with the responsibility for Foreign Affairs and the residents of the Federal Capital Territory, Abuja.

Further in the Constitution, under section 162 (Public Revenue), the Federation Revenue is defined as any income or return accruing to or derived by the Government of the Federation from any source and includes:

- i. Any receipt, however described, arising from the operation of any law;
- ii. Any return, however described, arising from or in respect of any property held by the Government of the Federation.
- iii. Any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any Company or statutory body.

The agencies charged with the Assessment, Collection and Remittance of the Federation Revenue from the Oil and Gas sector are as follows:

- i. Nigeria National Petroleum Corporation (NNPC)
- ii. Department of Petroleum Resources (under the Ministry of Petroleum Resources)
- iii. Federal Inland Revenue Service and;
- iv. Nigeria Custom Service (Out of Scope)

3.4.1 Remittances to the Federation Account 2012 - 2016

The components of the revenue receipts into the Federation Account are of two types (as classified by the OAGF); Mineral and Non-Mineral. The mineral revenue are the oil and gas specific flows which include Royalty, PPT and crude Sales etc. while non-minerals are non-sector specific flows which include VAT, WHT, and Custom/Excise Duties etc.

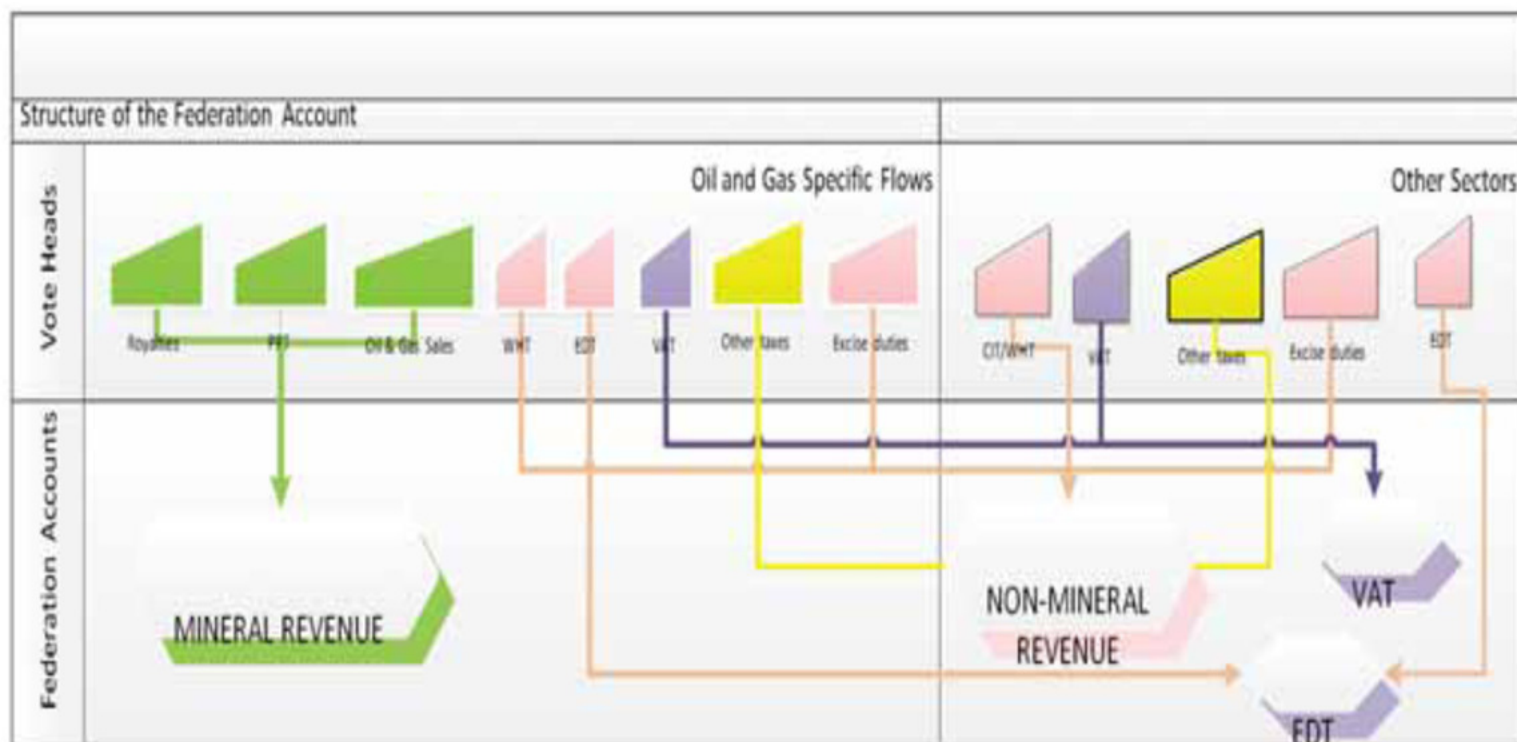


Figure 1: Structure of the Federation Account

Consequently, as shown in the diagram above, tangible mineral components exist in the Non-mineral components of the Federation revenue. The revenue inflows with both mineral and non-mineral components are accounted for as "Non-Mineral" revenue as there are no provisions for their separation in both CBN and OAGF. This report therefore, emphasizes only Oil and Gas specific revenues which includes: Royalties, PPT and Oil/Gas sales etc.

The 2% EDT from oil companies and companies from other sectors flow into CBN/FIRS/EDT Accounts while WHT and custom/excise duties all flow into the Non-mineral Revenue Account. By virtue of VAT's Disbursement, payments by all companies flow into the CBN/FIRS/VAT Accounts (both foreign and local). Other miscellaneous taxes from both Oil and Non-oil sectors flow into the Non-mineral revenue Account as shown in Table 1.

Table 2: Summary of Remittances to the Federation Account 2012 - 2016

Federation Revenue	2012	2013	2014	2015	2016	Total
	₦'billion	₦'billion	₦'billion	₦'billion	₦'billion	₦'billion
Mineral Revenue	4,192	4,731	4,685	2,887	1,653	18,148
Non-Mineral Revenue	1,104	1,258	1,386	1,482	1,454	6,684
VAT	682	764	762	747	779	3,734
Solid Minerals Revenue	2	2	2	2	3	11
Total	5,980	6,755	6,835	5,118	3,889	28,577

Note:

Mineral Revenue is less Joint Venture Cash Calls and Subsidy Claims by NNPC

Non-Mineral Revenue consists of all taxes remitted by FIRS (excluding EDT, PPT and VAT) and customs/excise duties collected by the Nigeria Customs Service (NCS).

The Non-Mineral Revenue above is less 4% and 7% collection fees paid to both FIRS and NCS respectively.

VAT is also less 4% Collection fees paid to FIRS

Solid Minerals Revenue amount of N11,078 million was collected within the years under review

Through transfer mandates sent to CBN by NNPC (for Crude Oil and Gas Sales) and OAGF (DPR and FIRS Collections), collections are monetized and remitted to the Federation Account just in time for FAAC meetings every month. The OAGF accounts for these remittances after a Credit Advice for each vote head has been sent to it, indicating a successful transfer of collection to the Federation Account (FA).

Total remittances to the FA (less JV Cash Calls and NNPC Subsidy Claims) from Mineral Revenue for the period amounted to N18.148 trillion while Non-Mineral Revenue was N6.684 trillion. Total VAT remitted for the period was N3.734 trillion. Total remittances therefore to the FA were N28.577 trillion from 2012 to 2016.

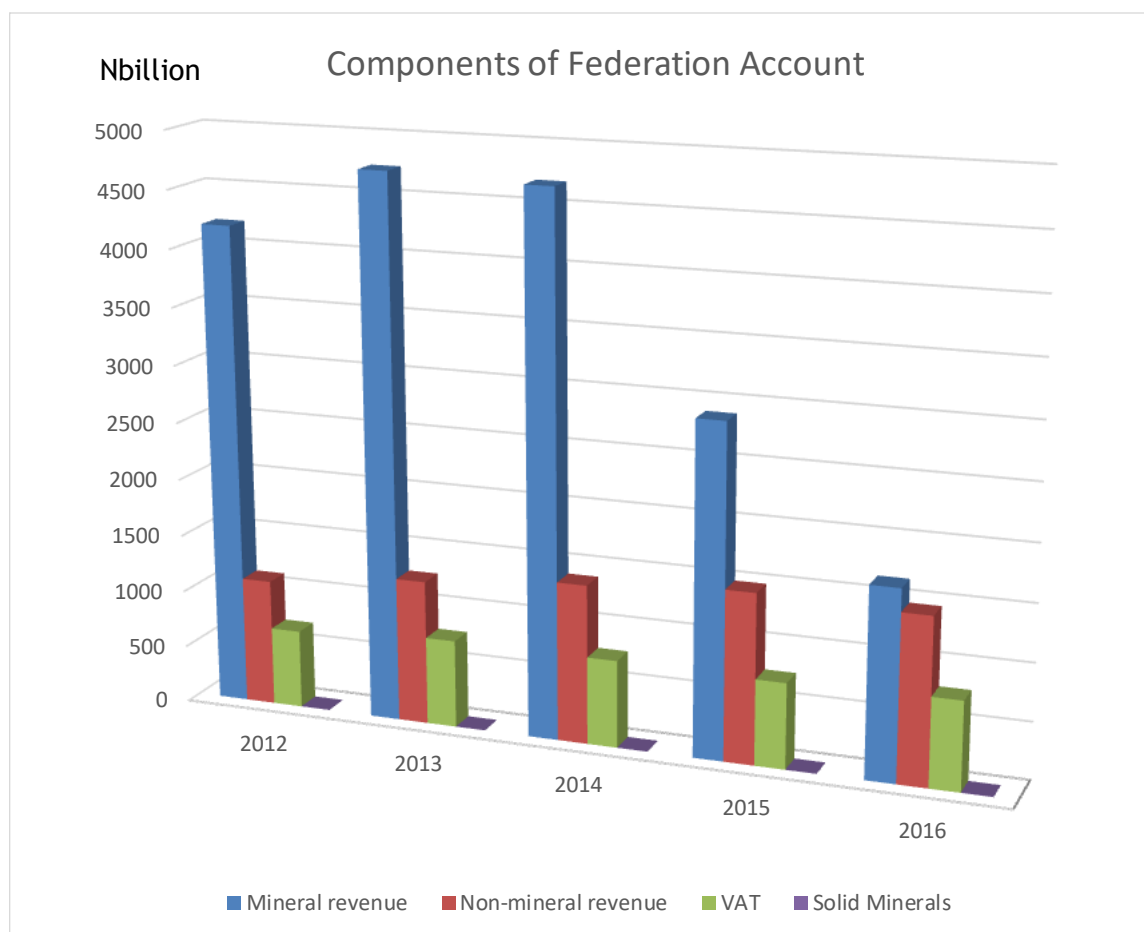


Figure 2: Contribution of the Components of the Federation Revenue 2012 - 2016

Out of the N18.148 trillion MR remitted in the period 2012 - 2016, year 2013 accounted for the highest receipt of N4.731trillion about 26.07% of the MR as shown in Table 1.

There was a decrease in Global oil revenue from 2015, which accounted for the decrease in MR from N4.685trillion in 2014 to N2.887trillion in 2015 and to N1.653trillion in 2016.

MR increased by 13% from N4.192trillion in 2012 to N4.731trillion in 2013 and dropped to N4.685trillion in 2014 and N2.887trillion in 2015. The percentage contribution of MR to the Federation Revenue was stable at 70% in 2012 and 2013 and reduced to 69%, 56% and 43% in 2014, 2015 and 2016 respectively. This trend showed the Federation's lingering heavy reliance on the oil and gas sector. Figures 3 - 7 shows the percentage contribution of the composition of the Federation Revenue in the five (5) years reviewed. The total contribution of MR to the Federation revenue was 64% while Non-mineral and VAT recorded 23% and 13% respectively.

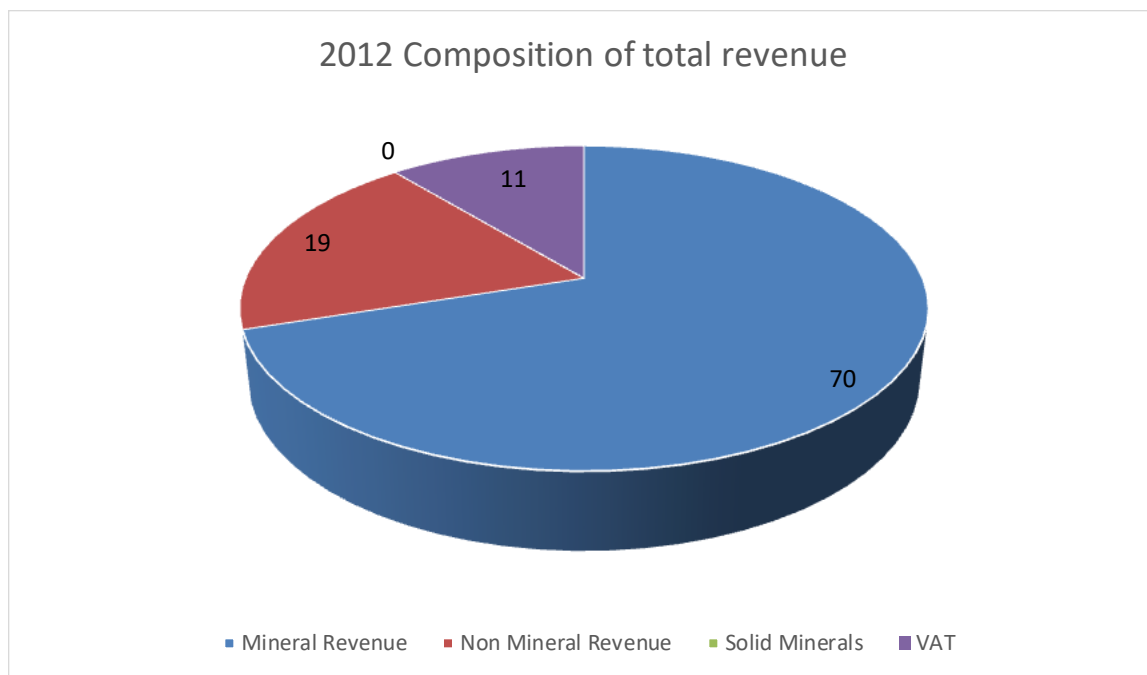


Figure 3: Average percentage composition of the total Federation Revenue in 2012

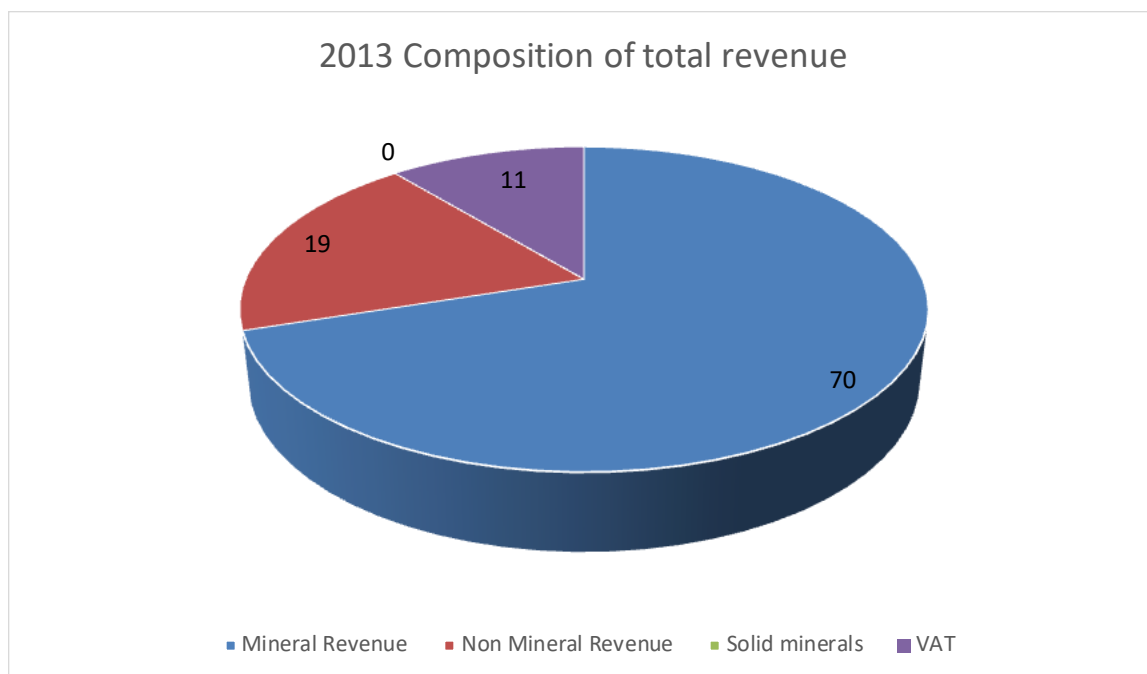


Figure 4: Average percentage composition of the total Federation Revenue in 2013

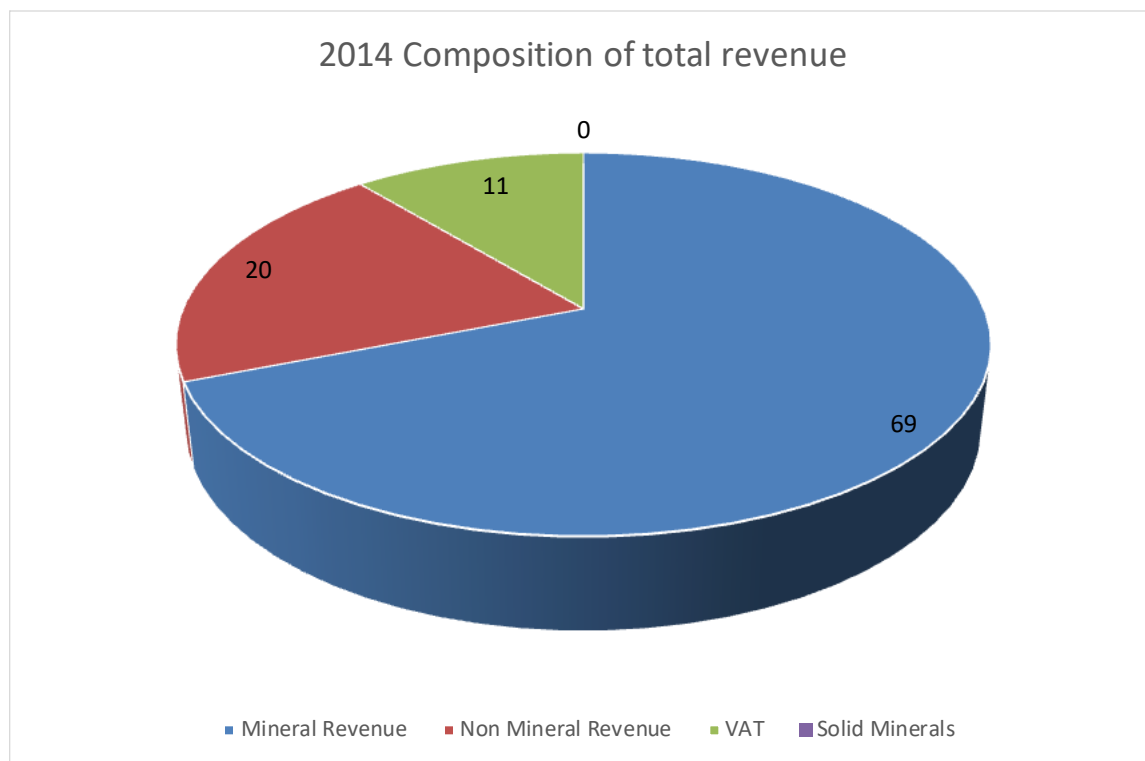


Figure 5: Average percentage composition of the total Federation Revenue in 2014

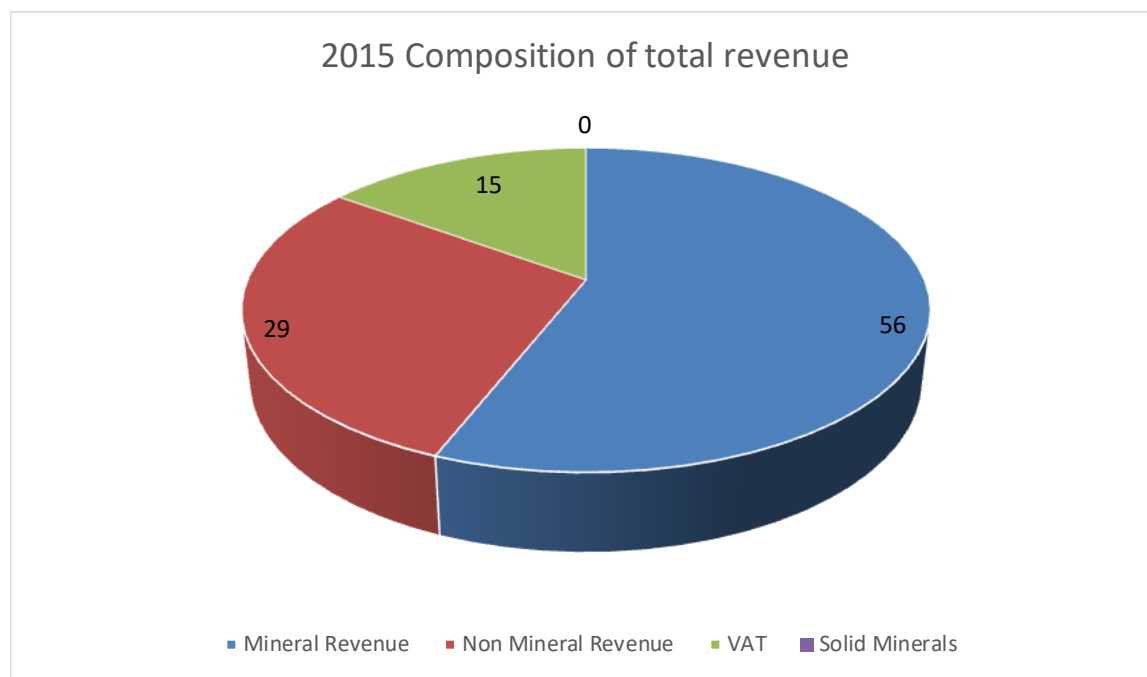


Figure 6: Average percentage composition of the total Federation Revenue in 2015

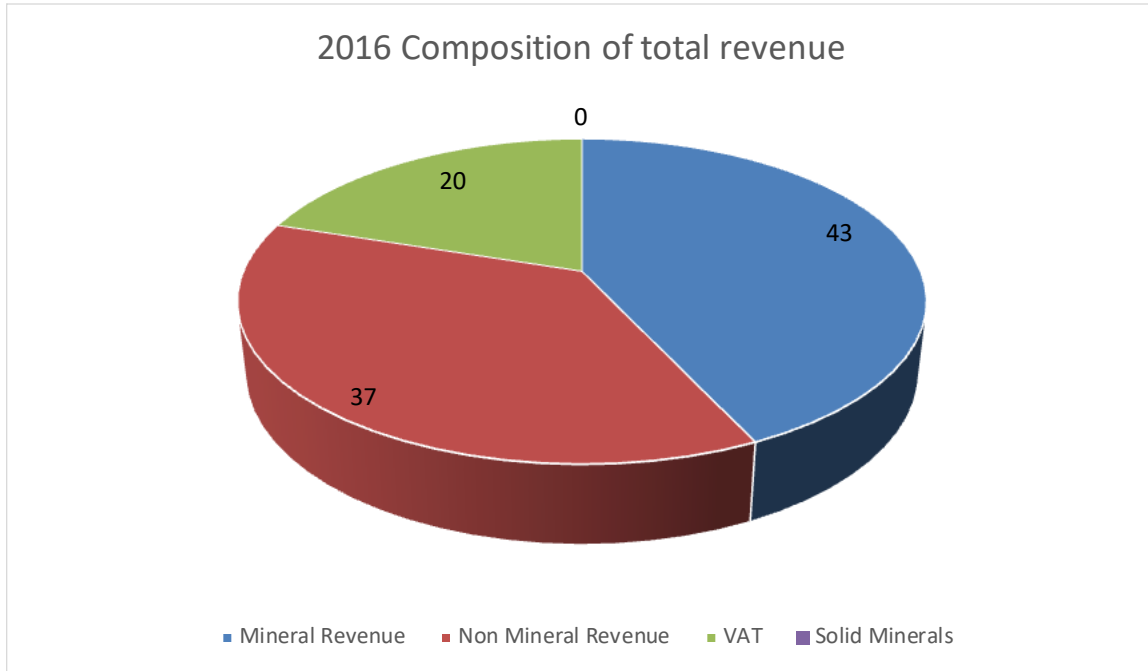


Figure 7: Average percentage composition of the total Federation Revenue in 2016

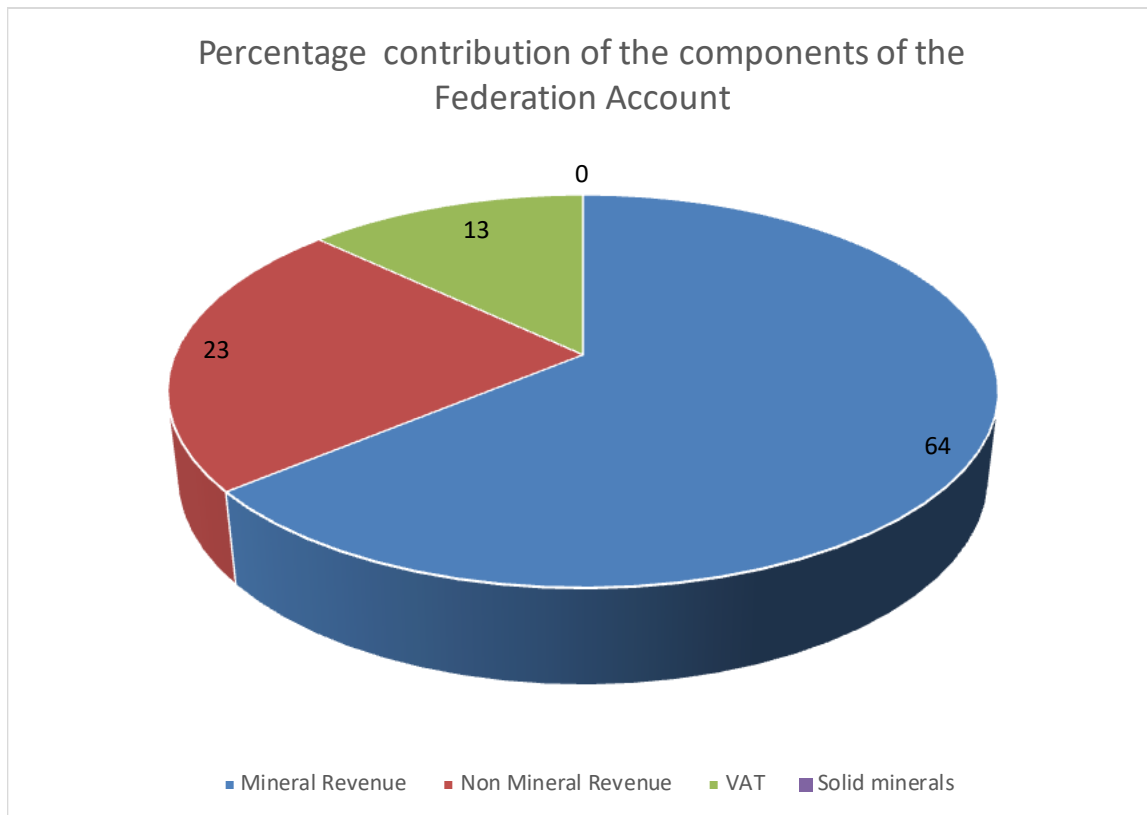


Figure 8: Percentage Contribution of the Components of the Federation Revenue 2012 - 2016

3.4.2 Summary of Mineral and Non-Mineral Revenue 2012 - 2016

Table 3: Summary of Mineral and Non-Mineral Revenue 2012 - 2016

			2012	2013	2014	2015	2016
	MINERAL REVENUE		N'billion	N'billion	N'billion	N'billion	N'billion
A	NNPC JOINT VENTURE OPERATION						
(i)	Crude oil Export receipts		1,425	1,332	1,616	835	375
(ii)	Domestic Crude Account		1,691	1,482	1,342	1,025	1,001
(iii)	Petroleum profit tax		3,189	2,736	2,432	1,246	858
(iv)	Royalty		1,057	968	987	516	322
(v)	Rent		0.4	0.2	0.4	0.2	0.3
(vi)	Penalty for Gas flared		4	3	3	2	1
			7,366	6,521	6,380	3,624	2,557
B	Less Deduction (JVC Payment Crude)		(989)	(1,031)	(1,224)	(793)	(705)
			6,377	5,490	5,156	2,831	1,852
C	Miscellaneous oil Revenue		1	4	4	17	6
	Gas Receipts (export)		316	227	280	64	14
	Less Deduction (JVC Payment Gas)		(152)	-	-	-	-
	Inst. Payment of outstanding crude		<u>91</u>	<u>97</u>	<u>33</u>	<u>76</u>	<u>76</u>
			6,633	5,818	5,473	2,988	1,948
	Domestic Gas receipts		26	28	29	26	28
	Royalties gas		14	15	20	20	13
	Transfer to excess crude oil PPT excess oil royal		(2,257)	(1,011)	(802)	(49)	(243)
	Miscellaneous Receipts		-	-	5	3	0.3
	Less oil Excess Revenue		(133)	(22)	-	-	-
	Installment Payment of outstanding crude oil		(91)	(97)	(33)	(76)	(76)
	Cost of collection DPR		-	-	(9)	(25)	(17)
		(A)	4,192	4,731	4,685	2,887	1,653

			2012	2013	2014	2015	2016
			N'billion	N'billion	N'billion	N'billion	N'billion
	NON MINERAL REVENUE						
	Custom & Excise Duties		475	433	566	546	548
	Less 7% cost of collection-NCS		(33)	(30)	(40)	(38)	(38)
	Less NCS Refunds of overpayment of import duties & other charges		-	0.1	0.1	0.2	(0.3)
	Less Non-oil Excess revenue		(150)	(91)	(290)	-	-
	Companies income tax		846	986	1,207	1,029	988
	Less 4% cost of collection - IFRS		(34)	(39)	(48)	(42)	(44)
	Refund- part tax refund		-	-	(10)	(13)	-
	Non-Mineral Revenue	(B)	1,104	1,258	1,386	1,482	1,454
	Solid Minerals Revenue	(C)	2	2	2	2	3
	Total for Distribution	A +B+ C	5,298	5,991	6,072	4,371	3,110

3.4.3 Deductions and Accessible Revenue to FAAC 2012 - 2016

Table 4: BREAKDOWN OF REMITTANCES TO THE FEDERATION REVENUE 2012 - 2016

Breakdown of Remittance and Disbursement of Mineral Revenue							
		2012	2013	2014	2015	2016	Total
		N'million	N'million	N'million	N'million	N'million	N'million
NNPC Remittance		3,549,728	3,166,660	3,299,941	2,025,257	1,493,896	13,535,482
Subsidy claims		(180,000)	-	-	-	-	(180,000)
JV cash calls		(988,840)	(1,030,850)	(1,223,726)	(792,808)	(704,505)	(4,740,729)
	(i)	2,380,888	2,135,810	2,076,215	1,232,449	789,391	8,614,753
DPR Remittance		1,076,002	990,383	1,026,241	534,219	325,496	3,952,341
JV cash calls		(151,570)	-	-	-	-	(151,570)
	(ii)	924,432	990,383	1,026,241	534,219	325,496	3,800,771
FIRS Remittance	(iii)	3,189,525	2,735,976	2,432,345	1,245,871	857,535	10,461,252
Sub Total	(1)+(ii)+(iii)	6,494,845	5,862,169	5,534,801	3,012,539	1,972,422	22,876,776
Less							
Transfer to ECA		(2,210,834)	(1,033,782)	(817,183)	(49,461)	(242,711)	(4,353,971)
Unremitted fund by NNPC		(91,409)	(97,409)	(33,131)	(75,965)	(75,965)	(373,879)
13% Derivation		(545,039)	(615,027)	(608,983)	(375,325)	(214,987)	(2,359,361)
Mineral Revenue Available for Allocation	A	3,647,563	4,115,951	4,075,504	2,511,788	1,438,759	15,789,565
Disbursement of VAT							
VAT Remittance		710,555	795,601	794,224	778,728	810,997	3,890,105
4% FIRS collection fees		(28,422)	(31,824)	(31,769)	(31,149)	(32,440)	(155,604)
VAT Available for Allocation	B	682,133	763,777	762,455	747,579	778,557	3,734,501
Non-Mineral Revenue							
Non-Mineral Revenue -(FAAC)	C	-	-	-	-	-	-
Solid Minerals Revenue	D	1,854	2,038	2,236	2,085	2,865	11,078
Other Revenue							
Refunds from (NNPC, FIRS & NCS)		-	-	-	-	-	-
Total (Other Revenue)	E	-	-	-	-	-	-
Total (FAAC Revenue)		4,331,550	4,881,766	4,840,195	3,261,454	2,220,181	19,535,144

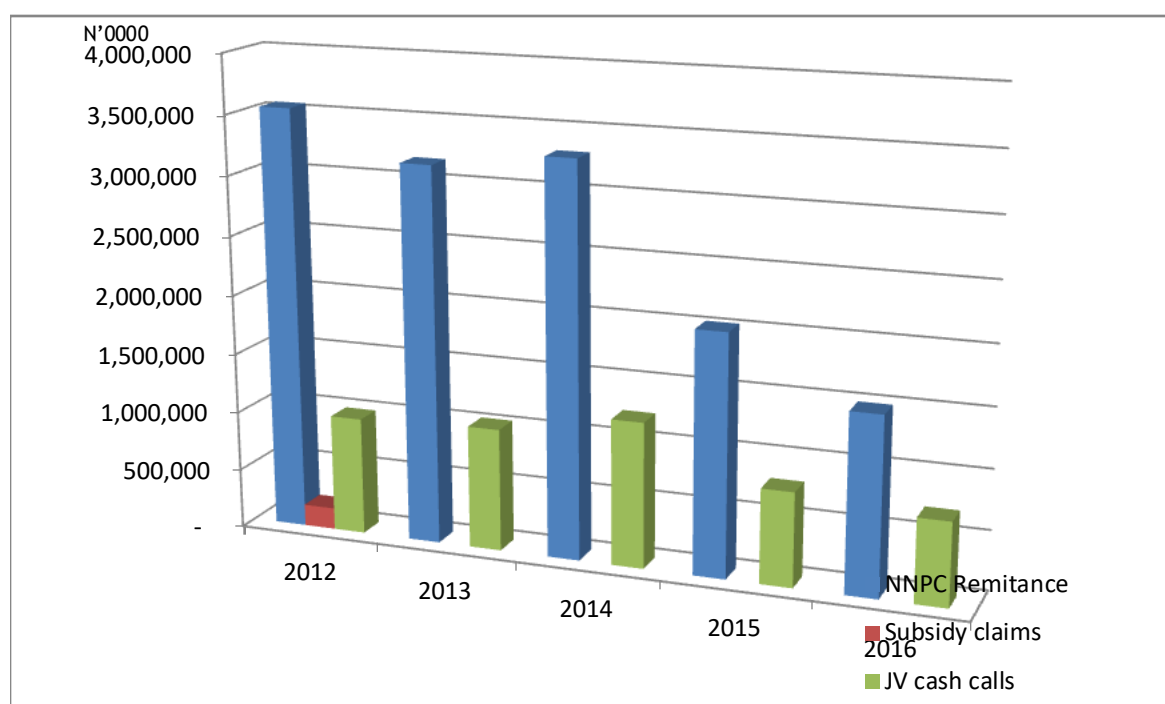
3.4.3.1 NNPC Remittances and Deductions

i. Overview

The major deductions referenced in this report are those obligatory costs incurred towards the fulfillment of the Federation revenue collection and/or generation in accordance with the constitution of the Federal Republic of Nigeria. The major deductions made by NNPC at source from the Federation's MR are as follows:

- a. **Joint Venture Cash Calls-** The Joint Operating Agreement (JOA), defines Cash Call as "the amount in all currencies which Operators estimate a Party must pay into the Joint Account in any given month to meet such Party's Participating Interest's Share of the cost and expenditures to be paid for the Joint Account in such month, after adjusting for balances or deficits in such bank account as well as any credit receipts anticipated during such month"
- b. **Subsidy Claims** - This is the NNPC share of subsidy for the sale of PMS and it is deducted each month from the agency's collections from Domestic Crude sales before remitting to the Federal Government.

Figure 9: Breakdown of NNPC Mineral Remittances 2012-2016



The year 2012 saw the highest income from NNPC remittances in the evaluated period; it also recorded the last year subsidy claim was deducted; the highest JV Cash Calls was paid in 2014. Net remittances to the Federation Account reduced from N2.38trillion in 2012 to N0.07trillion in 2016 as shown in Figure 9.

ii. Composition of NNPC Remittances

The law setting up NNPC empowers it to undertake commercial operations of Crude Oil and Gas production for the Federal Government. The NNPC does this through its subsidiary, the Nigerian Petroleum Development Company (NPDC). NNPC makes use of traders as intermediaries for the exploration of crude oil and importation of refined petroleum products. NNPC's Crude Oil Marketing Division (COMD) sells government's share of the contracts and mandated to lift allocation of crude at Official Selling Prices (OSPs). COMD quotes OSPs on a monthly basis for each of Nigeria's crude grades.

The Federation Revenue from oil and gas is derived from Equity Crude attributable to the Upstream Joint Venture Operations. Equity Crude represents government's share of crude oil production (excluding domestic crude) obtained mainly from three (3) arrangements: Joint Operating Agreements (JOA) with International Oil Companies (IOCs), Production Sharing Contracts (PSC) and Service Contracts. Equity Crude Oil proceeds are remitted into the Federation Account as export proceeds. Equity Crude oil is divided into two parts:

- a. Export Crude - Crude sold internationally
- b. Domestic Crude - Crude allocated for domestic use

A. Export Crude Oil and Gas Sales

Export Crude oil Sales include:

- i. Revenue from Alternative Payment Arrangements
- ii. Export Crude and;
- iii. Forcados Condensate

NNPC COMD., markets it on behalf of the Federation. The table below shows the sales generated by NNPC from Export Crude Oil:

Table 5: Export Crude Oil and Gas Sales

	2012	2013	2014	2015	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Sale of Federation Crude Oil and Gas	21,611,186	19,050,886	18,196,369	7,597,104	4,391,907
Domestic Crude Sales	18,147,751	17,435,818	15,674,817	7,775,288	5,485,046
Gas Sales	489,033	616,006	597,025	262,688	186,818
Feedstock Sales	1,845,370	1,357,525	1,682,650	262,688	865,176
Sales of Crude Oil and Gas	42,093,034	38,460,235	36,150,861	16,724,847	10,928,947
Less: PSCs/MCAs in Kind Payments					
Petroleum Profit Tax (PPT)	10,759,802	10,273,854	7,094,219	2,956,542	2,460,447
PSCs/MCAs					
Royal (Oil) - PSCs/MSAs	959,781	993,167	2,328,222	1,097,705	464,583
MCA Gas CIT/EDT	-	83,343	22,437	16,831	22,764
MCA Royalty (Gas)	-	18,343	22,437	3,649	5,2287
Concession Rental	-	-	-	138	115
Total PSCs/MCAs in-Kind payment	11,719,583	11,369,318	9,513,830	4,074,865	2,953,196
Sub-Total (A)	30,373,757	27,090,917	26,637,031	12,649,982	7,975,751

Other Sector Specific Financial Flows					
Petroleum Profit Tax (PPT)	18,851,676	17,591,512	15,697,977	5,389,868	4,216,908
Royalty (Oil)	6,725,282	6,182,319	6,311,102	2,784,534	1,577,040
Royalty (Gas)	107,601	119,093	135,030	107,160	66,078
Signature Bonus	0	12,500	142,249	902,720	0
Gas Flared Penalties	24,580	18,475	18,693	12,683	8,799
Concession Rental	2,895	133,750	2,628	1,006	824
Total Confirmed Flows	25,712,034	24,057,649	22,307,679	9,197,971	5,869,648
Other Flows to Federation Account					
Companies Income Tax (CIT)	441,048	556,050	521,827	693,499	314,846
Value Added Tax (VAT)	770,834	965,521	619,779	-	563,516
Capital Gain Tax					
Total Other Flows to Federation	1,211,882	1,521,571	1,141,606	603,499	1,055,163
Sub-Total (B)	26,923,916	25,579,220	23,449,285	9,801,470	6,924,812
Total Flows to Federation (A+B)	57,297,675	52,670,137	50,086,316	22,451,452	14,900,563

Source: 2016 Oil and Gas audit

Table 6: Summary of NNPC oil and gas revenue 2012 - 2016

Source: NNPC Validated Templates

Oil and Gas Revenue					
	2012	2013	2014	2015	2016
	\$'million	\$'million	\$'million	\$'million	\$'million
Export Crude sales	9,010	8,205	7,855	3,163	1,386
Gas sales	489	616	594	198	173
Feedstock sales	1,845	1,523	1,682	1,089	789
Domestic crude sales	18,145	16,996	15,674	7,775	5,485
EGTL Sales	-	-	2	64	13
	29,489	27,340	25,807	12,289	7,846
Oil and Gas Revenue Remitted by NNPC	\$'million	\$'million	\$'million	\$'million	\$'million
Crude & Forcados Condensable Receipt	9,452	8,473	8,447	3,509	1,494
Gas Receipts	266	300	321	141	69
Feedstock Receipts	1,793	1,342	1,572	1,155	798
Miscellaneous Income	1,084	674	749	406	55
JVC and others	(7,310)	(7,277)	(7,276)	(4,551)	
	5,285	3,512	3,813	660	2,416
	N'million	N'million	N'million	N'million	N'million
Domestic crude receipts	1,594,908	1,547,951	1,427,147	1,038,412	269,488
Miscellaneous Income Naira	10,201	9,877	3,213	3,367	
Domestic Gas receipts	22,690	33,466	30,859	26,151	28,400
Debt repayment	91,409	91,409	59,461	76,741	75,965
	1,719,208	1,682,703	1,520,680	1,144,671	297,888

Other incomes are from Gas sales, NLNG Feedstock Sales and Junk Sales proceeds. The table above shows sales generated by NNPC from these income streams.

Note:

Domestic Gas Sales is reported with export Gas sales

The amount received from export crude sales into the CBN/NNPC JP Morgan Oil and Gas Account together with other receipts including Bank interest and share of Junk Sales proceeds are swept into the Federation Account and Cash Call Account each month. These transfers are carried out by CBN on receiving instructions/mandates from NNPC.

The instructions/mandates were verified and traced to the Federation Accounts with CBN.

B. Domestic Crude Sales

Crude Oil allocated to NNPC as Domestic Crude is used chiefly for Refinery Delivery (domestic and offshore processing), Product Exchange and Export. NNPC buys domestic crude from the Government principally to refine and distribute for local consumption. NNPC buys at the prevailing international market price and pays for it in naira at the CBN rate at time of settlement.

NNPC maintains a CBN/NNPC Oil and Gas Revenue (Naira) Account where Crude Oil lifting proceeds and other miscellaneous income are lodged. From this account, NNPC sweeps the amounts into the Federation Account.

NNPC receives payment for sales of its domestic crude in naira and dollar. Naira receipts are paid into designated banks by NNPC customers and later swept into NNPC/CBN Crude Oil and Gas (Naira) Account. Where NNPC receives dollar payment for domestic crude, it is paid into CBN/NNPC Oil and Gas (Dollar) Account from where it is monetised at CBN exchange rate and paid into CBN NNPC Crude Oil and Gas credit collection from its customers.

3.4.3.2 DPR Remittances

The DPR is charged with the responsibility of supervision of all petroleum industry operations carried out under licenses and leases in Nigeria. The department is responsible for processing all applications for licenses, monitoring all rent and royalty payments as well as maintaining records of operations of the petroleum industry. The table below shows the revenue flows from the payments monitored by the DPR:

Table 7: Financial Flows to the Federation Account Monitored by DPR: 2012 - 2016

Revenue Heads/Years	2012 (N'm)	2013 (N'm)	2014 (N'm)	2015 (N'm)	2016 (N'm)	Total (N'm)
Oil Royalty	900,528	967,577	986,343	536,704	424,672	3,815,824
Gas Royalty	16,206	16,198	21,111	22,001	15,789	91,305
Gas flare penalty	4,564	3,121	2,930	2,563	2,285	15,463
Concessional Rental	445	179	413	195	337	1,569
Miscellaneous oil revenue	1,394	3,982	5,983	17,587	6,458	35,404
Total	923,137	991,057	1,016,780	579,050	449,541	3,959,565

Million (\$)	2012	2013	2014	2015	2016	Total
Gas Flared Penalty	29.6	20.2	18.69	13.19	8.66	90.34
Royalties	6,901	6,357	6,446	2,892	1,921	24,517
Signature Bonus	-	210	159	903	13.38	1,285.38
Concession Rental	2.87	1.15	2.63	1.03	1.32	9
MOR	9	25	38	91.74	37.23	200.97
Total	6,942.47	6,613.35	6,664.32	3,900.93	1,981.59	26,102.66

Source: DPR validated Templates

- **PAYMENT PROCESS**
- The Department of Petroleum Resources has designated accounts for each of the payment type - gas royalty, oil royalty, gas flare penalty, concessional rentals, etc into which entities make direct payments after being advised by DPR. Paying entities both local and foreign companies are expected to clearly state the name of the company, the payment being made and the period the payment covers. DPR gets statement from JP Morgan Chase on payments made by these entities on a regular basis, the bulk of which is foreign denominated. DPR gets notified at the end of the week for all payments made within the week and then sends out receipts in hard copy to the Oil Companies.
- Monthly bank statements and Federation Account Component Statements are obtained from the CBN/JP Morgan Chase and OAGF respectively. The bank statements from the CBN show the receipts of payments by the oil operators under the supervision of the DPR only into the Federation Account while the Federation Account Component Statements from the OAGF show the summary of Oil and Gas revenue from all Federal Supervisory and Monitoring Agencies on a monthly basis.

Table 8: Summary of DPR revenue 2012 - 2016

DPR remittances	2012	2013	2014	2015	2016	Total
	₦'Million	₦'Million	₦'Million	₦'Million	₦'Million	₦'Million
JV/PSC royalty	6,796	6,252	6,311	2,778	1,690	23,827
Rent	3	1	3	1	1	9
Penalty for Gas Flared	30	20	19	13	9	90
Gas Royalties	104	105	135	113	65	522
Miscellaneous Revenue	9	25	38	92	37	201
Signature Bonus	-	210	159	903	13	1,285
Total	6,942	6,614	6,664	3,900	1815	25,934

3.4.3.3 FIRS Remittances

The FIRS core functions are to assess, collect, remit and account for the Federation taxes. PPT is the only oil and gas specific tax paid to the Federation. It is a tax on petroleum profit on the difference between the taxpayer taxable income and expense (deductions) allowed in the Petroleum Profit Tax Act in Nigeria. The tax is assessed and collected, by the Federal Inland Revenue Service (FIRS). Tax rate is 65.75% of Chargeable Profit (CP) in the first 5 years and 85% thereafter; tax liability is also 85% of CP, Less Tax Credit/MOU credit.

Table 9: Financial Flows to the Federation Account Monitored by FIRS: 2012 - 2016

Million (N)	2012	2013	2014	2015	2016	Total
PPT	3,201	2,666	2,454	1,290	1,158	10,769

Source: FIRS Validated Templates

The following are the entities subjected to PPT:

Companies engaged in petroleum exploration and production operations in Nigeria (Up-stream operations)

- A person resident in Nigeria employed in the management of the petroleum operations carried on by a non-resident company.
- The liquidator, receiver, or agent of liquidator or receiver of any company carrying-on petroleum operations in Nigeria.

Detailed below is the assessment and collection procedure at the FIRS:

- i. Assessments are raised by the agency or in the case of fixed rate collection like VAT, the tax payer pays amount due through a designated bank/collecting bank
- ii. The taxpayer presents the payment tellers to the FIRS, where receipts are obtained to cancel tax assessment or serve as evidence of remittance of revenue generated.
- iii. The designated banks remit weekly collections to the CBN appropriate accounts on Monday following the week of collection, after deducting the banks charges. Thereafter the banks send the details of their weekly collections to the Area Tax Office and/or the local VAT Office within their domain for necessary reconciliation.
- iv. At the end of each month, the designated banks send a return of their collections comparing the summary of their collection, to the FIRS headquarters and the Office of the Accountant-General of the Federation for reconciliation.

B. Collections in Foreign Currencies

JP Morgan Chase basically receives credit in respect of the tax payment into the various FIRS accounts and thereafter advises CBN to enable the Bank (CBN) credit FIRS accordingly. JP Morgan Chase also provides statements of accounts to enable the CBN monitor transactions in the various accounts.

The FIRS further explains why collections are made in foreign currencies. According to CITA S59(8), S64B & S40C, notwithstanding anything to the contrary in any law, an income tax assessment made under section 40A, 40B or 41 of this Act shall be made in the currency in which the transaction giving rise to the assessment was effected. Nigerian companies are expected to purchase foreign currency for this purpose. They are expected to provide foreign currency to make payments; since transactions were in foreign currency.

A taxpayer gives instruction to his or her local or overseas bank to make transfer after providing the funds and other relevant remittance information and account particulars. The Bank then instructs its correspondence bank to credit the FIRS account with JP Morgan Chase with the detailed information provided. The CBN advises the FIRS after JP Morgan Chase has advised the CBN on the receipt of funds through SWIFT (Society for Worldwide Funds Transfer) message. This is done through issuance of statement to FIRS. As it stands today, the FIRS can as well view their online statement with JP Morgan at the touch of a button.

C. Flow of Tax Revenue to Federation Account

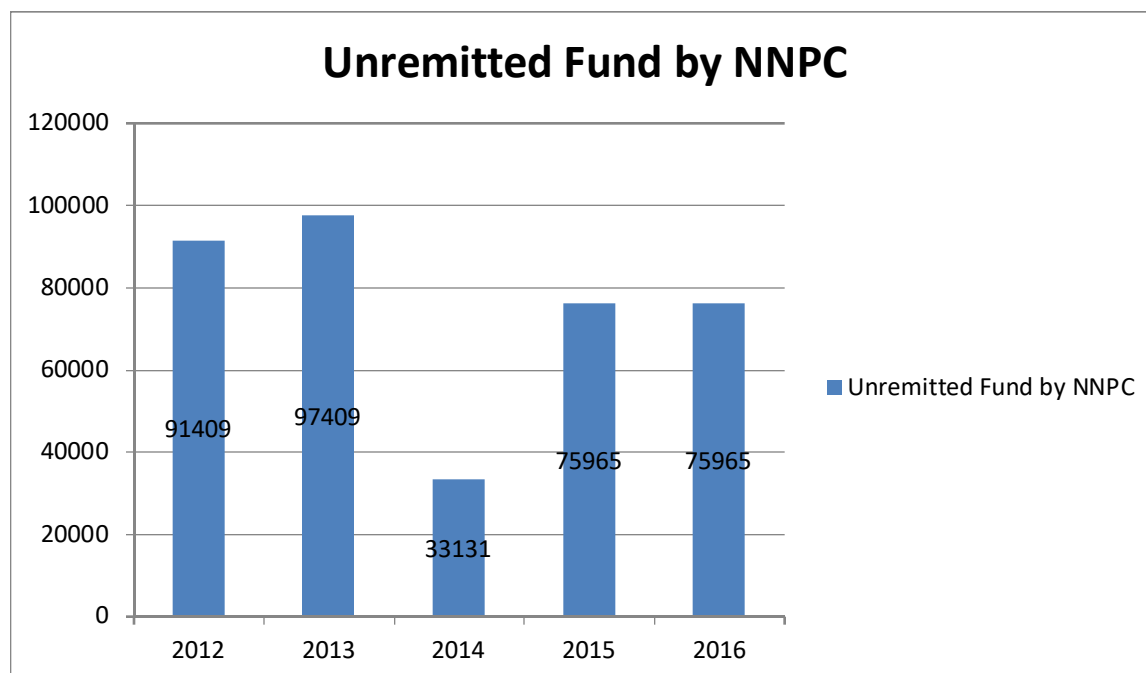
Through mandate of the Accountant General of the Federation to the CBN, funds in foreign currencies at the CBN are monetized and together with funds from local collections are swept on monthly basis into the Federation pool account for onward distribution.

Table 10: Summary of PPT remittance 2012- 2016

	2012	2013	2014	2015	2016	Total
	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
PPT	3,189	2,736	2,432	1,246	858	10,461

3.4.3.4 Unremitted Fund by NNPC

Between 2012 and 2016 Nigeria National Petroleum Corporation did not remit the sum of N373 billion to the Federation Account as shown in figure 13 with the highest in 2013.



Source: FAAC disbursement files

Figure 10: Unremitted fund by NNPC

Transfer to Excess Crude Account 2012 - 2016

The transfers referred here are the statutory transfers from the Federation Account, which comprise Excess Crude Oil, Petroleum Profit Tax, Royalty and Oil Excess revenue. Excess Crude Oil Account shows inflows whenever actual crude oil sales are more than budgeted while the outflows occur in a particular period when actual oil revenue is less than budgeted. The short fall is taken from excess crude oil account as augmentation. Total transfers to ECA stood at N4.362 trillion with its highest transfer of N2.257 trillion in 2012 (13% Derivative inclusive) for allocation to the 3 tiers of Government for the period under review (Table 10).

3.4.3.5 Budget Augmentation & Other distribution from the ECA

Budget Augmentation is a procedure for increasing appropriations of a fund with the express intent of employing previously unbudgeted resources of the fund for carrying out the increased appropriations.

Excess Crude Proceeds is used for Budget Augmentation of the Federation Expenditure. The Excess Crude Proceeds Account is funded by the excess of actual revenue on Crude Oil and Gas Sales, PPT and Royalty Oil and gas over Budgeted revenue. The Ministry of Finance through the OAGF issues mandate for funds to be transferred from the Excess Crude Proceeds Account to the Federation Account for onward distribution to the three tiers of Government. Other disbursements were made to the three tiers of government from the ECA through the approval of the Ministry of Finance between 2012 - 2016.

The total amount paid out as augmentation and distribution from the ECA to the three tiers of government from 2012 to 2016 was N4.362 trillion as shown in the table below:

Table 11: Summary of Budget Augmentation and Distribution from ECA 2012 - 2016

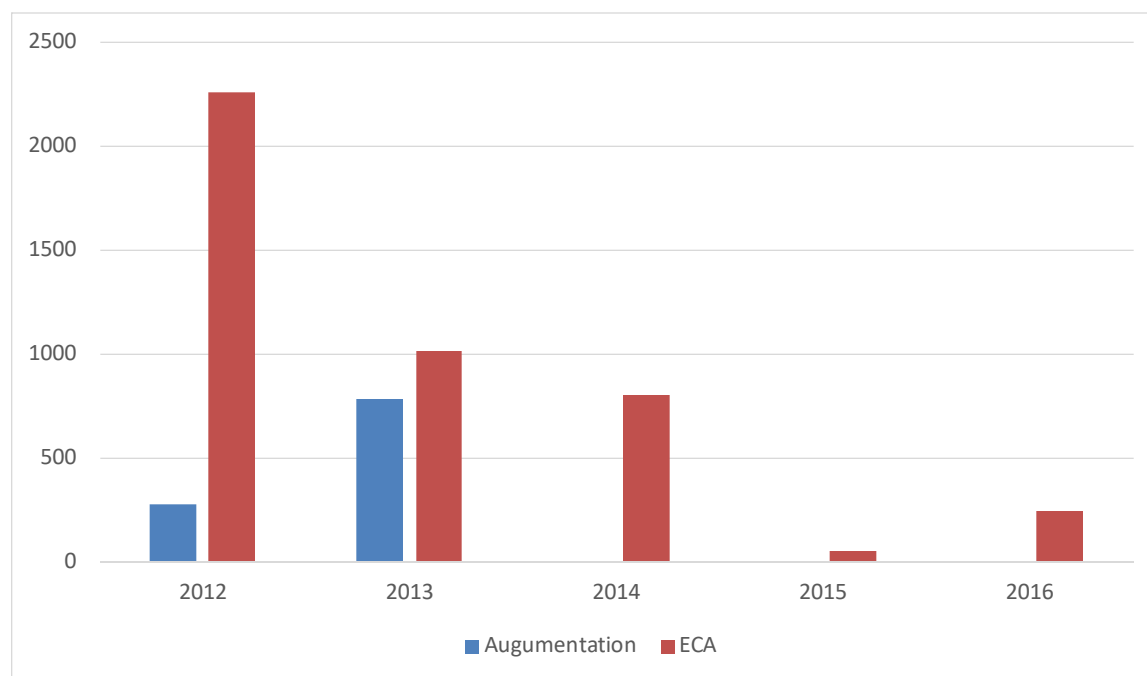
Year	Budget Augmentation	Transfers to Excess Crude Account
	N'million	N'million
2012	272,571	2,257,000
2013	781,317	1,011,000
2014	-	802,000
2015	-	49,000
2016	-	243,000
Total	1,053,888	4,362,000

Source: OAGF Disbursement to FGN, State and LGA Schedule

Figure 11: Comparison of Total Transfers to Excess Crude Account against total Disbursement

As Budget Augmentation 2012 - 2016

Total transfer to the excess crude account was highest in 2012, while budget augmentation was just for two years 2012 and 2013. The highest distributed sum was N781,317million in 2013 and recorded ECA of N1.01billion with total augmentation that year accounting for 59% of the total transfers to the account.



3.4.3.6 Gain on Exchange Difference

Exchange Gain is the revenue differential arising from the exchange rate disparity between the budgeted rate and prevailing rate in the collection and/or remittance of the Federation Revenue by the respective agencies. The table below shows the amount shared by the three tiers of government in the period under review.

Table 12: Gain on Exchange Difference Shared 2012 - 2016

	2012	2013	2014	2015	2016	Total
	N' billion	N' billion	N' billion	N' billion	N' billion	N' billion
Gain on exchange difference	76	-	6	245	406	733

The sum of N733billion was shared among the three tiers of Government between 2012 and 2016

3.4.3.7 Overview Of Mineral Deposits In Nigeria

Overview of the Nigeria Mining Sector

The Nigerian economy is the largest in Africa with a GDP of USD 405.1billion and has a dependency on the Oil and Gas sector. The contribution of the oil sector to Nigeria's Gross Domestic Product (GDP) is slightly on the rise, after witnessing a downward trend over a four-year period between 2013 and 2017. However, despite contributing about 90% to Nigeria's total exports, oil sector's contribution to the GDP remains very low compared to that of the non-oil sector.

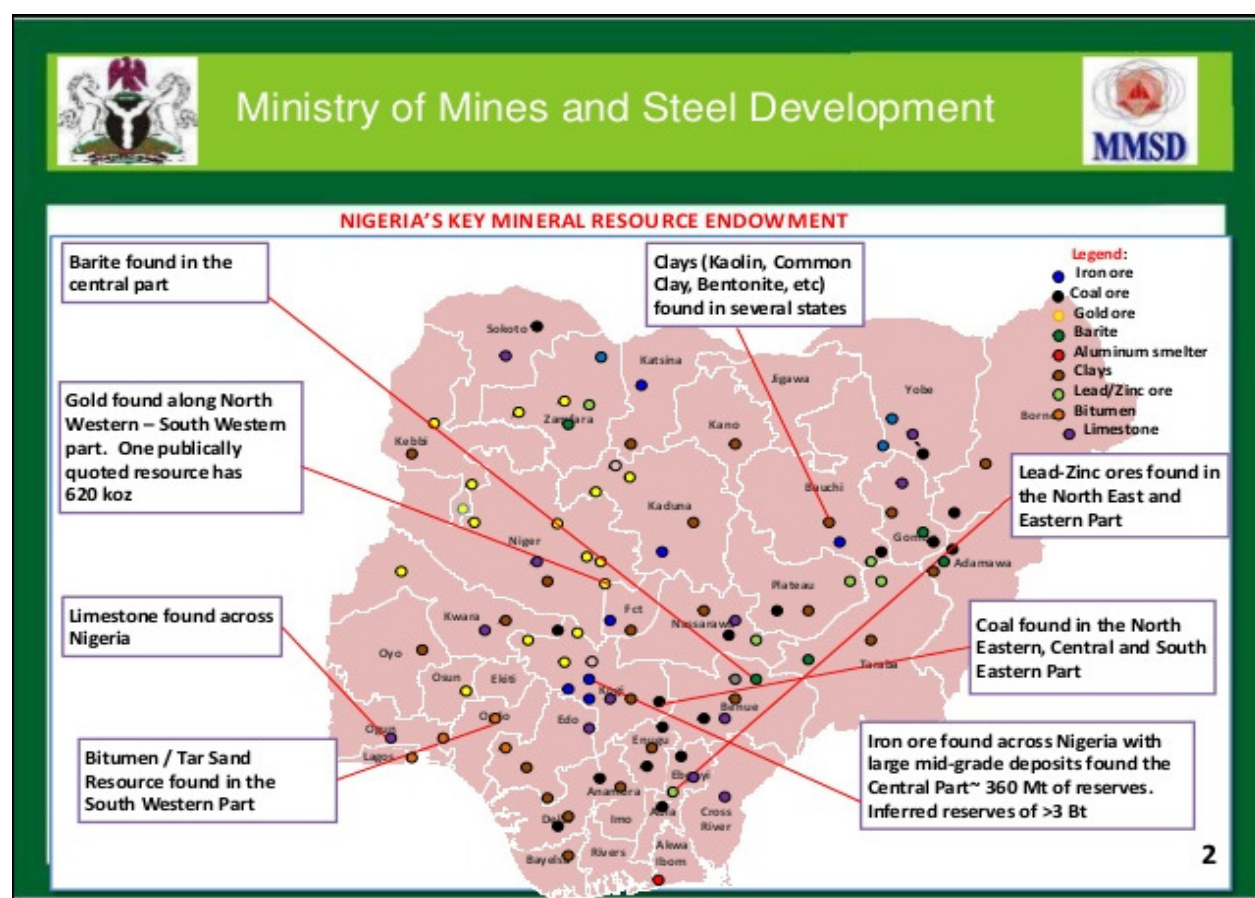
Nigeria is endowed with vast reserves of solid minerals, including, but not limited to, precious and base minerals, industrial minerals, energy minerals and metals. The Country was a major exporter of Tin, Columbite and Coal in the 1960s to early 1970s. However, activities in this sector began to nose-dive considerably by the mid-1970s due to a number of political and economic factors, especially the significant focus on crude oil production as a major source of foreign exchange for the Country.

Successive Governments at the Federal level have demonstrated commitment to revamp the sector. For example, in 1999, a new national focus and strategy on mining evolved and this culminated in the enactment of the Nigerian Minerals and Mining Act (the Act) in 2007, amongst other policy efforts. However, these efforts have only led to an extremely small growth in the sector; with the sector's contributions to the Nation's Gross Domestic Product (GDP) remaining at less than 1% as at 2015. By the first half of 2016, Nigeria entered into a period of economic recession, which continued in the third quarter of the year. The recession was primarily due to dwindling Government revenues; caused by the twin problems of severely impaired local crude-oil production, and low global oil prices. As part of the economic recovery plan, the Government prioritized the diversification of the Country's revenue base, and identified agriculture and mining as the pivotal sectors.

To demonstrate Government's commitment to the diversification plan, the Ministry of Mines and Steel Development (MMSD) issued a revised sector growth and development roadmap, with the objective of addressing the key challenges identified in the sector and outlining strategies for rapid development and utilization of key minerals and metals. One of the targets of the roadmap is the growth of the sector's total contribution (direct and indirect) to Nigeria's GDP to about 10% by 2026.

The mining sector exists today with a well-defined regulatory structure supported by active professional bodies and agencies and accounts for 0.3% of national employment, 0.02% of exports and about USD1.4billion to the Nigerian GDP.

Figure 12: Mineral deposits in Nigeria



Source: Ministry of Mines and Steels Development

Nigeria Country Profile

Location	Western Africa, bordering the Gulf of Guinea, between Benin and Cameroon
Capital City	Abuja
Land area (km ²)	923,768
Administrative divisions	36 state and 1 Federal Capital Territory
Ethnic grouping	Nigeria, Africa's most populous country, is composed of more than 250 ethnic groups amongst them are the Hausa & Fulani, Yoruba and Igbo.
Official Languages	English (official), Hausa, Yoruba, Igbo, Fulani, and over 500 additional indigenous languages.
Population	Over 186 million
Currency	Naira (NGN)
GDP (2016)	USD 405.1billion
GDP-composition by sector(2017 Est)	Agriculture: 21.6% Industry: 18.3% Services: 60.1%

Solid Mineral distribution per state

Table 13: Solid Minerals distribution per state

S/No	States	Potential Minerals in commercial Quantities per state
1	Abia	Glass, sand, limestone, salt, shale, ball clay, granite, galena, marble laterite, bentonite, phosphate, Kaolin, pyrite, feldspar, petroleum lignite, gypsum, sphalerite, clay.
2	Adamwawa	Feldspars, fluorspar, marble, gypsum, magnesite, tantalite, rock crystal, laterites, topaz, sandstones, mercury, glass sand, Zircon, spinel, emerald, graphite, beryl, tourmaline, mica, iron ore, clay minerals, diatomite, coal, garnet, aquamarine, gold dust, columbite.
3	Akwa-ibom	Clay, glass sand, salt, silica sand, granite, coal, petroleum, natural gas, kaolin, limestone, Lignite.
4	Anambra	Clay, iron stone, natural gas, petroleum, sand stone, kaolin, pyrite, lignite
5	Bauchi	Kaolin, trona, gypsum, cassiterite, mica, clay, tantalite, galena, iron ore, gemstone, sphalerite, silica sand, barite. Columbite, Zinc, lead, muscovite, quartz, tin, glass sand, feldspar graphite, wolfram, coal, agate, rutile, tungsten, copper, talc, limestone, Zircon.
6	Bayelsa	Salt, petroleum, natural gas, silica sand, bentonite, petroleum, limestone, glass sand.
7	Benue	Gemstone, barites, feldspar, marble, Mica, Silica sand, quartz, lead, Zinc, ore, clay, shale, magnesite, ilmenite.
8	Borno	Silica sand, natural salt, sapphire, topaz, mica, quartz, gypsum, uranium, iron ore, magnesite, feldspar, granite aquamarine, nepheline, limestone, Kaolin, bentonite, laterite, refractory clay, trona, gold, tin, potash
9	Cross Rivers	Salt limestone, coal, manganese, Mica, limonite, gold, quartz, glass sand, tourmaline, petroleum, natural gas, Kaolin, tin ore, sharp sand, spring water, salt deposit, talc, granite, galena, lead, Zinc, tin ore
10	Delta	Kaolin, lateritic clay, gravel, silica sand, natural gas, petroleum, ball clay, bauxite, granite, river sand, clay, spring water
11	Ebonyi	Lead Zinc ore, salt, limestone, ball clay, refractory clay, gypsum, granite
12	Edo	Copper, gold, marble, granite, gypsum, petroleum, diorite, lignite, limestone, ceramic clay.
13	Ekiti	Clay, quartz, lignite, limestone, granite, gemstone, bauxite, columbine, tantalite.
14	Enugu	Laterite clay, crude oil, kaolinite clay, iron ore, glass sand, petroleum, gypsum. Coal, silica sand ceramics
15	Gombe	Graphite, kaolin, limestone, Silica sand, uranium, coal, halite, clay, gypsum, diatomite
16	Imo	Crude Oil, shale, Natural gas, Kaolin, laterite sand, limestone, salt, marble
17	Jigawa	Glass sand, granite, laterite clay, silica, Kaolin, iron ore, quartz, potash, talc, columbine
18	Kaduna	Muscovite, granite, gold, manganese, clay, graphite, sand, Zircon, Kyanize, tin ore, ilmenite, gemstone, columbite.
19	Kano	Clay, laterite, cassiterite, columbine, ilmenite galena, kaolin, gemstone, silica, tin ore, granite, gold.
20	Katsina	Gold, manganese, lateritic, clay, feldspar, black tourmaline, quartz, kaolin, mica, gypsum, clay, granite, sand, uranium, diamond, graphite, iron ore, potash, silica sand.
S/No	States	Potential Minerals in commercial Quantities per state

21	Kebbi	Salt, iron ore, gold, feldspar, limestone, quartz, manganese, kaolin, mica.
22	Kogi	Clay, iron ore, gemstone, marble, limestone, feldspar, gold, dolomite, phosphate, mica, cassiterite, granite ornamental stone, coal.
23	Kwara	Clay, Kaolin, silica sand, quartz, marble, gold, tantalite, granite, limestone
24	Lagos	Silica sand, bitumen, sharp sand, gravel, petroleum, laterite.
25	Nassarawa	Cassiterite, gemstone, amethyst, beryl, chrysotile, emerald, gamete, sapphire, topaz, barites, galena, monazite, zircon, glass sand, coal.
26	Niger	Bell clay, kaolin, limestone, granite, glass sand, iron ore, red clay, feldspar, silica sand, quartz, asbestos, marble, talc, gemstone, gold, manganese and tantalite.
27	Ogun	Kaolin, feldspar, Silica Sand, Mica, granite, clay, phosphate gypsum, limestone, quartz, tar sand.
28	Ondo	Marble, gold, gemstone, diorite, lignite
29	Osun	Clay, granite, talc, dolomite, feldspar, quartz, limestone, mica, gold.
30	Oyo	Clay, feldspar, granite, limonite, iron ore, kaolin, quartz, talc, marble, dolomite, tourmaline, aquamarine, amethyst, gemstone.
31	Plateau	Monazite, columbine, feldspar, clay, cassiterite, gemstone, kaolin, dolomite, mica, zircon, marble, limonite, barite, quartz, talc, galena.
32	Rivers	Petroleum, natural gas, silica sand, glass sand, clay`
33	Sokoto	Silica sand, clay, salt, limestone, phosphate, gypsum, kaolin, laterite, potash, granite
34	Taraba	Fluorspar, gamete, tourmaline, sapphire, zircon, tantalite, columbite, cassiterite, barite, galena, limestone, laterite, calcite, bentonite clay
35	Yobe	Salt, trona, diatomite, clay, gypsum, kaolin, silica sand, limestone, epsomite, iron ore, shale, uranium, granite, bentonite clay.
36	Zamfara	Gold, alluvia gold, granite, chromite, clay, feldspar, spring water.
37	FCT	Limestone, kaolin, granite, marble, feldspar, mica, dolomite, clay, sand, talc, lead, Zinc, and Gold.

Landmark events in the Mining Sector

- Mining of Tin Ore by Royal Niger company (1905)
- Coal mining begins in Enugu (1914)
- Gold mining begins in Niger and Kogi states (1914)
- Geological Survey of Nigeria established (1919)
- Nigerian Coal Corporation established (1950)
- Minerals Act created to guide exploration and exploitation of minerals (1959)
- Makeri smelter established in Jos (1961)
- Ajaokuta steel company Delta steel company and Inland rolling mills (1979)
- Ministry of Solid Minerals created (1995)
- Mining Act instituted (1999)
- Privatisation of the Steel Companies begins (2003)
- Nigerian Mining Corporation established Nigeria Coal Corporation and Bitarman project (2005)
- First strategy roadmap outlining long-term goals for the sector (2012)

Ministry of Mines and Steels Development (MMSD)

The Ministry of Mines and Steels Development (MMSD) is an agency set up to unlock the economic potentials of the solid minerals sub-sector in Nigeria.

The MMSD was established in 1985 as a bold attempt by the Nigerian Government to spur the rapid and beneficial development of the country's solid mineral resources. It is backed by the Nigerian Minerals and Mining Act, 2007-“An Act to repeal the minerals and mining Act, No 34 of 1999 and re-enact the Nigerian minerals and mining Act, 2007 for the purpose of regulating all aspects of the exploration and exploitation of solid minerals in Nigeria and for related purpose”.

The MMSD is responsible for identifying the nation's solid minerals, advising government on the formulation and execution of laws and regulations guiding the various stages of prospecting, quarrying, and mining; and handling sale and consumption of solid minerals in the country, through the issuance of Permits, Licenses, Leases and Collection of rents, Fees and Royalties.

VISION

To transform Nigerian Mineral and Metal Sector into irresistible Mining destination for global capital, attracting foreign direct investment to grow the sector to optimum level.

MISSION

Exploitation of the mineral endowment spread across the nation and the establishment of a vibrant metal industry for wealth creation, employment generation, poverty reduction, promotion of rural economy and significant contribution to the gross domestic product of Nigeria.

Essentially, the Ministry is charged with the following responsibilities:

1. Formulating policy
2. Providing information and knowledge to enhance investment in the sector
3. Regulating operations in the solid minerals sector
4. Generating appropriate revenue for the government

The objectives of the Ministry include the following:

- i. Develop an industrial minerals strategy to boost the local economy through beneficiation & utilization of domestic minerals
- ii. Develop the steel sector
- iii. Ensure stronger economics and political coordination of minerals and mining policies
- iv. Improve ease of minerals trading
- v. Ensure social equality in the labor force by addressing issues of exploitation of women and children
- vi. Broaden access to finance and improve business climate.

Legislation and Registration Framework

Ministry of Mines And Steel Development oversees all mining activity in Nigeria. The Ministry is supported by Technical directorates and agencies as follows.

1. Mines Inspectorate (MID)
 - Responsible for Operations in exploration, evaluation, mine development and production activities.
 - Responsible for enforcement of mining laws and collection of revenues
 - Ensure safety in operation, maintain a database of operators and production records.
2. Mines Environmental Compliance (MEC)
 - Responsible for the enforcement of environmental best practices
 - Establish environmental procedures and requirements applicable to mining operations and the review of all plans, studies and report
 - Monitor and enforce compliance of all environmental requirements and obligation
3. Mining Cadastre Office (MCO)
 - Responsible for the administration of mineral titles
 - An autonomous institution and the sole agency regarding all matters relating to mineral titles
 - Responsible for interfacing with investors in respect of granting and processing of mineral titles
4. Metallurgical Inspectorate and raw material Development (MIRMD)
 - Responsible for metallurgical inspectorate matters and the development of raw mineral for the metallurgical industry, and advises the ministry on both
 - Set up standard of steel produced in the Country, in liaison with appropriate bodies
5. Artisanal and small scale mining Department (ASM)
 - Organize support and assist small scale mining operations
 - Provide extension services to mining cooperative on exploration, exploitation, mineral processing, entrepreneurial training, environmental management
 - Improve sustainable livelihood in ASM communities.
6. Steel and Non-ferrous metals (SNFM)
 - Regulate tariffs on metal commodities and product
 - Monitor developments in other sectors of the economy that may have adverse effects on the metal sub-sector and recommend appropriate actions
 - Ensure compliance by the metals industry operators with environmentally friendly and technically safe operation

About 11 Parastatals exist under the Ministry, which includes the Nigerian Geological Survey Agency (NGSA), Nigerian Institute of Mining and Geo-Sciences, Jos, Mining Cadastre Office(MCO), Council of Nigerian Mining Engineers and Geo-scientist (COMEG), National Raw Materials Exploration Agency (NSRMEA), Nigerian Coal Corporation, Nigerian Mining Corporation, Bitumen Project, etc.

Work methodology

The objectives of the validation work carried out in the Federal Ministry of Mines and Steels were to verify that:

- Revenue generated from different States with minerals resources were properly accounted for.
- Proper approvals were granted to individuals and States before exploring minerals in various locations.
- Royalties, fees and licenses were remitted to the government through the designated bank accounts.

The documents obtained in accordance with the audit work plan include:

1. The monthly revenue received by the Ministry of Mines and Steel was recomputed.
2. Receipts of Royalty, Fees and License issued to the companies from all the States for the period under review (2012 - 2016).
3. Schedules of payments made per month by the companies from the 36 States including FCT.
4. Bank statements from the Central Bank of Nigeria

3.4.3.8 REVENUE

Sources of Revenue

The Ministry of Mines and Steel Development mainly derives its revenue from royalties on mineral resources, mining licenses issued to mining Companies, registration fees from miners and permits issued to miners on handling of explosive magazines and blasting certificates. The revenue generated by the Ministry was distributed once in 2016 at the Federation Account Allocation Committee (FAAC) Meetings. The Allocation is shared among the States based on the following criteria: Equality (40%), Population (30%), Landmass and terrain (10%), Social development factor (10%) and internal revenue factor (10%).

Revenue Process

- Representatives from the Ministry of Mines and Steel Developments attend the meeting of Federation Accounts Allocation Committee (FAAC) every month.
- The State Account Officers are in charge of revenue generated by each State for the ministry. They keep records of receipts issued by the Ministry and payments received in the account. On monthly basis, the State Account officers prepares a schedule detailing miners activities and amount paid by each miner and renders returns to the Head office at Federal Ministry of Mines and Steel, Abuja where this will be reviewed and verified at the revenue department and other managerial personnel before being presented to FAAC.
- The FAAC meetings proceeding serves as a mandate for the amount to be credited into States' Bank Accounts.

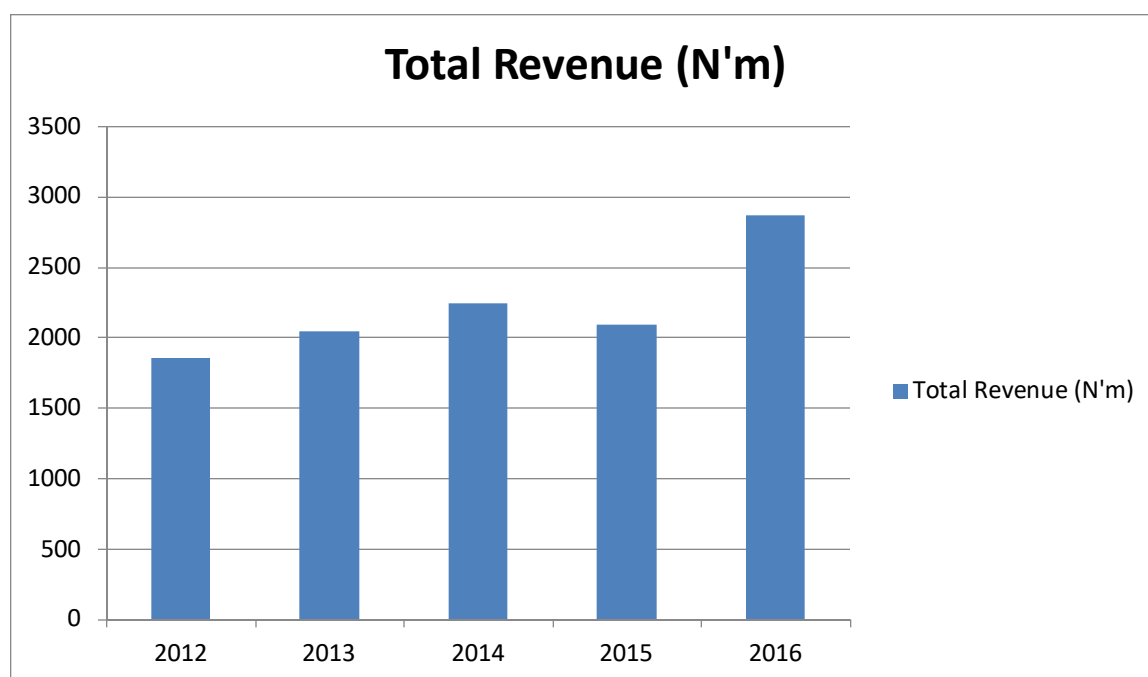
Summary of Annual Distribution of Total Revenue

The table below shows the total revenue generated by the Federal Ministry of Mines and Steel Development during the years 2012 to 2016.

Table 14: Summary of Revenue Generated in the years 2012 - 2016

Year	Total Revenue(N' m)
2012	1,854
2013	2,038
2014	2,236
2015	2,085
2016	2,865
Grand Total	11,078

Figure 13: Total Revenue for MMSD (2012-2016)



Analysis of Revenue for the period

The total revenue generated by the MMSD during the years under review amounted to N11.08 billion in total. The revenue generated increased steadily between the years 2012 to 2014; it increased by 10% from N1.9 billion in 2012 to N2.04 billion in 2013, a further increase by 10% was witnessed in the year 2014, to N2.24 billion. The revenue generated decreased in 2015 as it plummeted to N2.09 billion or a 7% decrease in revenue compared to 2014. However, a 37% increase in revenue was recorded in the year 2016 from N2.09 billion in 2015 to N2.87 billion. The total revenue generated by the Ministry during the years under review amounted to N11.08 billion.

Table 15: Revenue Generated Per State

STATES	2012	2013	2014	2015	2016	TOTAL
ABIA	9,907,600	9,244,124	15,790,481	17,293,679	22,368,232	74,604,116
ADAMAWA	2,952,640	2,955,800	1,296,800	1,090,255	4,816,515	13,112,010
AKWA IBOM	14,966,185	15,156,400	14,883,391	7,181,140	3,125,700	55,312,816
ANAMBRA	3,306,000	4,170,292	5,561,000	5,130,000	4,908,380	23,075,672
BAUCHI	7,741,736	10,641,685	6,903,460	6,018,165	8,381,974	39,687,020
BAYELSA	507,500	2,415,620	2,080,000	1,800,500	5,520,000	12,323,620
BENUE	75,442,076	43,882,208	59,359,726	10,999,990	28,671,260	218,355,260
BORNO	1,541,900	262,500	194,000	-	122,000	2,120,400
CROSS-RIVER	110,858,467	149,961,193	160,003,378	57,881,807	106,417,005	585,121,850
DELTA	4,551,595	5,548,000	5,334,900	23,775,958	5,480,400	44,690,853
EBONYI	45,080,806	69,882,763	73,152,053	47,500,892	57,876,561	293,493,075
EDO	38,654,346	67,591,700	77,042,475	63,697,567	54,082,349	301,068,437
EKITI	6,929,187	5,144,731	5,184,026	7,792,747	8,510,020	33,560,711
ENUGU	1,307,250	40,000	3,095,000	320,000	678,950	5,441,200
GOMBE	30,033,906	38,120,977	54,760,849	42,113,190	35,539,595	200,568,517
IMO	1,446,000	1,418,000	1,175,000	1,250,000	1,676,000	6,965,000
JIGAWA	2,486,125	11,757,671	21,842,453	4,231,867	4,746,712	45,064,828
KADUNA	9,636,565	10,699,335	7,274,627	7,359,159	12,467,449	47,437,135
KANO	9,132,720	17,194,019	11,725,824	7,828,161	12,006,059	57,886,783

STATES	2012	2013	2014	2015	2016	TOTAL
KATSINA	9,680,398	6,960,063	3,971,262	2,248,943	4,070,194	26,930,860
KEBBI	5,958,255	5,541,445	5,921,388	1,985,275	24,056,609	43,462,972
KOGI	190,495,685	238,557,902	198,681,930	248,742,691	333,291,025	1,209,769,233
KWARA	2,317,946	4,650,171	4,588,805	4,245,076	5,431,919	21,233,917
LAGOS	28,821,683	38,648,317	20,020,608	22,671,247	34,509,796	144,671,651
NASARRAWA	6,129,515	7,000,116	8,006,164	8,294,918	12,109,847	41,540,560
NIGER	2,008,634	8,344,091	12,238,484	8,616,835	3,234,055	34,442,099
OGUN	257,209,560	302,343,920	364,757,656	455,414,142	533,600,639	1,913,325,917
ONDO	14,236,117	23,461,526	32,456,642	32,256,319	62,834,647	165,245,251
OSUN	2,101,525	6,567,475	5,535,780	4,655,443	6,961,964	25,822,187
OYO	54,268,081	59,677,760	75,092,092	70,731,574	98,805,861	358,575,368
PLATEAU	14,880,607	32,142,401	29,393,626	19,554,811	55,251,461	151,222,906
RIVERS	12,076,923	19,815,532	12,990,625	9,747,425	7,057,700	61,688,205
SOKOTO	18,787,600	42,614,333	22,893,822	16,396,330	20,686,726	121,378,811
TARABA	19,321,787	8,128,838	16,101,361	2,651,168	3,904,976	50,108,130
YOBE	1,110,708	456,900	646,760	200,000	217,200	2,631,568
ZAMFARA	9,749,655	15,674,920	17,924,551	8,136,933	12,906,674	64,392,733
FCT	136,992,195	133,195,552	138,446,137	112,058,059	117,722,871	638,414,814
FEES	-	-	-	-	1,150,854,100	1,150,854,100
MCO	691,031,138	617,725,885	739,548,801	743,158,815	-	2,791,464,639
TOTAL	1,853,660,616	2,037,594,165	2,235,875,937	2,085,031,081	2,864,903,426	11,077,065,224

Source: Populated Template

From the analysis above, Ogun State generated more revenue from the solid minerals with N1.9billion representing 19% of the total revenue in the period under review, followed by Kogi State with N1.2billion representing 12% of the total revenue.

3.4.3.9 Accessible Revenue to FAAC

In the classification of total MR against NMR and VAT shared by FAAC within the period, the oil-specific revenue heads were added to form the basis of assuming the percentage of oil and gas revenue shared as shown below.

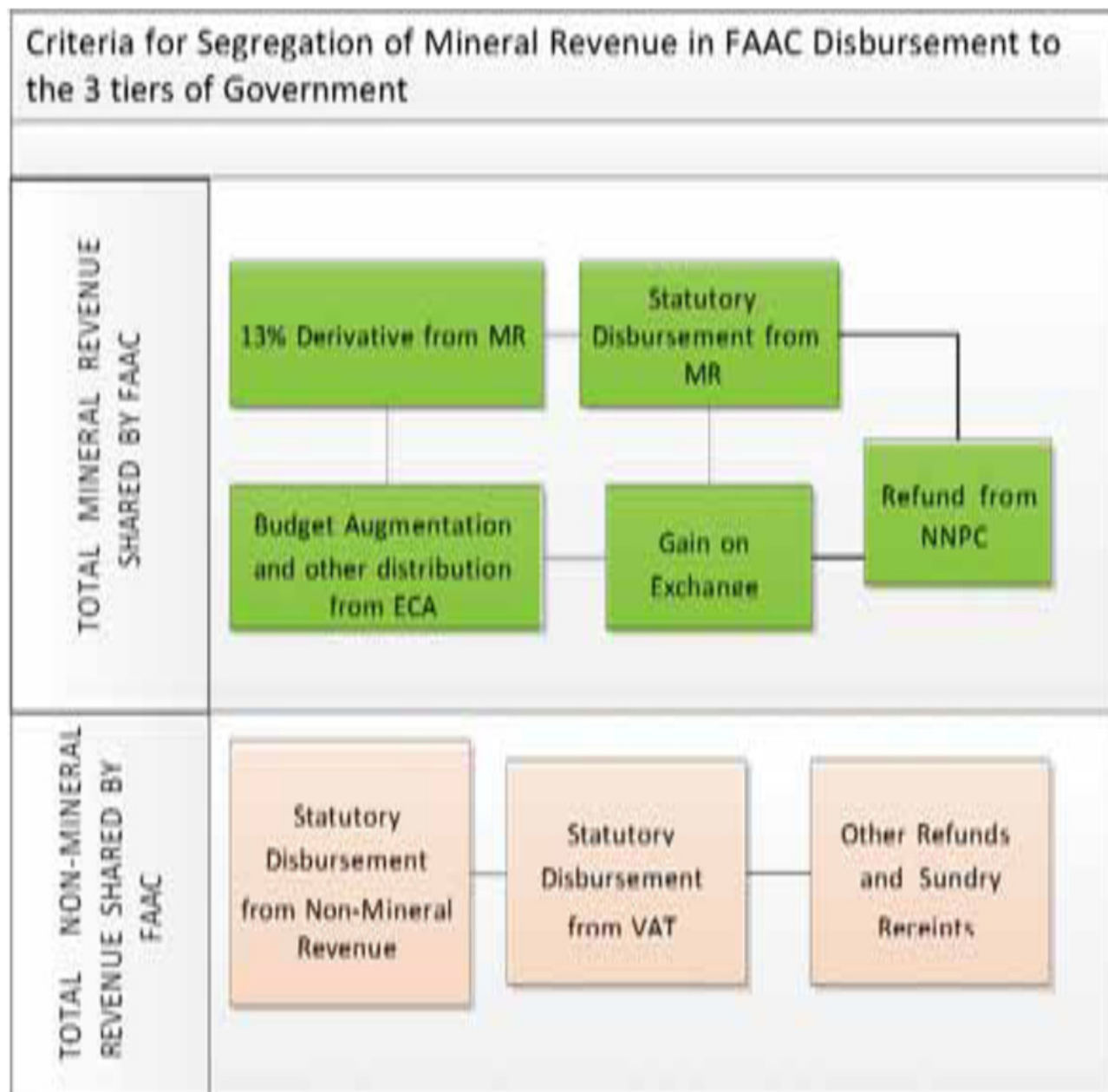


Figure 14: Criteria for segregation of Mineral revenue from Disbursement to the three tiers of Government

Table 16: Total Federation Mineral and Non-Mineral Revenue Disbursement 2012 - 2016

	2012	2013	2014	2015	2016	Total
	₦' billion	₦' billion	₦' billion	₦' billion	₦' billion	₦' billion
MR DISBURSEMENT						
Statutory MR Allocation	4,192	4,731	4,685	2,887	1,653	18,148
Excess crude oil	652	464	76	16	30	1,238
Budget Augmentation	273	781	-	-	-	1,054
Foreign excess crude -SURE P	320	426	426			1,172
Gain on Exchange	76	-	6	245	406	733
Excess PPT	-	-	-	-	323	323
NNPC Refunds	234	91	145	91	76	637
NLNG	-	-	-	350	29	379
Total MR (A)	5,747	6,493	5,338	3,589	2,517	23,684
NMR DISBURSEMENT						
Statutory MR Allocation	1,104	1,259	1,385	1,482	1,454	6,684
VAT	682	764	762	748	778	3,734
FIRS, NCS Refunds	150	-	231	16	-	397
Others	231	-	-	-	13	244
Total NMR (B)	2,167	2,023	2,378	2,246	2,245	11,059
Total FAAC Disbursement (A+B)	7,914	8,516	7,716	5,835	4,762	34,743

Source: Extract from Table 2: Breakdown of Remittances to the Federation Revenue 2012 - 2016. Table 10 Summary of Budget Augmentation and Distributions from ECA 2012 - 2016. Table 11: Gain on Exchange Difference Shared 2012 - 2016.

From Table 12 above, the total N34.743 trillion shared by FAAC between 2012 - 2016 was made up of N23.684trillion from oil-specific revenue (Total Mineral Revenue) and N11.059 trillion from non-oil specific revenue (Total Non-mineral Revenue).

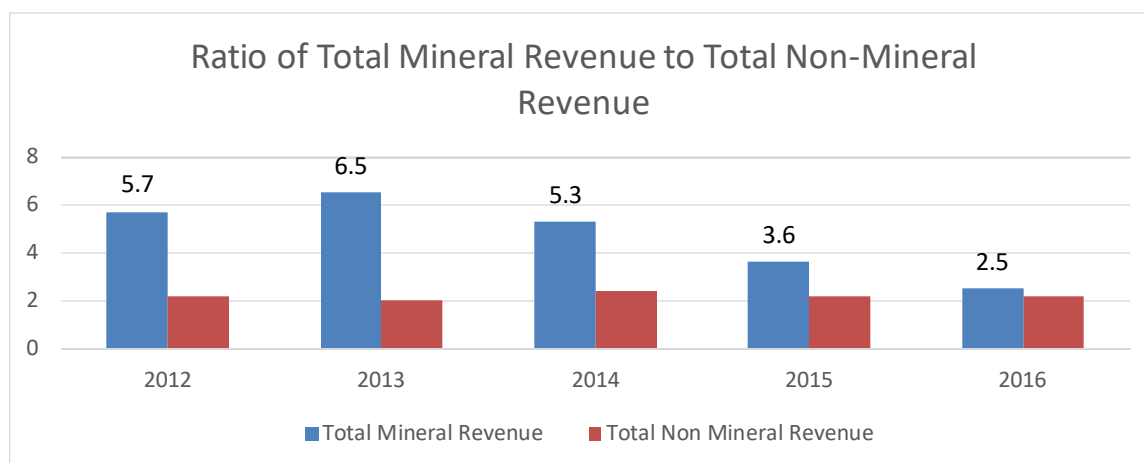


Figure 15: Annual Ratio of Total Mineral Revenue to Total Non-Mineral Revenue from 2012 -2016

The Statutory allocation (MR+NMR and VAT) shared by the 3 tiers of government between 2012 and 2016 was N34.743 trillion; including the total budget augmentation, distribution from ECA, gain on exchange and refunds that were also shared within the same period. The mineral revenue component shared at FAAC meetings from 2012 - 2016 was N23.648 trillion (13% Derivative inclusive). Total Non-mineral revenue for the period was N10.059 trillion out of which VAT stood at N3.734 trillion for the period under review.

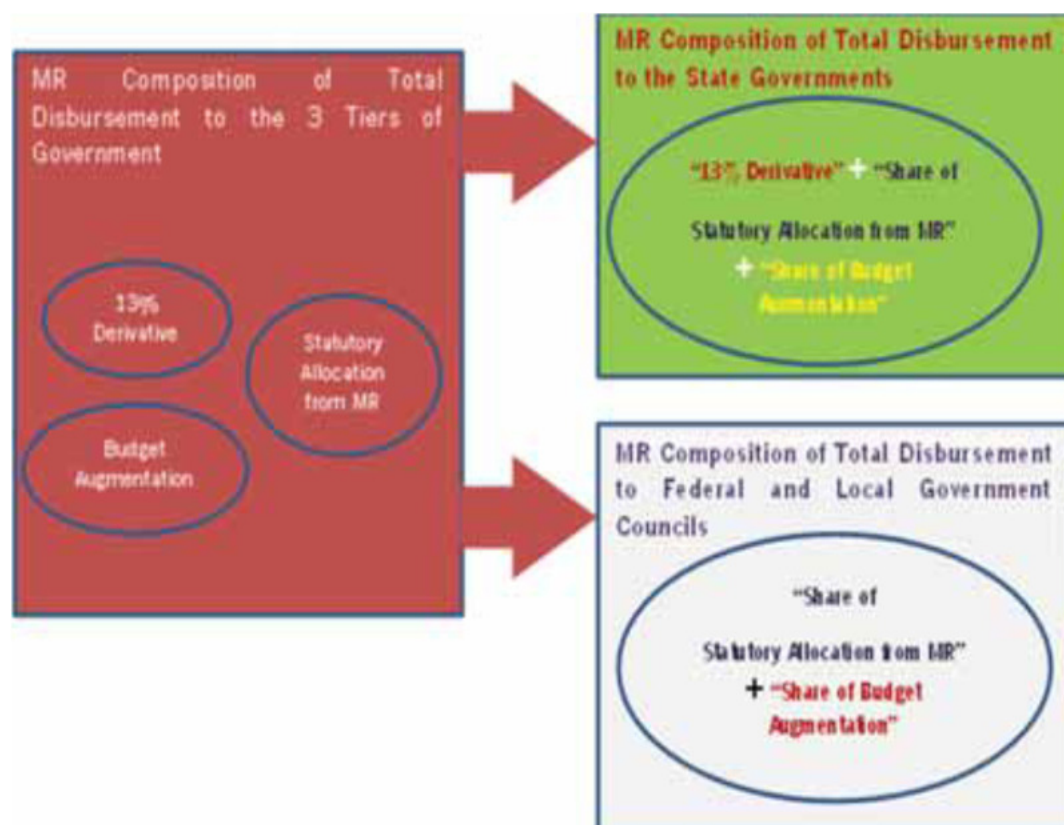


Figure 16: MR Composition of Total Revenue Disbursement 2012 - 2016

It should be noted that the percentages of TMR indicated in Figure 16 above represents the mineral revenue component in the total disbursement from the Federation Account to the three tiers of government.

These percentages vary in the disbursement to the Federal, State and LGAs owing to the effect of 13% derivative.

Total disbursements to State governments have higher mineral revenue content than the disbursements to both Federal and LGCs by virtue of the 13% derivation (Figure 17). Considering that only the nine oil producing States benefit from the 13% derivation, the percentage of MR disbursed to the nine States is higher than the other States of the Federation.

3.5 Fiscal Allocation and Statutory Disbursement 2012 - 2016

3.5.1 Fiscal Allocation

Fiscal allocation is the means by which Nigerian government distributes its resources (revenue earned) among the various levels of government, other agencies and special saving fund accounts in order to improve the nation's economy. This is usually done in monthly Federation Account Allocation Committee (FAAC) meetings attended by all the State commissioners of finance and director of finance from Federal Capital Territory, and is chaired by the Accountant General of the Federation. The issues discussed at the meeting are usually budget implementation, disbursements from and remittance to Federation Account.

3.5.2 The vertical Sharing Model

Vertical Revenue sharing model is the formula for allocating Federation revenue to the Federal, State and Local Government. The current sharing formula is shown below:

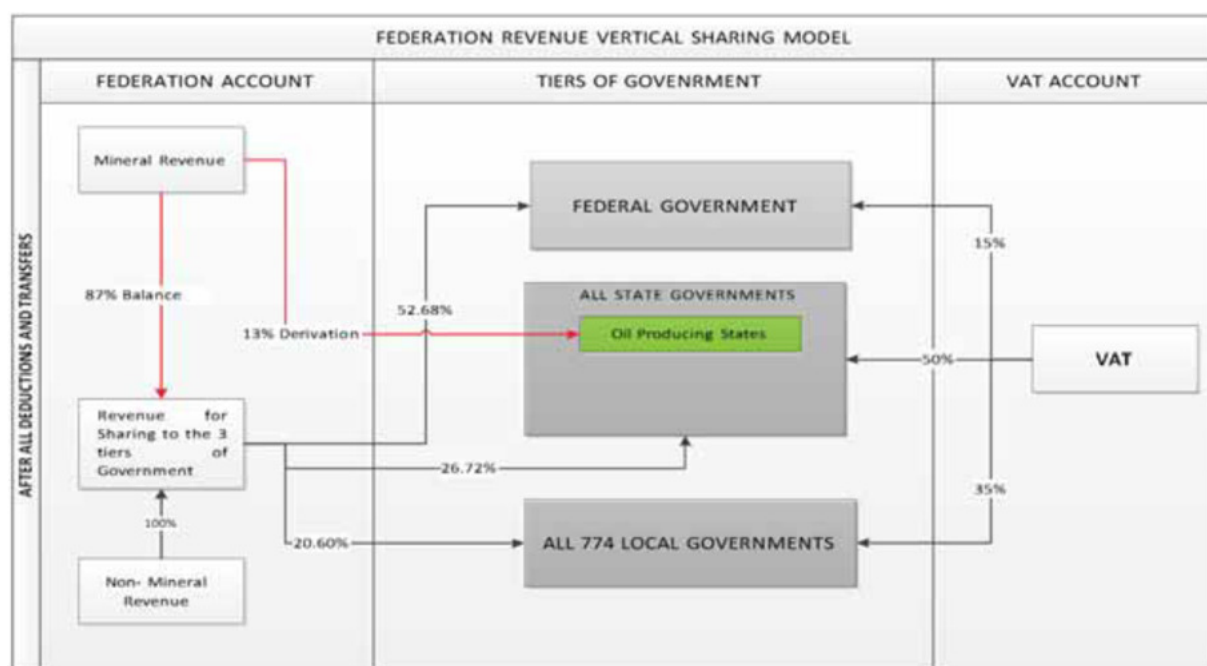


Figure 17: Vertical Sharing Model

From Figure 17 above, the FGN gets 52.68% of the accessible Federation Revenue. The revenue accessible to FAAC for sharing as shown above, is the summation of all Non-mineral Revenue and the remainder 87% of MR (after the deduction of ECA and 13% derivation that is further shared among the nine oil producing states of the federation). Also, the VAT is shared among the Federal, 36 States and 774 Local Governments in the ratio 15:50:35 respectively. Where stated under the first Column of the figure 20 above, the amount available for FASD sharing is the net of all transfers, deductions and collection fees.

3.5.3 Special Accounts with Revenue from the Federation Account

In addition to the sharing above, some Special Accounts derive their income from the Federation Revenue through direct appropriation from the Federal Government's 52.68% share of Accessible Revenue. Shown below is a detailed representation of the vertical formula showing these special accounts and their corresponding share of the Federation Revenue.

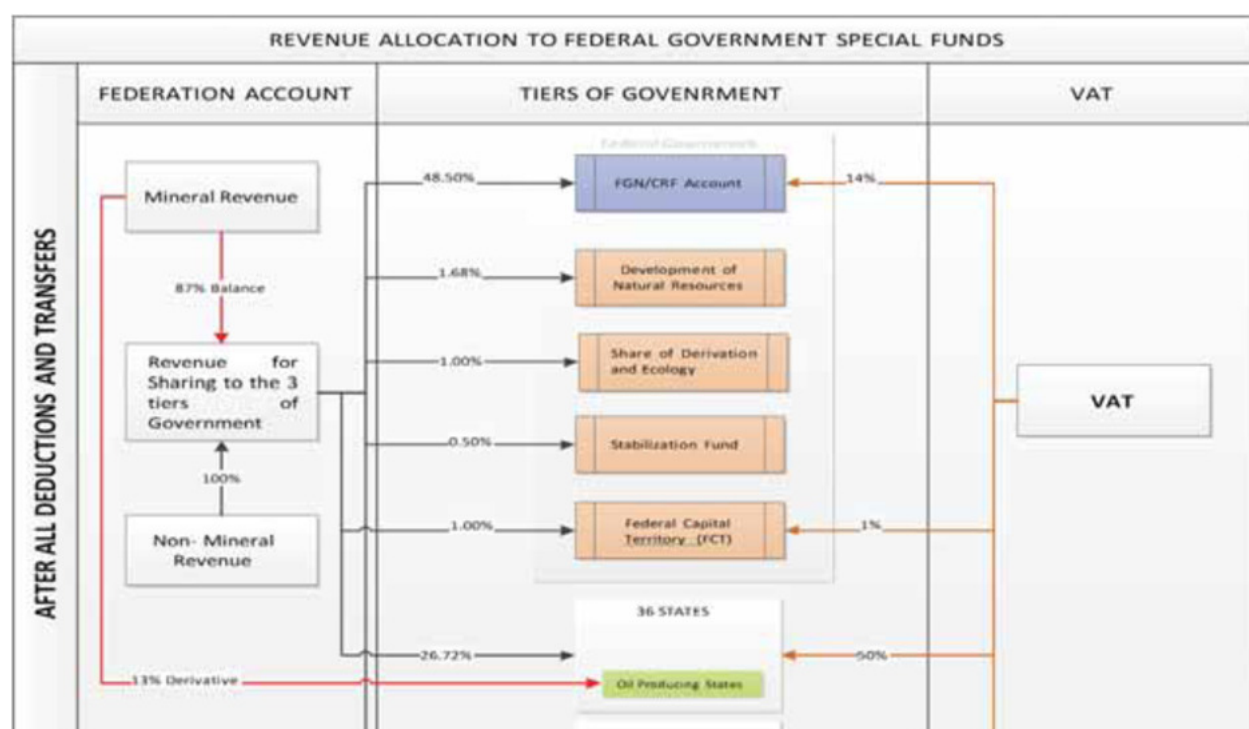


Figure 18: Vertical Sharing Model Showing Allocation to the FGN Special Funds

3.5.4 Actual Disbursement to the 3 Tiers of Governments

3.5.4.1 Mineral Revenue Shared

Disbursements to Federal, State and Local Governments from 2012 to 2016 were carried out in accordance with the Constitution of the Federation. 13% derivative of MR, amounting to N2.359 trillion was further deducted from the revenue for allocation; to be shared by the nine constitutionally acknowledged oil producing States of the Federation as shown in the table below:

Table 17: 13% Derivative Shared by the nine Oil Producing States 2012 - 2016

	2012	2013	2014	2015	2016	Total
	₦' billion	₦' billion	₦' billion	₦' billion	₦' billion	₦' billion
13% Derivative	545	615	609	375	215	2,359

An aggregate of N16.894 trillion was left to be shared by the 3 tiers. The Federal Government received a total of N8.899 trillion from 2012 - 2016 while the 36 State Governments shared N4.513 trillion and the 774 LGCs all shared N3.480 trillion from the Federation's mineral Revenue as shown below:

Table 18: Statutory Mineral Revenue Disbursement to the 3 Tiers of Government 2012 - 2016

Year ₦' billion	FEDERAL	STATE	LGAs	Total
2012	1,921	975	751	3,647
2013	2,169	1,099	848	4,116
2014	2,147	1,089	840	4,076
2015	1,323	671	518	2,512
2016	758	384	296	1,438
Total	8,318	4,218	3,253	15,789

The MR shared by these entities reflected the pattern in the Federation's income for the period.

3.5.4.2 Non-Mineral Revenue Shared

Table 19: Disbursement to the Tiers of Government from Non-Mineral Revenue

Year ₦' billion	FEDERAL	STATE	LGAs	Total
2012	582	295	228	1,105
2013	663	336	259	1,258
2014	730	370	286	1,386
2015	781	396	305	1,482
2016	766	389	299	1,454
Total	3,522	1,786	1,377	6,685

Source: OAGF Component Statement

3.5.4.3 VAT Shared

Table 20: VAT Shared Among the tiers of Government 2012 - 2016

Year ₦' billion	FEDERAL	STATE	LGAs	Total
2012	102	341	239	682
2013	115	382	267	764
2014	114	381	267	762
2015	112	374	262	748

2016	117	389	272	778
Total	560	1,867	1,307	3,734

Source: OAGF Component Statement

Note: The 15%, 50% and 35% sharing formula for VAT among the Federal, State and Local Governments amounted to a total of N560billion, N1,867billion and N1,307billion respectively.

The States and Local Government's shares were also further shared based on the horizontal formula from RMAFC. Details is analysed in the summary of states report

3.5.4.4 Disrtibution of Revenuee from solid Minerals

The sum of ₦9,923,015,028.00 was shared by the three tiers of government as solid minerals revenue for the first time in July, 2016. This is the accumulated revenue from the sector for the period 2011-2014. This amount is inclusive of 13% derivation of ₦1,289,991,953.64 as analysed in table 20 below

Table 21: Distribution of Solid Minerals Revenue among three tiers of Government

S/N	Beneficiary	Amount received ₦
i	Federal Government 'a'	4,547,876,555.57
ii	State Government	2,306,743,765.47
iii	Local Government	1,778,402,753.32
iv	13% Derivation Fund	1,289,991,953.64
v	Sub-total (ii – iv) 'b' **	5,375,138,472.43
vi	Total (a + b)	9,923,015,028.00

** Only the breakdown shown in the table below

Table 22: Distribution of State and Local Government Allocation and 13% Derivation fund

State	No. of LGC	State share ₦	LG share ₦	Actual 13% derivation shared ₦	Total ₦
Abia	17	56,961,197.15	36,912,828.31	11,140,588.98	105,014,614.44
Adamawa	21	60,596,918.36	46,560,235.06	2,515,864.37	109,673,017.79
Akwa Ibom	31	61,160,040.76	62,015,497.10	19,201,194.25	142,376,732.11
Anambra	21	60,483,397.17	46,811,851.51	3,851,971.35	111,147,220.03
Bauchi	20	72,763,553.22	53,140,714.95	8,180,201.06	134,084,469.23
Bayelsa	8	53,824,347.64	21,630,216.11	1,213,982.03	76,668,545.78
Benue	23	68,220,534.88	57,825,322.38	66,828,174.85	192,874,032.11
Borno	27	75,578,575.68	62,780,971.24	794,746.41	139,154,293.33
Cross River	18	61,170,471.08	40,472,914.82	135,457,264.42	237,100,650.32
Delta	25	61,765,107.35	51,860,235.63	5,631,375.37	119,256,718.35
Ebonyi	13	54,421,963.67	29,939,254.01	59,782,444.58	144,143,662.26
Edo	18	56,879,674.21	39,680,099.58	50,183,984.38	146,743,758.17
Ekiti	16	54,391,253.67	31,507,438.04	5,356,621.10	91,255,312.81
Enugu	17	61,175,750.50	40,315,571.10	1,468,826.90	102,960,148.50
FCT-Abuja	6	-	16,158,748.78	135,776,592.55	151,935,341.33
Gombe	11	57,297,809.02	27,624,257.47	42,018,524.48	126,940,590.97
Imo	27	63,246,719.17	54,031,833.40	1,777,987.55	119,056,540.12
Jigawa	27	68,027,713.50	56,765,528.25	8,629,088.11	133,422,329.86
Kaduna	23	79,702,378.70	63,838,211.65	9,509,399.85	153,049,990.20
Kano	44	96,488,602.67	101,635,904.25	10,709,304.78	208,833,811.70
Katsina	34	74,775,921.01	77,377,143.89	8,546,262.42	160,699,327.32
Kebbi	21	64,232,889.21	48,833,283.39	6,205,626.39	119,271,798.99
Kogi	21	67,232,443.71	50,472,775.35	199,959,586.89	317,664,805.95
Kwara	16	54,148,756.44	35,714,775.33	3,580,959.11	93,444,490.88
Lagos	20	81,490,884.45	60,839,983.63	32,628,168.39	174,959,036.47
Nasarawa	13	56,098,228.03	31,863,735.19	6,398,956.70	94,360,919.92
Niger	25	72,055,676.18	58,977,315.96	6,129,160.83	137,162,152.97
Ogun	20	56,514,869.67	42,074,203.96	271,255,495.73	369,844,569.36
Ondo	18	56,626,831.95	40,183,526.17	21,187,303.45	117,997,661.57

Osun	30	55,478,839.77	54,429,602.16	3,954,356.14	113,862,798.07
Oyo	33	68,228,072.43	68,658,696.29	63,564,550.74	200,451,319.46
Plateau	17	63,522,583.81	43,039,803.28	19,707,940.21	126,270,327.30
Rivers	23	65,603,798.15	53,350,222.15	12,396,216.83	131,350,237.13
Sokoto	23	67,041,126.02	53,731,931.04	29,216,464.49	149,989,521.55
Taraba	16	58,596,745.18	40,272,262.08	12,569,414.13	111,438,421.39
Yobe	17	60,405,722.25	40,490,230.16	1,232,668.89	102,128,621.30
Zamfara	14	60,534,368.80	36,585,629.65	11,430,684.94	108,550,683.39
TOTAL	774	2,306,743,765.46	1,778,402,753.32	1,289,991,953.65	5,375,138,472.43

Based on the indices recommended by RMAFC, the amount of ₦1,290,017,753.49 was shared on 13% derivation. However, analysis by the IA showed that actual amount shared was ₦25,799.84 less.

3.5.5 Actual Disbursement to States and LGAs

3.5.5.1 The Horizontal Sharing Formula

The horizontal formula is the adopted sharing arrangement for the disbursement of Federation Revenue to each of the 36 States of the Federation. This formula is also used for the disbursement to each of the 774 LGC's of the Federation.

The States and the LGCs further shared the revenue due to them using the horizontal formula; the percentage due to each State/LGC was determined by RMAFC while the criteria used were as specified in the Constitution of the Federal Republic of Nigeria.

The total gross allocation shown in the table above is the aggregate of the following:

- Mineral and non-mineral revenue available and shared to the State governments
- The 50% share of VAT collection due to the 36 States
- Allocation from budget augmentation and other sundry disbursements
- Finally, the 13% mineral revenue derivation shared amongst the nine (9) oil producing States of the Federation.

3.5.6 Mineral Revenue Components of Disbursement from Federation Account

3.5.6.1 Rationality

The primary objective of the NEITI FASD Audit 2012 - 2016 is to considerably track the Federation's Mineral Revenue (MR) as it is paid, received and utilized by the various stakeholders involved in the realm of affairs. In the previous discourse, the MR flow to the Federation was established and the monthly ratio of MR to total federation revenue calculated, based on this assumption: structure of the Federation Account. It should be noted that Mineral revenue in this context refers solely to oil and gas specific revenue to the Federation; this exempts the MR contents of VAT, WHT, and EDT etc. which could not be traced by virtue of the agreed procedures on this project.

In this part of the report, we set out the specific MR components of the disbursements to the various beneficiaries covered in this project; it also shows the ratio of the MR received by the entities to their individual total revenue for the period.

These ratios are intended to analyse the utilization of the federation's MR by an assessment of the beneficiaries' expenditure pattern over the period under review. This is an attempt to elicit better governance and public awareness through improvement of transparency and accountability; the intent is to achieve sustainable development.

The disbursements and receipts covered in this part of the report are as follows:

- i. FAAC Disbursements 2012 - 2016
- ii. Disbursements to FASD 2012 - 2016 covered beneficiary entities and;
- iv. Disbursements to Selected State Governments

3.5.6.2 Mineral Revenue Component of FAAC Disbursements

100% MR Disbursement

The disbursements that are 100% MR are as follow:

- i. Distribution from Excess Crude Account (ECA)

Excess Crude Account is a stabilization fund which was initiated to protect the implementation of the annual budget from shocks that might arise from shortfalls in oil revenue receipts. The excess of actual revenue on Crude Oil and Gas Sales, PPT and Royalties over revenue funds the ECA. Excess oil revenue over the benchmark volume and price computations accrues to the account. The FMF periodically approves fixed sums to be distributed to the three tiers of government from the ECA.

- ii. 13% Derivation

13% Derivation is the financial incentive provided in the constitution to be distributed to the oil producing communities based on the production input to serve as benefits and encourage the community to create enabling environment for more production of crude oil and gas. 13% of the total monthly MR accrued to the Federation is deducted and shared to the existing oil producing States in the country.

- iii. Budget Augmentation

Budget Augmentation is a procedure for increasing appropriations of a fund with the express intent of employing previously unbudgeted resources of the fund for carrying out the increased appropriations. Excess Crude Proceeds is used for Budget Augmentation of the Federation Expenditure. The Ministry of Finance through the OAGF issues mandate for funds to be transferred from the Excess Crude Proceeds Account to the Federation Account for onward distribution to the three tiers of Government when revenue shortfall lingers for over 3 months.

- iv. Gain on Exchange Difference

Exchange gain is the revenue differential arising from the exchange rate disparity between the budgeted rate and prevailing rate in the collection and/or remittance of the Federation Revenue by the respective agencies.

- v. NNPC Refund

NNPC Refund, which occurred throughout the period under review, is the money refunded to the Federation which was under paid by NNPC.

MR+NMR Disbursement

The FAAC disbursement consisting of both Mineral Revenue (MR) and Non-Mineral (NMR) is the Monthly Statutory Allocation to the three tiers of government. The Statutory Allocation is the monthly distribution of revenue earned and collected by various revenue agencies on behalf of Federal government from mineral and non-mineral revenue shared among the three tiers of government and Federal capital Territory after necessary deductions and transfers have been made.

100% NMR Disbursement

i. Value Added Tax (VAT)

Value Added Tax (VAT) is the tax charged and payable on all supply of taxable goods and services. The Federal Inland Revenue Service acts as collection agency and the net proceeds after deduction of cost of collection (4%) is usually distributed among the Federal (15%), State (50%) and Local government (35%) in the month immediately following the month of collection.

ii. Other Refunds

Other Refunds are monies refunded to the Federation which was wrongly deducted, withheld or under paid by FIRS and NCS.

4.0 Summary of Selected Beneficiary Agencies' Report

The second classification of the covered entities in the FASD Project is the Beneficiary Agencies. They are entities with direct or indirect sources of revenue from the Nigerian Oil and Gas sector, created by the FGN with the responsibility for administration, management, and/or monitoring of the utilization of these funds for the sole purpose of improving the welfare of Nigerians or those specifically identified in their enabling Acts.

A review of the utilization of their funds was conducted and the outcome of the review is as set out below (Annex II shows the detailed report of the Beneficiary Agencies):

4.1 The Disbursement Cycle of the Covered Beneficiaries

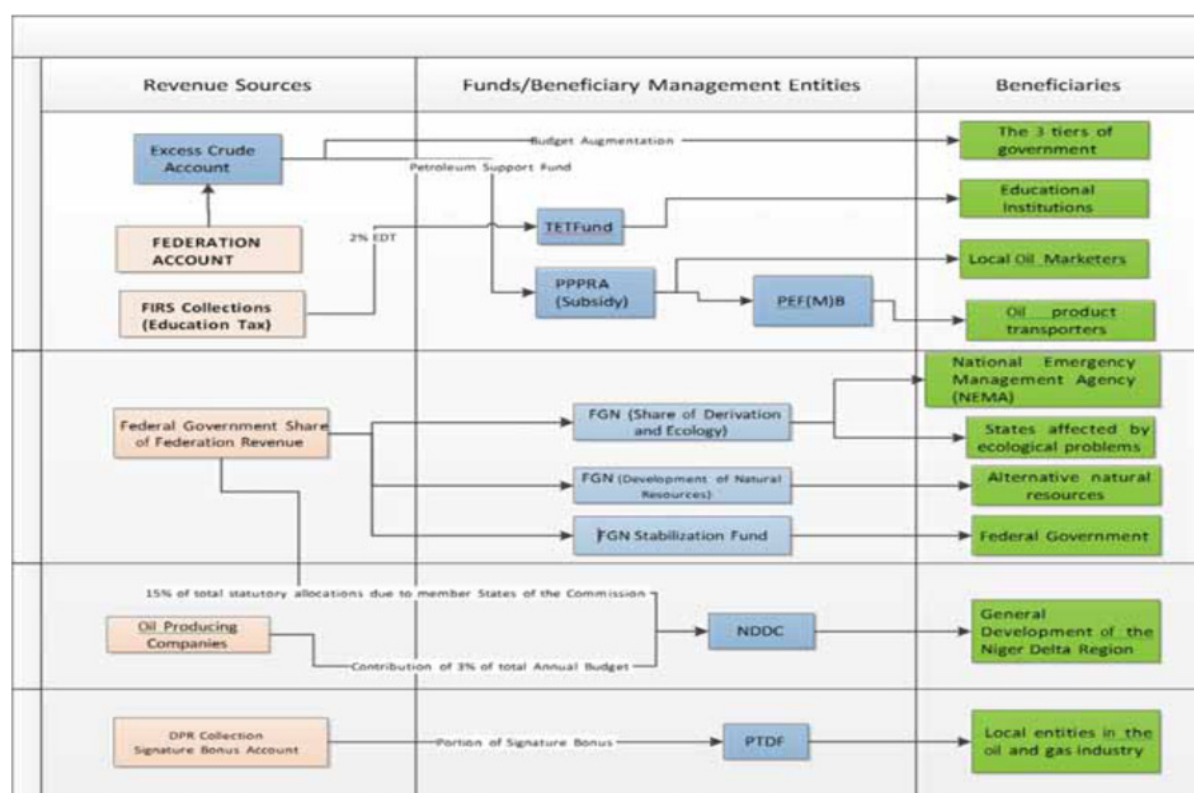


Figure 19: Revenue Cycle of the selected Beneficiaries of the Federation Revenue

4.2 The Federation Account

The Federation Account is a special account maintained by the Federal Government in which all revenues collected by the Federal Government are paid into. The Beneficiary Management Entities responsible for the management and utilization of funds generated into the Federation Account include the following:

i. The Excess Crude Account:

This is funded from the federation Accounts, usually an excess on the budgeted revenue from sales of oil for the period. The Excess Crude Account is used for Budget Augmentations whenever a deficit is recorded in the budgets of the Government.

The ECA is also used to finance the Petroleum Support Funds managed by the Petroleum Products Pricing Regulatory Agency (PPRA) and Department of Debt Management (DMO)

ii. The Tertiary Education Trust Fund (TETFUND)

The TETFUND is an educational fund established to administer the 2% of assessable profit collected from taxable companies registered in Nigeria. The beneficiaries of these funds are the educational institutions.

iii. **Petroleum Products Pricing Regulatory Agency (PPPRA)**

The PPPRA is an agency set up to determine the pricing policy of products and regulate their supply and distribution. The agency is responsible for the administration of the Petroleum Support Fund (PSF) to Oil Marketers. The PSF is a pool of fund used to stabilize the domestic prices of petroleum products against volatility in International Crude and Products Prices. This is done through transfers from the Excess Crude Account. The fund is no longer in operation from 2011 as payment of subsidy is made through Debt Management office (DMO).

iv. **The Petroleum Equalisation Fund**

This is sourced from the PSF and administered by the PEF (M) B; hence, its inclusion as a Beneficiary Agency in this project. The beneficiaries of this fund are the oil product transporters.

v. **The Ecological Fund Office (EFO)**

This agency is charged with the responsibility of administering the 1% Federal Government share of derivation and ecology fund, and the funds are used to relieve the emergencies of ecological problem in the country. The beneficiaries of these funds are the National Emergency Management Agency, and any State affected by ecological problems.

vi. **Natural Resources Development Fund**

Natural Resources Development Fund was established to develop alternative mineral resources. The drive was to reduce the reliance of the Nigeria economy on petroleum. The account was set up to develop other natural resources in each state of the Federation thereby easing total dependence on petroleum. The beneficiaries of such funds are mineral resources other than petroleum.

vii. **Stabilization Fund**

The Stabilization Fund was set up by the government to insulate the domestic economy from shocks in revenue flows, as from commodities such as oil. The beneficiary of this fund is the Federal Government.

viii. **Niger Delta Development Commission (NDDC)**

The NDDC manages a 15% of the total statutory allocation from the Federal Government share of Federation Revenue due to member states of the Commission. It also manages the 3% contribution of total annual budget from Oil producing companies. The fund managed by the NDDC is used to develop the regions under the Niger Delta.

ix. **Petroleum Technology Development Fund (PTDF)**

The PTDF receives and manages Signature Bonuses which are revenues to the Federal government through payments made from the Department of Petroleum Resources for the right to develop a block commercially after a Company wins a Bid round for an oil block. The Petroleum Technology Development Fund (PTDF) is a Fund for the purpose of training and educating Nigerians in the oil and gas industry. Section 2 of the Act provides that the fund shall be available for the purpose of training Nigerians to qualify as graduates professionals, technicians and craftsman in the fields of Engineering, Geology, Science and management in the oil and gas industry in Nigeria

4.3 Niger Delta Development Commission

1. Introduction

The NDDC Establishment Act established the Niger Delta Development Commission in 2000. This Act repealed the oil mineral producing areas Commission decree 1998. It also established the Niger Delta Development Commission with an organised administrative structure for effectiveness. The Act sets out the mandate of the Commission which is to deploy allocations from the Federation Account for tackling ecological problems which arise from exploration of oil minerals in the Niger Delta area.

The Commission was created largely as a response to the demands of the population of the Niger Delta, a populous area inhabited by a diversity of minority ethnic groups. During the 1990s these ethnic groups, most notably the Ijaw and the Ogoni established organizations to confront the Nigerian Government and multinational oil companies such as Royal Dutch Shell. The minorities of the Niger Delta have continued to agitate and articulate demands for greater autonomy and control of the area's petroleum resources.

2. Vision and Mission Statement

The Vision of the NDDC is "A lasting solution to the socio economic challenges of the Niger Delta Region" while the Mission Statement of the NDDC is to facilitate the rapid, even, and sustainable development of the region that is economically prosperous, socially stable, ecologically regenerative, and politically peaceful.

3. Organizational Structure

The organizational structure of the NDDC is spelt out in the ACT establishing it. The Act provides for a governing board, which consists of:

- a) A Chairman;
- b) One person who shall be an indigene of an oil producing area to represent each of the following member States, that is:
 - i. Abia
 - ii. Akwa-Ibom State
 - iii. Bayelsa State;
 - iv. Cross River State
 - v. Delta State
 - vi. Edo State
 - vii. Imo State
 - viii. Ondo State and
 - ix. Rivers State
- c) Three persons to represent non-oil mineral producing States provided that such membership should be drawn from the remaining geo-political zones which are not represented in the Commission;
- d) One representative of Oil producing companies in the Niger Delta nominated by the Oil producing companies;
- e) One person to represent the Federal Ministry of Finance;
- f) One person to represent the Federal Ministry of Environment;
- g) The Managing Director of the Commission;
- h) Two Executive Directors

The Managing Director shall, subject to the general direction of the Board, be responsible for:

- a) The day to day administration of the Commission
- b) Keeping the books and proper records of the proceedings of the Board; and
- c) The administration of the secretariat of the Board and
- d) The general direction and control of all other employees of the Commission

4. Core Functions

The Commission's core functions include:

- a. Formulation of policies and guidelines for the development of the Niger Delta area
- b. Conception, planning and implementation, in accordance with set rules and regulations, of projects and programs for sustainable development of the Niger Delta area in the field of transportation including roads, jetties and waterways, health, empowerment, industrialization, agriculture and fisheries, housing and urban development, water supply, electricity and telecommunications.
- c. Surveying the Niger Delta in order to ascertain measures necessary to promote its physical and socio-economic development.
- d. Preparing master plans and schemes designed to promote the physical development of the Niger Delta region and the estimation of the member states of the Commission.
- e. Implementation of all the measures approved for the development of the Niger Delta region by the federal Government and the states of the Commission.
- f. Identify factors inhibiting the development of the Niger Delta region and assisting the member states in the formulation and implementation of policies to ensure sound and efficient management of the resources of the Niger Delta region.
- g. Assessing and reporting on any project being funded or carried out in the region by oil and gas companies and any other company, including non-governmental organizations, as well as ensuring that funds released for such projects are properly utilized.
- h. Tackling ecological and environmental problems that arise from the exploration of oil mineral in the Niger Delta region and advising the Federal Government and the member states on the prevention and control of oil spillages, gas flaring, and environmental pollution.
- i. Liaising with the various oil mineral and gas prospecting and producing companies on all matters of pollution, prevention, and control.
- j. Executing such other works and performing such other functions, which in the option of the Commission are required for the sustainable development of the Niger Delta region and its people.

4.3.1 NDDC Revenue Distribution by Sources (2012 - 2016)

Table 23: Revenue Distribution by source from 2012 - 2016

	2012	2013	2014	2015	2016	Total
	N' billion	N' billion	N' billion	N' billion	N' billion	N' billion
Mineral Revenue	140.4	149.27	206.7	140	170.3	806.78
Non-Mineral Revenue	0.2	0.08	0.85	0.5	11.4	13.03
	140.6	149.35	207.55	140.5	181.7	819.81

The Commission received NGN806.78 billion during the years under review from mineral revenue which accounted for 98% of the aggregate receipts and NGN13 billion from non-mineral revenue to bring the gross receipts from all sources to NGN819.81 billion.

4.3.2 Recurrent Expenditure

The Niger Delta Development Commission recurrent expenditure includes the Commission's cost of administration; salaries; fees; remuneration; allowances; pensions and gratuities payable to the members of the Board and the employees of the Commission.

The cost of administration also includes the overhead expenses of the following directorates: administration and human resources; community and rural development; utilities infrastructural development and waterways; environmental protection and control; finance and supply; agriculture and fisheries; planning, research, statistics and management information system; legal services; education, health, and social services; commercial and industrial development; projects monitoring and supervision.

4.3.3 Capital Expenditure

Table 24: Annual Capital Expenditure

	2012		2013		2014		2015		2016		Total	
	N ' Mil.	\$ Mil.	N ' Mil.	\$ Mil.	N ' Mil.	\$ Mil.	N ' Mil.	\$ Mil.	N ' Mil.	\$ Mil.	N ' Mil.	\$ Mil.
Education	5,412	-	14,851	-	11,072	-	6,622	-	3,556	-	41,512	-
Health	562	-	6,099	-	10,978	-	5,647	-	5,673	-	28,959	-
Water	760	-	9,286	-	11,528	-	7,051	-	5,344	-	33,968	-
Infrastructure (Electrification)	10,153	-	27,062	-	8,230	-	16,588	-	15,035	-	77,069	-
Agriculture	651	-	200	-	318	-	810	-	800	-	2,778	-
Transportation	2,138	-	1,411	-	1,413	-	1,311	-	1,864	-	8,137	-
Environment	3,048	-	-	102	-	-	-	5,623	-	382	3,048	6,107
Governance	138	-	182	-	256	-	121	-	249	-	947	-
Administrative Expenses	1,876	-	1,441	-	1,069	-	844	-	2,348	-	7,578	-
LAND JETTY EROSION/RECLAMATION	4,792	-	40,106	-	76,221	-	34,061	-	20,151	-	175,331	-
ROAD/BRIDGE	47,547	-	143,771	-	137,319	-	103,154	-	111,519	-	543,311	-
HOUSING/CIVIC CENTER/TOWN HALL	484	-	1,654	-	2,148	-	3,037	-	2,670	-	9,994	-
Total	77,561		246,063	102	260,552		179,246	5,623	169,209	382	932,632	6,107

The table above represents the completed template by the NDDC. It indicates that NGN963.7 Billion and \$6.1 billion were expended on developmental projects and programmes by the Commission within the five years under review.

4.3.4 Findings, Implications and Recommendations

i. Findings

NDDC Revenue - Federal Government

Section 14 (2) of NDDC Act 2000 states that the Federal Government of Nigeria is to contribute the equivalent of 15% of the total monthly statutory allocations due to the member states of the Commission from the Federation Account and 50% of monies due to member states of the Commission from ecological Funds.

It was noted that contribution is based on appropriation in the annual Federal Government budget which is significantly less than the amount due if contributions were made in accordance with enabling Act.

Associated Risks

Due to the deliberate contravention of the enabling act by the Federal Government the set objectives of the Commission may be stalled

Recommendation

It is recommended that the Federal Government of Nigeria contributes to the Commission in accordance with the existing Act. This will uphold the genuineness of the government toward development goals of the region and respect for the extant law, until the Act is amended otherwise.

ii. Findings

NDDC Revenue - Oil and Gas Companies

The enabling Act is silent on the issue of how the budgets of the oil producing companies are obtained by the Commission. It neither mandates the oil and gas producing companies to send copies of their annual budgets to the Commission directly nor directs National Petroleum Investment Management Services (NAPIMS) and the Department of Petroleum Resources (DPR) to forward their budgets to the Commission. Also the Act did not clearly define the components of budget for purposes of determining contribution.

It was also observed that not all oil and gas companies operating within the region actually contributed while some were not willing to contribute the prescribed 3 percent of their annual budget regularly. The enabling act did not have penalties for non-contribution or insufficient contribution. The Commission is void of any powers to inspect the companies' book in order to either verify the basis of respective companies' contribution or enforce compliance.

Associated risks

The determination of the receipts from the oil companies into the NDDC development Fund will be based on the whims and caprices of the oil and gas companies' management disposition.

Existence of different budgets may be made available for various Government agencies in order to reduce company's exposure to the NDDC development Fund,

Limited Funds for developmental purposes and;

Ineffective collection process by the NDDC.

Recommendations

The board should take the necessary steps to get the National Assembly to amend the present NDDC Act 2000 with a view to ensuring that the Commission as of right easily obtains the annual budgets of the oil and gas producing companies, and basis for computation of contribution clearly established.

As a short-term measure, management should obtain copies of the annual budgets of the oil and gas producing companies from the National Petroleum Investment Management Services (NAPIMS) and the Department of Petroleum Resources (DPR) in order to establish contributions due from these companies to the Commission.

4.4 Petroleum Products Pricing and Regulatory Agency

1. Introduction

The Petroleum Products Pricing Regulatory Agency (PPPRA) was established by an Act of the National Assembly in 2003 as an autonomous agency to primarily determine the pricing policy of petroleum products and regulate their supply and distribution. The Agency now has payment of subsidy as one of its major functions.

At the inauguration of PPPRA, the following Funds were created for the Agency:

- The take-off grant from the Federal Government;
- Annual subvention from the Federal Government;
- Loans and grants-in-aid from national, bilateral and multilateral agencies;
- Rents from the Agency's property, fees and other internally generated revenue arising from the services provided by the Agency.

2. Vision and Mission Statements

The Vision of PPRA is to attain a strong, vibrant downstream sub-sector of the petroleum industry, where refining, supply, and distribution of petroleum products are self-financing and sustaining while the mission is to reposition Nigeria's downstream sub-sector for improved efficiency and transparency.

3. Organization Structure

As provided in the law establishing the PPPRA, a governing board oversees the affairs of the PPPRA.

4. Functions

The Agency's core functions include:

- Determining the pricing policy of petroleum products;
- Regulating the supply and distribution of petroleum products;
- Establishing a data bank through liaison with all relevant agencies to facilitate the making of informed and realistic decisions on pricing policies
- Moderating volatility in petroleum products prices, while ensuring reasonable returns to operators;
- Overseeing the implementation of the relevant recommendations and programmes of the Federal Government as contained in the white paper on the Report of the Special Committee on the Review of Petroleum Products Supply and Distribution specified in the second schedule to the Act as they relate to its functions, taking cognizance of the phasing of special proposals;
- Establishing parameters and codes of conduct for all operators in the downstream petroleum sector;
- Maintaining constant surveillance over all key indices relevant to pricing policy and periodically approve benchmark prices for all petroleum products;
- Identifying macro-economic factors with relationship to prices of petroleum products and advice the federal government on appropriate strategies for dealing with them;
- Establishing firm linkage with key segments of the Nigerian society, and ensure that its decision enjoy the widest possible understanding and support;
- Preventing collusion and restrictive trade practices harmful in the sector;
- Exercising mediocrity role necessary for all the stakeholders in the sector;
- Other functions which the national Assembly may confer on the Agency from time to time; and
- Carrying out such other activities as appear to it necessary or expedient for the full and efficient discharge of its functions under the Act.

5. The Fund (PSF)

Oil Marketing/Trading Companies are expected to keep the rules and regulations set by the PPPRA on the management/administration of the Petroleum Support Fund (PSF). The PSF is a pool of fund provided in the budget and contributed to by the three tiers of Government to stabilize the domestic prices of petroleum products against volatility in International Crude and Product prices.

It is expected to be supplemented with the accruals during the period of over-recovery (over-recovery refers to the period at which the PPPRA recommended ex-deposit is higher than the landing cost).

The following are the objectives of the PSF;

- To stabilize the domestic prices of petroleum products against volatility in International Crude oil and Products market
- To create a level-playing field for active participation of NNPC and other

Marketers in products supply and distribution.

- To guarantee effective products availability and distribution nationwide
- To entrench transparency and accountability in the administration of the Fund on petroleum products subsidy in line with the government objectives.

The Stakeholders/Operators involved in this Fund are:

- The Central bank of Nigeria
- Oil Marketing Companies (OM's/TC's)
- The Department of Petroleum Resources
- Petroleum Equalization Fund Management Board (PEF (M) B)
- The Regulatory Agency (PPRA)

4.4.1 PPPRA Revenue Distribution by Sources (2012 - 2016)

The following are the highlights of financial flows of the agency:

- Transfer from Excess Crude Account (ECA) via a mandate from Accountant General of Federation authorizing the CBN governor to transfer funds to PPRA account domiciled with CBN, this is the major source from which subsidy is paid.
- Administrative charges of N0.15 per liter on the imported petroleum products quantities.

The Agency did not receive any amount during the period under review from mineral revenue and non -mineral revenue because Debt Management Office under the Ministry of Finance began handling payment of subsidy from 2011.

4.4.2 Subsidy Payment by NNPC

Subsidy Payment

The NNPC deducted its subsidy payments at source from domestic crude sales. The deductions at source by NNPC might make it impossible for the PPPRA to account for the total subsidy paid. It is on record that amounts payable by NNPC to the Federation Account with respect to domestic crude allocations were paid less the subsidy claims during the period under review.

For the products imported by other marketers, PPPRA issues a Pre Audit Sovereign Debt statement to the marketers (to advise on the amount that is due to them) and notifies the Debt Management Office (DMO), Federal Ministry of Finance and the Federal Ministry of Petroleum.

The DMO prepares a Sovereign Debt Note and notifies the Central bank of Nigeria and PPPRA while Federal Ministry of Finance sources for funds and coordinates the subsidy payment. Eventually the Central bank of Nigeria redeems the matured obligations.

Table 25: 2012-2016 Premium Motor Spirit (PMS) Imported by Independent Marketers And Processed by Petroleum Products Pricing Regulatory Agency

Year	Observed Shore tank Quantity (LTRS '000)	Subsidy (N'000)	Amount	Over-Recovery Amount ('000)
2012	7,714,726		461,040,708	-
2013	10,217,678		522,665,347	-
2014	12,276,444		565,175,071	-
2015	11,217,873		336,235,390	2,835,346
2016	7,817,802		8,499,613	8,835,164
Total	49,244,523		1,893,616,129	11,670,510

From 2012 to 2016, 49.2 billion liters of Premium Motor Spirit (PMS) was the total observed shore tank quantity of imported Premium Motor Spirit (PMS). Based on the liters imported, PPPRA computed and processed subsidy amount and over recovery amount of N1.893 trillion and N11.6 billion respectively.

4.5 Development of Natural Resources Fund

The Natural Resources Development Account was established to develop alternative mineral resources. The drive was to reduce the reliance of the Nigeria economy on petroleum. The account was set up to develop alternative natural resources in each state of the Federation.

Revenue Allocation Arrangement

In July 2002, the modification order 2002 provided for distribution of Federation revenue as follows:

FGN 54.68%
States 24.72%
LGAs 20.60% and
Derivation 13% (Mineral Revenue only)

The breakdown of the Federal Government share is as follows: FGN 48.5%, FCT 1%, FGN share of derivation and Ecology 1.46%, Stabilization Fund 0.72% and the development of minerals 3%.

This Order was adjusted in January 2004 giving birth to the existing revenue allocation formula of FGN 52.68%, States 26.72%, LGAs 20.60% and derivation 13% for mineral resources only. Again, the breakdown for the Federal Government share is FGN 48.5%, FCT 1%, FGN share of derivation and Ecology 1% and Stabilization Fund 0.50% while Development of Natural Resources is 1.68%.

The 1.46% FGN share of Derivation and ecology was created following the Supreme Court ruling on the resources control case in April 2002 stating that the Ecology and derivation Funds were illegal. Prior to that judgment, 2% of the total Federation Account was provided for the amelioration of ecological problems in parts of the country and 1% for the derivation. Therefore to comply with the ruling of the Supreme Court, the 2% Ecology Fund and 1% Derivation were added to their allocations. With the adjustments in January 2004, the FGN share was reduced to 1% and it is paid into a special FGN Fund. However, it is still being used

for amelioration of derivation and ecological problems in any part of the country; in accordance with such directives as may be issued by the President from time to time.

In the 2002 Order, 0.72% was allocated for Stabilization Fund but adjusted in January 2004 to 0.5%. The allocation is added to the FGN share and held in trust for all beneficiaries for unforeseen emergencies. The 3% allocated for the development of natural resources in the 2002 Order was also adjusted in January 2004 to 1.68%. The allocation is for the exclusive management of the FGN to develop alternative sources of revenue for the nation as may be directed by the President.

4.5.1 Revenue

As stated earlier, in January 2004 the disbursement to the Fund was reduced from 3% to 1.68% of the FGN share of allocation of the Federation Account. A review of financial records showed that total sum allocated to the Fund during the period under review was N486.3billion as shown in the table below:

Table 26: Mineral and Non-Mineral Revenue transfers from the Federation Account to

Development of Natural Resources Fund

	2012	2013	2014	2015	2016	Total
	N' million	N' million	N' million	N' million	N' million	N' million
Jan	12,566	7,322	7,573	7,927	5,466	40,853
Feb	10,938	9,738	7,495	6,601	4,857	39,629
Mar	15,302	12,039	8,933	7,861	4,420	48,555
Apr	14,676	9,737	8,463	5,613	3,835	41,804
May	7,014	8,387	8,462	5,762	3,401	33,026
Jun	7,149	9,781	11,856	5,610	4,220	38,616
Jul	6,944	14,059	10,328	13,184	7,964	52,479
Aug	7,834	7,775	8,836	6,855	6,081	37,381
Sep	9,213	9,014	9,074	5,653	7,078	40,031
Oct	6,398	8,570	8,256	5,327	5,284	33,834
Nov	9,452	9,600	7,984	-	4,676	31,711
Dec	13,736	8,563	8,332	11,378	5,812	47,825
TOTAL	121,222	114,585	105,592	81,771	63,094	486,264

Table 27: Statutory Allocation to Development of Natural Resources

	2012	2013	2014	2015	2016	Total
	N' million	N' million	N' million	N' million	N' million	N' million
Jan	6,701	6,802	7,053	7,030	4,706	32,292
Feb	6,904	6,957	7,495	6,198	4,384	30,388
Mar	5,908	6,692	7,894	5,951	4,057	30,501
Apr	7,337	7,415	7,943	4,672	3,480	30,847
May	6,495	7,867	7,943	4,213	3,228	29,746
Jun	6,836	7,519	8,653	4,841	3,598	31,447
Jul	6,425	9,377	8,615	6,982	6,225	37,624
Aug	6,400	7,256	8,206	6,445	4,121	32,427
Sep	6,048	7,918	7,593	5,377	4,762	31,698
Oct	6,208	7,531	6,944	4,825	3,837	29,346
Nov	6,841	6,819	7,152	-	3,083	23,895
Dec	5,938	8,044	6,262	10,573	3,122	33,939
TOTAL	76,543	90,145	91,752	67,107	48,603	374,150

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

The table above shows that out of N486.264 billion income recorded by the Fund N374billion was allocated to Development of Natural Resources Fund from both Mineral and Non-mineral revenue portion of statutory allocation.

4.5.2 Revenue Distribution from other Sources

Other major sources of revenue allocated to the Fund was Excess crude Oil allocation, Exchange gain, share of SURE-P Share from Non-Oil Revenue, Contractual Obligation, share from Excess Petroleum Profit Tax (PPT) and Refunds. This is as shown in the table below:

Table 28: Excess Crude Oil allocation, Exchange gain, share of SURE-P Share from Non-Oil Revenue, Contractual Obligations, share from Excess Petroleum Profit Tax (PPT) and Refunds for 2012 and 2013

Month	2012							Total	2013		
	Distribution from excess crude Oil account	Distribution of Exchange Gain Difference	Distribution from Excess Revenue SURE- P	Distribution of Non-Oil Excess Revenue Account	Contractual Obligation	Allocation of understated amount in CBN component statement	Refund by NNPC to Federal Government		Distribution from excess crude Oil account	Distribution from Excess Revenue SURE- P	Total
	N' million	N' million	N' million	N' million	N' million	N' million	N' million	N' million	N' million	N' million	N' million
Jan	1,472	-	-	-	4,393			5,865	-	520	520
Feb	1,138	-	-	-	4,393			5,531	2,313	520	2,833
Mar	5,001	-	-	-	4,393			9,394	4,827	520	5,347
Apr	2,233	714	-	-	4,393			7,340	1,802	520	2,322
May	-	-	520	-	-			520	-	520	520
Jun	314	-	-	-	-			314	2,261	-	2,261
Jul	-	-	520	-	-			520	3,642	1,039	4,681
Aug	-	394	1,039	-	-			1,433	-	520	520
Sep	2,646	-	520	-	-			3,166	1,096	-	1,096
Oct	190	-	-	-	-			190	-	1,039	1,039
Nov	-	-	520	-	-		2,091	2,611	2,261	520	2,781
Dec	863	-	1,038	2,520	-	3,374		7,795	-	520	520

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

Table 29: Excess Crude Oil allocation, Exchange gain, share of SURE-P Share from Non-Oil Revenue, Contractual Obligations, share from Excess Petroleum Profit Tax (PPT) and Refunds for 2014

2014							
Month	Distribution from excess crude Oil account	Distribution of Exchange Gain Difference	Distribution from Excess Revenue SURE- P	Distribution of Non-Oil Excess Revenue Account	Refund of Loan released to Gombe State Government to secure all public schools and other Special intervention and deducted from statutory allocation of the State.	Refund by NNPC to Federal Government	Total
	N' million	N' million	N' million	N' million	N' million	N' million	N' million
Jan	-	-	520	-	-	-	520
Feb	-	-	-	-	-	-	-
Mar	-	-	1,039	-	-	-	1,039
Apr	-	-	520	-	-	-	520
May	-	-	520	-	-	-	520
Jun	-	-	520	2,683	-	-	3,203
Jul	-	-	520	1,193	-	-	1,713
Aug	-	-	520	-	110	-	630
Sep	-	-	520	532	110	319	1,481
Oct	40	-	520	-	110	640	1,310
Nov	-	-	520	-	110	202	832
Dec	539	90	520	-	110	813	2,072

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

Table 30: Excess Crude Oil allocation, Exchange gain, share of SURE-P Share from Non-Oil Revenue, Contractual Obligation, share from Excess Petroleum Profit Tax (PPT) and Refunds for 2015

2015							
Month	Distribution from excess crude Oil account	Distribution of Exchange Gain Difference	Distribution of Non-Oil Excess Revenue Account	Refund of Loan released to Gombe State Government to secure all public schools and other Special intervention and deducted from statutory allocation of the State.	Refund by NNPC to Federal Government	Others	Total
	N' million	N' million	N' million	N' million	N' million	N' million	N' million
Jan	228	154	-	110	404	-	896
Feb	-	125	-	-	279	-	404
Mar	-	1,487	-	221	202	-	1,910
Apr	-	490	-	110	341	-	941
May	-	362	-	110	202	874	1548
Jun	-	457	-	110	202	-	769
Jul	-	94	5,796	110	202	-	6202
Aug	-	97	-	110	202	-	409
Sep	-	74	-	-	202	-	276
Oct	-	78	-	221	202	-	501
Nov	-	-	-	-	-	-	-
Dec	-	183	-	221	404	-	808

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

Table 31: Excess crude Oil allocation, Exchange gain, share of SURE-P Share from Non-Oil Revenue, Contractual Obligation, share from Excess Petroleum Profit Tax (PPT) and Refunds for 2016

Month	2016							
	Distribution of Exchange Gain Difference	Distribution of Non-Oil Excess Revenue Account	Distribution of Excess PPT	Refund of Loan released to Gombe State Government to secure all public schools and other Special intervention and deducted from statutory allocation of the State.	Refund by NNPC to Federal Government	Excess bank charges	Others	Total
	N' million	N' million	N' million	N' million	N' million	N' million	N' million	N' million
Jan	64	494	-	-	202		-	760
Feb	51	-	-	221	202		-	474
Mar	52	-	-	110	202		-	364
Apr	43	-	-	110	202		-	355
May	36	-	-	110	-	26	-	172
Jun	38	-	-	110	404		70	622
Jul	1,269	145	-	110	202		12	1,738
Aug	1,625	-	-	110	202	23		1,960
Sep	1,272	-	733	110	202		-	2,317
Oct	622	-	512	110	202		-	1,446
Nov	556	-	926	110	-		-	1,592
Dec	582	-	1,595	110	404		-	2,691

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.3 Fund Utilisation from 2012 to 2016

A review of the operations of the Fund from 2012 to 2016 showed that the proceeds were not utilized for the purpose for which the Fund was established. Rather, it served as a borrowing Fund for the Federal Government to meet its obligation. The Federal Government obligations financed through loans from the Fund include:

- i. Servicing of budget deficits
- ii. Release of Fund for Fertilizer procurement
- iii. Release of Fund to Ministry of Agriculture
- iv. Release of Fund to Ministry of Water Resources, monetization arrears for PHCN Staff, and to PENCOR for the purchase of Head office

The amount disbursed during the period under review was ₦543.628 billion.

Table 32: Disbursement from the Fund

Year	2012	2013	2014	2015	2016	TOTAL
	N' million	N' million	N' million	N' million	N' million	N' million
Jan	-	3,434	2,783	27,000	-	33,217
Feb	-	3,158	-	3,132	1,154	7,444
Mar	-	-	36,432	6,869	-	43,301
Apr	-	-	-	-	-	-
May	-	14,516	-	4,100	9,220	27,836
Jun	-	-	-	10,687	8,064	18,751
Jul	-	12,500	6,000	10,000	7,553	36,053
Aug	80,000	-	7,943	-	2,737	90,600
Sep	-	-	55,745	1,159	1,010	57,914
Oct	40,000	-	21,236	2,000	-	63,236
Nov	9,700	80,700	2,895	100	-	93,395
Dec	-	26,826	4,975	-	40,000	71,801
Total	129,700	141,134	138,009	65,047	69,738	543,628

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.4 Categorization of Fund Disbursement

The Federal Government obligations financed through loan from the Fund include:

1. Release of Fund for Hydro Power
 2. Release of Fund to the Office of the Senior Special Assistant to the President (OSSAP)
 3. Release of Fund to Consolidated Revenue Fund (CRF)
 4. Release of Fund to Federal Ministry of Agriculture and Rural Development (FMARD)
 5. Release of Fund to Ministry of Water Resources (FMWR)
 6. Release of Fund to the Federal Ministry of Environment and Health
 7. Release of Fund to the Office of the National Security Adviser
 8. Release of Fund to the Independent National Electoral Commission
 9. Release of Fund to the Nigerian Armed Forces
- Other Release of Funds

4.5.5 Release of Funds for Hydro Power

Between 2012 and 2016, the sum of ₦9.353 billion was released from the Development of Natural Resources Fund to finance Hydro-power in the year 2015 as shown in the table below:

Table 33: Release of Funds for Hydro-Power

DATE	PURPOSE	₦
01/06/2015	Being loan approved by Mr. President to Kashimbilla Hydropower Transmission Project for the evacuation of 40MW Generated from Kashimila Hydro-Power Station. FD/FA/124/VOL.XIV/279/DF	5,000,000,000
20/3/2015	Being amount approved by Mr. President for the Constuction of concrete of embankment on Kargo Dam in Kaduna State.FD/FA/124/VOL.XIV/19/DF	351,350,000
05/07/2015	Being amount approved by Mr. President as Special Intervention Funds for three Dams at Ogwashi-Uku, Barkin Ladi and Irawo. FD/FA/124/VOL.XV/107/DF	4,000,000,000
	TOTAL	9,351,350,000

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.6 Release of Funds to the Office of the Senior Special Assistant to the President (OSSAP)

The sum of ₦7 billion was released from the Fund between 2012 and 2016 to the office of the Senior Special Assistant to the President as indicated in the table below.

Table 34: Release of Funds to the Office of the Senior Special Assistant to the President

DATE	PURPOSE	₦
29/09/2014	Release to School Agriculture Programme (OSSAP-SAP) approved by Mr. President for immediate take off of Schools Agriculture Programme in 12 States of Nigeria. FD/FA/124/Vol. XIII/225/DF	500,000,000
06/11/2015	Being loan approved by Mr. President to enable OSSAP MDGs pay for capital supplementation of consultancy services to the Earth Institute. FD/FA/124/VOL.XV/151/DF	86,680,000
'23/06/2015	Being loan approved by Mr. President to settle OSSAP financial obligation and 2015 Nigerian Christian Pilgrim Onshore and Offshore activities. FD/FA/124/VOL.XV/181/DF	6,352,536,988
	TOTAL	6,939,216,988

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.7 Release of Funds to Consolidated Revenue Fund

The sum of ₦85 billion was released from the Development of Natural Resources Fund to Consolidated Revenue Fund:

Table 35: Release of Funds to Consolidated Revenue Fund

Date	Purpose	Amount (N)
22/08/2012	Loan to CRF to facilitate the funding of 3 rd quarter 2012 Capital Expenditure .FD/FA/124/VOL.XI/67/DF	80,000,000,000
03/06/2015	Being loan approved by Mr. President to CRF to cover the 107 shortfall of mandatory statutory payments and transfers to statutory agencies vide Ref no PRES/87/MF/- 2/552.FD/FA/124/VOL.XIV/345/DF	5,500,000,000
TOTAL		85,500,000,000

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.8 Release of Funds to Federal Ministry of Agriculture and rural Development (FMARD)

The sum of ₦51.2 billion was released from the Development of Natural Resources Fund to Federal Ministry of Agriculture and Rural Development.

Table 36: Release of Funds to Federal Ministry of Agriculture and Rural Development (FMARD)

Date	Purpose	Amount (₦)
11/22/2012	Release to the Federal Ministry of Agriculture and Rural Development approved by Mr. President to mitigate the impact of the flood on farm land and food situation in affected areas and to secure national food supply. FD/FA/124/VOL.XI/169/DF	9,700,000,000
16/01/2013	Release to the Federal Ministry of Agriculture and Rural Dev. for the Control of Transboundary Migratory Pests for 2012 Dry Season National Pest Control Programme in the Northern frontline States of the Country. FD/FA/124/VOL.XI/223/DF	1,456,311,000
29/09/2014	Release to Federal Ministry of Agriculture and Rural Development approved by Mr. President for Youth Employment in Agriculture Program(YEAP) and funds to pays subsidies on fertilizers and seeds that could not be supported by 2013 budgetary releases vide Ref Nos PRES/87/MF/-2/363/95/MARD/113 & RES/87/MF/-2/364/95/MARD/114.FD/FA/124/VOL.XIII/256/DF	31,324,952,239
05/12/2016	Release approved by Mr. President to Federal Ministry of Agriculture & Rural Development as payment for transportation and logistics of maize to IDPs from ₦20billion approved for the Ministry of Agric & Rural Devt-GES.	118,500,000
06/20/2016	Release to Federal Ministry of Agriculture and Rural Development approved by Mr. President as part of payment of Agricultural and Rural Devt -GES 2014/2015.	8,063,895,617
07/04/2016	Release approved by Mr. President to the Federal Ministry of Agric. & Rural Development for completion of twenty Grain Silo Projects	7,552,994,661
15/08/2016	Released to Federal Ministry of Agriculture and Rural Development (NISRAL Escrow - 3rd Party Funding) approved by Mr. President as part of payment of Agricultural and Rural Devt -GES 2014/2015 .	2,682,839,481
	TOTAL	51,209,192,998

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.9 Release of Funds to Federal Ministry of Water Resources (FMWR)

The sum of ₦107.2 billion was released from the Development of Natural Resources Fund to Federal Ministry of Water Resources.

Table 37: Release of Funds to Federal Ministry of Water Resources (FMWR)

Date	Purpose	Amount (₦)
10/05/2012	Release to the Federal Ministry of Water Resources for the Completion of the Gurara Dam with associated facilities as well as the Ilesha Dam. FD/FA/124/VOL.XI/131/DF	40,000,000,000
29/01/2013	Release to the Federal Ministry of Water Resources approved by Mr. President being part payment of outstanding amount of Middle Rima Valley Irrigation Project 2 .FD/FA/124/VOL.XI/276/DF	1,298,841,598

30/01/2013	Release to the Federal Ministry of Water Resources approved by Mr. President being part payment of outstanding amount of Middle Rima Valley Irrigation Project 2 .FD/FA/124/VOL.XI/281/DF	3,000,000,000
30/4/2013	Release to the Federal Ministry of Water Resources approved by Mr. President to pay Messrs SCC Nigeria Ltd. For Azare Jere Irrigation Scheme Phase I (N4,515,864,775.85), Ecological fund(N1billion),Research and development account(1billion),FMWR Gurara Irrigation Scheme Phase I(2billion),MWR Gurara Irrigation Scheme Phase II(1.5billion),MWR Gurara Irrigation Scheme Phase III(1.5billion)and Azare Jere Irrigation scheme Phase II(N3billion).FD/FA/124/VOL.XII/20/DF	14,515,864,775
06/12/2013	Release to the Federal Ministry of Water Resources approved by Mr. President for Azare Jere Irrigation Scheme Phase I(10,325,142,960.07),FWWR Gurara Irrigation Scheme Phase III(N10billion) and Azare Jere Irrigation Scheme Phase II(N6.5million).FD/FA/124/Vol. XII/123/DF	26,825,142,960
23/01/2014	Release to the Federal Ministry of Water Resources approved by Mr. President for the payment of outstanding job done on Galma Multipurpose Dam project. FD/FA/124/Vol. XII/135/DF	2,783,791,768
29/09/2014	Release to Federal Ministry of Water Resources approved by Mr. President for the payment of additional fund being difference in exchange rate for the foreign component of the Construction of Kashimbilla/Gomova Buffer Multipurpose Dam and Associate Structures. FD/FA/124/VOL.XIII/284/DF	13,919,289,285
28/11/2014	Release approved by Mr. President to the Federal Ministry of Water Resources to off-set all Northern Ishan Water Supply Scheme outstanding liabilities. FD/FA/124/VOL.XIV/150/DF	276,877,226
02/03/2015	Release approved by Mr. President to Federal Ministry of Water Resources for the rehabilitation and expansion of Central Ogbia Regional Water Supply Project in Bayelsa State. vide Ref no PRES/100/MWR/132/87/MF/- 2/507.FD/FA/124/VOL.XIV/320/DF	2,632,107,340
07/10/2015	Release approved by Mr. President to Federal Ministry of Water Resources for the provision of access road to resettle Communities at Kasambila Multipurpose Dam in Taraba State. FD/FA/124/VOL.XV/211/DF	2,000,000,000
	TOTAL	107,251,914,952

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.10 Release of Funds to Federal Ministry of Environment and Health

The sum of ₦679, 200,000 was released from the Development of Natural Resources Fund to Federal Ministry of Environment and Health:

Table 38: Release of Funds for Federal Ministry of Environment and Health

Date	Purpose	Amount (₦)
29/01/2013	Release to the Federal Ministry of Environment approved by Mr. President for environmental clean-up/remediation and awareness raising campaign and continuation of treatment of lead poison patient in Zamfara State. FD/FA/124/VOL.XI/275/DF	479,200,000

29/01/2013	Release to the Federal Ministry of Health approved by Mr. President for environmental clean-up/remediation and awareness raising campaign and continuation of treatment of lead poison patient in Zamfara State. FD/FA/124/VOL.XI/275/DF	200,000,000
	TOTAL	679,200,000

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.11 Release of Fund to the Office of the National Security Adviser

The sum of ₦42.5 billion was released from the Development of Natural Resources Fund to the National Security Adviser:

Table 39: Release of Funds to the Office of the National Security Adviser

Date	Purpose	Amount (₦)
25/03/2014	Release to the Office of the National Security Adviser approved by Mr. President for protection of twenty (20) Dams including Helicopter surveillance, rehabilitation of Kiri Dams and construction of Mangu Dam vide letter ref Nos PRES/87/MF/-2/235/100/MWR/107/149/NSA/625 and NSA/SH/600/A of 6 March 2014.FD/FA/124/Vol. XII/173/DF	36,432,423,968
16/7/2015	Loan approved by Mr. President to the Office of the National Security Adviser to execute Capital Project. FD/FA/124/VOL.XV/221/DF	5,000,000,000
02/16/2016	Loan approved by Mr. President to the Office of the National Security Adviser as outstanding balance of 2015 Capital Expenditure for Presidential Air Fleet.	1,153,947,589
	TOTAL	42,586,371,557

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.12 Release of Funds to Independent National Electoral Commission

The sum of ₦30 billion was released from the Development of Natural Resources Fund to the Independence National Electoral Commission:

Table 40: Release of Funds to Independent National Electoral Commission

Date	Purpose	Amount (₦)
09/01/2014	Loan to Independent National Electoral Commission (INEC) approved by Mr. President being to prosecute the forthcoming Election vide letter Ref Nos CME-HMF/FMF/AGF/1/2014 and PRES/87/MF/-2/399.FD/FA/124/Vol. XIII/191/DF	10,000,000,000
01/12/2015	Loan approved by Mr. President to Independent National Electoral Commission for preparations and conduct of 2015 General Election.	20,000,000,000

	Vide ref no CME HMF/PRES/INEC/1/2015.FD/FA/124/VOL.XIV/283/DF	
	TOTAL	30,000,000,000

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.13 Release of Funds to the Ministry of Mines and Steel Development

The sum of ₦158.3 million was released from the Development of Natural Resources Fund to Ministry of Mines and Steel Development:

Table 41: Release of Funds to the Ministry of Mines and Steel Development

Date	Purpose	Amount (₦)
08/02/2013	Release to The Ministry of Mines and Steel Development approved by Mr. President for safer mining practices in respect of lead poisoning in Zamfara State. FD/FA/124/VOL.XI/285/DF	158,300,000

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

4.5.14 Release of Funds to the Nigerian Armed Forces

The sum of ₦10.9 billion was released from the Development of Natural Resources Fund to The Nigeria Armed Forces:

Table 42: Release of Funds to the Nigerian Armed Forces

Date	Purpose	Amount (₦)
10/08/2014	Release to Nigerian Army as loan to meet the financial requirements /Sustenance of troop deployed for the 3rd Quarter of operation Zaman Lafiya by the Nigeria Army .FD/FA/124/VOL.XIII/354/DF	6,235,487,200
04/12/2014	Being loan approved by Mr. President to Nigerian Air Force Operation account to meet the financial requirement for the month of August to October 2014 for the operation of Zaman Lafiya by Nigerian Air Force vide letter Ref No. PRES/87/MF/-2/466 .FD/FA/124/VOL.XIV/168/DF	4,697,837,900
	TOTAL	10,933,325,100

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger.

4.5.15 Other Release of Funds

The total funds disbursed to the beneficiaries and Agencies amounted to ₦187,318,065,110 as seen in the table below:

The Details of other Funds released from the Development of Natural Resources Fund during the period under review includes:

- Release of funds to Bank of Agriculture
- Release of funds to Bank of Industry
- Release of funds for the funding of 2013 4th Quarter Capital Project & completion of 3rd Quarter outstanding Capital Project and ASUU Obligation
- Release of funds to Nigerian Electricity Regulatory Commission
- Release of funds to Gombe State Government

- Release of funds to Lucius E. Nwosu(SAN) on the final satisfaction of Judgment Debt of N37.5billion in respect of genocide at Odi in Kokokuma LGA of Bayelsa State
- Release of Fund to Special Fund for Health Emergency for the provision of hand sanitizers for schools and critical public places.
- Release of Fund to the National Schools Agriculture Programme
- Payment of outstanding liabilities arising from the non-release of Federal Budgets for maintenance of Irrigation
- Contribution of counterpart fund for the collaboration of Federal Ministry of Science & Technology with the Pontifical Council for Culture, Vatican City on the Assumption Science Centre
- Release of Fund as Government compensation to Albakar Air Plc
- Release of funds to the Presidency and State House for the payment of entitlement of outgoing President and Vice President
- Release of Fund to meet Critical End-Of-Month Administration payment
- Release of Fund to the Development Bank of Nigeria for startup expenses and initial operating costs.
- Release of Fund to State House for the payments of Contractors, Consultants and Service Providers
- Payment to Tak Agro
- Payment to NOTORE Chemical Industry
- Payment to WACOT PLC
- Payment to MASLAHA Seed Co
- Payment to Elephant Group
- Release of Fund for the control of locusts and other outbreak

Table 43: Other Releases from the Fund

DATE	PURPOSE	AMOUNT
07/10/2015	Release approved by Mr. President to help meet Critical End -Of-Administration Payments. FD/FA/124/VOL.XV/209/DF	3,000,000,000
09/23/2015	Release approved by Mr. President to FCTA to meet Critical End-Of-Administration Payment. FD/FA/124/VOL.XV/226/DF	1,159,000,000
11/04/2015	Being loan approved by Mr. President to the Development Bank of Nigeria for startup expenses and initial operating costs.	100,000,000
11/06/2015	Release approved by Mr. President to State House for the payments of Contractors, Consultants and Service Providers. FD/FA/124/VOL.XV/243/DF	2,000,000,000
03/05/2016	Released to Tak Agro Limited approved by Mr. President as part payment of Agricultural and Rural Devt -GES 2014/2015	1,225,972,333
03/05/2016	Released to Notore Chemical Industries approved by Mr. President as part payment of Agricultural and Rural Devt -GES 2014/2016	2,554,952,525
03/05/2016	Released to WACOT Plc. approved by Mr. President as part payment of Agricultural and Rural Devt -GES 2014/2017	2,994,470,531
03/05/2016	Released to Maslaha Seeds Co. approved by Mr. President as part payment of Agricultural and Rural Devt -GES 2014/2018	405,816,763
26/05/2016	Released to Elephant Group Limited approved by Mr. President as part of payment of Agricultural and Rural Devt -GES 2014/2015 and FIRS Income Tax	1,920,052,750
26/08/2016	Released to approved by Mr. President to settle the Judgement Debt as part of payment of Agricultural and Rural Devt -GES 2014/2015 .	33,500,000
29/09/2016	Release approved by Mr. President for the control of locusts and other outbreak in Niger Republic and the Bordering States.FD/FA/124/VOL.XVII/104/DF	999,745,582
30/12/2016	Being loan approved by Mr. President as part of =N=60,000,000,000.00 for the payment of Statutory Agencies, Salary shortfalls, Military Pension Cost, Overhead Cost and State House Expenditure.FD/FA/124/VOL.XVII/109/DF	40,000,000,000
18/06/15	Outward Telex-SwiftAC-0020054141328.FT1516900290\BNK	23,492,164
18/06/15	Outward Swift Payment AFRICAN UNION(AU)CHASUS33BNG PAYMENT OF 2015 OUTSTANDING CONTRIBUTION TO THE AFRICAN UNION.FT1516900290\BNK	2,349,210,728
29/09/16	RTGS Transaction De RTGS INTERFACE ACCOUNT PYMT TO FEEDALL INT. SERVICE BY AGF.FT1624202602	2,130,690
29/09/16	RTGS Transaction De RTGS INTERFACE ACCOUNT PYMT TO ALHAJI DASH NIG LTD BY AGF.FT1624202604	9,066,876
29/09/16	RTGS Transaction De RTGS INTERFACE ACCOUNT PYMT TO ECHERA CHA AMANA BY AGF.FT1624202605	1,302,088
29/09/16	RTGS Transaction De RTGS INTERFACE ACCOUNT PYMT TO VEE GEE JAY AGRO ALLIED LTD BY AGF.FT1624202606	7,137,615
29/09/16	RTGS Transaction De RTGS INTERFACE ACCOUNT PYMT TO OLUWADARASIMI VENTURES BY AGF.FT1624202607	183,476
29/09/16	RTGS Transaction De RTGS INTERFACE ACCOUNT PYMT TO I.S DINAS NIG LTD BY AGF.FT1624202608	796,543
	TOTAL	187,318,065,110

DATE	PURPOSE	₦
23/07/2013	Release to Bank of Agriculture approved by Mr. President for Restructuring Development Finance Institutions(DFIs)in Nigeria for Bank of Agriculture for the purpose of extension of credit to farmers(50% payment of N15billion approved).FD/FA/124/VOL.XII/88/DF	7,500,000,000
23/07/2013	Release to Bank of Industry approved by Mr. President for Restructuring Development Finance Institutions(DFIs)in Nigeria, given to Bank of Industry Limited(BOI)(50% payment of N10billion approved) .FD/FA/124/VOL.XII/88/DF	5,000,000,000
27/11/2013	Being loan approved by Mr. President for the funding of 2013 4th Quarter Capital Project & completion of 3rd Quarter outstanding Capital Project and funding of ASUU Obligation on Revitalisation of University infrastructure ,Construction of National Assembly Principal Officers Residences and Security Funding for Anambra Election. FD/FA/124/Vol. XII/114/DF	80,700,000,000
07/03/2014	Loan to Nigerian Electricity Regulatory Commission approved by Mr. President for the payment of 1st instalment on the identified building for the Commission's Headquarter and will be refunded by Budget Office of the Federation through 2015 Budget. FD/FA/124/Vol. XIII/24/DF	6,000,000,000
15/08/2014	Loan to Gombe State Government approved by Mr. President being FGN support to secure all public schools and other Special intervention for repayment in 72 installments from statutory allocation of the State. FD/FA/124/Vol. XIII/142/DF	7,943,783,465
10/08/2014	Release to Lucius E. Nwosu(SAN) as loan being final satisfaction of Judgment Debt of N37.5billion iro genocide at Odi in Kokokuma LGA of Bayelsa State vide PRES/87/MF/-2/338.FD/FA/124/VOL.XIII/121/DF	15,000,000,000
11/03/2014	Release being approved by Mr. President to Special Fund for Health Emergency for the provision of hand sanitizers for schools and critical public places. vide REF no PRES/87/MF/-2/446/90/MH/218.FD/FA/124/VOL.XIV/123/DF	2,894,531,250
02/03/2015	Release approved by Mr. President for the National Schools Agriculture Programme vide Ref no PRES/87/MF/-2/512.FD/FA/124/VOL.XIV/303/DF	500,000,000
03/06/2015	Being amount approved by Mr. President for the payment of outstanding liabilities arising from non-releases of Federal Budgets for maintenance of Irrigation Structures. FD/FA/124/VOL.XIV/10/DF	1,017,669,731
20/05/2015	Release approved by Mr. President as counterpart fund for the collaboration of Fed. Min. of Science & Technology with the Pontifical Council for Culture, Vatican City on the Assumpta Science Centre, Ofekata-Owerri (ASCO), Imo State. FD/FA/124/VOL.XV/117/DF	100,000,000
06/11/2015	Being loan approved by Mr. President as Government compensation to Albakar Air Plc. FD/FA/124/VOL.XV/146/DF	300,000,000
06/11/2015	Being loan approved by Mr. President to Presidency, State House for the payment of entitlement of outgoing President and Vice President. FD/FA/124/VOL.XV/147/DF	1,575,250,000

SOURCES: CBN Development of Natural Resources account statement from 2012 to 2016 and OAGF 3.00%
FGN Development of Natural Resources Ledger

4.5.16 Account Balance

The account balance as reported in the account bank statements as at 30 December 2016 was ₦50,775,126,326 (Fifty Billion seven hundred and seventy five Million one hundred and twenty six thousand three hundred and twenty six naira).

4.5.17 Account Reconciliation

A reconciliation of the bank statements from 2012 to 2016 shows the result below:

Table 44: Reconciliation of Account Balances 2012 - 2016

ITEMS	₦
Opening Balance as at January 30, 2012	108,138,781,262
Add: Inflow during the period under review (2012 to 2016)	486,263,889,975
Expected Balance	594,402,671,237
Less: Balance as at December 30, 2016	50,775,126,326
withdrawals Made during the year	543,627,544,911

SOURCES: CBN Development of Natural Resources account 20054141328 statement from 2012 to 2016 and OAGF 3.00% FGN Development of Natural Resources Ledger

From the table above, the opening balance on the account as at January 30, 2012 was ₦108 billion, total inflow into the account from 2012 to 2016 was ₦486 billion. Therefore, the expected balance as at December 30, 2016 was ₦594.4 billion. This is the expected balance during the period under review since the Fund was not utilized for the purpose for which it was established. Some of the loans disbursed were not repaid during the period under review.

Recommendations

1. The Natural Resources Development Account was established to develop alternative natural resources in each State of the Federation. The drive was to reduce the reliance of the Nigeria economy on petroleum. However, our audit revealed that disbursements were made to MDAs for various expenditures outside the purpose of setting up the fund. As such, we recommend a comprehensive audit of the fund to ensure transparency in its administration and application. This audit should be carried out on transactions from inception of the fund to date.
2. The Federal Government should have operational guidelines for the release of Funds mainly for stabilization purposes.

4.6 Share of Derivation and Ecology

Establishment

The Ecological Fund was originally established in 1981 through the **Federation Account Act (1981)** based on the recommendation of the Okigbo Commission. The Act has subsequently been modified by Decrees 36 of 1984 and 106 of 1992 respectively; and further modified through the Allocation of Revenue/Federation Account etc. (modification) order of 8th July 2002. The Fund is an intervention facility established to address serious ecological problems across the country.

The enabling statutes have over the years placed the Fund under the control of the Head of the Federal Government; to be disbursed and managed in accordance with such directives as may be issued from time to time.

Sources and Sharing of Ecological Fund

At inception, the Fund was 1% of the accruals into the Federation Account and later reviewed to 2%. From its inception in 1981, it has been a first line charge which provides handy resources for amelioration of ecological problems such as soil erosion, flood, drought, desertification, oil spillage, pollution, general environmental pollution, storm, tornadoes, bush fire, crop pest, landslide, earthquakes etc.

Consequent on the directive of President Olusegun Obasanjo in July 2002, for a review of the Modification order of May 2002, following the Supreme Court ruling on the Resource Control case in April 2002, the 2% Ecological Fund and 1% Derivation hitherto under special Funds were shared among the three tiers of government along existing revenue sharing formula as follows:

Revenue sharing formula for Ecology and Derivation among the three tiers of Government

Table 45: Revenue sharing Formula for Ecology and Derivation among the three tiers of government

S/N	Tier of Government	Derivation	Ecology	Total
1	Federal Government	0.49%	0.97%	1.46%
2	State Government	0.24%	0.48%	0.72%
3	Local Government	0.20%	0.40%	0.60%
	Total	0.93%	1.85%	2.78%
	Balance			0.22%

(SOURCE: Ecological Fund Office)

Note: The residue of the two funds (0.22%) was transferred to the stabilization account.

To implement the Excess Crude savings for 2004, the Government approved a grant of 2% of the Federal Government share of the Revenue Allocation to the States' share, thus the Special Funds under the Federal Government had to be adjusted as follows:

Table 46: Adjusted Federal Government share of the Revenue Allocation

SPECIAL FUNDS	BEFORE 2004	2004 TO DATE
FGN Share of Derivation & Ecology	1.46%	1.00%
Development of Natural Resources	3.00%	1.68%
Stabilization Fund	0.73%	0.50%

Source : Ecological Fund Office

For administrative convenience, the Accountant General of the Federation maintains this account name as 1.46% FGN Share of Derivation and Ecology Account. The Beneficiaries of the Fund are the National Emergency Management Agency (NEMA IS ENTITLED TO 20% STATUTORY DEDUCTIONS FROM THE 1% SHARE OF DERIVATION AND ECOLOGY), National Committee on Ecological Problems and direct assistance to the State Governments on the approval of Mr. President

The Office of the Secretary to the Federal Government (OSGF) oversees the Ecological Fund Office (EFO). The EFO has a mandate to ensure that the 1% of Federal Government share of the Revenue Allocation dedicated as Ecological Fund and domiciled with the Central bank of Nigeria (CBN), is well managed for the amelioration of ecological problems in any part of Nigeria.

The EFO operates as a fund disbursing office. It does not initiate projects nor responsible for project procurement and implementation. It however, screens requests for intervention and facilitates the work of the Technical Sub-Committee, which recommends projects for NCEP's consideration. The EFO is also responsible for funding and monitoring of projects, and provides administrative and secretarial support to NCEP that has the responsibility of recommending deserving projects to the President for funding.

4.6.1 Revenue

Our review of revenue allocated to the fund showed that the total amount allocated and received by the fund from December 2011 to November 2016 during the period under review was N277 billion as shown in the table below:

Table 47: Transfers from the Federation Account to Derivation and Ecology Fund

	2012	2013	2014	2015	2016	Total
	'Nn	'Nn	'Nn	'Nn	'Nn	'Nn
Jan	4,865	4,358	4,507	4,653	3,254	21,637
Feb	3,896	5,796	4,771	3,929	2,760	21,152
Mar	6,494	7,166	5,008	4,548	2,565	25,781
Apr	6,121	5,796	5,038	3,275	2,217	22,447
May	4,175	4,992	5,037	2,844	2,079	19,127
Jun	4,255	5,822	7,057	3,274	2,285	22,693
Jul	4,133	8,368	6,148	7,782	4,667	31,098
Aug	4,663	4,628	5,194	4,015	3,554	22,054
Sep	5,484	5,365	5,335	3,365	4,147	23,696
Oct	3,808	5,101	4,848	3,039	3,080	19,876
Nov	5,626	5,714	4,687	3,830	3,787	23,644
Dec	8,177	5,098	4,894	2,811	2,325	23,305
	61,697	68,204	62,524	47,365	36,720	276,510

Sources: CBN 1.46% FGN Share of Derivation and Ecology account statement from 2012 to 2016, Summary of Gross Revenue Allocation by Federation Account Allocation Committee for the 2012 to 2016 and OAGF 1.46% FGN Share of Derivation and Ecology Ledger

From the table above, the sum of ₦ 62 billion was allocated to the fund in 2012, the allocation increased to ₦68 billion in 2013, an increase of 10%. The allocation decreased by 7% to ₦63 billion in 2014, and further decreased by 25% to ₦47 billion in 2015. In 2016, allocation to the fund was N37 billion, a decrease of 21% over the preceding year.

4.6.2 Revenue Distribution by Sources

The Sources of revenue allocated to the Fund were Statutory Allocation, Excess Crude Allocation and other revenues as shown in the table below:

Table 48: Transfers from the Federation Account to Derivation and Ecology Fund

	2012		2013		2014		2015		2016		Total	
	Stat. All.	Excess Crude and other revenue	Stat. All.	Excess Crude and other revenue	Stat. All.	Excess Crude and other revenue	Stat. All.	Excess Crude and other revenue	Stat. All.	Excess Crude and other revenue	Stat. All.	Excess Crude and other revenue
	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm
Jan	3,989	876	4,049	309	4,198	309	4,184	468	2,801	452	19,221	2,414
Feb	3,218	2,305	4,110	1,686	4,461	309	3,689	240	2,610	150	18,088	4,690
Mar	3,517	2,678	3,983	1,819	4,699	309	3,542	1,005	2,415	151	18,156	5,962
Apr	4,367	425	4,414	1,673	4,728	309	2,781	494	2,071	146	18,361	3,047
May	3,866	496	4,683	2,728	4,728	309	2,508	336	1,921	158	17,706	4,027
*Jun	4,069	310	4,476	1,673	5,151	1,906	2,882	3,842	2,142	143	18,720	7,874
Jul	3,824	309	5,582	1,113	5,128	1,020	4,156	176	3,706	962	22,396	3,580
Aug	3,810	544	4,319	309	4,885	309	3,837	178	2,453	1,538	19,304	2,878
Sep	3,600	537	4,713	962	4,520	816	3,201	164	2,834	1,181	18,868	3,660
Oct	3,695	1,769	4,483	309	4,134	715	2,873	166	2,285	1,042	17,470	4,001
Nov	4,072	1,554	4,059	1,655	4,257	430	3,645	186	1,835	1,400	17,868	5,225
Dec	3,535	4,332	4,788	309	3,727	1,167	2,648	164	1,858	466	16,556	6,438
	45,562	16,135	53,659	14,545	54,616	7,908	39,946	7,419	28,931	7,789	222,714	53,796

Sources: CBN 1.46% FGN Share of Derivation and Ecology account 20054141317 statement from 2012 to 2016, Summary of Gross Revenue Allocation by Federation Account Allocation Committee for the 2012 to 2016 and OAGF 1.46C% FGN Share of Derivation and Ecology Ledger

4.6.3 Fund Utilisation from 2012 to 2016

Our review of the operations of the Fund from 2012 to 2016 showed that some of the disbursements were not utilised for the purpose for which it was established.

Funds were released to the Consolidated Revenue Fund, State Governments, National Emergency Management Authority, The Military and Ministries, Departments and Parastatals as detailed below:

4.6.4 Release of funds to Federal Government

The sum of ₦5,500,000,000 (Five Billion, Five Hundred Million Naira) was released to Federal Government for various purposes as shown in the table below:

Table 49: Release of funds to Federal Government

Date	Ref no	Description	Payment
20-Jan-15	FD/FA/114/Vol. XX/229/DF	<i>Release approved by Mr. President as matching grant to commence the implementation of the Nigeria Erosion and Watershed Management Project. FMENV/PS/324/VOL.1/41 OF 14/1/15. S.31/01/31/2015</i>	500,000,000
03-Feb-15	FD/FA/114/Vol. XX/260/DF	<i>Release approved by Mr. President for Special Presidential Intervention on National Cooking Scheme being 1st instalment of 3 to eliminate cooking with solid and fossils fuel such as firewood and kerosene that are detrimental to health and introduce cooking technologies Vide letter PRES/81/SGF/-4/137 AND EF/EA/FMF/Vol. III/442 of 26&27/8/14 - S.62/1/62/2015</i>	5,000,000,000
Total			5,500,000,000

Sources: CBN 1.46% FGN Share of Derivation and Ecology account statement from 2012 to 2016, and OAGF 1.46% FGN Share of Derivation and Ecology Ledger.

4.6.5 Funds released to Ministries, Departments and Agencies of Federal Government

The sum of ₦59,207,925,608.78 (Fifty Nine Billion, Two Hundred and Seven Million Nine Twenty Five Thousand Six hundred and Eight Naira Seventy Eight Kobo) was released to Ministries, Departments and Agencies of Federal Government for the execution of ecological projects in various locations across the country as shown in the table below:

Table 50: Funds released to Ministries, Departments and Agencies of Federal Government

Date	Ref no	Description	Payment
19/3/2012	FD/FA/114/Vol. XIV/168/DF	Release to Federal Ministry of Works to eliminate the super structure sources on already compromised foundation structure of 3rd mainland bridge vide letter ref no. PRES/87/MF/339/86/MW/26/81/SGF/893 of 7/9/2011	1,055,447,608.16
09/04/2012	FD/FA/114/Vol. XV/125/DF	Release to Murtala Muhammed Memorial Botanical Gardens, Lagos as 2012 annual Grant vide letter ref no EF/EP/ST/S.7/VOL.1/122 OF 12/6/2012	5,000,000.00
10/08/2012	FD/FA/114/Vol. XV/146/DF, FD/FA/114/Vol. XV/153/DF and FD/FA/167/Vol. XV/145/DF	Release to relevant Federal Government Agencies being Federal Government Intervention in aids of States affected by the recent Flood Disaster vide Mr. president's approval on memo ref no SGF 28/S.7/C.2 of 8/10/12	4,350,000,000.00
11/01/2012	FD/FA/114/Vol. XV/195/DF	Release to Federal Ministry of Works for the reinstatement of the collapsed section of Gombe - Potiskum Road vide letter ref. no PRES/81/SFG/-2/679/87/MF/738/86/MW/74 of 13/9/2012 and CME/HMF's approval on memo of 21/10/12	843,281,302.50
11/16/2012	FD/FA/114/Vol. XIV/81/DF	Actual amount released to Ministry of Water Recourses amount approved by CME/HMF to undertake repair works on Goronyo Dam, Goronyo Sokoto State vide Federal Council Conclusions of 7/12/2011 letter ref no FMWR/HM/139/1 OF 20/1/2012 from MWR and letter ref no EF/EA/WR/Vol.III/T/12 of 13/1/12 from secretary to the government of the federation	3,882,146,985.90
11/22/2012	FD/FA/114/Vol. XIV/254/DF	Release to Federal Ministry of Health/Flood approved by Mr. President for health intervention in the flood affected States. vide Mr. president's approval on letter ref no PRES/81SSGF/-2/742/87/MF/768/90/MH/146 OF 29/10/2012	2,500,000,000.00
02/01/2013	FD/FA/114/Vol. XV/285/DF	Release to Federal Ministry of Works approved by Mr. President to undertake emergency repairs and rehabilitation works on the most affected infrastructures during the flood disaster. Vide letter PRES/81/SGF/-2/837 OF 14/12/2012	18,200,000,000.00
03/01/2013	FD/FA/114/Vol. XV/293/DF	Release to Federal Ministry of Niger Delta approved by Mr. President for repairs and maintenance works at washed away portions of East-West. Vide letter PRES/81/SGF/-2/837 OF 14/12/2012	5,000,000,000.00
08/02/2013	FD/FA/114/Vol. XVI/206/DF	Release to Nigeria Hydrological Service Agency approved by Mr. President for the restoration of all its DCP and staff Gauging Stations in the Country. EF/EA/FMF/VOL.III/T/15 OF 16/1/13	603,000,000.00

Date	Ref no	Description	Payment
08/02/2013	FD/FA/114/Vol. XVI/207/DF	Release to Federal Roads Maintenance Agency approved by Mr. President for completion of Emergency Repairs and Pavement Strengthening of Highways(Port-Harcourt to Kaduna)PRES/81/SGF/-2/657 OF 10/9/12	821,941,109.50
27/03/2013	FD/FA/114/Vol. XVI/165/DF	Release to Federal Roads Maintenance Agency (FERMA) as approved by Mr. President for replacement of two hydraulic structures with 2-span and 3-span bridges at Km9 and Km10 of Katsina - Kano Federal Highway Route A9PRES/81/SGF/-2/657 OF 10/9/12	556,149,548.90
22/4/2013	FD/FA/114/Vol. XVI/296/DF	Release to Great Green Wall Sahara Programme by Mr. President for implementation of Great Green Wall Sahara Programme. EF/EA/FMF/VOL.III/T1/108 OF 1/3/13 AND PRES/81/SGF/-2/947/87/FMF/867 OF 26/2/13 AND CME/HMF's approval of 5/03/13	10,000,000,000.00
16/09/2013	FD/FA/114/Vol. XVII/24/DF	Release to Federal Ministry of Works approved by Mr. President to undertake emergency repairs of the existing Niger Bridge at Onitsha/Asaba in Anambra and Delta States. vide letter ref no PRES/81/SGF/-3/260/86/MW/99 and EF/EA/FMF/Vol. II/395 of 30/7/13 and 2/8/2013	8,005,181,313.52
28/10/2013	FD/FA/114/Vol. XVI/80/DF	Release to National Committee on Ecological Problems (NCEP)approved by Mr. President being 2013 operational expenditure. Vide letter ref no PRES/81/SGF/-3/353 and EF/EA/FMF/Vol. II/T1/120 of 13&20/9/2013 and CME/HME'S APPROVAL ON MEMO OF October 2013	547,000,000.00
31/12/2013	FD/FA/114/Vol. XVIII/27/DF	Release of =N=5,000,000.00 to SGF -Ecological Funds being 2013 annual grant of Murtala Mohammad Memorial Botanical Gardens Lagos. Vide letter EF/EP/ST/S.7/VOL.1/607 OF 4/12/2012	5,000,000.00
23/07/2014	FD/FA/114/Vol. XIX/31/DF	Release to Federal Road Maintenance Agency (FERMA) approved by Mr. President for maintenance of collapse bridge and road in Bayelsa State Vide letter PRES/81/SGF/-3/886 AND EF/EA/FMF/Vol.III/437 of 26/5/14 & 2/6/14 and CME/HMF approval on memo 9/6/14 - S.53/07/53/2014	1,333,777,740.30
07/09/2015	FD/FA/114/Vol. XXI/347/DF	Release approved by Mr. President to FCTA as intervention fund to save Abuja Water Supply Infrastructure from imminent collapse. Vide letter PRES/83/FCTA/1 AND FCDA/DES/S.1227/VOL.III/119 OF 17&4/8/2015	1,500,000,000.00
			59,207,925,608.78

Sources: CBN 1.46% FGN Share of Derivation and Ecology account statement from 2012 to 2016, and OAGF 1.46% FGN Share of Derivation and Ecology Ledger.

4.6.6 Funds released to the Military

The Sum of ₦2,500,000,000 was released to the Nigerian Army for relocating and complete development of a new Barrack for the 176 Guards Battalion.

In our own opinion, the fund should not be released for such project as relocation and developing a new barrack except if it is to control the erosion in the previous barrack.

Table 51: Funds released to the Military

Date	Ref no	Description	Payment
22/01/2013	FD/FA/114/Vol. XVI/74/DF	<i>Release to Nigeria Army Kuje Barracks Development approved by Mr. President for relocating and completely developing a new Barrack for the 176 Guards Battalion. SGF.2/XIII/476 OF 14/12/12</i>	2,500,000,000

Sources: CBN 1.46% FGN Share of Derivation and Ecology account statement from 2012 to 2016, and OAGF 1.46% FGN Share of Derivation and Ecology Ledger.

4.6.7 Funds released to the National Emergency Management Authority

The Act establishing the National Emergency Management Agency (NEMA) provides that the Agency is entitled to 20% statutory deductions from the 1% share of Derivation and Ecology. During the years under review, the sum of ₦44,530,867,933.89 (Forty Four Billion Five Hundred and Thirty Million Eight Hundred and Sixty Seven Thousand, Nine Hundred and Thirty Three Naira, Eighty Nine Kobo), was released to NEMA as shown in the table below:

Table 52: Fund release to National Emergency Management Authority

Date	Ref no	Description	Payment ₦
29/2/2012	FD/FA/114/Vol.XIV/54/DF	<i>Release to NEMA amount approved by Vice President to be release to NEMA as 4th Quarter 2011 statutory 20% ecology funds vide letter ref. No sh/vp/95 of 3/8/10 and HMSF's approval memo of 10/2/2012</i>	2,488,406,326.67
18/6/2012	FD/FA/114/Vol.XV/42/DF	<i>Release to NEMA amount approved by Vice President to be release to NEMA as 1st Quarter 2012 statutory 20% Ecology fund, vide letter ref no SH/VP/95 OF 3/8/2010 AND CME/HMF's approval on Memo of 8/5/2012</i>	2,202,553,109.84
30/08/2012	FD/FA/114/Vol.XV/116/DF	<i>Release to NEMA amount approved by Vice President to be release to NEMA as 2nd Quarter 2012 statutory 20% Ecology fund, vide letter ref no SH/VP/95 OF 3/8/2010 AND CME/HMF's approval on Memo of 21/8/2012</i>	1,716,439,551.66
10/22/2012	FD/FA/114/Vol.XV/184/DF	<i>Release to NEMA amount approved by Vice President to be release to NEMA as 3rd Quarter 2012 statutory 20% Ecology fund, vide letter ref no SH/VP/95 OF 3/8/2010 AND CME/HMF's approval on Memo of 15/10/2012</i>	2,325,851,891.10

Date	Ref no	Description	Payment ₦
11/02/2013	FD/FA/114/Vol.XVI/215/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 4th Quarter 2012 statutory 20% Ecology fund, vide letter ref no SH/VP/95 OF 3/8/2010 AND CME/HMF's approval on NEMA/ACCT/27/IV/624 of 13/1/2013	2,380,219,875.92
08/05/2013	FD/FA/114/Vol.XVI/306/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 1st Quarter Allocation of 2013.statutory 20% ecology fund vide letter ref no SH/VP/95 of 3/8/10 and CME/HMF's approval of NEMA/ACCT/27IV/629 of 10/04/13 - S.04/05/04/2013	2,501,127,778.65
20/08/2013	FD/FA/114/Vol.XVII/88/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 2nd Quarter Allocation of 2013.statutory 20% ecology fund vide letter ref no SH/VP/95 of 3/8/10 and CME/HMF's approval of 30/07/13	2,557,632,011.20
07/11/2013	FD/FA/114/Vol.XVII/234/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 3rd Quarter Allocation of 2013. statutory 20% ecology fund vide letter ref no SH/VP/95 of 3/8/10 and CME/HMF's approval of 31/10/2013	2,012,646,374.56
20/01/2014	FD/FA/114/Vol.XVIII/52/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 4th Quarter Allocation of 2013 statutory 20% ecology fund vide letter ref no SH/VP/95 of 3/8/10 and CME/HMF's directive on letter ref no NEMA/ACCT/27/IV/624 of 6/1/2014	2,042,533,870.20
28/05/2014	FD/FA/114/Vol.XVIII/210/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 1st Quarter Allocation of 2014.statutory 20% ecology fund vide letter ref no SH/VP/95 of 3/8/10 and CME/HMF's approval of OAGF/FA/114/Vol.XVIII/156/DF of 29/04/14 - S.49/05/49/2014	1,975,495,461.64
21/07/2014	FD/FA/114/Vol.XIX/7/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 2nd Quarter Allocation of 2014 statutory 20% ecology fund vide letter ref no SH/VP/95 of 3/8/10 and CME/HMF's approval of NEMA/ACCT/27/IV/626 of 8/07/14 - S.38/07/38/2014	2,432,229,864.54
30/10/2014	FD/FA/114/Vol.XX/5/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 3rd Quarter Allocation of 2014 statutory 20% ecology fund vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.41/10/41/2014	2,050,344,582.13
03/12/2014	FD/FA/114/Vol.XX/53/DF	Release to NEMA amount approved by Vice President to be released to NEMA as October, 2014 Allocation. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.58/11/58/2014	624,873,770.04
22/12/2014	FD/FA/114/Vol.XX/114/DF	Release to NEMA amount approved by Vice President to be released to NEMA as November, 2014 Allocation. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.52/12/52/2014	992,210,289.76

Date	Ref no	Description	Payment ₦
03/02/2015	FD/FA/114/Vol.XX/261/DF	Release to NEMA amount approved by Vice President to be release to NEMA as December, 2014 Statutory Fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/2014 AND 30/3/15 - S.63/01/63/2015	917,157,720.93
05/03/2015	FD/FA/114/Vol.XXI/163/DF	Release to NEMA amount approved by Vice President to be release to NEMA as January, 2015 Statutory 20% Ecology Fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 AND OAGF/FD/FA/114/VOL.XXI/136/DF of 12/8/2014 AND 30/3/15 - S.18/04/18/2015	785,839,273.63
09/04/2015	FD/FA/114/Vol.XXI/163/DF	Release to NEMA amount approved by Vice President to be release to NEMA as February, 2015 Statutory 20% Ecology Fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 AND OAGF/FD/FA/114/VOL.XXI/136/DF of 12/8/2014 AND 30/3/15 - S.18/04/18/2015	909,513,489.33
07/05/2015	FD/FA/114/Vol.XXI/174/DF	Release to NEMA amount approved by Vice President to be release to NEMA as March, 2015 Statutory 20% Ecology Fund vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 AND OAGF/FD/FA/114/VOL.XXI/136/DF of 12/8/2014 AND 30/3/15 - S.3/05/3/2015	655,020,469.91
27/05/2015	FD/FA/114/Vol.XXI/208/DF	Release approved by Mr.President to NEMA as at April Statutory 20% Allocation from Ecology fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 AND OAGF/FD/FA/114/VOL.XXI/136/DF of 12/8/2014 AND 30/3/15 - S.84/05/84/2015	568,748,427.05
29/06/2015	FD/FA/114/Vol.XXI/260/DF	Release to NEMA amount approved by Vice President to be released to NEMA as May, 2015 Statutory 20% Ecology Fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 AND OAGF/FD/FA/114/VOL.XXI/136/DF of 12/8/2014 AND 30/3/15 - S.49/06/49/2015	654,722,868.26
10/08/2015	FD/FA/114/Vol.XXI/303/DF	Release to NEMA amount approved by Vice President to be released to NEMA as June, 2015 Statutory 20% Ecology Fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 9/9/2014 - S.75/08/75/2015	866,444,211.62
31/08/2015	FD/FA/114/Vol.XXI/340/DF	Release to NEMA amount approved by Vice President to be released to NEMA as July, 2015 Statutory 20% Ecology Fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 & OAGF/FD/FA/114/Vol.XXI/136/DF of 12/8/2014 AND 30/3/15 - S.55/08/55/2015	802,950,335.04
05/10/2015	FD/FA/114/Vol. XXII/46/DF	Release to NEMA amount approved by Vice President to be released to NEMA as August, 2015 Statutory 20% Ecology Fund. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 S.53/10/53/2015	672,932,437.09

Date	Ref no	Description	Payment ₦
28/10/2015	FD/FA/114/Vol.XXII/50/DF	Release to NEMA amount approved by Vice President to be release to NEMA as September, 2015 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.110/10/110/2015	607,842,784.54
27/11/2015	FD/FA/114/Vol.XXII/126/DF	Release to NEMA amount approved by Vice President to be release to NEMA as October, 2015 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 S.44/11/44/2015	766,066,811.01
22/12/2015	FD/FA/114/Vol.XXII/151/DF	Release to NEMA amount approved by Vice President to be release to NEMA as November, 2015 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.40/12/40/2015	562,358,890.72
25/01/2016	FD/FA/114/Vol.XXII/175/DF	Release to NEMA amount approved by Vice President to be released to NEMA as December, 2015 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.58/01/58/2016	650,722,065.78
23/02/2016	FD/FA/114/Vol.XXII/202/DF	Release to NEMA amount approved by Vice President to be released to NEMA as January, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.66/02/66/2016	551,991,883.09
22/03/2016	FD/FA/114/Vol.XXII/205/DF	Release to NEMA amount approved by Vice President to be released to NEMA as February, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S/67/03/67/2016	513,101,851.39
22/04/2016	FD/FA/114/Vol.XXII/208/DF	Release to NEMA amount approved by Vice President to be released to NEMA as March, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - s.55/04/55/2016	443,381,200.08
01/06/2016	FD/FA/114/Vol.XXII/268/DF	Release to NEMA amount approved by Vice President to be released to NEMA as April, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - s.79/05/79/2016	415,779,541.63
27/06/2016	FD/FA/114/Vol.XXII/280/DF	Release to NEMA amount approved by Vice President to be released to NEMA as May, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S/45/06/45/2016	456,962,433.00
01/08/2016	FD/FA/114/Vol.XXII/285/DF	Release to NEMA amount approved by Vice President to be released to NEMA as June, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14	933,485,301.09
29/08/2016	FD/FA/114/Vol.XXII/297/DF	Release to NEMA amount approved by Vice President to be released to NEMA as July, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14	798,041,761.56

Date	Ref no	Description	Payment ₦
29/09/2016	FD/FA/114/Vol.XXII/308/DF	Release to NEMA amount approved by Vice President to be released to NEMA as August, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S/89/09/89/2016	803,056,068.38
21/10/2016	FD/FA/114/Vol.XXII/311/DF	Release to NEMA amount approved by Vice President to be release to NEMA as September, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S/37/10/37/2016	665,316,842.02
6/12/2016	FD/FA/114/Vol.XXIII/5/DF	Release to NEMA amount approved by Vice President to be release to NEMA as October, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S/77/11/77/2016	647,079,063.48
19/12/2016	FD/FA/114/Vol.XXIII/14/DF	Release to NEMA amount approved by Vice President to be release to NEMA as November, 2016 Statutory 20% Ecology Fund.vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 of 9/9/14 - S.139/12/139/2016	579,787,445.35
			44,530,867,933.89

Sources: CBN 1.46C% FGN Share of Derivation and Ecology account statement from 2012 to 2016, and OAGF 1.46C% FGN Share of Derivation and Ecology Ledger.

4.6.8 Other funds transferred to NEMA other than remittance

During the years under review, additional amount to the sum of ₦17,280,379,265.92 (Seventeen Billion, Two Hundred and Eighty Million, Three Hundred and Seventy Nine Thousand, Two Hundred and Sixty Five Naira Ninety Two Kobo) was transferred to NEMA. From this amount, ₦16,340,380,503.15 (Sixteen Billion, Three Hundred and Forty Million, Three Hundred and Eighty Thousand, Five Hundred and Three Naira Fifteen Kobo) was used to settle the outstanding remittance of 19,720,769,510 (Nineteen Billion, Seven Hundred and Twenty Million, Seven Hundred and Sixty Nine Thousand, Five Hundred and Ten Naira)

Table 53: Other funds transferred to NEMA other than remittance

Date	Ref no	Description	Payment ₦
10/07/2015	FD/FA/114/Vol .XXI/281/DF	Release to NEMA amount approved by Vice President to be release to NEMA as Statutory 20% allocation from Ecology Fund being Tax from NLNG distributed to the three Tiers of Govt in July 2015. vide letter ref no SH/VP/95 of 3/8/10 and NEMA/DFA/13/1 AND OAGF/FD/FA/114/VOL.XXI/136/DF of 12/8/2014 AND 30/3/15 - S.26/07/26/2015	689,998,762.77
07/08/2014	FD/FA/114/Vol .XVIII/38/DF	Release to NEMA amount approved by Mr. President as takeoff grant to the Victims Support Fund. Vide letter PRES/81/SGF/-4/34 AND EF/EA/FMF/Vol.III/439 of 18 & 22/7/14 RESPECTIVELY -S.06/08/06/2014	250,000,000.00
18/09/2014	FD/FA/114/Vol .XIX/121/DF	Release to NEMA amount approved by Mr. President being outstanding releases due to NEMA as reconciled from 2002-June, 2014. Vide letter OAGF/FD/114/VOL.XIX/T/8/DF AND NEMA/DFA/13/1 OF 27/8/14 AND 16/9/2014 S.36/09/36/2014	2,040,380,503.15
17/12/2014	FD/FA/114/Vol .XX/115A/DF	Released to National Emergency Management Agency (NEMA) as part of under payment of Statutory 20% Ecology Fund from 2007 to 2011. NEITI/TECH/051/VOL.IV/698 OF 25/11/14 AND NEMA LETTER 22/10/14- S.53/12/53/14	9,550,000,000.00
03/02/2015	FD/FA/114/Vol .XX/262/DF	Release to NEMA amount approved by Vice President to be release to NEMA as 3rd Instalment of under payment from 2007 to 2011. Vide letter NEITI/TECH/051/VOL.IV/698 OF 25/11/2014 AND NEMA LETTER 22/10/14- S.64/01/64/2015	2,000,000,000.00
31/12/2014	FD/FA/114/Vol .XX/162/DF	Released to National Emergency Management Agency (NEMA) as part of under payment of Statutory 20% Ecology Fund from 2007 to 2011. Vide letter NEITI/TECH/051/VOL.IV/698 OF 25/11/2014 AND NEMA LETTER 22/10/14	2,750,000,000.00
			17,280,379,265.92

4.6.9 Reconciliation of Statutory Allocation due to NEMA from 2012 to 2016

A reconciliation of statutory allocation due to NEMA from 2012 to 2016 was carried out and the findings are presented in the table below:

Table 54: Reconciliation of Statutory Allocation

ITEMS		₦
Total Allocation from 2012 to 2016 to Ecological Fund		276,510,342,485
20% Statutory Allocation to NEMA		55,302,068,497
Actual Fund Received by NEMA from 2012 to 2016	44,530,867,933.89	
Less amount settled (October and November 2011 remittance paid in 2012)	(1,839,729,739.71)	
		42,691,138,194
Outstanding Remittances due to NEMA for 2012 to 2016 Allocation		12,610,930,303

From the table above, total allocation to the 1.46C% FGN Share of Derivation and Ecology from 2012 to 2016 was ₦276,510,342,485 (Two Hundred and Seventy Six Billion, Five Hundred and Ten Million, Eighty Five Thousand Nine Hundred and Forty One Naira). 20% of the allocation due to NEMA was ₦55,302,068,497 (Fifty Five Billion, Three Hundred and Two Million, Sixty Eight Thousand Four Hundred and Ninety Seven Naira). But during the years under review, NEMA received from the Fund the sum of ₦42,691,138,194 (Forty Two Billion, Six Hundred and Ninety One Million, One Hundred and Thirty Eight Thousand One Hundred and Ninety Four Naira). Therefore, **outstanding remittances** due to NEMA for 2012 to 2016 Allocation was ₦12,610,930,303 (Twelve Billion, Six Hundred and Ten Million, Nine Hundred and Thirty Thousand, Three Hundred and Three Naira).

4.6.10 Funds Transferred to State Governments

During the years under review, the sum of ₦74,170,932,645.20 (Seventy Four Billion, One Hundred and Seventy Million, Nine Hundred and Thirty two Thousand, Six Hundred and Forty Five Naira Twenty Kobo) was released to States Government to solve ecological problems in their States as shown in the table below:

Table 55: Fund Transferred to State Governments

Date	Ref no	Description	Payment
10/08/2012	FD/FA/114/V ol.XV/145/DF	Release to State Governments being Federal Government Intervention in aids of States affected by the recent Flood Disaster vide Mr. president's approval on memo ref no SGF 28/S.7/C.2 of 8/10/12	13,300,000,000.00
30/08/2013	FD/FA/114/V ol.XVII/38/DF	Release to Akwa Ibom State Government approved by Mr. President as assistance to address the flooding challenge posed by two sites. road linking uyo to aba in Abia state along dominic utuk avenue, uyo and site linking Eka street to the university of Uyo town, campus and environs vide letter ref no EF/EA/FMF/Vol. II/364 of 4/7/13	5,000,000,000.00
19/12/2013	FD/FA/114/V ol.XVIII/17/DF	Release =N=34,000,000,000.00 to Seventeen (17) States being amount approved by Mr. President to States to take care of some Ecological Problems in their States. Vide letter PRES/81/SGF/-3/477 AND EF/EA/FMF/Vol.III/421 of 14 & 19/11/2013	34,000,000,000.00
03/04/2014	FD/FA/114/V ol.XVIII/100/D F	Release to Akwa Ibom, Jigawa, Niger States Ecological Fund approved by Mr. President as a grant to take care of ecological problems. Vide letter PRES/81/SGF/-3/685 AND EF/EA/FMF/Vol. II/T1 of 24&28/2/2014	6,000,000,000.00
25/08/2014	FD/FA/114/V ol.XIX/65/DF	Release to Lagos State Government approved by Mr. President for the management of Ebola Virus Disease. Vide letter PRES/81/SGF/-4/122 AND EF/EA/FMF/Vol.III/441 of 19/8/14 - S.154/08/154/2014	200,000,000.00
24/09/2014	FD/FA/114/V ol.XIX/131/DF	Release to Rivers State Government approved by Mr. President for the management of Ebola Virus Disease. PRES/81/SGF/-4/177/90/MH/213 AND EF/EA/FMF/Vol.III/446 of 17&18/9/14	200,000,000.00

Date	Ref no	Description	Payment
22/12/2014	FD/FA/114/V ol.XX/115/DF	Release to five States (Bauchi, Bayelsa, Ekiti, Jigawa & Kebbi) to address ecological challenges Vide letter PRES/81/SGF/-4/325 AND EF/EA/FMF/Vol.III/451 of 3&4/12/14 - S.51/12/51/2014	10,000,000,000.00
05/02/2015	FD/FA/114/V ol.XX/271/DF	Release approved by Mr. President to Akwa Ibom and Delta States as grant to control ecological challenges confronting the new Airports in the States vide letter ref EF/EP/FMF/VOL.III/453 OF 23/01/15 - S.20/02/20/2015	4,000,000,000.00
27/02//2015	FD/FA/114/V ol.XXI/25/DF	Release approved by Mr. President to Gombe, Nassarawa and Yobe State Governments as support to losses and damages of public property and place of worship during the 2011 Post-Election Violence. Vide letter PRES/81/MF/-2/534/81/SGF/-4/413 OF 17/2/2015 - S.151/02/151/2015	1,470,932,645.20
			74,170,932,645.20

Sources: CBN 1.46% FGN Share of Derivation and Ecology account statement from 2012 to 2016, and OAGF 1.46% FGN Share of Derivation and Ecology Ledger.

From this, the sum of ₦1,470,932,645.20 (One Billion, Four Hundred and Seventy Million, Nine Hundred and Thirty Two Thousand, Six Hundred and Forty Five Naira, Twenty Kobo) was released to Gombe, Nassarawa and Yobe State Governments as support to losses and damages

of public property and place of Worship during the 2011 Post-Election Violence. In our opinion this does not qualify as an expense for which the fund was created to support.

4.6.11 Funds released to Office of the Secretary to the Government of the Federation on Ecological Fund Account

During the years under review, the sum of ₦63,541,638,567.68 (Sixty Three Billion, Five Hundred and Forty One Million, Six Hundred and Thirty Eight Thousand, Five Hundred and Sixty Seven Naira, Sixty Eight Kobo) was released to the Office of the Secretary to the Government of the Federation Ecological Fund Account. This was for execution of various ecological projects in different locations across the Country as shown in the table below while pages 98 to 134 shows details of the project executed by the OSGF office with the funds released to it.

Table 56: Fund released to Office of the Secretary to the Government of the Federation on Ecological Fund Account.

Date	Ref no	Description	Payment
30/3/2012	FD/FA/114/Vo L.XIV/42/DF	Release to SGF for execution of 16 ecological problems in various States of the Federation Vide letter ref no . EF/EA/FMF/VOL.1/T/223 OF 5/12/2011 and CME and HMF approval on memo of 9/12/2011	3,560,457,297.57
04/5/2012	FD/FA/114/Vo L.XIV/198/DF	Release to SGF for the 2012 Operational Expenditure of National Committee on Ecological Problems. Vide letter ref no . PRES/81/SGF/-2/418/87/MF/684 of 23/4/2012	547,000,000.00
14/5/2012	FD/FA/114/Vo L.XIV/206/DF	Release to SGF for the implementation of the Sagbama Erosion Control Rehabilitation works. Vide letter ref No EF/ECM/S.370/VOL.1/17 AND PRES/175/MENV/45/81/SGF/-2/102 of 9/2/12 and 28/12/2011 respectively	1,500,545,418.75
22/01/2013	FD/FA/114/Vo L.XVI/80/DF	Release to SGF-Ecological Fund approved by Mr President for redemption of pledges made by Federal Government at the Fund Raising Dinner for Flood Victims. PRES/81/SGF/-2/818/87/MF/803 OF 24/11/12	2,500,000,000.00
02/08/2013	FD/FA/114/Vo L.XVI/204/DF	Release to SGF-Ecological Fund approved by Mr President for sand filling and construction of the access road as per BPP review and certification. EF/EA/FMF/VOL.II/T1/11 OF 16/3/12 AND MEMO REF NO EF/EP/S.150/II/306 OF 20/12/12	644,844,764.03
02/08/2013	FD/FA/114/Vo L.XVI/205/DF	Release to SGF-Ecological Fund approved by Mr President to be released to the Ecological Fund Office Account. EF/EA/FMF/VOL.II/T1/16 OF 16/1/13 AND SGF.28/S.28/S.7/IV OF 4/12/12	2,720,000,000.00
20/01/2014	FD/FA/114/Vo L.XVIII/53/DF	Release to SGF Ecological Fund Office amount approved by Mr. President for erosion control works at Igbo-Ukwu Community, Aguata LGA of Anambra State. Vide letter PRES/81/SGF/-3/594 AND EF/EA/FMF/Vol.III/422 of 31/12/2013 & 3/1/2014	920,000,000.00
11/03/2014	FD/FA/114/Vo L.XVIII/85/DF	Release approved by Mr. President to SGF Ecological Fund Office for commencement of the 2nd phase of the reclamation works at the site of the Federal University, Otuoke Vide letter PRES/81/SGF/-3/636 AND EF/EA/FMF/Vol. II/T1/108 of 3&5/2/2014	10,162,813,500.00
03/04/2014	FD/FA/114/Vo L.XVIII/100/DF	Release to SGF-Ecological Fund approved by Mr.President as a grant to take care of ecological problems. Vide letter PRES/81/SGF/-3/685 AND EF/EA/FMF/Vol. II/T1 of 24&28/2/2014	4,000,000,000.00
29/04/2014	FD/FA/114/Vo L.XVIII/151/DF	Release to SGF Ecological Fund Office amount approved by Mr. President for erosion control works at Skills Acquisition Centre, Nakanda, and Cross River State. vide letter Nos PRES/81/SGF/-3/728&EF/EA/ENV/T.4/75 of 31&26/3/14	985,000,000.00
13/05/2014	FD/FA/114/Vo L.XVIII/167/DF	Release to SGF Ecological Fund Office amount approved by Mr. President to cater for Displaced Persons in Bauchi, Benue, Gombe and Plateau State and also for Special Committee on Adamawa, Borno & Yobe. Vide letter ref no PRES/81/SGF/-3/800 AND SGF.36/S.5 OF 22&24 April 2014	3,500,000,000.00

Date	Ref no	Description	Payment
23/05/2014	FD/FA/114/Vo L.XVIII/203/DF	Release to SGF Ecological Fund Office amount approved by Mr. President to cater for rehabilitation of the ageing Kampe (OMI) Dam in Kogi State. VIDE LETTER NOS PRES/100/MWR/110/81/SGF/-3/808&EF/EA/FMF/VOL.III/433OF 22&25/4/14	1,486,135,822.50
04/06/2014	FD/FA/114/Vo L.XVIII/293/DF	Release to SGF Ecological Fund Office amount approved by Mr. President for gully erosion control at Ajilosun Stream in Ekiti State, Olukun in Oyo State and Eastern Naval Headquarters in Calabar, and rehabilitation of Kubanni Dam Lake at ABU Zaria in Olukun, Obami, alaoka in Ogbomosho, Oyo state, Kubanni dam lake rehabilitation at Ahmadu bello university, Zaria and erosion control at Estern naval HQ Calabar, cross river state vide letters ref Nos PRES/81/SGF/-3/851, PRES/81/SGF/-3/858 of 12&14/5/2014	14,975,000,000.00
19/08/2014	FD/FA/114/Vo L.XIX/47/DF	Release to SGF Ecological Fund approved by Mr. President for procurement of materials to combat Ebola Virus outbreak at State Medical Centre, Abuja. Vide letter PRES/81/SGF/-4/34 AND EF/EA/FMF/Vol.III/439 of 18 & 22/7/14 respectively	121,392,500.00
17/09/2014	FD/FA/114/Vo L.XIX/87/DF	Release to SGF Ecological Fund approved by Mr. President as Ecological Fund Office year 2014 operational expenditure. Vide letter PRES/81/SGF/-4/136 AND EF/EA/FMF/Vol.III/443 of 27/8/14 - S/10/09/10/2014	455,000,000.00
18/09/2014	FD/FA/114/Vo L.XIX/122/DF	Release to SGF Ecological Fund approved by Mr. President for 20km road reconstruction in Boto and rehabilitation of Boto Earth Dam. Vide letter PRES/81/SGF/-4/155 AND EF/EA/FMF/Vol.III/444 of 4/9/14 S.37/09/37/2014	1,830,000,000.00
30/12/2014	FD/FA/114/Vo L.XX/160/DF	Being release to SGF Ecological Fund office as approved by Mr. President for international summit on the Effective implementation of Environmental Assessment for Suitable Development in West Africa. PRES/81/SGF/-4/308, EF/EA/FMF/VOL.III/450, PRES/81/SGF/-4/307, EF/EA/FMF/VOL.III/449, and PRES/81/SGF/-4/309, EF/EA/FMF/VOL.III/448 OF 1/12/14. S.66/12/66/2014	266,000,000.00
30/12/2014	FD/FA/114/Vo L.XX/160/DF	Being release to SGF Ecological Fund office as approved by Mr. President for National Survey on the treat of Biological Diversity and Ecological Challenges in Nigeria (North-West Zone).PRES/81/SGF/-4/308, EF/EA/FMF/VOL.III/450, PRES/81/SGF/-4/307, EF/EA/FMF/VOL.III/449, AND PRES/81/SGF/-4/309, EF/EA/FMF/VOL.III/448 OF 1/12/14. S.66/12/66/2014	234,000,000.00
30/12/2014	FD/FA/114/Vo L.XX/160/DF	Being release to SGF Ecological Fund office as approved by Mr. President for National Survey on the treat of Biological Diversity and Ecological Challenges in Nigeria (South-South and South-West Zone).PRES/81/SGF/-4/308, EF/EA/FMF/VOL.III/450, PRES/81/SGF/-4/307, EF/EA/FMF/VOL.III/449, and PRES/81/SGF/-4/309, EF/EA/FMF/VOL.III/448 OF 1/12/14. S.66/12/66/2014	520,000,000.00
02/06/2015	FD/FA/114/Vo L.XX/61/DF	Release to SGF - Ecological Fund Office being annual grant for the maintenance of Murtala Muhammed Botanical Garden, Epe, Lagos. vide letter ref EF/EP/ST/S.7/VOL.1/137 OF 20/11/14 - S.10/12/10/2014	5,000,000.00

Date	Ref no	Description	Payment
27/02/2015	FD/FA/114/Vo L.XXI/26/DF	Release approved by Mr. President to SGF as a support for Displaced Traditional Rulers in the North East Vide letter PRES/81/MF/-2/534/81/SGF/-4/413 OF 17/2/2015 - S.150/02/150/2015	223,500,000.00
13/03/2015	FD/FA/114/Vo L.XX/117/DF	Release approved by Mr. President to SGF-Ecological Fund for remedial works at the Nanka/Oko Phase I Project in Anambra State. Vide letter EF/EA/FMF/VOL.III/456 & PRES/81/SGF/-4/411 OF 20&17/2/2015 - S.150/02/150/2015	952,000,000.00
20/4/2015	FD/FA/114/Vo L.XXI/169/DF	Being release approved by Mr. President to SGF Ecological Fund Account as Presidential Intervention in the implementation of an Emergency Ecological Protection at Veritas University, Bwari Vide letter PRES/81/SGF/-4/432 & EF/EA/FMF/VOL.III/458 OF 4/3/15&10/4/2015 - S.35/04/35/2015	826,567,000.00
16/06/2015	FD/FA/114/Vo L.XXI/244/DF	Release approved by Mr. President to SGF and Presidential Monitoring Committee on NDDC to control Kaltungo gully erosion/drainage flood and road improvement work in Kaltungo, Gombe 2013-2015 fiscal years vide letters ref no EF/EA/FMF/VOL.III/505. PRES/81/SGF/-4/567 AND PRES/87/MF/-2/534/81/SGF/-4/472 OF 19&14/5/15 - S.24/06/24/2015	1,070,000,000
13/11/2015	FD/FA/114/Vo L.XXII/122/DF	Release approved by Mr President SGF for implementation of some serious ecological challenges across the Country. Vide letter PRES/81/SGF/64 AND EF/EA/FMF/Vol. IV/155 of 3&4/11/2015 - S.17/11/17/2015	3,584,727,375.00
16/02/2016	FD/FA/114/Vo L.XXII/182/DF	Release to SGF-Ecological Fund Office being amount approved by Mr President for implementation of the phase II of Daura Township erosion and flood control and completion of the construction of Sabke Dam, Irrigation and Drainage Works in Katsina State. Vide letter PRES/81/SGF/82 AND EF/SEFCP/S.400/VOL.1 of 25&20/1/2016 - S.13/02/13/2016	2,386,150,192.83
08/08/2016	FD/FA/114/Vo L.XXII/292/DF	Release approved by Mr. President to SGF-Ecological Fund Office for the execution of the Daura Reticulation Project to Daura Town and environs. vide letter ref no EP/ADM/188/VOL.1/6 & EF/ADM/188/VOL.I/4 OF 4/7/16 - S.01/08/01/2016	2,510,504,697.00
23/09/2016	FD/FA/114/Vo L.XXII/305/DF	Release approved by Mr. President to SGF-Ecological Fund Office for the control of gully erosion and flood in Kwoi Town, Jaba LGA, Kaduna State. Vide letter PRES/81/SGF/96 AND EF/EA/FMT/T1 of 15&16/1/2016 - S.57/09/57/16	1,050,000,000.00
			63,541,638,567.68

Sources: CBN 1.46C% FGN Share of Derivation and Ecology account statement from 2012 to 2016, and OAGF 1.46C% FGN Share of Derivation and Ecology Ledger.

From this, the sum of ₦121,392,500 (One Hundred and Twenty One Million, Three Hundred and Ninety Two Thousand, Five Hundred Naira) was released for procurement of materials to combat Ebola Virus outbreak at State Medical Centre, Abuja and N223,500,000 released to support Displaced Traditional Rulers in the North. In our opinion this does not qualify as an expense for which the fund was created to support.

4.6.12 Funds released to 'Others'

During the years under review, the sum of ₦5,786,500,000 (Five Billion, Seven Hundred and Eighty Six Million, Five Hundred Thousand Naira) was released for the execution of various projects which cannot be linked to the purpose of Ecology fund as shown in the table below:

Table 57: Fund released to 'Others'

Date	Ref no	Description	Payment
13/03/2015	FD/FA/114/Vol.XX/118/237/DF	Release approved by Mr. President to the account of Presidential Intervention Panel on IDPs in the North East. Vide letter PRES/87/MF/-2/534/81/SGF/-4/452 & SGF.22/S.1/C.II/381 OF 26&20/2/2015	786,500,000
04/09/14	FD/FA/114/Vol.XIX/71/DF	Release to the Nigerian Foundation for the Support of Victims of Terrorism approved by Mr. President as part of redemption of Federal Government pledge. Vide letter PRES/81/SGF/-4/119 AND SGF.2/S.26/C.4 of 18&19/8/14 - S.161/08/161/2014	5,000,000,000
Total			5,786,500,000

Sources: CBN 1.46C% FGN Share of Derivation and Ecology account statement from 2012 to 2016, and OAGF 1.46C% FGN Share of Derivation and Ecology Ledger.

4.6.13 Projects Executed by the Ecological Fund Office from 2012 to 2016

We are yet to validate the projects executed with Ecological funds in various states from the Office of the Secretary to the Government of the Federation as indicated in table 55 below:

OFFICE OF SECERTARY TO THE GOVERNMENT OF THE FEDERATION
ECOLOGICAL FUND OFFICE

Table 58: DETAILS OF RECEIPTS INTO AND DISBURSEMENTS FROM ECOLOGICAL FUNDS OFFICE ACCOUNTS FROM 2012-2016

DETAILS OF RECEIPTS				DETAILS OF DISBURSEMENTS				
S/N	DATE	DESCRIPTION OF RECEIPT	AMOUNT RECEIVED	S/N	DESCRIPTION OF THE PROJECT	CONTRACTOR'S NAME/ ADDRESS	AMOUNT OF CONTRACT	PROJECT STATUS
1				i	Banga Erosion and Flood Control Project, Banga, Kaura Namoda LGA, Zamfara State.	M/S Nagarat Projects Limited suite 14/75, NUT office Complex, B8, Mogadishu City Centre Kaduna. Kaduna State	N233,920,578.15	COMPLETED
						M/S AM Design Consults, IA North Road, Kaduna		COMPLETED
				ii	Hayin Sauka?Rututu, Erosion and Flood Control Project, Rututu Tsafe LGA Zamfara State.	Arch, Lawal Yankaara, M.D., Building Resouces Limited, Suite 6, 2 nd Floor, 27 Ali Akilu Road, Kaduna. Kaduna state. Tel No 08033042243, Email:	78,930,951.75	COMPLETED
						M/s Kanya Consults Ltd., No. 5, Giwa Road Abkwa, Kaduna		COMPLETED
						M/S Tabarakh Consolidated Ltd, Blk 1, Flat 3, Coral Crown Estate, Opp Kasthern Hill Top, Garki, Abuja	N383,753,605.92	COMPLETD

				iii	Bogo - BCG Gully Erosion Control Project, Gombe, Gombe LGA.	M/S Rohi Ltd., Cooperative Building, Minna Road Suleja		COMPLETED
						M/s Alia Engineering Company Ltd., 10, Alhaji Kanke Street, Off Awolowo Road Ikoyi Lagos	N258,462,349.43	COMPLETED
				iv	Lagos Shoreline Protection Project, bonny Camp Section, Victoria Island, Lagos State.	M/S Aims Consultants plot 267A Etim Inyang Crescent, Victoria Island Annex, Lagos		COMPLETED
				v	Mushin Esure Erosion Flood And Erosion Control Project, Phase I, .Mushin Esure, Ijebu-East LGA, Ogun State.	M/S Intermediate Engineering & Construction, Ltd., Km. 124, Enugu, Umuahia North LGA, Abia state.	N74,280,766.01	COMPLETED
						M/S Endee- Vcee Management (Nig.) Ltd., No 26, Jos Street, Area 3 Garki Abuja		COMPLETED
						M/S Total Unique (Nig.) Ltd., 41, Sokde Street, O71 Micheal Okpara Way, Zone 5, Wuse District, Abuja	N76,573,108.19	COMPLETED
				Vi	Okaito Erosion Control Works, Okaito, Okehi Lga, Kogi State	M/S Purewhite Investment Services Ltd., Plot 440, Nelson Mandela Services Limited, Asokoro , Abuja		COMPLETED
				vii	Ikot Ebok/Mobil Pegasus School Flood And Erosion Control Project Eket. Eket Lga, Akwa Ibom State.	M/S Kemtech Engineering Services, 41 Hospital Road, Eket, Akwa Ibom State.	N507,363,096.71	COMPLETED
						M/S Aims Consultants, Plot 267A Etim Inyang Crescent Victoria Island Annex, Lagos		COMPLETED
						M/S Eco System Consultant Ltd., 19, Zambia Crescent Barnawa Kaduna, Kaduna State.	N224,189,130.40	COMPLETED
2	30/03/2012	RELEASE TO SGF FOR EXECUTION OF 17 ECOLOGICAL PROBLEMS IN VARIOUS STATES OF THE FEDRATION	3,560,457,297.57	viii	Shagari Estate Erosion And Flood Control Project, Yola, Adamawa State.	M/S Ultimate Engineering Consultants Ltd., 28, Ahmadu Bello Way, Kaduna		COMPLETED
				ix	University Of Uyo Erosion And Flood Project, Uyo, Akwa Ibom State.	M/S Osita Merch Works Suite Bo7, 2nd Floor, Peace Park Plaza, 35 Ajose Adeogun Street, Abuja	N524,532,397.02	COMPLETED
						M/S Amana Consultants, Plot 315, Akin Ogunlewe Street, Off Ajose Adeogun, Victoria Island, Lagos		COMPLETED

				x	Igede-Ekiti Erosion Control Works, Igede-Ekiti State.	M/S Bentoken Limited. 110, Orbuwhorun Road Off Dsc Expressway, Quwian, Effurun, Warri	N91,345,421.48	COMPLETED
						M/S CD International Limited, SW 38, Bosso Road, Mina., Niger State		COMPLETED
				xi	Ekeneobizi Erosion And Flood Control Works, Ekeneobizi, Umuahia South LGA, Abia State.	M/S Neon Skygate Limited, 13, Dire Dawa Street, Wuse Zone 6, Abuja	N199,714,788.00	COMPLETED
						M/S Teamwork Global Associates, No 13, Gwari Avenue, Barnawa GRA, Kaduna		COMPLETED
				xii	Nkede Erosion And Flood Control Project, Phase II, Nekede, Owerri North LGA, Imo State	M/S Cosco Investment Ltd., 15, Cross River Street, A3, Flat 6, Garki, Abuja	N119,146,601.70	ONGOING
						M/S Fic Consultants, Suite7, Amazing Grace Place, Plot 20, Industrial/Commercial Estate, Ilesha-Futa Road, Akure		ONGOING
				xiii	Maiduguri/Shehuri Erosion Control Project, Maiduguri, Borno State.	M/S International Engineering Consortium Ltd, 27 Euphrate Crescent, Maitama, Abuja	N289,762,437.20	ONGOING
						M/S Ette Aro & Partners Consulting Lawrence Arokodare House 35, Oshuntokun Avenue, Old Bodija Ibadan - Enugu State.		ONGOING
						M/S Nelson Benjamin (Nig.) Limited, 87, Ogui Road, Enugu, Enugu State.	N118,363,317.30	COMPLETED
				xiv	Erosion And Flood Control Project Along Doka-Tofa Road, Kano State.	M/S Shelter Engineers, 3rd Floor, Suite 1, Investment House, 27, Ali Akilu Road, Kaduna		Completed
				xv	Garki/Jahun Erosion And Flood Control Project, Jigawa State.	M/S H & M Limited, Plot 58, Z00 Road, Trade Fair Complex Area, Opp. NSITF Building, P. O. Box 11830, Kano, Kano State.	N71,626,690.71	COMPLETED
						M/S Wuro Associates, 2nd Floor, Kano Foundation Building, No 15 Buk Road, P O . Box10314, Kano, Kano State.		COMPLETED
				xvi	Owhelogbo Erosion And Flood Control Project, Delta State.	M/S Chipau Logistics (Nig.) Limited, 28, Talabi Street, Ikeja Lagos.	N308,492,039.60	COMPLETED
						M/S Giomo - Irhe O. M Associates Ltd, No 14A Murtala Mohammed Way, P. O. Box 2802, Benin-City, Edo State		COMPLETED
				xvii i	Construction Of Erosion And Flood Control Project Along Bwari - Dutse Road, FCT, Abuja	M/S LUFEM Engineering Services Limited, No. 31 Limpopo Street, Maitama Abuja	N140,803,060.03	COMPLETED
						M/S E.S Dynamics Engineering Services. No 27 Ali Akilu Road Kaduna, Kaduna. Email: Zakarbuba@Amail.Com		COMPLETED

2	05/04/2012	RELEASE TO SGF FOR THE 2012 OPERATIONAL EXPENDITURE OF NATIONAL COMMITTEE ON ECOLOGICAL PROBLEMS	547,000,000.00	EFO 2012 OPERATIONAL EXPENDITURE OF NATIONAL COMMITTEE ON ECOLOGICAL PROBLEMS	ECOLOGICAL FUND OFFICE	547,000,000.00	N/A
3	14/05/2012	RELEASE TO SGF FOR THE IMPLEMENTATION OF THE SAGBAMA EROSION CONRTOL REHABILITATION WORKS.	1,500,545,418.75	IMPLEMENTATION OF THE SAGBAMA EROSION CONTROL REHABILITATION WORKS.	WESTMINSTERS DREDGING & MARINE LTD, MEROGUN OPERATIONAL BASE, MEROGUN WATERSIDE, WARRI DELTA STATE.	1,500,545,418.75	COMPLETED
4	09/04/2012	RELEASE TO SGF ECOLOGICAL FUND BEING 2012 ANNUAL GRANT OF MURTALA MOHAMMED MEMORIAL BOTANICAL GARDENS LAGOS	5,000,000.00	GRANT TOWARDS THE SUSTENANCE OF THE MURTALA MUHAMMED BOTONICAL GARDENS IN LAGOS.	M/S MURTALA MUHAMMED BOTANICAL GARDEN, LAGOS	5,000,000.00	N/A

5	22/01/2013	RELEASE TO SGF ECOLOGICAL FUND FOR REDEMPTION OF PLEDGES MADE BY FEDERAL GOVERNMENT FOR FLOOD VICTIMS.	2,500,000,000.00	PRESIDENTIAL COMMITTEE ON FLOOD RELIEF AND REHABILITATION FOR REDEMPTION OF PLEDGES MADE BY FEDERAL GOVERNMENT AT THE FUND RAISING DINNER FOR FLOOD VICTIMS.	PRESIDENTIAL COMMITTEE ON FLOOD RELIEF AND REHABILITATION	2,500,000,000.00	N/A
6	08/02/2013	RELEASE TO SGF ECOLOGICAL FUND FOR ADDITIONAL SAND FILLING AND CONSTRUCTION OF THE ACCESS ROAD AT FEDERAL UNIVERSITY OTUEKE, BAYELSA STATE.	644,844,764.03	SAND FILLING AND CONSTRUCTION OF THE ACCESS ROAD	M/S AZIKEL DREDGING NIG LTD, AZIKEL OPERATIONAL BASE, AZIKEL CLOSE, OGBOGORO, YENEGOA, BAYELSA STATE.	644,844,764.03	COMPLETED
				i NIMO EROSION AND FLOOD	M/S BLOOMSPRINGS VENT NIG. LTD, BLOCK 25, TEAM 6B, GWARINPA ESTATE, ABUJA	873,812,198.61	COMPLETED

					CONTROL WORKS AT ANIOCHA LGA, ANAMBRA STATE.	M/S SHELTER DEVELOPMENT CONSULTANTS		COMPLETED

7	08/02/2013	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR VARIOUS EROSION & FLOOD CONTROL WORKS IN THE SOUTH EAST OF THE COUNTRY.	2,720,000,000.00	ii	NRI EROSION & FLOOD CONTROL PROJECT AT ANAOCHA LGA, ANAMBRA STATE.	M/S YOBISCO INTL NIG. LTD, SUITE 12, DANSVILLE PLAZA, BEHIND AP FILLING STATION, APO ABUJA.	829,779,696.11	COMPLETED
						M/S SHELTER DEVELOPMENT CONSULTANTS		COMPLETED
				iii	CONSTRUCTION OF ALVAN IKOKU COLLEGE OF EDUCATION INTERNAL ROAD DRAINAGE NETWORK AT NEW LAND ACROSS RIVER NWORIE IN OWERRI IN IMO STATE.	M/S COSMOBUILT NIG. LTD, 1, THOMAS SANKURA STREET, ASOKORO, ABUJA	900,000,000.00	COMPLETED
						M/S ROYAL DIADEM CONSULTS LTD, 16, AMODU OJIKUTU STREET, VICTORIA ISLAND, LAGOS		COMPLETED

8	28/10/2013	RELEASE TO SGF FOR THE 2013 OPERATIONAL EXPENDITURE OF NATIONAL COMMITTEE ON ECOLOGICAL PROBLEMS	547,000,000.00		2013 OPERATIONAL EXPENDITURE OF NATIONAL COMMITTEE ON ECOLOGICAL PROBLEMS	ECOLOGICAL FUND OFFICE	547,000,000.00	COMPLETED
9	31/12/2013	RELEASE TO SGF ECOLOGICAL FUND BEING 2013 ANNUAL GRANT OF MURTALA MOHAMMED MEMORIAL BOTANICAL GARDENS LAGOS	5,000,000.00		GRANT TOWARDS THE SUSTENANCE OF THE MURTAL MUHAMMED OTANICAL GARDENS IN LAGOS.	M/S MURTALA MUHAMMED BOTANICAL GARDEN, LAGOS	5,000,000.00	COMPLETED

10	21/01/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR EROSION CONTROL WORKS AT IGBO- UKWU COMMUNITY, AGUTA LGA OF ANAMBRA STATE.	920,000,000.00	i	EROSION CONTROL WORKS AT IGBO-UKWU COMMUNITY, AGUATA LGA OF ANAMBRA STATE.	PARLAJOANA GLOBAL SERVICES LTD, PLOT 585, DAVID JEMIBEWON CRESCENT DUDU, ABUJA.	920,000,000.00	COMPLETED
						M/S ACHIMEDIAN CONSULT LTD (CONSULTANT)NO.2 OSOLO WAY, OFF M/M INT'L ROAD, AJAO, LAGOS		COMPLETED

11	11/03/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE FOR COMMENCEMENT OF THE SECOND PHASE OF THE RECLAMATION WORKS AT THE SITE OF THE FEDERAL UNIVERSITY, OTUOKE.	10,162,813,500.00	ii	SECOND PHASE OF RECLAMATION WORKS AT THE SITE OF THE FEDERAL UNIVERSITY, OTUOKE.	M/S AZIKEL DREDGING NIG LTD, AZIKEL OPERATIONAL BASE, AZIKEL CLOSE, OGBOGORO, YENEOGOA, BAYELSA STATE.	10,162,813,500.00	COMPLETED
						M/S JOVIS LTS. 123, IDOWU TAILOR STREET VICTORIA ISLAND LAGOS STATE		
				iii	CONTROL OF FLOOD AND GULY EROSION AT EHAMUFU IN ENUGU STATE.	FOLDAMAS ENGINEERING CO LTD, 22, BLANTYRE STREET, WUSE II ABUJA.	1,499,259,371.72 +194,600,000.00 <u>1,693,859,371.72</u>	N194,600,000.00 is the cost of additional work on the project. COMPLETED
						MAK & MAK LTD (CONSULTANT) PLOT 16, LATEEF JAKANDE DOSUNMU ROAD CBN AGIDIMGBI, LAGOS	302,000,000.00	COMPLETED
12	03/04/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT AS A GRANT TO CONTROL FLOOD AND GULLY EROSION IN ENUGU STATE AND TO TAKE CARE OF EMERGENCY SHORELINE RECLAMATION/EMBARKMENT IN RIVER STATE.		iv	EMERGENCY SHORELINE RECLAMATION/EMBARKMENT AT AMA NENE IN RIVERS STATE.	COASTAL CONTRACTORS LTD, 20 NICE STREET SUNCITY ESTATE, ABUJA.	1,521,281,079.94 + 210,000,000.00 <u>1,731,281,079.94</u>	N210,000,000.00 is the cost of additional work on the project. ONGOING
						ROYAL DIADEM CONSULT NIG LTD (CONSULTANT) 16 AMADU OJIKUTU STREET, VICTORIA, ISLAND LAGOS	263,594,484.52	ONGOING
						M/S TMCH GROUP LTD, NO. 8 CHIEF DICKS WAMI AVENUE OFF NSIRIM CRESENT GRA PHASE III, PORTHARCOURT.	939,866,235.00	COMPLETED

13	29/04/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR EROSION CONTROL WORKS AT SKILLS ACQUISITION CENTRE, NKANDA, CROSS RIVER STATE.	985,000,000.00	EROSION CONTROL WORKS AT SKILLS ACQUISITION CENTRE, NKANDA, CROSS RIVER STATE.		ASONIC ASSOCIATES NIG LTD (CONSULTANT), ASONIC HOUSE, PLOT 68 CASCURINA CLOSE, GADUWA ESTATE, ABUJA.		COMPLETED
14	13/05/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT TO CATER FOR DISPLACED PERSONS IN BAUCHI, BENUE, GOMBE AND PLATEAU STATES FOR SPECIAL COMMITTEE ON ADMAWA, BORNO AND YOBE	3,500,000,000.00	i	GRANT FOR DISPLACED PERSONS IN BAUCHI STATE	BAUCHI STATE GOVT.	500,000,000.00	N/A
				ii	GRANT FOR DISPLACED PERSONS IN BENUE STATE.	BENUE STATE GOVT	500,000,000.00	N/A
				iii	GRANT FOR DISPLACED PERSONS IN GOMBE STATE.	GOMBE STATE GOVT.	500,000,000.00	N/A
				iv	GRANT FOR DISPLACED PERSONS IN PLATEAU STATE.	PLATEAU STATE GOVT.	500,000,000.00	N/A
				v	TRANSFER TO NEMA	NEMA	1,500,000,000.00	N/A

15	25/05/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT TO CATER FOR REHABILITATION OF THE AGEING KAMPE (OMI) DAM IN KOGI STATE	1,486,135,822.50	REHABILITATION OF THE AGEING KAMPE (OMI) DAM IN KOGI STATE		FEDERAL MINISTRY OF WATER RESOURCES	1,486,135,822.50	N/A
				i	GULLY EROSION AND FLOOD CONTROL PROJECT AT ADO EKITI, EKITI STATE.	M/S KRESTLA LAUREL LIMITED, NO 376 IKORODU ROAD MARYLAND P.O BOX 14977, IKEJA LAGOS.		ONGOING
						M/S ARCHIMEDIA CONSULTS LTD, SUITE 304, 3RD FLOOR, PHILEZ PLAZA, AJAO ESTATE, LAGOS.		ONGOING
				ii	GULLY EROSION AND FLOOD CONTROL PROJECT AT OLOKON, OBAMI, ALAOKA AND OLOKUN OGBOMOSHO IN OYO STATE.	M/S DUROF NIG LTD, 122 HOSPITAL ROAD AKURE ONDO STATE.	617,542,222.50	COMPLETED
						M/S JOVIS LTD. 123, IDOWU TAILOR STREET VICTORIA ISLAND LAGOS STATE		COMPLETED

16	04/06/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR GULLY EROSION CONTROL AT AJILOSUN STREAM IN EKITI ATATE, OLOKUN IN OYO STATE AND EASTERN NAVAL HEADQUARTERS IN CALABAR, AND REHABILITATION OF KUBAMI DAM LAKE AT ABU ZARIA	14,975,000,000.00	iii	GULLIES/EROSION CONTROL WORKS AT THE EASTERN VANAL COMMAND HEADQUARTERS, CALABAR, CROSS RIVER STATE.	M/S GINCON CONSTRUCTION COMPANY LTD, 1599, OKA AKOKO CLOSE, OFF LAGOS STREET, GARKI 2, ABUJA.	3,798,469,867.50	COMPLETE D
						M/S ASONIC ASSOCIATES LTD, ASONIC HOUSE, PLOT 68 CASCURINA CLOSE, GADUWA ESTATE ABUJA	210,396,000.00	COMPLETE D

17	19/08/2014	RELEASE TO SGF ECOLOGICAL FUND ACCOUNT FOR PROCUREMENT OF MATERIALS TO COMBAT EBOLA VIRUS OUTBREAK AT STATE MEDICAL CENTRE, ABUJA.	121,392,500.00		PROCUREMENT OF MATERIALS TO COMBAT EBOLA VIRUS OUTBREAK AT STATE MEDICAL CENTRE, ABUJA.	STATE HOUSE MEDICAL CENTRE ABUJA	121,392,500.00	N/A

18	17/09/2014	RELEASE TO SGF ECOLOGICAL FUND IS ECOLOGICAL FUND OFFICE YEAR 2014 OPERATIONAL EXPENDITURE	455,000,000.00		ECOLOGICAL FUND OFFICE YEAR 2014 OPERATIONAL EXPENDITURE	ECOLOGICAL FUND OFFICE, ABUJA	455,000,000.00	N/A
					BOTO REHABILITATION PHASE I IN BAUCHI, BAUCHI STATE	M/S FOUNDATION YEARS NIG LTD. NO.34 ECOWAS DROVE, SUNNY VILLA ABUJA	736,393,556.00	ONGOING
						M/S ARCHIMEDIA CONSULTS LTD, SUITE 304, 3RD FLOOR, PHILEZ PLAZA, AJAO ESTATE, LAGOS.		ONGOING
19	18/09/2014	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR 20KM ROAD RECONSTRUCTION IN BOTO AND EHABILITATION OF BOTO EARTH DAM.			BOTO EARTH DAM REHABILITATION IN BAUCHI, BAUCHI STATE.	M/S FOUNDATION YEARS NIG LTD. NO .34 ECOWAS DROVE, SUNNY VILLA, ABUJA.	797,773,553.64	ONGOING

					M/S ARCHIMEDIA CONSULTS LTD, SUITE 304, 3 RD FLOOR, PHILEZ PLAZA, AJAO ESTATE, LAGOS.		ONGOING
20	30/12/2016	BEING RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR INTERNATIONAL SUMMIT ON THE EFFECTIVE IMPLEMENTATION OF ENVIRONMENTAL ASSESSMENT FOR SUITABLE DEVELOPMENT IN WEST AFRICA	266,000,000.00	INTERNATIONAL SUMMIT ON THE EFFECTIVE IMPLEMENTATION OF ENVIRONMENTAL ASSESSMENT FOR SUITABLE DEVELOPMENT IN WEST AFRICA	M/S HOUSE COMMITTEE ON ENVIRONMENT, NASS, ABUJA	266,000,000.00	N/A
21	30/12/2016	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR NATIONAL SURVEY ON THE TREAT OF BIOLOGICAL CHALLENGES IN NIGERIA (NORTH WEST ZONE)	234,000,000.00	NATIONAL SURVEY ON THE TREAT OF BIOLOGICAL DIVERSITY AND ECOLOGICAL CHALLENGES IN NIGERIA (NORTH WEST ZONE)	M/S HOUSE COMMITTEE ON ENVIRONMENT, NASS ABUJA	234,000,000.00	N/A
22	30/12/2015	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR NATIONAL SURVEY ON THE TREAT OF BIOLOGICAL DIVERSITY AND ECOLOGICAL CHALLENGES IN NIGERIA (SOUTH-SOUTH AND SOUTH WEST ZONES)	520,000,000.00	NATIONAL SURVEY ON THE TREAT OF BIOLOGICAL DIVERSITY AND ECOLOGICAL CHALLENGES IN NIGERIA (SOUTH-SOUTH AND SOUTH WEST ZONES)	M/S HOUSE COMMITTEE ON ENVIRONMENT, NASS, ABUJA	520,000,000.00	N/A
23	02/06/2015	RELEASE TO SGF ECOLOGICAL FUND OFFICE BEING ANNUAL GRANT OF 2014 FOR THE MAINTENANCE OF MURTALA MUHAMMED BOTANICAL GARDEN, EPE, LAGOS.	5,000,000.00	ANNUAL GRANT OF 2014 FOR THE MAINTENANCE OF MURTALA MUHAMMED BOTANICAL GARDEN, EPE, LAGOS.	M/S MURTALA MUHAMMED BOTANICAL GARDEN, LAGOS	5,000,000.00	N/A

24	27/02/2015	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT AS A SUPPORT FOR DISPLACED TRADITIONAL RULERS IN THE NORTH EAST	223,500,000.00	SUPPORT FOR DISPLACED TRADITIONAL RULERS IN THE NORTH EAST	NATIONAL EMERGENCY MANAGEMENT AGENCY, ABUJA.	233,500,000.00	N/A
25	13/03/2015	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR REMEDIAL WORKS AT THE NANKA/OKO PHASE I PROJECT, ANAMBRA STATE	952,000,000.00	REMEDIAL WORKS AT THE NANKA/OKO PHASE I EROSION AND FLOOD CONTROL PROJECT, ANAMBRA STATE	M/S RHINO MARITIME SERVICES & CONSTRUCTION LTD. PLOT 229B ROAD GRA PHASE II, PORT HARCOURT	952,742,155.05	ONGOING
					M/S SANI MUSTAPHA & ASSOCIATES LTD (CONSULTANT). SUITE E6, BOBSAR COMPLEX, PLOT 1035, MICHIKA STREET , AREA II, GARKI ABUJA		ONGOING
					M/S ROD & BRANCH LTD, 2, OLUMO STREET, OFF ASO DRIVE MAITAMA ABUJA	750,000,000.00	ONGOING
26	16/06/2015	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT FOR GULLY EROSION/ DRAINAGE FLOOD CONTROL AND ROAD IMPROVEMENT WORK IN KATUNGO, GOMBE	750,000,000.00	GULLY EROSION DRAINAGE, FLOOD AND ROAD IMPROVEMENT WORK IN KALTUNGO, GOMBE.	M/S MECCA NIG LTD, NO. 22 DIBOR STREET, OKOT-ISOLO LAGOS NIGERIA.	700,000,000.00	ONGOING
					ROYAL DIADEM CONSULT NIG LTD (CONSULTANT) 16 AMADU OJIKUTU STREET, VICTORIA, ISLAND LAGOS.		

				i	SOIL EROSION CONTROL WORKS AT NIGERIAN POLICE HOUSIN ESTATE KURUDU, PHASE I	M/S YUBY VENTURES NIG LTD. A201 HILLISIDE PLAZA PLOT 1910 YAKUBU GOWON CRESCENT ASOKORO	209,216,738.44	ONGOING
						M/S SURDS ENGINEERING SERVICES LTD (CONSULTANT). NO 60 3RD AVENUE GWARINPA, ABUJA.		ONGOING
						M/S APEH AUTOMATED SERVICES LTD. 9, MAPUTO STREET, 3RD FLOOD FAMAG JAL PLAZA, ZONE 3, WUSE, ABUJA.		ONGOING
				ii	LOHKMAK-KUWMKWUM EROSION CONTROL WORKS, LANGTANG NORTH LGA, PLATEAU STATE.	M/S SURDS ENGINEERING SERVICES LTD (CONSULTANT). NO. 60 3RD AVENUE GWARINPA, ABUJA	141,974,344.31	ONGOING

				iii	DOMA FLOOD EROSION CONTROL WORKS, NASARAWA STATE	M/S ADAMAWA BOREHOLE & DRILLING SERVICES LTS. F.C.E. SHOP 200/201A201 OPPOSITE TASTY MENU, YOA ROAD.	160,138,584.38	ONGOING
						M/S TEAMWORK GLOBAL ASSOCIATES (CONSULTANT). 21 TANKO TETE CRESCENT BARNAWA GRA, KADUNA		ONGOING
				iv	DAURA TOWNSHIP EROSION CONTROL PHASE I	M/S CGC NIG LTD. CGC CAMP, NNAMDI AZIKWE WAY KUDENDA INDUSTRIAL AREA P.O. BOX 7245, KADUNA.	601,872,070.49	COMPLETED
						M/S TEAMWORK GLOBAL ASSOCIATES (CONSULTANT). 21 TANKO TETE CRESCENT BARNAWA GRA, KADUNA		COMPLETED

28	13/11/2015	RELEASE APPROVED BY MR. PRESIDENT TO SGF FOR IMPLEMENTATION OF SOME SERIOUS ECOLOGICAL ACROSS THE COUNTRY	N3,584,727,375.00	v	RECONSTRUCTION OF YOLA-MUBI BRIDGE AT KALA'ASHIWA AND MAIL 30-KWAMBLA ROAD. ADAMAWA STATE	M/S A.G VISION CONSTRUCTION NIG LTD, PLOT 348, J.C OANDE CLOSE UTAKO DISTRICT, ABUJA	694,472,510.36	ONGOING
						M/S HASOM ENGINEERING (CONSULTANT), NO. II, KURAMAE NKRUMAH CRESCENT ASOKORO, ABUJA.		ONGOING
				vi	UMUOKI-UMUOWASI EROSION CONTROL AND ROAD IMPROVEMENT WORKS, IMO STATE.	M/S J.S VISION CONSTRUCTION NIG LTD, PLOT, 348 J.C OBANDE OFF S.O. WILLIAMS STREET UTAKO ABUJA	195,382,392.19	ONGOING
						M/S SURDS ENGINEERING SERVICES LTD (CONSULTANT). NO .60 3RD AVENUE GWARINPA, ABUJA		ONGOING

29	16/02/2016	RELEASE TO OSGF ECOLOGICAL FUND ACCOUNT FOR IMPLEMENTATION OF THE PHASE II OF DAURA TOWNSHIP EROSION CONTROL AND COMPLETION OF THE CONSTRUCTION OS SABKE DAM, IRRIGATION AND DRAINAGE WORKS IN KASTINA STATE	2,386,150,192.83	RELEASE TO SGF- ECOLOGICAL FUND FOR IMPLEMENTATION OF THE PHASE II OF DAURA TOWNSHIP EROSION CONTROL AND COMPLETION OF THE CONSTRUCTION OS SABKE DAM, IRRIGATION AND DRAINAGE WORKS IN KASTINA STATE	M/S CGC NIG. LTD	2,386,150,192.83	COMPLETED
					M/S TEAMWORK GLOBAL ASSOCIATES (CONSULTANT)		

				vii	OWALLA AVUVU EROSION CONTROL WORKS, IMO STATE.	M/S INFRATECH CONSTRUCTION NIG LTD, SUIT BI, 3 MILITARY STREET, ONIKAN LAGOS NIGERIA.		ONGOING
						M/S SURDS ENGINEERING SERVICES LTD (CONSULTANT). NO. 60. 3RD AVENUE GWARINPA, ABUJA	176,504,612.81	ONGOING
				viii	UMUDIATO FLOOD CONTROL WORKS, ORLU LGA, IMO STATE	M/S ABOU GHAZALEH CONTRACTING NIG LTD, PLOT 348 J.C OBANDE CLOSE UTAKO DISTRICT, ABUJA	121,493,288.44	ONGOING
						M/S TEAMWORK GLOBAL ASSOCIATES (CONSULTANT). 21 TANKO TETE CRESCENT BARNAWA GRA, KADUNA.		ONGOING

				ix	MAGODO GULLY EROSION CONTROL WORKS, LAGOS	M/S JERRYNELL CONSTRUCTION COMPANY LTD, 156, WETHDRAL ROAD, OWERRI, IMO STATE	204,194,543.44	COMPLETED
						M/S KRINOLL & PARTNERS LTD (CONSULTANT)		COMPLETED
				x	OGHERE AHMED EROSION CONTROL WORKS, IDIMU, LAGOS	M/S BEFOED WATER ENGINEERING SERVICES LTD	193,240,814.81	COMPLETED
						M/S ROYAL DIADEM CONSULTS LTD (SHORT_TERM CONSULTANT)		COMPLETED
				xi	KUDETI FLOOD CONTROL WORKS, IBADAN, OYO STATE.	M/S SAFFARAT INT'L COMPANY LTD	206,713,010.44	COMPLETED
						M/S KRINOLL & PARTNERS LTD (CONSULTANT)		COMPLETED
				xii	MASKA DAM PROJECT	CEYLON SERVICES LTD	241,874,918.36	ONGOING
					STABILIZATION/REALIGNMENT OF SHUWA BRIDGE AT KALA'A SHIWA AND MAIL 30-KWAMBLA ROAD ADAMAWA	A.G VISION LTD	114,890,475.00	ONGOING

30	23/06/2016	RELEASE TO SGF ECOLOGICAL FUND OFFICE ACCOUNT BEING ANNUAL GRANT FOR THE MAINTENANCE OF MURTALA MUHAMMED BOTANICAL GARDEN EPE, LAGOS 2015	5,000,000.00	RELEASE TO SGF-ECOLOGICAL FUND OFFICE BEING ANNUAL GRANT FOR THE MAINTAINANCE OF MURTALA MUHAMMED BOTANICAL GARDEN , EPE, LAGOS OF 2015	M/S MURTALA MUHAMMED BOTANICAL GARDEN	5,000,000.00	N/A
31	23/09/2016	RELEASE TO SGF- ECOLOGICAL FUND ACCOUNT FOR GULLY EROSION & FLOOD CONTROL IN KWOI TOWN IN KADUNA STATE	1,050,000,000.00	GULLY EROSION & FLOOD CONTROL IN KWOI TOWN IN KADUNA STATE	M/S HARRIS AND DOME NIGERIA LTD M/S TECTONIC ENGINEERING & CONSULTS LTD	1,050,000,000.00	

					M/S BRAN & LUBBE WATERS ENGR LTD.			
					M/S GLOBAL ECOLOGICAL CONSULTANTS NIG. LTD			
32	8/11/2016	RELEASE TO SGF-ECOLOGICAL FUND ACCOUNT FOR COMPLETION OF THE CONSTRUCTION OF SABKE DAM AND MASHI DUTSI WATER SUPPLY PROJECTS IN KASTINA STATE.	2,510,504,697.00	COMPLETION OF THE CONSTRUCTION OF SABKE DAM AND MASHI DUTSI WATER SUPPLY PROJECTS IN KASTINA STATE.		M/S SURDS ENGINEERING SERVICES LTD (CONSULTANT). NO. 60 3RD AVENUE GWARINPA, ABUJA	2,510,504,697.00	COMPLETED
				i	EFCP OF RICE FIELDS IN SURU LGA, KEBBI	M/S SALTA INFRASTRUCTURE & CONSTRUCTION LTD	2,294,187,052.40	
						M/S SURDS ENGINEERING SERVICES LTD (CONSULTANT)		
				ii	EFCP OF RICE FIELDS IN BAGUDU LGA, KEBBI	M/S CGC NIG. LTD	1,192,428,593.79	
						M/S TEAMWORKS GLOBAL ASSOCIATES (CONSULTANT)		
				iii	EFCP OF RICE FIELDS IN SHANGA LGA, KEBBI	M/S FAIRDEAL & SIDMAK LTD	101,600,254.88	
						M/S TEAM WORKS GLOBAL ASSOCIATES (CONSULTANT)		
				iv	REM OF SLUDGE AT KRPC PHASE 11, KADUNA	OSPREY GROUP INVESTMENT LTD	580,390,800.00	
						TADCO LTD		

				v	CHANNELIZATION, DESILTING OF OKOKO AND OGBAGBA RIVER IN OSOGBO TOWNSHIP, OSUN	ACCORD ENGINEERING LIMITED	1,434,238,748.36	
						INTEGRATED APPLICATION ENGINEERING LTD		
				vi	ADIABO OKUTIKANG BEACH GULLY EROSION CONTROL WORKS, ODUKPANI LGA, CROSS RIVER STATE	CGC NIG. LIMITED		
						ASONIC ASSOCIATES LTD	958,000,600.00	
				vii	REM. OF SLUDGE PIT AND OIL SPILLAGE AT WARRI REFINERY PHASE II DELTA STATE	ANDELSTA LIMITED		
						ARATIBIO TECH. NIG. LTD/ENVAP CONSULTANCY SERVICE	1,500,000,000.00	
33	18/10/2018	RELEASE TO SGF ECOLOGICAL FUND ACCOUNT FOR 14 NOS. INTERVENTION PROJECTS ACROSS THE COUNTRY FOR THE FOURTH QUARTER 2016	13,041,435,742.70	viii	MUBI FLOOD EROSION CONTROL WORKS AND RIVER YADZARM TRAINING PHASE I ADAMAWA	BARDE BROTHER MULTISERVICES LT	1,459,179,166.00	
				ix	EFC WORKS IN BOGORO TOWN, BOGORO LGA, BAUCHI	HORIZON INTERLINKS GLOBLE RES, LTD	353,800,299.75	
						SURAUG INTERNATIONAL LTD		
				x	GADAN TORO TO MARKET ROAD EROSIONNN CNTROL WORKS, TORO LGA, BAUCHI	TYLER MOORE SYNERGY PROJECT LTD	298,574,600.25	
						BANAM ENGINEERING & CONSULTANCY SERVICES LTD		
				xi	EROSION CONTROL WORKS AT NDA, NNOBI AND AGBOR, IDEMILI LGA. ANAMBRA	SKYPOND NIGERIA LTD	812,500,000.00	
						TECTONICS & CONSULTS LTD		

				xii	AMPER FLOOD AND EROSION CONTROL WORKS, TARKA LGA, BENUE STATE	BAHGO SERVICES LIMITED	325,169,758.80	
						JIREH DEVELOPMENT		
				xii	GULLY EROSION CONTROL WORKS AT FED, GOV'T COLLEGE ITOBI	SALAT NIGERIA LIMITED	121,440,600.00	
						CISEC ENGINEERING LTD		
				xiv	OWALA- AVUVU EROSION CONTROL WORKS AT FEDERAL COLLEGE ITOBI		46,000,000.00	

From the table above, the number of projects awarded by the Ecological Fund Office from 2012 to 2016 was 139 with a total value of N40,797,697,955. Total sum advanced to the contractors was N24,264,908,138 while the sum of N16,532,789,817 was outstanding as at 31 December 2016. Number of projects completed was 36; number of on-going projects was 101 while two projects were either stalled or abandoned.

				xv	CONSULTANCY SERVICES FOR FLOOD AND EROSION CONTROL WORKS IN ABEOKUTA TOWNSHIP, OGUN STATE	AUGNOS LTD/AAP PARTNERSHIP INT. LTD		
				xvi	OPERATIONAL COST FOR ECOLOGICAL FUNDS OFFICE	M/S EFO ADMIN. EXPENSES	157,051,690.00	

The actual fund transferred to the Office of the Secretary to the Federal Government Ecological Fund Account for execution of Ecological projects from 2012 to 2016 was N276.5billion.

This Fund was set up under the Federation Account Act 1981 but has been modified over the years. The most recent was the review of the modification Order, May 2002, which shared the 2% Ecological and 1% Derivation under special funds among the tiers of government along existing revenue sharing formula. The National Committee on Ecological Problems (NCEP) screens the proposed projects/requests for Government intervention and implements the President's approval.

Observations

Observation 1

The utilization of the fund does not match the purpose for which the fund was established. For instance the loan of N93,768,951,164 released to the Federal Government for funding of budget deficits and advance to States and Local Governments to meet shortfalls in their revenue is a case in point.

Implication

Funds are released for purposes that do not match the objects of the Ecological Fund.

Recommendation

FGN should adhere strictly to the object of the Fund.

4.7 Petroleum Technology Development Fund (PTDF)

Introduction

The Petroleum Technology Development Fund (PTDF) was established for the purpose of training and educating Nigerians in various critical sectors of the oil and gas industry.

Section 1 of the Act provides that the following moneys shall be paid into the Fund:

- a. The balance of monetary assets outstanding in the accounts of the Gulf Oil Company Training Fund at the commencement of the Act;
- b. All further sums payable to or received by the Minister of Mines, Power & Steel (Now Minister of Petroleum) in terms of any agreement made by the Government and any Company in relation to Petroleum Oil Prospecting or mining Concessions;
- c. And any other sums from time to time freely donated or accruing to the Government or the Fund for the training of Nigerians in the oil and gas industry as the said Minister may direct.

Section 2 of the Act provides that the Fund shall be available for the purpose of training Nigerians to qualify as graduates, professionals, technicians and craftsmen, in the fields of engineering, geology, science and management in the oil and gas industry in Nigeria or abroad.

Specifically, the said section 2 further provides that the provided funds shall be utilized for the following purposes:

- To wholly or partially provide scholarships and business for students studying in Universities, Colleges and Institutions in Nigeria or abroad.
- To maintain, supplement, or stabilize such training or education as mentioned above.
- To make suitable endowments to faculties in Nigerian Universities, Colleges or Institutions as approved by the Minister.
- To make available suitable books and training equipment in the Institutions aforementioned.
- For sponsoring regular or necessary visits to oil fields, refineries, petrochemical plants, and for arranging any necessary attachments of personnel to establishments connected with the development of the oil and gas industry.
- For financing and participating in seminars and conferences which are connected with oil and gas industry in Nigeria or Abroad.

Mission

To train Nigerians to qualify as graduates, professionals, technicians and craftsmen in the field of engineering, geology, science and management in the oil and gas industry in Nigeria or abroad.

Vision Statement

To serve not only as a vessel for the development of indigenous manpower and technology transfer/acquisition in the petroleum industry but also to make Nigeria a Human Resource center for the West African sub-region.

Mandate of the Fund

The Fund shall be dedicated to the development, promotion and implementation of petroleum technology and manpower development through research and training of Nigerians as graduate, professional, technician and craftsmen in the relevant fields in the petroleum and solid minerals industry.

The Fund shall:

- Moderate the operational dominance of the Nigeria Oil and Gas industry by foreign personnel and expertise
- Initiate, design and implement an effective indigenous research and development capacity for Nigerian's oil, gas and solid minerals industry
- Use existing human resources development facilities in Nigeria for an expanded manpower development programme in the oil, gas and solid minerals industry;
- Provide scholarships, bursaries and grants to Nigerians, wholly or partially, in Universities, Polytechnics, Colleges, Schools and Institutions in relevant disciplines in Nigeria or abroad.

Limitations

- The amount apportioned from DPR's total collections to PTDF differ from year to year, all efforts to get the bases of apportionment was unsuccessful.
- Transfers were made in US Dollars to PTDF Reserve Account in 2007, 2008 and 2009. The rates used for the conversion into naira were not made available for this audit.

4.7.1 Financial Overview

i. Statutory Income

Basically, the main statutory income of the Fund represents a portion of the total collection by the Department of Petroleum Resources such as Signature bonus, Concessional Rental and Royalties.

ii. Transfer Procedure

The agencies involved in the transfer procedure are the Central Bank of Nigeria, Office of the Accountant General of the Federation and the Department of Petroleum Resources. The DPR is responsible for collecting dues from Signature bonuses and royalties accruing from oil well blocks. These proceeds are remitted to the CBN, after which both the CBN and DPR participate in a reconciliation meeting at OAGF as the Accountant to Federal Government to reconcile differences in the account. A portion of what the DPR remitted is allocated to PTDF through mandate from the OAGF to the CBN to release allocation of the fund.

iii. PTDF Reserve Account

The Central Bank of Nigeria maintains an account called PTDF Reserve Account on behalf of the Fund. The Office of the Accountant General of the Federation issues mandates to transfer statutory allocations to this account. It is noteworthy that prior to 2007, the Fund submitted its annual budget which contained financial implications of its activities for the year to State House in Abuja for approval. The Fund's allocation has been pegged at one hundred million US Dollars (\$100 million) a year. In a situation where more responsibilities arise outside of the Fund's constitutional mandate, the FGN provides additional funds. This was evident in 2007 as the statutory allocation was more than hundred million US Dollars due to the Amnesty programme for Niger Delta militants.

4.7.2 Revenue (2012 - 2016)**Table 59: Various revenue sources to the Fund**

	2012	2013	2014	2015	2016	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Signature bonus	-	23,073,860	15,787,118	37,375,000	42,630,000	118,865,878
Investment	1,587,534	2,323,268	402,686	534,595	30,000	4,878,083
Other Income	79,424	7,486	11,517	1,702	201,107	301,236
Total	1,666,958	25,404,613	16,201,321	37,911,297	42,861,107	124,045,296

Source: PTDF Audited Financial Statements 2012 to 2016

Allocation from Signature Bonus/Oil Block Concession constituted about 91% to 99% of the total revenue to the Fund from 2013 to 2016. No signature bonus was paid in 2012; other sources include contractors' resignation and tender fees and other income.

i. Signature Bonus

The total revenue inflow from signature bonus between 2012 and 2016 as contained in the template populated by Department of Petroleum Resources (DPR) was N118,865,878.

Table 60: Analysis of Disbursements to PTDF from Signature Bonus Reserve Account

	Signature Bonus Remitted to CBN (A) ₦'000	Amount disbursed to PTDF out of signature bonus (B) ₦'000	(B) as a percentage of (A)
2012	-	-	-
2013	32,567,157	23,073,860	71%
2014	22,012,933	15,787,118	72%
2015	163,318,044	37,375,000	23%
2016	3,975,295	42,630,000	1072%
Total	221,873,429	118,865,978	54%

Source: JP Morgan Signature Bonus Bank Statement & PTDF Audited Financial Statements

The total revenue inflow from signature bonus between 2012 and 2016 from the verified template of the Department of Petroleum Resources (DPR) was ₦221,873,429,000 (Two hundred and twenty one billion, eight hundred and seventy three million, four hundred and twenty nine thousand naira). Total fund remitted to PTDF during the period under review was ₦118, 865,978,000 (One hundred and eighteen billion, eight hundred and sixty five million, nine hundred and seventy eight thousand naira) representing 54% of the total signature bonus remitted as shown in the table above.

ii. Local and Foreign Currency Investment Income

Revenue from investments during the period under review was ₦4,878,083,276 as shown in the table below:

Table 61: Investment and investment income

Fiscal Year	Short term Investment as at end of the year (₦)	Earned interest during the year (₦)	%
2012	3,312,333,679	1,587,534,169	48
2013	15,737,034,731	2,323,267,854	15
2014	12,203,784,731	402,685,887	3
2015	25,642,466,851	534,595,366	2
2016	-	30,000,000	-
Total	56,895,619,992	4,878,083,276	9

Sources: PTDF Mgt. and Audited financial Statements

4.7.3 Expenditure

For the years under review, total expenditure was ₦84 billion; core operating expenses was ₦75 billion or 88% of total expenditure while administrative expenditure was ₦9 million or 12% of total expenditure.

Table 62: Expenditure of the fund 2012-2016

	2012	2013	2014	2015	2016	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Core Operating Expenses	20,805,343	15,928,565	15,273,576	16,098,081	17,176,588	85,282,153
Administrative Expenses	3,669,307	4,971,217	5,222,449	6,428,902	9,188,085	29,479,960
Total Expenditure	24,474,650	20,899,782	20,496,025	22,526,983	26,364,673	114,762,113

Core Operating Expenses

During the period under review, core operating expenses was ₦85 billion. Assisted projects expenditure was ₦42 billion representing 49% of core operating expenses while scholarship related expenditure was ₦29.5 billion representing 35% of core operating expenses. The remaining 16% was made up of training expenses, workshop & seminar expenses, and travelling & accommodation expenses.

Table 63: Summary Financial Performance Overview (2012-2016 Fiscal Years)

	Revenue			Core operating expenses				Others				
	Signature Bonus	Investment and Other Income	Total Revenue	Scholar Related Expense	PTDF Assisted Projects	Trainings	Travelling, Workshops & Seminars	Staff Cost	Administrative Expenses	Finance and Depreciation expenses	Total Expenditure	Gross Surplus/ (Deficit)
FY	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
2012	-	1,666,958	1,666,958	4,238,596	15,538,997	798,028	138,958	2,749,176	1,010,896	89,999	24,564,650	(22,897,691)
2013	23,073,860	2,330,753	25,404,613	4,749,527	8,314,762	2,540,322	100,142	4,169,922	1,025,108	96,586	20,996,369	4,408,245
2014	15,787,118	414,203	16,201,321	4,163,692	6,937,536	3,577,756	335,070	3,860,681	1,621,291	166,623	20,662,649	(4,461,328)
2015	37,375,000	536,297	37,911,297	6,956,252	6,238,654	2,423,517	45,583	5,150,989	1,711,988	565,981	23,092,964	14,818,334
2016	42,630,000	231,107	42,861,107	9,460,670	5,684,012	2,490,544	206,411	6,654,299	1,868,737	616,715	26,981,388	15,879,719
Total	118,865,978	5,179,319	124,045,297	29,568,737	42,713,960	11,830,167	826,164	22,585,067	7,238,019	1,535,904	116,298,020	7,747,279

Source: Audited Financial Statements 2012 to 2016

The above table shows an overview of the Fund's financial performance from 2012-2016 fiscal years. In 2012, the Fund had a gross deficit of N23 billion because no signature bonus was received during the year. Throughout the period under review, the Fund had an overall net surplus of N7.7 billion.

During the 2012-2016 fiscal years, a total sum of N116,298,020,000 was spent as total expenditure. N42 billion (representing 37% of total expenditure) was expended on PTDF assisted projects while scholars related expenditures and staff cost amounted to N29,568,737 and N22,585,067 representing 26% and 20% of total expenditure respectively.

4.7.4 Findings, Recommendations and Conclusion

PTDF achieved 20%, 41% and 39% operating surplus in 2013, 2015 and 2016 fiscal years respectively. However, the actual performance (expenditure) differed unfavourably from the approved budget with respect to Capital expenditures and capacity building programmes. This practice led to an increase in accumulated funds from ₦19 billion in 2012 to ₦62 billion in 2016 as huge cash balances were always left unutilized. To curb this trend and fast track the Fund's (PTDF) achievement of its mandate, domestication of the Funds interventions especially the Overseas Scholarship Scheme is a priority. This will stem the escalating costs of foreign programmes and relocate the benefits from foreign training institutions & bodies to indigenous institutions. The PTDF should make concerted efforts to optimally, utilise available resources in achieving its mandate.

Of the numerous scholars funded by the Fund (PTDF) under the overseas scholarship scheme (OSS), it is difficult to ascertain the proportion of successful scholars who returned after their study programmes and integrated into the Nigerian oil and gas industry.

We recommend an impact assessment be carried out to ascertain how much the Fund's (PTDF) capacity building programmes have impacted the oil and gas industry given the level of investment since inception and in light of developing and promoting Nigeria's local content.

4.8 Stabilization Fund

The stabilization Fund (SF) generally refers to the mechanism set up by a government or central bank to insulate the domestic economy from huge revenue shocks, as from commodities such as oil. A primary motivation is maintaining a steady level of government revenue in the face of major commodity price fluctuations (hence the term "Stabilization").

At inception, the fund was 0.72% of the accruals into the Federation Account and later reviewed to 0.5% in 2004. For Administrative convenience, the Accountant General of the Federation maintains this account name as 0.72% Stabilization Account.

Objectives of the Fund

The objectives of the stabilization fund (SF) are:

- To provide stabilization support to the Federation revenue in times of economic stress,
- To effectively, conduct a sound and responsible fiscal policy while reducing the effects of the "boom and bust" commodity cycle of oil on Nigeria.
- The Fund is available to stabilize Federation revenues.
- The Fund is to invest in assets or instruments, which will ensure the availability of funds for the purposes of hedging any economic downturn arising from depletion in oil revenues
- The Fund makes available the Counter-Cyclical Economic Stabilization Fund, which assists in smoothening budget variations in income over a period.

Organizational Structure

Management of the Stabilization Fund according to the enabling Act is to be outsourced with investments in a diversified portfolio of liquid, low risk products such as Treasury bills and liquid short-term investment grade bonds.

4.8.1 Revenue

Reviewing of the revenue allocated to the Fund, it showed that total accrual to the Fund during the period under review was N110 billion as shown in the table below:

Table 64: Revenue Allocated to Stabilization Fund 2012 - 2016

Transfers from the Federation Account to Stabilization Fund						
Month	2012	2013	2014	2015	2016	Total
	₦m	₦m	₦m	₦m	₦m	₦m
Jan	2,918	2,664	5,303	3,018	1,627	15,530
Feb	2,433	2,898	2,923	1,965	3,856	14,075
Mar	3,732	4,554	3,351	33,282	2,521	47,440
Apr	3,546	3,383	3,211	2,142	2,347	14,629
May	6,573	7,745	2,519	1,926	2,030	20,793
Jun	2,128	3,396	6,312	2,141	1,706	15,683
Jul	3,552	6,590	3,766	4,396	2,838	21,142
Aug	3,302	4,628	3,289	2,511	2,074	15,804
Sep9	3,227	6,168	3,359	1,682	2,371	16,807
Oct	3,390	3,449	3,116	2,528	1,837	14,320
Nov	3,298	3,755	5,387	9,494	1,359	23,293
Dec	4,574	4,741	3,139	5,050	1,697	19,201
Total	42,673	53,971	45,675	70,135	26,263	238,717

SOURCES: CBN Stabilization accounts statements from 2012 to 2016, Summary of Gross Revenue Allocation by Federation Account Allocation Committee for the 2012 to 2016 and OAGF 0.72% Stabilization Fund Ledger.

4.8.2 Revenue by Sources

Table 65: Stabilization Revenue by Sources

The Sources of revenue allocated to the fund are as follows:

	2012	2013	2014	2015	2016	TOTAL
Sources	N' million	N' Million	N' Million	N' Million	N' million	N' million
Statutory Allocation	21,365	27,618	29,888	18,271	13,076	110,218
Contractual Obligation/ State loan repayments	5,820	8,681	10,661	6,772	7,904	39,838
Distribution of Excess Crude Oil	3,449	2,040	593	843	1,988	8,913
Release of Funds (other inflow)	10,585	11,690	2,648	43,417	1,618	69,958
Share of Sure-P	1,125	1,860	1,860	-	-	4,845
Exchange gain Difference	329	-	25	832	1,677	2,863
Augmentation	-	2,082	-	-	-	2,082
TOTAL	42,673	53,971	45,675	70,135	26,263	238,717

SOURCES: CBN Stabilization account statement from 2012 to 2016, Summary of Gross Revenue Allocation by Federation Account Allocation Committee for the 2012 to 2016 and OAGF Stabilization Fund Ledger.

Revenue to the Fund in 2012 was ₦42.7 billion, the revenue increased by 26% to ₦54 billion in 2013. There was a decrease in revenue by 15% to ₦45.7 billion in 2014, but increased by 53% to ₦70 billion in 2015. There was a drastic decrease of 169% in revenue to ₦44 billion in 2016, which was because of an amount approved by the House Committee of Finance (HCF) to the office of the National Security Adviser for security related transactions amounting to ₦30 billion in 2015.

4.8.3 Utilization of Funds (2012 - 2016)

4.8.4 Funds Utilisation from 2012 to 2016

A review of the Central Bank of Nigeria bank statements for the Fund and Office of Accountant General of the Federation's ledger showed that during the period under review, the Fund served as a pool to grant mostly loans to finance various expenditures. Expenditures funded through the Fund from 2012-2016 and the repayment statuses have been tabulated below:

Table 66: Summary of the utilisation of Fund

S/N	DESCRIPTION OF DISBURMENT	AMOUNT AND BREAKDOWN	NATURE/ LOAN STATUS	COMMENT
1.	Funding of FAAC Activities	The total sum of N4, 977,330,513 was disbursed for FAAC Activities. The sums of ₦2,491,039,110 was incurred in the year 2012 for FAAC activities while N885,420,616, N781,282,307 and N819,588,280 was incurred in 2013, 2014 and 2015 respectively. The federation did not incur any amount on FAAC activities in the year 2016.	Withdrawals	The detailed component of the total sum is depicted in table IV.
2.	Release of Funds to Federal Ministry of Finance (FMF) for NACOFED conferences and purchase of IPADS/PC tablets	The total sum of N145, 119,900 was disbursed. The sum of N6, 200,000 was incurred on the purchase of IPADS/PC tablets and N43, 834,965 on NACOFED conferences in the year 2012. The sum of N38, 146,215 and N56, 938,720 was incurred on NACOFED conferences in the year 2013 and 2014 respectively.	Withdrawals	The detailed component of the total sum is depicted in table V.
3.	Release of Funds for National Defence.	The sum of N15,456,978,676 was incurred on National defense from 2012 to 2016	Withdrawals	The detailed component of the total sum is depicted in table VI.
4	Release of Fund to OAGF FAAC secretariat.	Total sum of N 2,812,065,152 was released for this purpose from 2012-2016.	Withdrawals	The detailed component of the total sum is depicted in table VII.
5.	Loan released for Nigerian Army Operations	The total sum of N14, 793,625,676 for the period 2012-2016. The sum of N3, 949,856,956 was release to the Nigerian Army Operation in 2012 and loan of N4, 736,268,720 was release in 2013. The sum of N6, 107,500,000 was released in the year 2014.	The loan collected in 2013 was to be repaid in early month of 2014.	There is still outstanding and the table VIII depicts how the loan was released.
6.	Loan released to Defense Headquarters	The lump of N8,479,423,817 was released to Defense Headquarter in 2013	This amount is to be reimbursed in early 2014 but still outstanding.	Amount was paid lump sum in 2013

7.	Loan to Nigerian Sovereign Investment Authority	Total sum of N11, 841,119,659 was released to as loan. The sum of N2, 900,000,000 was released in 2012. N4, 279,428,749 was released in 2015 and N4, 661,690,911 was released in 2016.	The sum of N1,400,000,000 was paid by NSIA into the stabilization fund Account on 30 June 2014 leaving an outstanding balance of N10,441,119,659	The breakdown of the total sum lent for this purpose is illustrated in Table IX .
8.	Release of Fund to Cross-Rivers State	Total amount released to Cross-Rivers State from 2012 to 2016 was N36,900,000,000. N8.4billion was released in 2013, N10.5billion in 2014, N12billion in 2015 and N6billion in 2016	Total amount was still outstanding as at December 2016	The breakdown of the total sum lent for this purpose is illustrated in Table X .
9.	Release of Loan to Abia State	Total amount release to Abia State was N7,431,591,925	Amount still outstanding as at December 2016	Amount was paid lump sum on 14 November 2013.
10.	Release of Fund to Bayelsa and Akwa-Ibom State's Government	The sum of N187,836,411 was release to Bayelsa state on 12 February 2015 and N4,000,000,000 on 30 June 2016 to Akwa-Ibom State Government	Amount still outstanding as at December 2016	Amount paid lump sum.
11.	Release of Fund as loan to Federal Ministry of Power	Total sum of N8, 270,000,000 was released in the year 2013 in three installments. N6million was released on 22 August, N1million on 30 August and N1.27 million on 18 September 2013.	Amount still outstanding as at December 2016	Amount released in three installments.
12.	Release of Fund to Nigeria Air force	Total sum of N7, 805,219,678 was released to the Force from 2012 to 2016.	Withdrawals	The breakdown of the total sum lent for this purpose is illustrated in Table XI .
13.	Release of Fund to National Security Adviser	N43, 259,206,870 was approved to be released to the National Security Adviser. N13,259,206,870 was released in the year 2013, and N30billion was released in the year 2015	Withdrawals	The breakdown of the total sum lent for this purpose is illustrated in Table XII .
14.	Release of Fund for Insecurity in the Northern States	Total amount of N450,000,000 was release in 2013 for this purpose.	Withdrawals	The components of the loan are broken down in Table XIII .
15.	Release of Fund to Directorate of Military Pensions	Total amount of N7,306,516,345 was release lump sum for this purpose.	Withdrawals	Amount disbursed lump sum
16.	Release of Fund for Verification of Solid Minerals	Total amount of N36, 077,079 was released for this purpose.	Withdrawals	Amount paid lump sum
17.	Release of Loan for Funding of 2013 4th Quarter Capital Project	A sum of N 32,000,000,000 was released for this purpose in November 2013	Amount still Outstanding at December 2016	Amount paid lump sum on 27 November 2013
18.	Release of Loan to Naval Staff Coast Guard	A sum of N2,555,978,376 was release for this purpose in December 2013	Amount still Outstanding as at December 2016	Amount paid lump sum on 19 December 2013
19.	Release of Loan to Independent National Electoral Commission (INEC)	A sum of N3 billion was release to INEC to speed up the 2015 election	Amount to be repaid through 2014 statutory transfer release but still	Amount paid lump sum on 31 December 2013.

			outstanding as at December 2016.	
20.	Release of Loan to Nigeria Mortgage Refinance Company Plc.	A sum of N350 million was released as Loan in 2015.	Amount still outstanding as at December 2016	Amount paid lump sum on 10 February 2014
21.	Release to Special Fund Emergency	A sum of N1,992,548,500 was release for Ebola Outbreak in 2014	Expenses	Amount paid lump sum on 11 August 2014
22.	Release Of loan to Department Of Petroleum Resources	A sum of N2,351,590,858 was released as Loan to DPR in 2014	Amount still Outstanding as at December 2016	Amount paid lump on 29 October 2014.
23.	Release loan to Nigeria Government's for Safe School Initiative Programme	A sum of N1,558,500,000 was released as loan for this purpose	Amount still outstanding as at December 2016	Amount paid lump sum on 11 December 2014.
24.	Loan to supplement the Shortfall in Hajj Onshore and Offshore Operations	A sum of N9,760,918,542 was released as loan for this purpose from 2012-2016. N2,747,464,049 was released in 2014 and N7,013,454,493 in 2015	Amount still outstanding as at December 2016.	The breakdown of the total sum is illustrated in Table XIV
25.	Release of Loan Paramilitary, NSA, and other Intelligence Agencies	The sum of N1,144,972,868 was released as loan in the year 2014	Amount still outstanding as at December 2016	Amount paid lump sum on 12 August 2014
26.	Loan to State House	The sum of N10 billion was released to settle Julius Berger Nigeria Limited in the year 2015	Amount still outstanding as at December 2016	Amount paid lump sum on 16 June 2015

Table 67: BREAKDOWN OF FAAC EXPENSES

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
17/2/2012	Funding of FAAC Activities for 2012	109,067,820	FD/RS/31/VOL.V/172/DF
02/04/2012	Release to Technical Sub-Committee of FAAC, OAGF amount approved at the plenary session of FAAC at the meeting held on 22nd February, 2012 for implementation of IPSAS etc.	2,274,564,040	FD/RS/31/VOL.V/37/DF
30/08/2012	Release to FAAC Post Mortem Sub Committee amount approved by plenary of FAAC at the meeting held on 22nd February, 2012 for year 2012 activities	107,407,250	FD/RS/31/VOL.V/203/DF
18/02/2013	Funding of FAAC expenses for 2013 activities: Amount approved by the HMSF for the year, which includes holding of FAAC meetings, Maintenance of FAAC software, capital items, commissioners forum and Accountant General Forum	188,756,136	FD/RS/31/VOL.V/301/DF
18/02/2013	The transfer represents the amount approved by the Honorable Minister of State for Finance for the year 2013 Revenue Reconciliation Expenses, printing of customized security Receipts in respect of oil and Gas and solid mineral and publication of FAAC figures Vide memo of 9th January 2013	611,486,680	FD/RS/31/VOL.VI/300/DF
24/05/2013	Release to FAAC Secretariat approved by Minister of State for Finance to the Ad-hoc Committee on the request for deduction from allocation of Local Government Councils by Association of Local Government of Nigeria (ALGON) on the ALGON Health Care Centre Project in the 774 Local Government Councils in Nigeria and FIRS	8,125,000	FD/RS/31/VOL.VI/35/DF
08/07/2013	Release to FAAC Post-Mortem Sub-Committee for Finance for 2013 FAAC Post-Mortem Activities. Amount approved by the Honorable Minister of state for Finance for 2013 FAAC	77,053,000	FD/RS/31/VOL.VI/177/DF

	post-mortem Activities		
9/1/2014	Release to OAGF approved by CME/HMF to finance 2014 Revenue Reconciliation Expenses, Printing of Customized Security Receipt in respect of Oil & Gas and Solid Mineral And Publication of FAAC Figures in National Dailies	640,503,500	FD/RS/VOL.VII/199/DF
9/1/2014	Fund approved by CME/HMF to finance Hosting of FAAC Meetings, Commissioners Forum and Accountants: The transfer represents the amount approved by HMF for the year 2014 activities which include; hosting of FAAC meetings, commissioners forum and Accountants-General Forum; Vide memo of 19th December 2013	111,688,416	FD/RS/31/VOL.VII/200/DF
30/09/2014	The transfer represents the amount approved to cover the previous expenses incurred and future spending that were not provided for in the FAAC secretariat approved budget; Vide memo of 15th September	7,000,000	FD/RS/31/VOL.VIII/323/DF
13/11/2014	The approved amount for the Sub-Committee on Subsidy Removal being 2% of the draft budget to continue work before approval	22,090,391	
12/02/2015	Release approved by HMSF to FAAC Secretariat as the proposed Budget Estimate for 2015 FAAC Meeting & related activities.	819,588,280	
	TOTAL	4,977,330,513	

Table 68: RELEASE OF FUNDS TO FEDERAL MINISTRY OF FINANCE (FMF)

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
13/3/2012	Release to FMF FAAC Secretariat the amount approved by HMSF as augmentation for purchase of IPAD/PC tablet for FAAC members.	6,200,000	FD/RS/31/VOL.V/10/DF
23/05/2012	Release to FMF FAAC Secretariat the amount approved by plenary of FAAC at meeting held on 19th March,2012 for hosting of 2012 NACOFED conference at Ibadan, Oyo State.	43,834,965	FD/RS/31/VOL.V/50/DF
08/07/2013	Release to FMF (FAAC Secretariat)to finance2013 FAAC NACOFED Conference: Transfer represent the amount approved by the Honorable Minister of state for Finance for FAAC NACOFED conference in Minna	38,146,215	FD/RS/31/VOL.VI/192/DF
30/09/2014	Approved release to FAAC Secretariat for all activities of NACOFED Conference, 2014	56,938,720	
	TOTAL	145,119,900	

Table 69: RELEASE OF FUNDS TO MINISTRY OF DEFENCE

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
09/18/2012	Release to Ministry of Defence Emergency Procurement amount approved by CME/HMF to meet the requirement for deployment of Nigerian troops to ECOWAS standby forces in Guinea Bissau	1,082,249,859	FD/RS/31/VOL.V/214/DF
30/06/2016	Release approved by Mr. President to the Federal Ministry of Defence for Internal Security Operation and immediate requirement for the establishment of a new Division being balance of the sum of N35,375,728,817.20 for Internal security Operations and immediate requirement for the establishment of a new division	14,374,728,817	FD/RS/31/VOL.XI/45/DF
	TOTAL	15,456,978,676	

Table 70: RELEASE TO OAGF FAAC SECRETARIAT

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
12/27/2012	Release to OAGF FAAC Secretariat amount approved by HMSF for verification of fertilizer distributed to State for 2010 farming season by Federal Auditor	51,958,500	FD/RS/31/VOL.V/249/DF
03/12/2014	Approved amount released to the FAAC Secretariat to cater for expenses of the extension of FAAC by one day in February, 2014	4,210,000	FD/RS/31/VOL.VIII/6/DF
23/04/2014	Approved amount released to the FAAC Secretariat to cater for expenses of the two days extension of the Committee on Sensitization of the public on the merit of the removal of Petroleum Subsidy set up by FAAC.	1,959,000	FD/RS/31/VOL.VIII/71/DF
21/05/2014	Approved amount released to the Plenary FAAC to at the meeting held on 15th May, 2014 for implementation of adoption International Public Sector Accounting Standards (IPSAS)	2,392,230,750	FD/RS/31/VOL.VIII/145/DF
30/05/2014	Released to FAAC Secretariat for Committee on the removal of subsidy approved at the Plenary meeting of FAAC held on 15th May, 2014	198,021,622	FD/RS/31/VOL.VIII/202/DF
27/06/2014	Approved release to OAGF FAAC for servicing the Sub-Committee meeting on Constitutionality of the deductions from Federation Account for FAAC activities.	20,078,000	FD/RS/31/VOL.VIII/219/DF
28/04/2015	Being amount approved for Pre-FAAC Reconciliation Expenses for year 2015. Transfer represents the amount approved for pre-FAAC reconciliation expenses for year 2015; Vide memo REF NO: R & I/1549/1/51 of 24 the February 2015	143,607,280	FD/RS/31/VOL.X/45/DF
	TOTAL	2,812,065,152	

Table 71: RELEASE TO NIGERIAN ARMY OPERATIONS

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
09/24/2012	Release to Nigeria Army Operations Internal Security amount approved by CME/HMF to meet the Nigerian Army Quick Response Groups and Forward Operating Bases Nationwide	1,951,001,536	FD/RS/31/VOL.V/218/DF
12/19/2012	Release to Nigeria Army Operations Internal Security amount approved by CME/HMF to meet the Nigerian Army Quick Response Groups and Forward Operating Bases Nationwide 19th September - 18th December, 2012	1,998,855,420	
30/08/2013	Being loan given to Nigeria Army Operations Internal Security which was approved by Mr. President to meet the Nigerian Army Quick Response Groups and Forward Operating Bases Nationwide of 19th June - 18th September, 2013. This amount will be reimbursed early in 2014 Ref No: PRES/87/MF/-2/20 dated 30th July 2013	2,368,134,360	FD/RS/31/VOL.VI/247/DF
19/12/2013	Release approved by Mr. President for sustenance of the Nigerian Army Quick Response Groups and Forward Operating Bases Nationwide for the period of 19th Sep., - 18th Dec., 2013 This amount will be reimbursed early in 2014 vide letter REF NO: PRES/87/MF/-2/20 dated 30th July 2013	2,368,134,360	FD/RS/31/VOL.VII/247/DF
11/05/2014	Being loan released to Nigerian Army approved by Mr. President for Training and Kitting of 5,000 Recruits.	2,598,000,000	FD/RS/31/VOL.IX/45/DF
11/05/2014	Being loan released to Nigerian Army approved by Mr. President for outstanding balance of the 2013 recruitment.	3,509,500,000	FD/RS/31/VOL.IX/45/DF
	TOTAL	14,793,625,676	

Table 72: RELEASE OF LOAN TO NIGERIA SOVEREIGN INVESTMENT AUTHORITY

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
11/22/2012	Release to Nigerian Sovereign Investment Authority approved by Mr. President as bridge financing from Stabilization Fund to be repaid by the end of 2013	2,900,000,000	
05/04/2015	Release approved by Mr. President as transfer of 25% of the monthly allocation accruing into this account for investment in Nigeria Sovereign Investment Authority (NSIA). Vide REF: PRES/87/MF/-2/575b and CME/HMF/FMF/NSIA/2015/3 of 2nd April 2015	409,387,794	FD/RS/31/VOL.X/48/DF
25/05/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilization Account. For investment in Nigeria Sovereign Investment (NSIA). Vide REF: PRES/87/MF/-2/575b and CME/HMF/FMF/NSIA/2015/3 of 2nd April 2015	355,467,767	FD/RS/VOL.X/59/DF
10/07/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	840,451,019	FD/RS/31/VOL.X/102/DF
14/08/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account for Investment in Nigeria Sovereign Investment Authority (NSIA); vide Letter REF NO: PRES/87/MF/-2/575 and CME/HMF/FMF/NSIA/2015/3 of 2nd April, 2015	541,527,632	FD/RS/31/VOL.X/113/DF
31/08/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account for investment in Nigeria Sovereign Investment Authority(NSIA) REF NO: PRES/87/MF/-2/575	501,843,959	FD/RS/31/VOL.X/129/DF
13/10/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	420,582,773	FD/RS/31/VOL.X/132/DF
28/10/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	379,901,740	FD/RS/31/VOL.X/155/DF
27/11/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	478,791,757	FD/RS/31/VOL.X/175/DF
22/12/2015	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account. REF NO: PRES/87/MF/-2/575	351,474,307	FD/RS/31/VOL.X/184/DF

25/01/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account. vide letter REF NO: PRES/87/MF/-2/575	406,701,291	FD/RS/31/VOL.X/189/DF
23/02/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account. vide letter REF NO: PRES/87/MF/-2/575	344,994,927	FD/RS/31/VOL.X/195/DF
22/03/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	320,688,657	FD/RS/31/VOL.X/201/DF
25/04/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	277,113,250	FD/RS/31/VOL.X/205/DF
01/06/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	259,862,214	FD/RS/31/VOL.X/209/DF
27/06/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account. REF NO: PRES/87/MF/-2/575	285,601,521	FD/RS/31/VOL.X/228/DF
01/08/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account. VIDE letter REF NO PRES/87/MF/-2/575	583,428,313	FD/RS/31/VOL.XI/55/DF
30/08/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	498,776,101	FD/RS/31/VOL.XI/59/DF
29/09/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	501,910,043	FD/RS/31/VOL.XI/74/DF
27/10/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	415,823,026	FD/RS/31/VOL.XI/106/DF
6/12/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	404,424,415	FD/RS/31/VOL.XI/191/DF
20/12/2016	Released to Nigerian Sovereign Investment Authority (NSIA) approved by Mr. President as 25% of monthly allocation accruing into Stabilisation Account.	362,367,153	FD/RS/31/VOL.XI/212/DF
	TOTAL	11,841,119,659	

Table 73: RELEASE OF LOAN TO CROSS RIVERS STATE

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
14/06/2013	Release to Cross River State Govt. as short-term allocation due to decline of its revenue. The Transfer represents the amount approved by Mr. President to Cross River state Government to provide for short-term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state.	6,000,000,000	FD/RS/31/VOL.VI/84/DF
26/06/2013	Release to Cross River State Govt. as monthly augmentation to provide short-term allocation due to decline of its revenue(1st of 24 Installments): The transfer represents the amount approved by Mr. president to cross River state Government as the 1st installment out of the 24 installments of the monthly augmentation to provide for short term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state	400,000,000	FD/RS/31/VOL.VI/104/DF
31/07/2013	Release to Cross River State Govt. as monthly augmentation to provide short-term allocation due to decline of its revenue(2nd of 24 Installments) to provide for short-term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its littoral state	400,000,000	FD/RS/31/VOL.VI/210/DF
29/08/2013	Release to Cross River State Govt. as monthly augmentation to provide short-term allocation due to decline of its revenue(3rd of 24 Installments) to provide for short term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state.	400,000,000	FD/RS/31/VOL.VI/237/DF
14/11/2013	Release to Cross River State Govt. as monthly augmentation to provide short-term allocation due to decline of its revenue(4th of 24 Installments) to provide for short term remedy for the allocation of additional revenue on the absolute decline of its revenue arising from the loss of its status as a littoral state vide REF NO: PRES/87/MF/971 OF 31st MAY 2013	400,000,000	FD/RS/31/VOL.VI/74/DF
14/11/2013	Release to Cross River State Govt. as monthly augmentation to provide short-term allocation due to decline of its revenue(5th of 24 Installments)	400,000,000	FD/RS/31/VOL.VI/74/DF
02/10/2014	Release to Cross River State Govt. as monthly augmentation to provide short-term allocation due to decline of its revenue(7th of 24 Installments)to provide short-term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state: REF no: PRES/87/971 of 31 may 2013	400,000,000	FD/RS/31/VOL.VII/231/DF
02/10/2014	Release to Cross River State Govt. as monthly augmentation to provide short-term allocation due to decline of its revenue(8th of 24 Installments)to provide short-term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state: REF no: PRES/87/971 of 31 may 2013	400,000,000	FD/RS/31/VOL.VII/231/DF

28/03/2014	<i>Release to Cross Rivers State Government approved by Mr. President as the 10th instalment out of the 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue. to provide short-term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state: REF no: PRES/87/971 of 31 may 2013</i>	400,000,000	FD/RS/31/VOL.VII /243/DF
28/03/2014	<i>Release to Cross Rivers State Government approved by Mr. President as the 10th instalment out of the 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.</i>	400,000,000	FD/RS/31/VOL.VII /243/DF
16/04/2014	<i>Release to Cross Rivers State Government approved by Mr. President as the 10th instalment out of the 25th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.</i>	400,000,000	FD/RS/31/VOL.VIII /29/DF
25/04/2014	<i>Release to Cross Rivers State Government approved by Mr. President as the 11th instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue to provide short-term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state: REF no: PRES/87/971 of 31 may 2013</i>	400,000,000	FD/RS/31/VOL.VIII /78/DF
27/05/2014	<i>Released to Cross-River State Government amount approved by Mr. President as additional augmentation as result of Supreme Court Judgement of 12th July, 2013 vide ref No: PRES/87/MF/-2/294 of 26th May 2014</i>	3,000,000,000	FD/RS/31/VOL.VIII /201/DF
06/10/2014	Release to Cross Rivers State Government approved by Mr. President as the 12th instalment out of the 26th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue. REF No: PRES/87/MF/971 of 31st May 2013	400,000,000	FD/RS/31/VOL.VIII/214/DF
07/02/2014	Release to Cross Rivers State Government approved by Mr. President as the 13th instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.VIII/221/DF
07/08/2014	Release to Cross Rivers State Government approved by Mr. President as the 14th instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.VIII/246/DF
09/12/2014	Release to Cross Rivers State Government approved by Mr. President as the 15th instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue. REF No: PRES/87/MF/971 of 31st May 2013	500,000,000	FD/RS/31/VOL.VIII/284/DF
14/10/2014	The transfer represents the amount approved by Mr. president to cross river state government as the 16th installment out of 24. REF No: PRES/87/MF/971 of 31st May 2013	500,000,000	FD/RS/31/VOL.VIII/325/DF

13/11/2014	Released approved by Mr. President as additional sum of =N=100,000,000.00 for 12 months(June,2013 - May 2014) as augmentation to Cross River State base on Supreme Court ruling of 12/7/2012.vide letter REF NO: PRES/87/MF/-2/294 of 26th May 2014	1,200,000,000	FD/RS/31/VOL.VIII /215/DF
19/11/2014	Being Payment Cross River State Government as the 17th instalment out of the 24 instalments of the monthly augmentation to provide for short-term remedy for the allocation by Mr.President.	500,000,000	FD/RS/31/VOL.IX/ 96/DF
Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
17/12/2014	Being Payment Cross River State Government as the 18th instalment out of the 24 instalments of the monthly augmentation to provide for short-term remedy for the allocation by Mr.President.The transfer represents the amount approved by Mr. president to cross river state government as the 18th installment out of 24. REF No: PRES/87/MF/971 of 31st May 2013	500,000,000	FD/RS/31/VOL.IX/ 128/DF
30/12/2014	Being the 19th Instalment out of the 24th instalments approved by Mr. President to Cross- Rivers State Government to provide short-term remedy for the allocation of additional revenue. REF No: PRES/87/MF/971 of 31st May 2013	500,000,000	FD/RS/31/VOL.IX/ 131/DF
05/02/2015	Release to Cross Rivers State Government approved by Mr. President as the 20th instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.IX/ 131/DF
05/03/2015	Release to Cross Rivers State Government approved by Mr. President as the 21st instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue. to provide for short term remedy for the allocation of additional revenue based on the absolute decline of its revenue arising from the loss of its status as a littoral state REF: PRES/87/MF/ 971 OF 31 MAY 2013	500,000,000	FD/RS/31/VOL.X/5 /DF
20/3/2015	Release to Cross Rivers State Government approved by Mr. President as the 22nd instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.X/2 0/DF
05/04/2015	Release to Cross Rivers State Government approved by Mr. President as the 23rd instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/VOL.X/49/ DF
25/05/2015	Release to Cross Rivers State Government approved by Mr. President as the 24th instalment out of the 24th instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/VOL.X/5 8/DF

29/06/2015	<i>Release to Cross Rivers State Government approved by Mr. President as 1st instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.</i>	500,000,000	FD/RS/31/VOL.X/9 8/DF
10/07/2015	<i>Release to Cross Rivers State Government approved by Mr. President as 1st instalment out of the 2 instalments of the augmentation to provide short-term remedy for the allocation of additional revenue. based on the absolute decline of its revenue; vide letter REF NO: PRES/87/MF/1-2/680 of 27th May 2015</i>	3,000,000,000	FD/RS/31/VOL.X/1 03/DF
14/08/2015	<i>Release to Cross Rivers State Government approved by Mr. President as 2nd instalment out of the 2 instalments of the augmentation to provide short-term remedy for the allocation of additional revenue.</i>	3,000,000,000	FD/RS/31/VOL.X/1 14/DF
14/08/2015	<i>Release to Cross Rivers State Government approved by Mr. President as 2nd instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.</i>	500,000,000	FD/RS/31/VOL.X/1 15/DF
31/08/2015	<i>Release to Cross Rivers State Government approved by Mr. President as 3rd instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.</i>	500,000,000	FD/RS/31/VOL.X/1 28/DF
13/10/2015	<i>Release to Cross Rivers State Government approved by Mr. President as 4th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.</i>	500,000,000	FD/RS/31/VOL.X/1 332/DF
28/10/2015	Release to Cross Rivers State Government approved by Mr. President as 5th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL. X/156/DF
27/11/2015	Release to Cross Rivers State Government approved by Mr. President as 6th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL. X/174/DF
22/12/2015	Release to Cross Rivers State Government approved by Mr. President as 7th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL. X/185/DF
25/01/2016	Release to Cross Rivers State Government approved by Mr. President as 8th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL. X/190/DF
23/02/2016	Release to Cross Rivers State Government approved by Mr. President as 9th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL. X/194/DF

22/03/2016	Release to Cross Rivers State Government approved by Mr. President as 10th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.X/203/DF
03/05/2016	Release to Cross Rivers State Government approved by Mr. President as 11th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.X/206/DF
01/06/2016	Release to Cross Rivers State Government approved by Mr. President as 12th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue. based on the absolute decline of its revenue arising from the loss of its status as a littoral state: Vide letter Ref NO: PRES/87/MF/-2/680 OF 27th May 2015	500,000,000	FD/RS/31/VOL.X/210/DF
27/06/2016	Release to Cross Rivers State Government approved by Mr. President as 13th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.X/229/DF
01/08/2016	Release to Cross Rivers State Government approved by Mr. President as 14th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.XI/56/DF
30/08/2016	Release to Cross Rivers State Government approved by Mr. President as 15th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.XI/60/DF
29/09/2016	Release to Cross Rivers State Government approved by Mr. President as 16th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.XI/75/DF
27/10/2016	Release to Cross Rivers State Government approved by Mr. President as 17th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.XI/107/DF
6/12/2016	Release to Cross Rivers State Government approved by Mr. President as 18th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.XI/192/DF
20/12/2016	Release to Cross Rivers State Government approved by Mr. President as 19th instalment out of the second phase of 24 instalments of the monthly augmentation to provide short-term remedy for the allocation of additional revenue.	500,000,000	FD/RS/31/VOL.XI/213/DF
	TOTAL	36,900,000,000	

Table 74: RELEASE OF FUND TO NIGERIAN AIR FORCE

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
10/15/2012	Release to Nigerian Air Force approved by CME/HMF for the Periodic Depot Maintenance of C-130 Aircraft to be reimbursed early in 2013	3,000,000,000	FD/RS/31/VOL.V /234/DF
25/03/2014	Amount represents the amount approved by CME/HMF 2013 Armed forces group Life Assurance premium. Vide letter ref Nos: BD/11891/s.58/II dated 10th March 2014	2,395,851,978	FD/RS/31/VOL.VII I/18/DF
12/09/2014	Being loan approved by Mr. President to Nigerian Air Force Operations to meet financial requirements for execution of Air Operations of the O Zaman Lafiya by the Nigerian Air Force vide letter Ref No: PRES/87/MF/-2/407 of 5th September 2014	2,409,367,700	FD/RS/31/VOL.VII I/285/DF
	TOTAL	7,805,219,678	

Table 75: RELEASE OF FUNDS TO NATIONAL SECURITY ADVISER

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
31/05/2013	Release to Office of National Security Adviser approved by Mr. President being shortfall from 2012 appropriation. Being release of fund for the deficit balance of capital vote and overhead expenses for the operations of Presidential Communication Network(PC4), Counter terrorism Equipment Procurements, Establishment of Data centre.	7,759,206,870	FD/RS/32/VOL.VI /64/DF
19/12/2013	The transfer represents the amount approved by CME/HMF as loan to the office of the National Security Adviser being balance of 2013 Capital Budget which were earlier released from 10% Rice levy (N3million) and 65% wheat grain levy (N2.5million) now refunded back vide letter ref NO: BD/2000/EXP.557/T2/66 and OAGF/FD/5385/S.91/1/11/DF dated 9th and 11th December 2013	5,500,000,000	FD/RS/31/VOL.VII /170/DF
06/03/2015	Being amount approved by CME/HMF to Office of the National Security Adviser for security related transactions. Transfer approved by CME/HMF to be released to the office of the National security Adviser for security related transactions REF Nos: DFD/OAGF/365/1/42 and FD/5385/S.44/IV/T/307 pf 2nd March 2015 and 3rd march 2015 respectively	30,000,000,000	FD/RS/31/VOL.X/ 11/DF
	TOTAL	43,259,206,870	

Table 76: RELEASE OF FUNDS FOR THE PURPOSE OF INSECURITY IN THE NORTH EASTERN STATES

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
17/07/2013	Release by FGN approved by Mr. President as part of Federal Government Assistance to spate of insecurity in Borno State	200,000,000	FD/RS/31/VOL VI/167/DF
17/07/2013	Release by FGN approved by Mr. President as part of Federal Government Assistance to spate of insecurity in Yobe State	150,000,000	FD/RS/31/VOL VI/167/DF
17/07/2013	Release by FGN approved by Mr. President as part of Federal Government Assistance to spate of insecurity in Adamawa State	100,000,000	FD/RS/31/VOL VI/167/DF
	TOTAL	450,000,000	

Table 77: RELEASE OF FUNDS TO SUPPORT SHORTFALL IN THE HAJJ ONSHORE AND OFFSHORE OPERATIONAL BUDGET OF THE NATIONAL HAJJ COMMISSION

Date	Description	Amount (N)	APPROVED MANDATE :REF CODE
25/11/2014	Release approved Mr. President as a loan to supplement the shortfall in the proposed 2014 Hajj Onshore and Offshore Operation Budget of the National Hajj Commission of Nigeria and to be refunded in the 2015.	1,402,020,425	
31/12/2014	Actual Release by CBN as approved by Mr. President as a loan to supplement the shortfall in the proposed 2014 Hajj Onshore and Offshore Operation Budget of the National Hajj Commission of Nigeria and to be refunded in the 2015.	1,345,443,624	
06/03/2015	Being loan approved by Mr. President to CRF to cover the shortfall of mandatory statutory payments and transfers. Transfer represents the amounts approved by Mr. president as loan to cover the shortfall of the mandatory payments such as salaries, pensions and gratuities as well as transfers to statutory agencies: Vide letter REF NO: PRES/87/MF/-2/552 of 3rd march 2015	7,000,000,000	FD/RS/31/VOL.X/12/DF
05/08/2015	Being charges in respect of release by CBN as approved by Mr. President as a loan to supplement the shortfall in the proposed 2014 Hajj Onshore and Offshore Operation Budget of the National Hajj Commission of Nigeria and to be refunded in the 2015.	13,454,493	
	TOTAL	9,760,918,542	

Table 78: Breakdown of Loans to six Oil Producing States

State	Opening Balance as at January 2012	Amount released in the period under review	Repayment	Balance as at Dec. 2016
	₦	₦	₦	₦
Bayelsa	10,894,511,812.50	187,836,411	7,456,872,883	3,625,475,340.50
Rivers	10,010,921,354.58	-	15,480,606,756	(5,469,685,401)
Edo	4,009,708,271.93	-	3,810,182,681	199,525,590.93
Ondo	2,332,627,006.00	-	2,284,073,674	48,553,332.00
Imo	660,460,856.70	-	664,165,677	(3,704,820.30)
Abia	245,473,260.80	7,431,591,411	262,813,043	7,414,251,628.80
Total	28,153,702,562.51	7,619,427,822	29,958,714,713	5,814,415,672

CBN Stabilization account 20054141058 statement from 2012 to 2016 and OAGF Stabilization Fund Ledger

The table above represents the balance of the Loans granted to the six Oil producing States from the Stabilization Fund and the repayments made as at December 2016

4.8.5 Findings, Implications and Recommendations

Findings

Most of the disbursements made from the Fund were described as loans but are yet to be recovered as at the time of this report

Implication

- Loss of funds by Government.
- Inability to meet constitutional mandate

Recommendations

Loans should be properly monitored to ensure that they are recovered.

4.9 Tertiary Education Trust Fund (TETFUND)

Overview of Tertiary Education Trust Fund

The Tertiary Education Trust Fund (TETFUND), was established under the Tertiary Education Trust Fund (Establishment), Act, 2011 which repealed education tax Act Cap E4 Laws of the Federation of Nigeria, 2004 and Education tax Fund (Amendment) Act No. 17, 2003. It came to effect in June 2011 with mandate to engage in the rehabilitation, restoration and consolidation of tertiary education in Nigeria.

Principal Activities

A Board of Trustees that ensures disbursement of Funds to beneficiary educational institutions for the restoration, rehabilitation and consolidation of education manages the Fund.

The main activities undertaken by the TETFUND include:

- Liaising with FIRS to monitor the collection of education tax;
- Providing pro-active support for education tax collections by the FIRS;
- Embarking on periodic tax drives to mobilize payment of education tax by companies;
- Embarking on joint reconciliation visits in Tax offices of the FIRS;
- Disbursement of Funds to the various tiers of education;
- Receiving proposals on area on intervention from the beneficiaries;
- Receiving proposals by professionals to assess their relevance to improving the quality of teaching and learning;
- Invest Funds in appropriate and safe securities;
- Update the Federal Government of its activities and progress through annual and audited report;
- Review progress and suggest improvement within the provision of the Act;
- Do such other things as are necessary or incidental to the objects of the Fund under the Act or as may be assigned by the Federal Government;
- Make and issue guideline, from time to time, to all beneficiaries on disbursement from the Fund on the use of monies received from the Fund;
- Generally to regulate the project, application and disbursement of monies from the Fund under the Act;
- Monitoring of projects being executed by beneficiaries; and
- Organising periodic workshops/seminars across the country to enable stakeholders and beneficiaries make inputs into future intervention policies

Vision

“To be a world class public sector interventionist agency in the Nigeria education sector”

Mission

“To deliver effective, dynamic and sustainable intervention programmes to the educational system in Nigeria through funding and efficient project management”

Corporate objective

“To use Funds generated from educational Tax to improve the quality of education in Nigeria”

4.9.1 Revenue

The total revenue received by the TETFUND from 2012 to 2016 was N366 billion. The annual summary is depicted in the table below:

Table 79: Component of Total Revenue from 2012 to 2016

	2012	2013	2014	2015	2016	Total
	Nm	Nm	Nm	Nm	Nm	Nm
Statutory Receipts						
January	3,853	16,796	7,672	3,603	3,620	35,545
February	1,759	10,261	2,416	1,061	2,356	17,853
March	3,002	15,752	2,553	2,518	2,266	26,090
April	7,685	1,562	2,048	2,015	3,066	16,375
May	2,287	3,344	1,407	4,234	7,207	18,479
June	15,855	15,846	34,609	20,597	16,302	103,209
July	24,810	72,790	34,927	63,091	27,038	222,657
August	57,133	71,589	38,755	38,800	46,104	252,382
September	42,991	28,394	41,492	10,256	7,322	130,456
October	23,704	37,998	18,767	41,255	9,297	131,021
November	1,353	2,367	2,019	11,726	1,505	18,969
December	3,935	2,473	2,951	6,884	4,038	20,281
Gross Statutory Receipt	188,367	279,173	189,614	206,040	130,123	993,317

Sources: TETFUND validated Template

The Revenue to the Fund in 2012 was N188 billion but witnessed an increase of 48% to N279 billion in 2013. There was a decrease in revenue by 48% to N190 billion in 2014, and an increase of 8% to N206 billion in 2015. However, there was a decrease in revenue to N130 billion in 2016 or a decrease of 37%.

4.9.2 Statutory Revenue by Sources

Statutory Revenue by Sources

The Sources of statutory revenue allocated to the Fund came from:

- Oil and Gas revenue and
- Non-Oil and Gas revenue.

The table below presents the revenue from the aforementioned sources for the period 2012 - 2016 and it shows the breakdown in monthly, annual and revenue source respectively.

Table 80: Monthly and Annual Breakdown of Revenue by Sources for the period 2012 - 2016

	2012		2013		2014		2015		2016		Total	
	Oil and Gas	Non-Oil and Gas	Oil and Gas	Non-Oil and Gas	Oil and Gas	Non-Oil and Gas	Oil and Gas	Non-Oil and Gas	Oil and Gas	Non-Oil and Gas	Oil and Gas	Non-Oil and Gas
	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm	Nm
Jan	1,960	1,894	14,594	2,202	6,730	943	534	3,069	1,908	1,713	25,724	9,820
Feb	462	1,296	8,797	1,464	758	1,658	216	845	488	1,868	10,722	7,131
Mar	38	2,964	14,842	911	946	1,607	1,381	1,137	230	2,035	17,436	8654
Apr	5,748	1,937	491	1,071	373	1,675	399	1,616	403	2,664	7,414	8,962
May	386	1,901	326	3,018	187	1,220	1,441	2,793	851	6,355	3,191	15,288
Jun	824	15,030	1,980	13,866	17,684	16,925	2,960	17,637	7,674	8,628	31,123	72,086
Jul	21,089	3,721	68,450	4,339	30,622	4,305	57,054	6,037	22,996	4,042	200,212	22,445
Aug	55,846	1,287	69,072	2,517	36,750	2,005	34,836	3,964	42,839	3,265	239,343	13,039
Sep	40,196	2,796	27,264	1,131	38,721	2,771	8,733	1,523	6,038	1,284	120,952	3,505
Oct	22,001	1,703	36,669	1,329	16,955	1,812	39,890	1,365	8,037	1,260	123,553	7,469
Nov	177	1,176	1,127	1,240	539	1,479	10,537	1,188	491	1,014	12,871	6,098
Dec	2,323	1,611	562	1,911	1,493	1,458	5,021	1,863	2,927	1,111	12,327	7,954
Total	151,050	37,317	244,174	34,999	151,757	37,856	163,003	43,037	94,883	35,240	804,867	188,450

Sources: CBN/TETFUND Statement of Accounts Template

6.9.3 Limitation in scope

We were unable to verify the populated templates submitted to us by TETFUND because letters of introduction given to us by NEITI were not honoured by the Agency on two different occasions. A letter dated 10 April 2016 (Appendix A1) and another letter acknowledged as received on 8 June 2018 (Appendix A2) from NEITI were delivered to TETFUND. In both cases, we were informed that the Executive Secretary had not yet given his permission for us to come and review the submitted templates and so we were not granted permission to validate the templates.

4.10 Petroleum Equalisation Fund

Introduction

The Petroleum Equalisation Fund Management Board is a scheduled Parastatal of the Ministry of Petroleum Resources, established by Decree No.9 of 1975 (as amended by Decree No. 32 of 1989), mainly to administer Uniform Prices of Petroleum products throughout the country. This is through reimbursement of marketer's transportation differentials for petroleum products movement from depots to their sales outlets (filling station), in order to ensure that products are sold at uniform pump price throughout the country. The source of the Fund is from principally the net surplus revenue recovered from Oil Marketing Companies.

It has an Operational Office in Lagos, five (5) Zonal Offices as well as twenty-two (22) Depot Offices located at the 21 NNPC Depots and Marketers' storage facilities at Apapa and Ibadan. It is headed by the Executive Secretary who is the Chief Administrative Officer, responsible for the day-to-day operations of the fund.

Mission Statement

The Petroleum Equalisation Fund (management) Board is committed to equalize the transportation differentials in white products marketing, ensures that uniform prices of Petroleum Products obtains in the country and stakeholders are promptly and fairly treated in the process.

Vision

To become an efficient, technology-driven, stakeholder-oriented and pro-active partner in facilitating the transportation and distribution of Petroleum Products nation-wide by the year 2020.

The Petroleum Equalisation Fund (Management) Board values and promotes high ethical standards of a responsible public service organization, and is specifically committed to Transparency, Efficiency, Responsiveness and Integrity.

Organizational Structure

The enabling law establishing this entity stipulates a board which should consist of the following members:

- a) A representative of the Ministry of Petroleum Resources, who shall be the chairman;
- b) A representative of the Federal Ministry of Finance;
- c) A representative of the Federal Ministry of Commerce; and
- d) Three representatives of the petroleum marketing companies who shall be appointed by the Minister.

Components of the Fund

The net surplus revenue recovered from oil marketing companies pursuant to the enabling Act; and Such sums as may be provided for that purpose by the Federal Government.

Limitation and Constraints

Some highlighted constraints by PEF (MB) include:

- No authority to give Bridging approval, but reimburse marketers for bridged products.
- Central Bank of Nigeria's policy/processes as it affects payment of claims and third party payments.
- Checkmating the activities of marketers.
- Surveillance and control pricing control.
- Non-payment of Bridging and NT A allowance by marketers as at when due.
- Delays in remittance of Bridging allowance due to reconciliation process between the Board and PPMC.
- Lack of up to date of reconciliation of Major Marketers lifting's and activities as at when due.

4.10.1 Financial Flows

The financial flows to the Fund's account are made up of Bridging Allowance from importers, National Transportation Average, Allocation from Federal Government and Interests received.

Table 81: Receipts and Payments 2012-2016

	2016	2015	2014	2013	2012	Total
Receipts	N'000	N'000	N'000	N'000	N'000	N'000
Bridging Allowance	-	118, 045,425	87,367,577	101,287,682	75,187,322	381,888,006
NTA Contributions	-	2,331	20,543	152,361	1, 117, 161	1, 292,396
Statutory allocations	-	-	-	25, 142	96, 365	121, 507
Interest Received	-	837, 369	999, 851	1, 917, 362	398,198	4, 152, 780
Liquidation of short term investment with commercial banks	-	34, 000, 000	17, 000, 000	32, 300, 000	-	83, 300, 000
Returns (Interest) and principal from investment in treasury bills	-	-	4, 000, 000	4, 971, 494	-	8, 971, 494
Other Receipts	-	190, 966	217,517	923, 525	8,409	1, 340,417
CBN TSA unreconciled receipts	-	17, 754, 989	-	-	-	17, 754, 989
Refund of bank guarantee	-	-	-	81, 519	-	81, 519
TOTAL RECEIPTS	-	170,831,080	109,605,488	141,659,085	76,807,455	498,903,108

	2016	2015	2014	2013	2012	Total
	N'000	N'000	N'000	N'000	N'000	N'000
PAYMENTS						
Bridging and National Transport Allowance (NTA) claims	-	78,036,255	71,928,564	101,374,469	52,044,555	303,383,843
Capital Payments	-	412,707	822,442	3,625,431	452,138	5,312,718
Staff Expenses And Benefits	-	7,832,885	7,164,124	5,739,710	4,155,162	24,891,881
Administrative Expenses	-	1,339,027	1,250,743	1,198,451	899,605	4,687,826
Statutory Allocation Refunded	-	-	-	43,143	6,037	49,180
Statutory refund of interest on bank deposit	-	82,264	421,281	609,877	-	1,113,422
Bank Guarantee	-	-	-	-	46,850	46,850
Purchase Of Treasury Bill	-	-	-	4,245,342	4,485,488	8,730,830
Short Term Investment with commercial banks	-	34,003,058	17,000,000	17,300,000	15,000,000	83,303,058
CBN TSA unreconciled deductions	-	794,215	-	-	-	794,215
TOTAL PAYMENTS	-	122,500,411	98,587,154	134,136,423	77,089,835	432,283,823
Excess of Cash Receipt Over Cash Payment	-	48,330,669	11,018,334	7,552,662	(282,380)	66,401,762

Source: PEF (MB) Audited Financial Statements 2012 to 2015

4.10.2 Receipts from 2012 to 2016

Table 82: Receipts from 2012 to 2016

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Bridging Allowance	-	118, 045,425	87,367,577	101,287,682	75,187,322	381,888,006
NTA Contributions	-	2,331	20,543	152,361	1, 117, 161	1,292,396
Statutory Allocation	-	-	-	25, 142	96, 365	121,507
Interest Received	-	837, 369	999, 851	1, 917, 362	398,198	4,152,780
Liquidation of short term investment with commercial banks	-	34,000,000	17,000,000	32,300,000	-	83,300,000
Proceed from Treasury Bills on Maturity	-	-	4,000,000	4,971,494	-	8,971,494
Other Receipts	-	190, 966	217,517	923, 525	8,409	1,340,417
Refund of bank guarantee	-	-	-	81,519	-	81,519
CBN TSA unreconciled receipts	-	17, 754, 989	-	-	-	17,754,989
Total Receipts	-	170,831,080	109,605,488	141,659,085	76,807,455	498,903,108

Source: PEF (MB) Audited Financial Statements 2012 to 2015

4.10.3 Revenue by Sources

Bridging Allowance

This is the payment made by all licensed importers/marketers to PEF. It is paid on the quantity of petroleum imported into the country. Currently the rate is N6 per liter of imported petroleum products.

From table above Total receipts for the years under review was =N=498.90 billion. Receipts in 2012 was =N=76.8 billion. It increased by 84% to =N=141.66 billion in 2013 but decreased by 23% to =N=109.6 billion in 2014. Receipts also increased by 56% in 2015 to =N=170.83 billion. Financial Statement for the year 2016 is yet to be finalized and therefore was not included in the analysis above.

4.10.4 Bridging Allowance

As stated earlier, this is the payment made by all licensed importers/marketers to PEF. It is paid on the quantity of petroleum imported into the Country. Currently the rate is N6 per liter of imported petroleum products. This bridging allowance rate constitutes a component in the petroleum price. The importers/marketers are grouped into three categories: Major

Marketers, Pipeline and Petroleum Marketing Company (PPMC) and Depot & Petroleum Product Marketers Association (DAPPMA). Receipts from Bridging allowance for the years under review was =N=381.8 billion

Table 83: Bridging Allowance

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Major Marketers (MM)	-	18,690,883	17,505,784	17,347,604	11,072,003	64,616,274
Pipeline and petroleum marketing company (PPMC)	-	27,400,175	24,487,286	35,270,979	21,768,327	108,926,767
Depot & Petroleum Product Marketers Association (DAPPMA)	-	71,954,367	45,374,507	48,669,099	42,346,992	208,344,965
		118,045,425	87,367,577	101,287,682	75,187,322	381,888,006

Source: PEF (M) B Audited Financial Statements 2012 to 2015

During the period under review, Receipts from Major Marketers (MM) was =N=64.6 billion representing 17% of total Bridging Allowance, Pipeline and Petroleum Marketing Company (PPMC) contributed =N=108.9 billion representing 28% of total allowance while Depot & Petroleum Product Marketers Association (DAPMA) contributed =N=208.3 billion representing 55% of total allowance.

National Transportation Average

The Fund was established to reimburse marketers' on losses incurred on transportation of Petroleum Products and their sale at government approved prices in Nigeria. Factored into the uniform pump price of Petroleum Products is also an allowance for transportation known as the National Transportation Average (NTA) Allowance. NTA could be in form of contributions from marketers whose petrol station are closer to the depot in which they contribute an agreed price to the fund while the marketers whose filling station are further away from the depot claim from NTA. NTA is an in and out transaction in that some marketers contribute while others make claim from the fund. Total Contribution from NTA for the period under review was =N=1.3 billion as shown in the table below:

Table 84: National Transportation Average

Year	=N=000
2012	1,117,161
2013	152,361
2014	20,543
2015	2,331
2016	-
Total	1,292,396

Source: PEF (M) B Audited Financial Statements 2012 to 2015

Contribution from NTA was =N=1.1billion in 2012, the contribution decreased drastically to =N=152 million and to N20.5million in 2013 and 2014 respectively and again to N2.3million in 2015. The decrease was because of the net effect application between the NTA contributions and NTA claims that was in operation from the year 2013. This led to the decrease in the NTA contributions by marketers in subsequent years.

Statutory Allocation

The PEF (M) B receives statutory allocation from the Federal Government. From our review, this allocation comes in the form of Government intervention and does not occur often. It is received by the Fund based on request stating the purpose for which the money would be used. There was no allocation from the year 2014 to 2016 because the Fund was liquid enough to carter for its operational expenses and had returns from investments. During the years under review, the Agency received the sum of =N=121.5 million as shown in the table below:

Table 85: Statutory Allocation

Year	=N=000
2012	96,365
2013	25,142
2014	-
2015	-
2016	-
TOTAL	121,507

Source: PEF (MB) Audited Financial Statements 2012 to 2015

4.10.5 Interest Received

During the period under review, the Agency received the sum of =N=4.1billion as interest on Current account deposit with commercial banks and Matured treasury bills as shown in the table below:

Table 86: Interest Received 2012 - 2016

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Bank Current Account	-	512,220	340,849	416,967	-	1,270,036
Bank Deposit with commercial banks	-	325,149	233,883	797,275	398,198	398,198
Matured Treasury Bills	-	-	425,119	703,120	-	1,128,239
TOTAL	-	837,369	999,851	1,917,362	398,198	4,152,780

Source: PEF (M) B Audited Financial Statements 2012 to 2015

4.10.6 Other Receipts

Other receipts include; refund on Pioneer Consumer Car Finance Scheme, proceeds from the disposal of assets, and others as shown in the table below:

Table 87: Other Receipts

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Pioneer Consumer Car Finance Scheme	-	157,128	209,067	906,838	-	1,273,033
Proceeds from Assets Disposal	-	1,943	4,164	1,960	7,084	15,151
Others	-	31,895	4,286	14,727	1,325	52,233
TOTAL	-	190,966	217,517	923,525	8,409	1,340,417

Source: PEF (MB) Audited Financial Statements 2012 to 2015

4.10.7 Liquidation of short term investment in Commercial Bank

Pioneer Consumer Car Finance Scheme (PCCF) is a scheme established by the Federal Government to finance purchase of motor vehicles for the officers in the Armed Forces, Police and Para-Military. PEF (MB) was directed in 2007 by the Federal Executive Council to advance =N=2 billion through defunct Intercontinental Bank Plc. The receipt represents repayment of the fund during the years under review.

4.10.8 Payments

Summary of Payments: 2012-2016

Table 88: Payments

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Bridging and National Transport Allowance (NTA) claims	-	78,036,255	71,928,564	101,374,469	52,044,555	303,383,843
Capital Payments	-	412,707	822,442	3,625,431	452,138	5,312,718
Staff Expenses And Benefits	-	7,832,885	7,164,124	5,739,710	4,155,162	24,891,881
Administrative Expenses	-	1,339,027	1,250,743	1,198,451	899,605	4,687,826
Statutory Allocation Refunded	-	-	-	43,143	6,037	49,180
Statutory refund of interest on bank deposit	-	82,264	421,281	609,877	-	1,113,422
Bank Guarantee	-	-	-	-	46,850	46,850
Purchase Of Treasury Bill	-	-	-	4,245,342	4,485,488	8,730,830
Short Term Investment with commercial banks	-	34,003,058	17,000,000	17,300,000	15,000,000	83,303,058
CBN TSA unreconciled deductions	-	794,215	-	-	-	794,215
TOTAL PAYMENTS	-	122,500,411	98,587,154	134,136,423	77,089,835	432,313,823

Source: PEF (MB) Audited Financial Statements 2012 to 2015

4.10.9 Petroleum utilisation Claims

Petroleum Equalisation Claims

The Agency paid Petroleum Equalisation claims of =N=303.38 billion to Major Marketers, NNPC Mega Stations and Independent Marketers during the years under review as shown in the table below:

Table 89: Total Claims Paid 2012- 2015

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Major Marketers (MM)	-	24,206,565	65,389,608	85,897,728	9,415,629	184,909,530
Independent Marketers)	-	53,829,690	6,538,956	15,476,741	42, 628,926	118,474,313
TOTAL	-	78,036,255	71,928,564	101,374,469	52,044,555	303,383,843

Source: PEF (MB) Audited Financial Statements 2012 to 2015

During the years under review, claims paid to Independent Marketers was =N=118.4 billion representing 39% of total claims paid, Major Marketers were paid =N=184.9 billion representing 61% of total claims paid.

Capital Payments

Table 90: Capital Payments

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Motor Vehicles	-	69,212	23,143	20,605	217,379	330,339
Furniture and Fittings	-	186,263	77,094	-	-	263,357
Office and IT Equipment	-	153,257	211,676	156,326	234,759	756,018
Building	-	-	393,470	3,448,500	-	3,841,970
Plant and Machinery	-	3,975	117,059	-	-	121,034
TOTAL	-	412,707	822,442	3,625,431	452,138	5,312,719

Source: PEF (MB) Audited Financial Statements 2012 to 2015

In terms of Capital Payments by the PEF, a larger portion of capital payments for the years under review related to building. This is because of the acquisition of building during the year 2013 that is currently used as its permanent office.

Staff Expenses and Benefits

Table 91: Staff Expenses and Benefits

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Salaries and Wages	-	6,274,996	5,957,585	4,792,355	3,559,048	20,583,984
Transfer Benefits	-	190,824	355,257	61,132	2,206	609,419
Staff Training	-	69,514	95,252	133,521	40,125	338,412
Pension and other staff cost	-	1,297,552	756,031	752,702	553,783	3,360,068
TOTAL	-	7,832,885	7,164,124	5,739,710	4,155,162	24,891,883

Source: PEF (MB) Audited Financial Statements 2012 to 2015

Administrative expenses

Table 92: Administrative Expenses

	2016	2015	2014	2013	2012	Total
	=N=000	=N=000	=N=000	=N=000	=N=000	=N=000
Entertainment and hospitality	-	8,150	2,127	24,771	5,640	40,688
stationery and printing	-	22,230	33,059	18,442	12,347	86,078
Transport and traveling	-	142,343	227,673	233,850	204,333	808,199
Subscription	-	245,962	240,924	339,878	1,685	828,449
Repairs and maintenance	-	189,221	101,873	34,769	98,166	424,029
Motor and expenses	-	26,832	15,570	9,137	6,127	57,666
utility	-	16,907	9,550	9,224	44,497	80,178
Insurance and License	-	65,449	87,914	51,846	78,593	283,802
professional fees	-	147,077	46,994	70,467	48,740	313,278
rents and rates	-	98,413	38,404	27,165	69,420	233,402
VAT and WHT	-	242,407	254,642	88,767	79,995	665,811
Bank Charges	-	10,282	1,785	4,304	9,546	25,917
Postage and telephone	-	14,150	16,188	71,974	47,862	150,174
Generator expenses	-	-	15,848	13,681	14,299	43,828
Publicity and advertisements	-	28,303	35,871	27,214	60,052	151,440
others	-	81,301	122,321	172,962	118,303	494,887
TOTAL	-	1,339,027	1,250,743	1,198,451	899,605	4,687,826

Source: PEF (MB) Audited Financial Statements 2012 to 2015

4.10.10 Observations and Recommendations

4.10.10.1 Observations

Non imposition of penalties

The Fund does not impose penalties promptly on defaulting independent and major oil marketers who did not pay their contribution to the Fund.

Non separation of Fund expense

Utilization of Fund is not properly disaggregated between core activity and administrative purposes; disbursements are carried out from the same bank accounts for both purposes.

Discriminatory practice in claims settlement

The PEF (M) B paid claims to major and independent oil marketers only after deducting the contributions and allowances due from the marketers to PEF(M)B

In some cases, bridging claims were paid to some independent oil marketing companies without deducting the National Transportation Average (NTA) contribution due from them.

Inability to trace marketers payment

When a marketer makes payment to the Fund resulting from the outstanding amount due, the Fund does not have a system to verify what transactions the amount paid relate to. Detailed description is also not included in the bank statement.

Inability of the Fund to enforce collection of bridging allowance

With emphasis on NNPC; the fund finds it extremely difficult to ensure that NNPC pays the amount owe to the FUND and as a result, the FUND has outstanding huge amount receivables from NNPC for a number of years.

Inability to identify outstanding balances due from each marketer

We observed that the Fund could not categorically ascertain the total amount due from each marketer.

4.10.10.2 Recommendations

We recommended that the utilization of the Fund's resources be disaggregated properly between primary activities, which include settlement of claims and receipt of NTA contributions from the conventional administrative activities for management of Fund expenses.

We recommend that management of PEF (M) B put in place an aging analysis stating the period to which a marketer can be indebted. After these periods, we recommend that the management should not honor any claims due to independent or major oil marketing company until that company settles all previous indebtedness to PEF(M)B.

PEF(M)B management should have a comprehensive schedule showing the list of marketers as well as the amount due from each marketer.

Competent staff should be deployed to properly reconcile the accounts of marketers.

4.11 Nigeria Sovereign Investment Authority (NSIA)

4.11.1 Introduction

On 27 May 2011, the President signed the Nigeria Sovereign Investment Authority (Establishment etc.) bill into law, creating the NSIA and authorizing the establishment of the three ring-fenced funds, jointly owned by the three tiers of Government.

As part of its mandate, the NSIA Act requires that the Authority observes and incorporates international best practices into its policies and operations. Amongst such international practices are the "Santiago Principles", a set of 24 guidelines incorporating best practices agreed and adopted by a group of the world's leading Sovereign Wealth Funds (SWF). These principles were proposed in 2008 through a joint effort between the International Monetary Fund and the International Working Group of Sovereign Wealth Funds, which has since been replaced by the International Forum of Sovereign Wealth Funds (IFSOF). Amongst other things, the Santiago Principles aim to:

- Maintain a stable global financial system and encourage the flow of capital and investment across capital markets.
- Comply with disclosure practices advocated by international organisations, such as the Financial Action Taskforce under the Organisation for Economic Cooperation and Development.
- Take careful consideration of economic and financial risks in investment decisions, and incorporate transparent governance structures that abide by appropriate operational controls, risk management and accountability, amongst others.

4.11.2 Capital Contribution and Allocation

NSIA commenced operations in October 2012 with an initial Federal Government allocation of US\$1 billion in seed capital in 2013. An additional US\$250 million was received by the Agency in 2016.

Table 93: Capital contribution and Allocation

Year of contribution	Capital contribution	Source of contribution	Capital Allocation
2013	US\$1billion	Excess crude account	Stabilisation Fund US\$200million, Nigeria Infrastructure Fund US\$400million, Future Generations Fund US\$400million
2016	US\$250million	NLNG Dividend	Stabilisation Fund US\$50million, Nigeria Infrastructure Fund US\$100million, Future Generations Fund US\$100million

As provided for by the NSIA Act, NSIA's [investments](#) are made through three distinct funds which are;

- Nigeria Infrastructure Fund
- Stabilisation Fund
- Future Generations Fund

4.11.3 Governance

4.11.4 Governing Council

The principal responsibility of the Governing Council is to give counsel generally to the Board having regard to the objects of the Authority. The Governing Council therefore sets NSIA's top-level strategy.

The Governing Council is currently composed of members, including the President and Commander in Chief of the Nigerian Armed Forces who serves as the Council's Chairman. The NSIA Act 2011 provides that the Vice President of the Federal Republic can represent the President as Chairman of the Governing Council.

Other members of the Council include:

The Honourable Minister of Finance;

- The Honourable Attorney General of the Federation and Minister of Justice;
- The Honourable Minister of Budget and National Planning;
- The Governor of the Central Bank of Nigeria;
- The Chief Economic Adviser to the President;
- The Chairman, Revenue Mobilization, Allocation and Fiscal Commission;
- Each of the 36 State Governors and Minister of the FCT,
- Twelve members of the public as appointed by the President on the recommendation of the National Economic Management Team to represent the academia, civil society, the youth, professionals across different fields and the general public.

The twelve members of the public, who are appointed by the President of the Federal Republic of Nigeria will each serve single terms of four years.

4.11.5 Board of Directors

The NSIA Board of Directors is charged with the responsibility to oversee and approve the development of strategic plans to meet the long-term goals of NSIA. The NSIA Board is the

highest decision making body responsible for governance and financial policy. It monitors and supervises NSIA's financial performance through:

- review of the investment performance of each of the Funds;
- review and approval of NSIA's operating and capital budgets as well as investments;
- review and approval of quarterly and year-end financial statements.

The Board shall consist of:

- A non-executive chairman;
- The Managing Director of the Authority;
- Two other executive directors of the Authority;
- One non-executive director who is a distinguished legal practitioner with at least ten years post qualification experience;
- Four other

All appointments are made by the President on the recommendation of the Minister, who consults with the National Economic Council. For the purpose of making the recommendations for the appointments, the Minister of Finance shall constitute an independent committee (the "Executive Nomination Committee") of five persons, to act as liaison for consultations with the National Economic Council and make recommendations to the President, of persons with proven qualifications and tested market experience for such positions.

4.11.6 NSIA Governance Structure

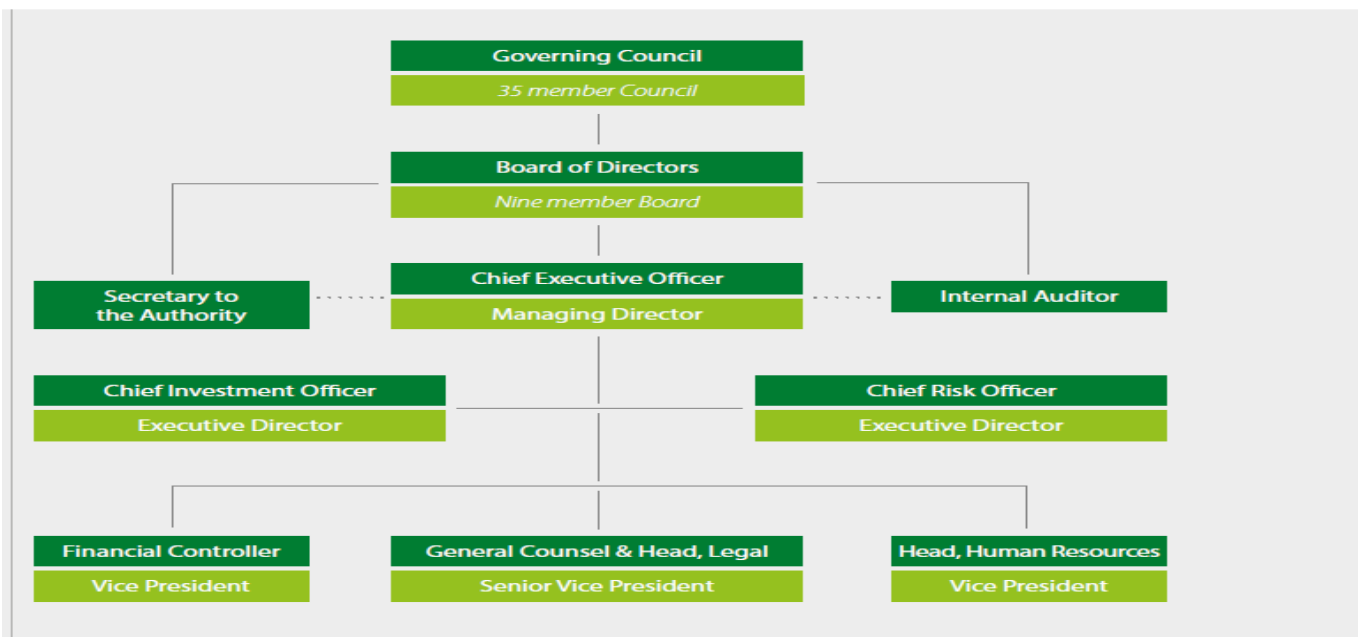


Figure 20: Governance Structure

4.11.7 Board Committees

Externally Managed Investments Committee

The Committee assists the Board in fulfilling its oversight responsibility for the externally

managed investments of NSIA. The Committee oversees investment processes, strategies and policies employed with respect to the assets under the Stabilisation Fund (SF) and Future Generations Fund (FGF).

Risk Committee

The Committee assists the Board in fulfilling its oversight responsibilities for the identification and management of risks arising from the investment strategies pursued by NSIA. It also ensures that appropriate risk management controls are implemented, monitored and regularly assessed.

Audit Committee

The Committee assists the Board in fulfilling its oversight responsibilities relating to NSIA's accounting and financial reporting policies and practices, compliance programmes, internal controls and general compliance with applicable laws and regulations.

Compensation Committee

The Committee assists the Board in fulfilling its oversight responsibility of ensuring that the compensation structure for NSIA's employees is consistent with NSIA's long-term objectives.

Finance & General Purpose Committee (F&GP)

Oversees the financial, operational and administrative functions of NSIA and acts as the Authority's tender's board.

4.11.8 Investments in Companies

As at 2016, the Agency had investments in the under listed Companies

Table 94: NSIA Investments in Companies

Name of entity	Place of business/ Country of incorporation	Nature of the relationship	% of ownership interest	₦'000
NSIA Motorways Investment Corporation (NMIC)	Nigeria	Investment holding	100	1,000
KG Brussels LP	United States of America	Investment holding	99.97	7,063,155
KG Acquisition LLC	United States of America	Investment holding	100	1,000
FGF Private Equity Company Limited	Nigeria	Investment holding	100	1,000
FGF Investments Limited	Nigeria	Investment holding	100	1,000
Nigeria Agriculture Investment Company	Nigeria	Investment holding	100	1,000
FGF PE Beta Ltd	Nigeria	Investment holding	100	1,000
NSIA Property Investment Company Limited	Nigeria	Investment holding	100	1,000
NSIA Healthcare Development and Investment Company Limited	Nigeria	Investment holding	100	1,000
NSIA Power Investment Company Limited	Nigeria	Investment holding	100	1,000

Infrastructure Credit Guarantee Company Limited	Nigeria	Investment holding	100	25,000
				7,097,155

Source: NSIA Audited Financial Statements

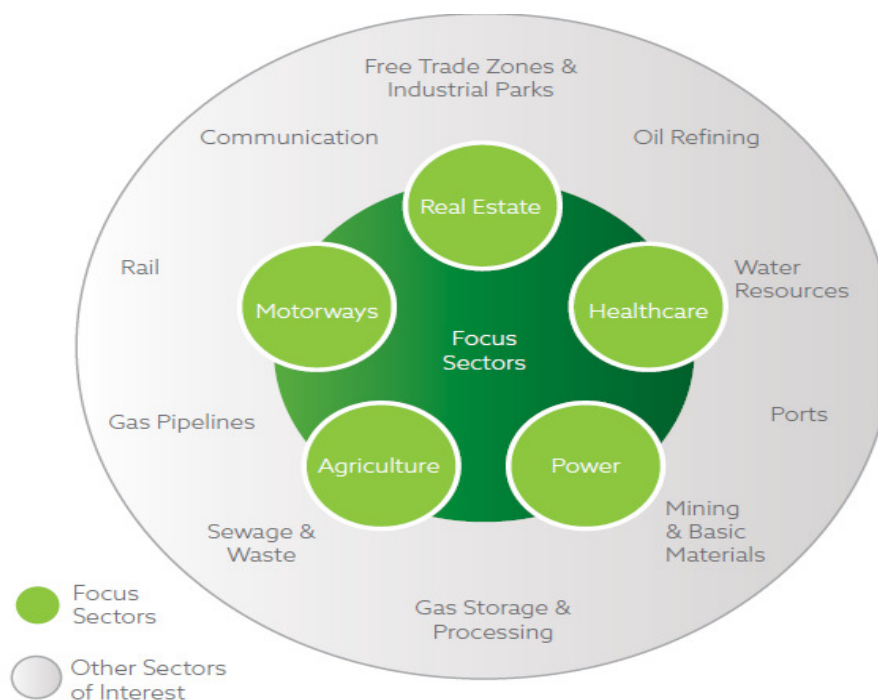
4.11.9 Nigeria Sovereign Investment Authority Infrastructure Fund

The NSIA was established by the Nigeria Sovereign Investment Authority Act, which also specifies its powers, legal characteristics and policy objectives. One of NSIA's objectives is to enhance the development of Nigeria's infrastructure sector. Nigeria faces a significant infrastructure gap, which has the potential to inhibit Nigeria's ability to fulfill its economic growth prospects. The Act provides for the establishment and management of an infrastructure fund by NSIA.

The Nigeria Infrastructure Fund is one of the three funds of NSIA. The Fund seeks to make a positive financial return on its investments in the infrastructure sector in Nigeria. It also aims to attract and support foreign investment and enable growth.

Out of the fifteen sectors identified by the Agency, the core areas of initial focus are:

- Agriculture,
- Healthcare,
- Motorways,
- Power and
- Real Estate.



Source: NSIA Audited Financial Statements

Figure 21: The Nigeria Infrastructure Fund target sectors

4.11.10 Agriculture

The fund was established to provide affordable, long-term capital and technical assistance solutions, for the development of commercially viable small and medium enterprises (SMEs) and intermediaries across the agriculture sector in Nigeria.

NSIA in partnership with the Federal Ministry of Agriculture and Rural Development (FMARD); and KFW, the German government-owned development bank, jointly sponsored the Fund for Agricultural Finance in Nigeria (FAFIN). The Fund which is \$100 million was formally launched in December 2014.

As at 2016, NSIA had made a total capital contribution of \$1,277,653. This is depicted below;

Table 95: Capital contribution to Fund Agriculture

Year	Amount (\$)	Purpose
2015	833,589	Capital contribution to Fund for Agricultural Finance in Nigeria
2016	444,064	Capital contribution to Fund for Agricultural Finance in Nigeria
Total	1,277,653	

Source: NSIA Populated Template

FAFIN has made investments in L & Z Integrated Farms Limited, an integrated dairy business and Diamond Pearls Agro, an edible oils business.

In 2016, the Ogun State Government in partnership with NSIA and Lafarge Africa Plc, signed a Memorandum of Understanding for the joint development of Ogun State Forest Landscape Restoration Project. The project's goal is to transform 108,000 hectares of heavily degraded land into an arable green area for agriculture and related opportunities. The project combines land restoration with business development objectives by applying the latest findings of agro-ecology and agro-forestry.

4.11.11 Healthcare

NSIA is interested in “high-impact, high-value” opportunities across the entire healthcare value chain that will facilitate the delivery of high quality, affordable and accessible healthcare services to Nigerians. Consequently, the Agency has entered into strategic partnership agreements with the Federal Ministry of Health and leading global healthcare sector participants to identify and invest in healthcare infrastructure projects.

4.11.12 Motorways

NSIA is actively pursuing investments in road infrastructure delivery and maintenance to improve the general state of Nigeria's roads, reduce the funding burden on the Federation Account and introduce private sector efficiencies to the procurement, delivery and management of road infrastructure. Consequently, the Agency, in partnership with Julius Berger, developed a project to finance, construct, operate and maintain the Second Niger Bridge, in order to improve the connection between the South-South and South-East zones of Nigeria.

As at 2016, NSIA has incurred a total of ₦ 16,111,308 on the Second Niger Bridge. This is as detailed below;

Table 96: Investments in road infrastructure

Year	Beneficiary	Description	Amount N'000'
2014	Julius Berger Nigeria Plc	Milestone payments on construction	6,384,801
2015	Julius Berger Nigeria Plc	Milestone payments on construction	8,031,291
2016	Julius Berger Nigeria Plc	Milestone payments on construction	1,424,986
2016	Federal Inland Revenue Service	Remittance of VAT	270,230
Total			16,111,308

Source: NSIA Populated Template

4.11.13 Power

NSIA's strategy is anchored on three fundamental aspects of the power value chain, namely: power generation (grid and captive), renewable energy, and supporting infrastructure such as gas to power. As at 2016, no investment has been made by the Agency in the power sector.

4.11.14 Real Estate

The affordable and mass housing real-estate segment is a critical target segment for NSIA, predicated upon Nigeria's large housing deficit and the growing middle class demography in the Country. With a population of over 160 million people, rapid urbanisation and inadequate housing stock, there is a need to provide housing at all levels, particularly in the lower and middle income segments. The Agency also remains interested in the commercial real-estate (office buildings and malls) and the hospitality sub-sectors (5-Star hotels and other luxury real-estate).

Pursuant to the Agency's real-estate strategy of unlocking demand in the real-estate sector, NSIA, through NIF, invested in the Nigeria Mortgage Refinance Company (NMRC) in December 2013, to increase liquidity within the mortgage market, increase mortgage tenors, lower the cost of mortgages, and improve access to mortgage credit for the Nigerian population.

A portion of the Infrastructure Fund was invested in the following Nigerian equities:

- MTN Nigeria Communications Limited.
In 2014, the agency purchased 601,332 units of MTN shares at \$26.50 per share.
- Nigeria Mortgage Refinance Company.
In 2014, NSIA acquired 22.7% or 44,444,444 ordinary shares of Nigeria Mortgage Refinance Company for a consideration of N2,521,157,400

4.11.15 Nigeria Sovereign Investment Authority Stabilisation Fund

The Stabilisation Fund is intended to help increase the credibility of the Federal Republic of Nigeria's macro-economic framework and to act as a buffer against short term macro-economic instability associated with considerable government revenues derived from hydrocarbon exports. As such, the Fund's assets should be invested conservatively, striking a balance between generating a modest positive return and preserving capital in nominal terms. Additionally, given the unpredictable and short-term nature of the Fund's potential liabilities, immediate liquidity is required.

Stabilisation Fund is a Fund of Funds i.e. Investments in one Manager that has a Fund of a number of investors. Returns are received from these fund managers. There is no specific tenure for investments in Stabilization Fund because it is a pool of investments. Investment of funds in Stabilisation Fund is risk free. The SF is created to provide stabilisation support in times of economic stress. The mandate of the Fund is that whenever the government is in stress, monies are accessed from this fund and injected into the market to stabilize the economy.

Stabilisation funds are generally set up by resource-rich countries to smoothen revenue across budget cycles. They also refer to the savings made by these countries in anticipation of a future era when countries' mineral deposits would have been completely depleted. Typically, stabilisation funds are established to achieve the under-listed objectives:

4.11.16 Smoothing Revenue

Stabilisation funds enable resource-dependent countries to smoothen revenue by saving money from high commodity prices that will be used during periods of low prices.

4.11.17 Savings Fund

Portions of mineral resources revenue that are excluded, from the national budget and held as part of a Country's reserve also serve a very important function for resource-dependent countries. Economies with healthy reserves typically attract greater investors' confidence and attract significant flow of foreign capital into their economy. Reserves have also been useful for providing critical infrastructure, for social interventions and even during major national emergencies.

The Authority engaged the following investment managers through their global custodian;

- UBS Global Asset Management (UK) LTD
- Credit Suisse Group
- Goldman Sachs Asset Management
- JP Morgan

The Fund's primary objective is to generate income while preserving capital in nominal terms.

Acceptable Investments

The acceptable investments for the Fund include;

- ✓ US Treasury Bills

- ✓ US Treasury bonds with a maturity of less than three years
- ✓ Investment grade debt from corporate issuers with a maturity of less than three years.
- ✓ Unconstrained Fixed Income Investments

The schedule of investment of the Fund is as shown below;

Analysis of Stabilisation Fund Investments Portfolios for the years under review

Year end	Investment Amount (USD)	Exchange Rate USD to N	Investment value in Naira
2013	200,749,579	155.2	31,156,334,661
2014	201,105,240	167.5	33,685,127,700
2015	199,490,240	196.5	39,199,832,160
2016	256,049,859	304.5	77,967,182,066

2013 - 2016 Stabilisation Fund Investments Portfolios

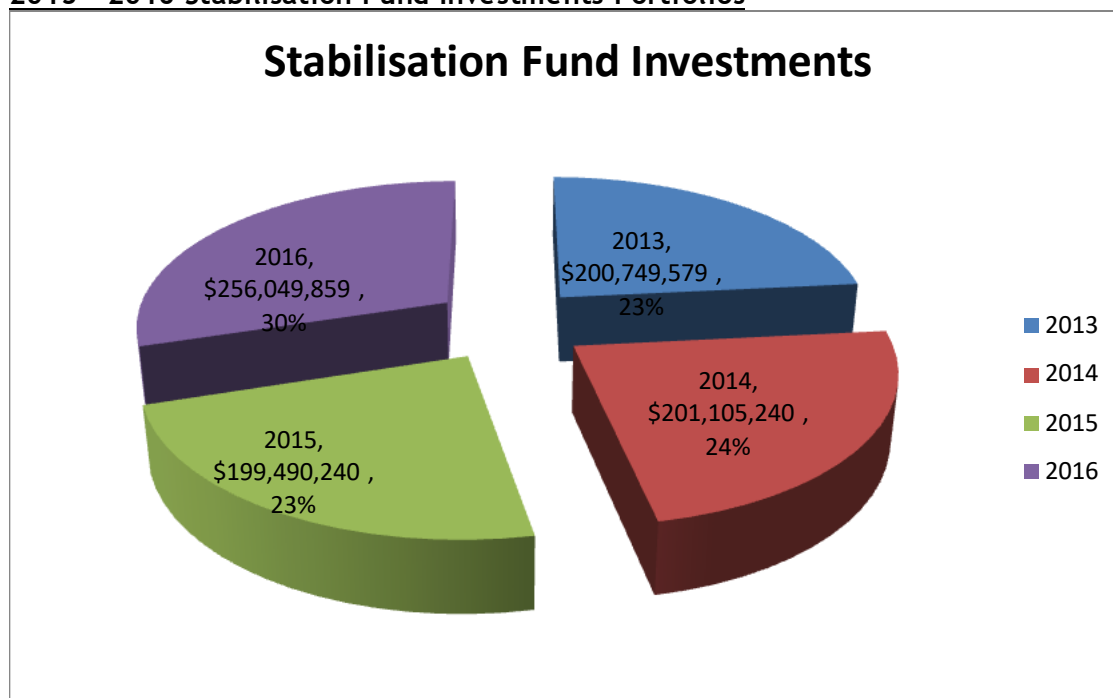


Figure 22: 2013 to 2016 Stabilisation Fund Investments Portfolios

2013	US Treasuries Bills	UBS Global Asset Management	USA	50,175,209	7,787,192,437	155.2
	US Investment Grade Corporate Credit	Goldman Sachs Asset Management	USA	75,304,370	11,687,238,224	155.2
	US Investment Grade Corporate Credit	Credit Suisse Group	USA	75,270,000	11,681,904,000	155.2
TOTAL				200,749,579	31,156,334,661	
2014	US Treasuries Bills	UBS Global Asset Management	USA	50,471,478.	8,453,972,565	167.50
	Unconstrained Fixed Income Investment	Goldman Sachs Asset Management	USA	14,274,378	2,390,958,315	167.50
	Unconstrained Fixed Income Investment	JP Morgan Asset Management	USA	467,836	78,362,530	167.50
	Unconstrained Fixed Income Investment	Brandywine Global Investment Management	USA	20,770,673	3,479,087,728	167.50
	Cash			115,120,875	19,282,746,562	167.50
TOTAL				201,105,240	33,685,127,700	
2015	US Treasuries Bills	UBS Global Asset Management	USA	50,726,562	9,967,769,433	196.50
	Unconstrained Fixed Income Investment	Goldman Sachs Asset Management	USA	15,187,808	2,984,404,272	196.50
	Unconstrained Fixed Income Investment	JP Morgan Asset Management	USA	25,103,865	4,932,909,473	196.50
	Unconstrained Fixed Income Investment	Brandywine Global Investment Management	USA	37,461,727	7,361,229,355	196.50
	Cash			71,010,278	13,953,519,627	196.50
TOTAL				199,490,240	39,199,832,160	

2016	US Treasuries Bills	UBS Global Asset Management	USA	81,255,607	24,742,332,331	304.5
	US Treasuries Bills	Citigroup	USA	25,132,606	7,652,878,527	304.5
	Cash			99,653,424	30,344,467,608	304.5
	Additional Funding			50,008,222	15,227,503,599	304.5
TOTAL				256,049,859	77,967,182,065	

All valuations of investments were traced to JPMorgan NSIA Performance Reporting Market Value and Returns summary

Source: NSIA Populated Template

The total gross investment of the Nigeria Sovereign Investments Authority for the years under review is \$857 million. The Authority majorly invests in US Treasuries, US Investment Grade Corporate Credit and Unconstrained Fixed Incomes Investments.

In 2013 and 2014, the total value of investments held with the Custodians was \$201 million for both years representing 23% and 24% respectively of the total investments held.

In 2015, the total value of investments held with the Custodians amounted to \$199 million, which represent 23% of the total investments held in the years under review.

In 2016, the total value of investments held with the Custodians amounted to \$256 million, which represent 30% of the total investments held in the years under review.

2013 Stabilisation Fund Investments Portfolios

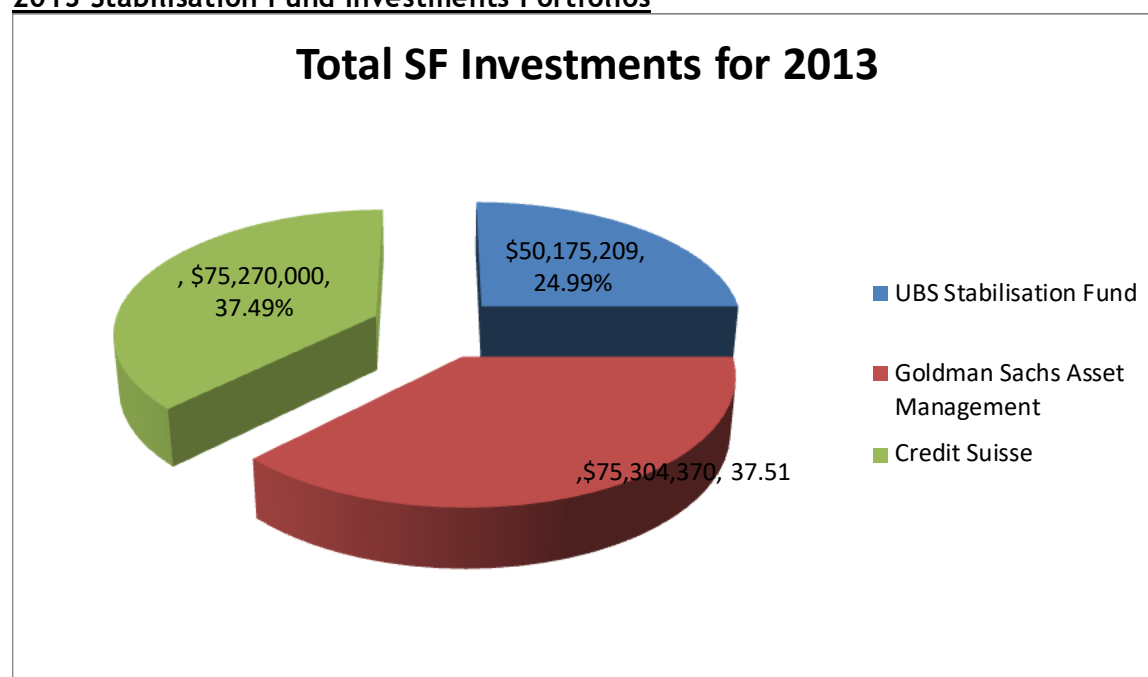


Figure 23: Stabilisation Fund investments for the year 2013

The diagram above depicts the value and percentage of investments held with each Fund managers as invested on behalf of NSIA by the Custodians from the seed capital of \$1 billion given to NSIA at its inception and in accordance with the Act setting up the Fund, 20% of the Fund was allocated to Stabilisation Fund amounting to \$200 million. In the year 2013, 25% of the Fund amounting to \$50 million was invested with UBS Stabilisation Fund for 1-3 years US Treasuries. 38% of the Fund amounting to \$75 million was invested with Goldman Sachs Asset Management's 1-3 years US Investment Grade Corporate Credit and 37% of the Fund amounting to \$75 million was invested with Credit Suisse's 1-3 years Investment Grade Corporate Credit.

2014 Stabilisation Fund Investments Portfolios

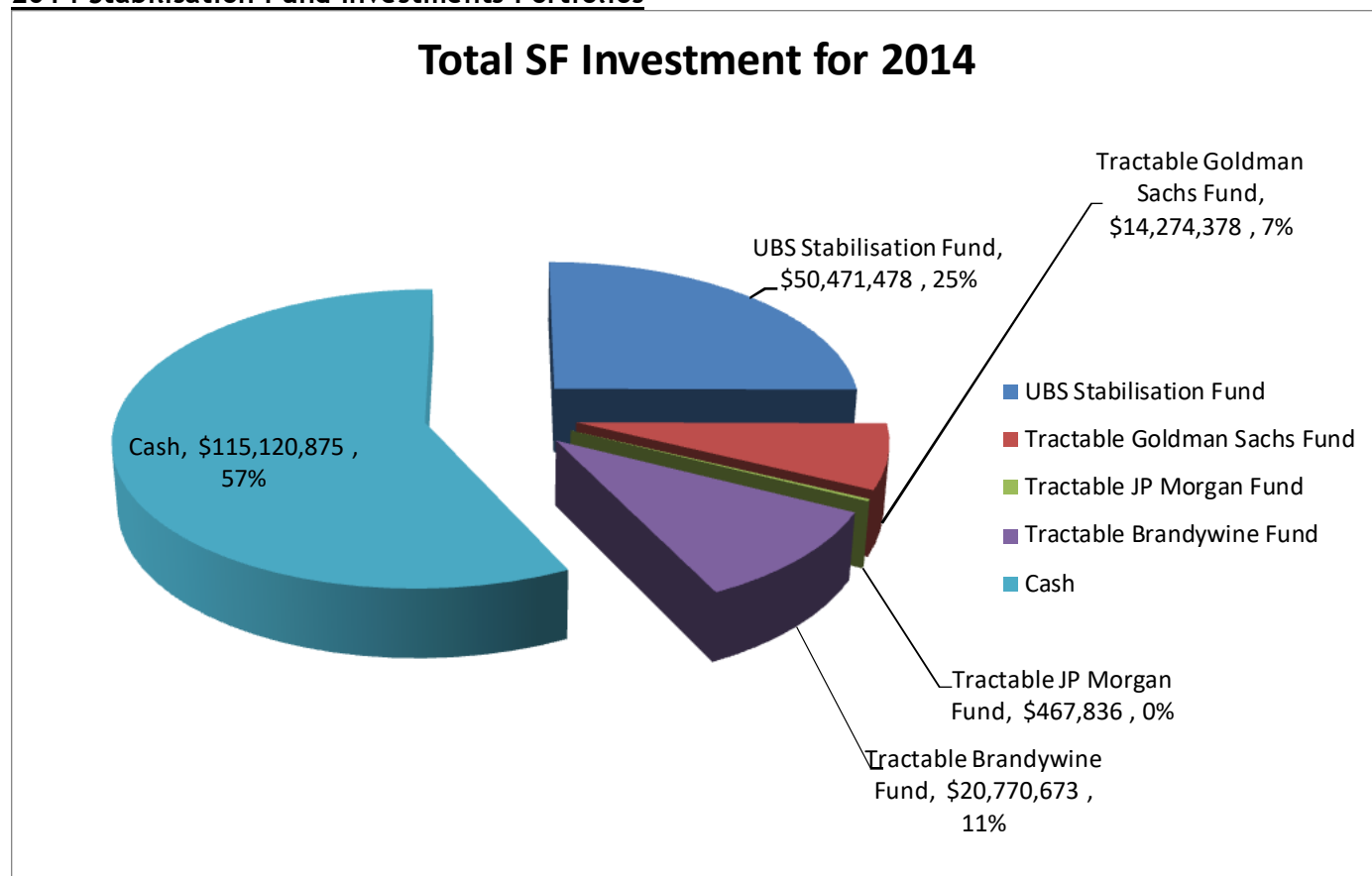


Figure 24: Stabilisation Fund investments for the year 2014

The diagram above depicts the value and percentage of investments held with each Fund managers as invested on behalf of NSIA by the Custodians. In the year 2014, part of shares of investments of the Fund held with Goldman Sachs Asset Management and Credit Suisse Group was redeemed and the proceeds thereof was re-invested in Tractable Brandywine Fund and Tractable JP Morgan Fund. At the 4th quarter of the year 2014, parts of shares in Goldman Sachs Asset Management, JP Morgan Fund and Brandywine Fund were redeemed leading to a huge liquid cash of about 57% of the total net asset value of the Fund amounting to \$115 million held at hand at 2014-year end. Investments in 1-3 years US Treasuries with UBS Stabilisation Fund amounted to \$50 million representing 25% of the total investments of the Fund at year end. The Fund also invested in Unconstrained Fixed Income Investment with Goldman Sachs Fund of about \$14 million representing 7% of the total investment of the Fund at year end while \$21 million was invested with Brandywine Fund representing 20% of the total net asset value of the Fund at year end.

2015 Stabilisation Fund Investments Portfolios

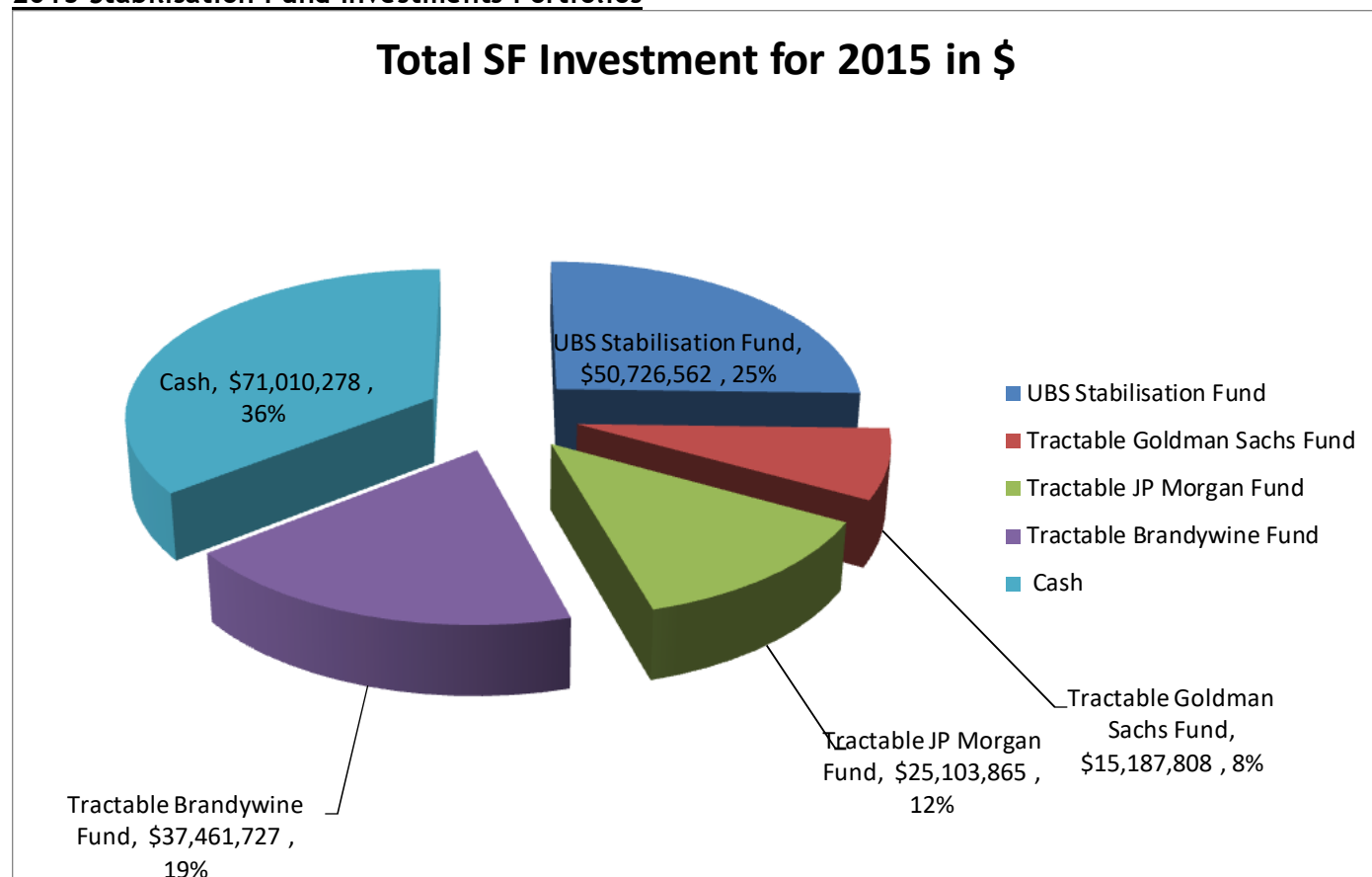


Figure 25: Stabilisation Fund investments for the year 2015

The diagram above depicts the value and percentage of investments held with each Fund managers as invested on behalf of NSIA by the Custodian of the funds. In the year 2015, part of shares of investments of the Fund held with the various Fund Managers were redeemed at different times in the year. At the 4th quarter of the year 2015, parts of Investments in 1-3 years US Treasuries with UBS Stabilisation Fund were redeemed and converted to cash and the balance of investment in the Fund Manager amounted to \$51 million representing 25% of the total investments of the Fund at year end. Some shares in Goldman Sachs Asset Management's unconstrained fixed income investments were redeemed and converted to cash and the balance of investment with the Fund Manager amounted to \$15 million representing 8% of the total investments at year end. The value of unconstrained fixed income investment in Tractable JP Morgan Fund amounted to \$25 million representing 12% of the total investments at year end. Part of the fixed income investment held with Brandywine Fund were redeemed at the 4th quarter leading to a decrease in the value of the investment to \$37 million which represents 19% of the total investment of the Fund at year end. Due to many investments maturing and shares being redeemed, there was a huge liquid cash of about \$71 million which represents 36% of the total net assets value of the fund held at 2015 year end.

2016 Stabilisation Fund Investments Portfolios

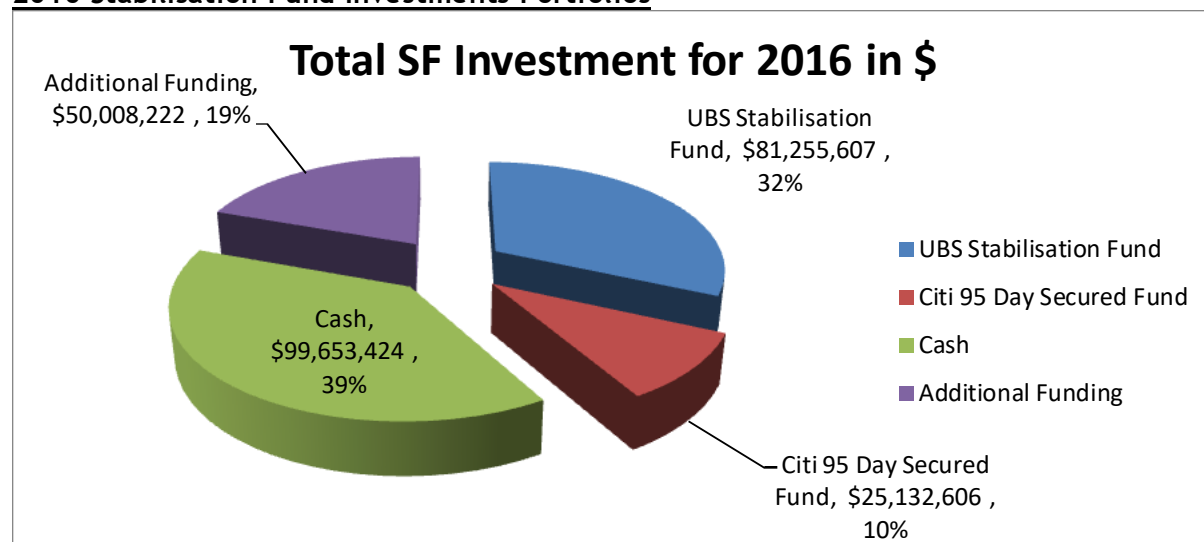


Figure 26: Stabilisation Fund investments for the year 2016

The diagram above depicts the value and percentage of investments held with each Fund manager as invested on behalf of NSIA by the Custodian of the Fund; JP Morgan. During the year 2016, investment in shares of Goldman Sachs Funds, JP Morgan Fund and Brandywine Fund were redeemed and invested in the Investment Grade Credit of Citi 95 Day Secured Fund. At the 4th quarter of the year 2016, investments in 1-3 years, US Treasuries with UBS Stabilisation Fund stood at \$81 million, which represented 32% of the total net assets at year end. The investment in the Citi 95 Day Secured Fund at the end of the year stood at \$25 million which represented 10% of the total value of investments of the SF Fund. Because of the shares that were redeemed in the year, the cash balance of the Fund was approximately \$100 million, which represented 39% of the total net assets value of the Fund. Additional funds to the tune of \$250 million were received by the NSIA in December 2016 and 20% of the total fund, which amounted to \$50 million, was taken as shares due to Stabilisation Fund. This \$50 million additional fund represents 19% of the total net assets value of the Fund at year end.

4.11.18 Nigeria Sovereign Investment Authority Future Generations Fund

The Future Generations Fund (FGF) was created by the NSIA Act 2011 and the fund managed by NSIA. The objective of the Future Generations Fund (FGF) is to invest in a diversified portfolio of appropriate growth assets in order to provide future generations of Nigerians a solid savings base for such a time as when the hydrocarbon reserves in Nigeria are exhausted. The FGF has a long investment time horizon of more than 20 years, effectively spanning multiple economic and market cycles.

Analysis of Future Generations Fund Investments Portfolios for the years under review

Year end	Investment Amount (USD)

2013	299,760,000
2014	742,841,123
2015	402,619,249
2016	833,564,014

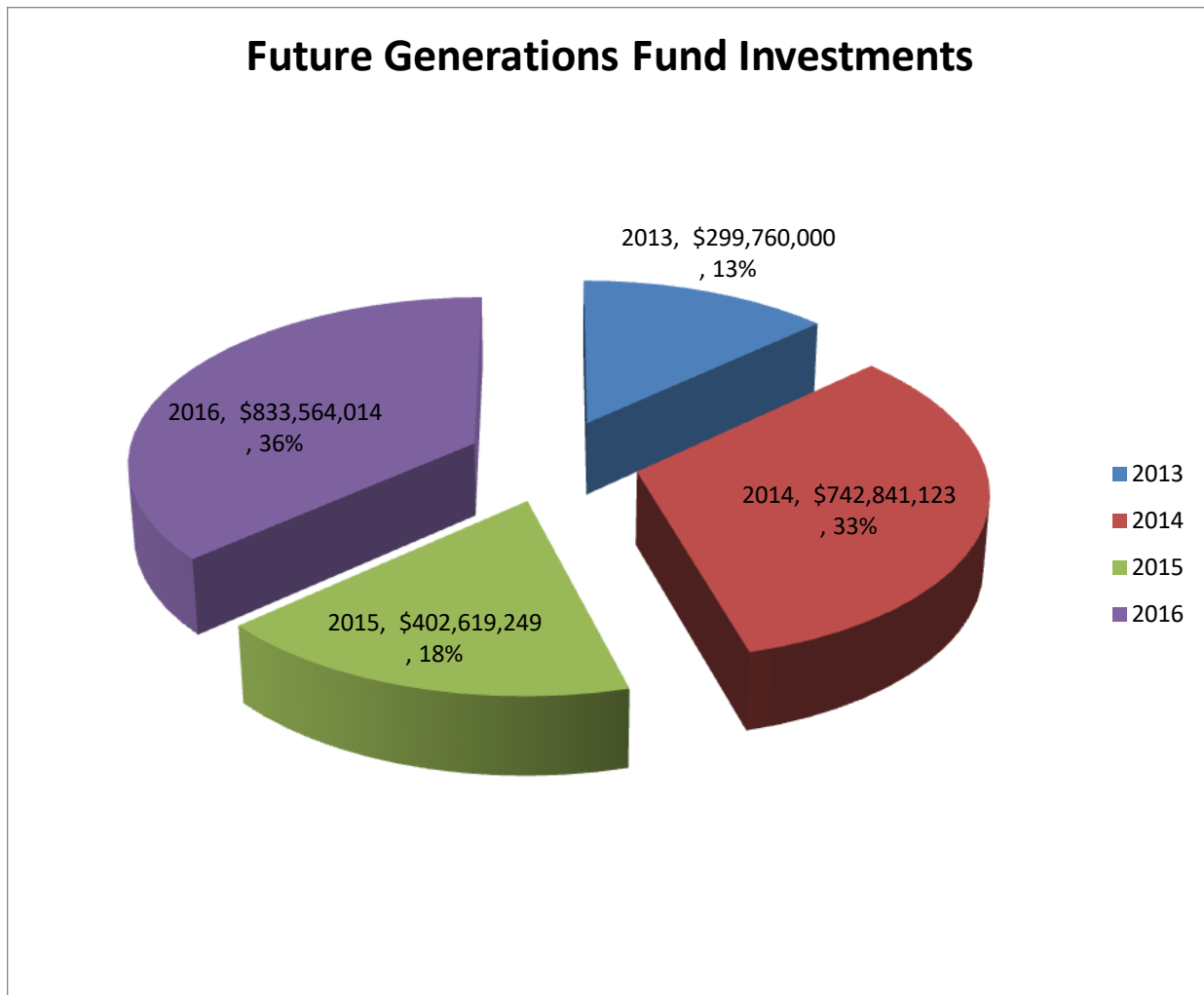


Figure 27: 2013 to 2016 Investments Portfolio of Future Generations Fund

The Fund managers appointed by the NSIA invested funds given to them in an Unconstrained Fixed income investment, Hedge Funds, Equities of Countries in developed and emerging markets, and commodities.

Unconstrained Fixed income are investments that does not require the fund manager to adhere to a specific benchmark but rather to allocate capital based on an independent assessment of value and risk rather than the issuance patterns of the major constituents of the indices.

Table 97: ANALYSIS OF FUTURE GENERATIONS FUND INVESTMENTS PORTFOLIOS

S/N	Fund Manager	Name of Fund	Type of Investment	Country/ Region of Investment	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
1	Actis Capital	Actis Africa Real Estate Fund	Private Equity	Africa	-	-	-	857,088
2	African Capital Alliance Limited	Africa Capital Alliance Fund	Private Equity	Africa	-	-	1,031,460	3,215,000
3	AQR Capital Management	AQR Fund	Hedge Fund	USA	-	-	26,116,794	25,764,634
4	Arbiter Offshore Limited	Arbiter Fund	Hedge Fund	USA	-	24,242,610	22,596,617	25,440,903
5	Avenue Capital Group	Avenue Special Situations Fund IV	Private Equity	USA	-	21,616	36,421	-
6	Blue Mountain Capital Management	Blue Mountain Fund	Hedge Fund	USA	25,000,000	25,683,973	25,718,342	27,256,983
7	Brandywine Global Investment Management	Tractable Brandywine Fund	Unconstrained Fixed Income	USA	-	42,357,490	39,350,622	-
8	Capital Group	Capital ETOP Fund	Emerging Market Equities	Emerging Markets	-	14,981,273	13,422,528	14,548,288
9	Cerberus Capital Management	Cerberus Partners IV	Private Equity	USA	-	11,413,060	4,782,942	-

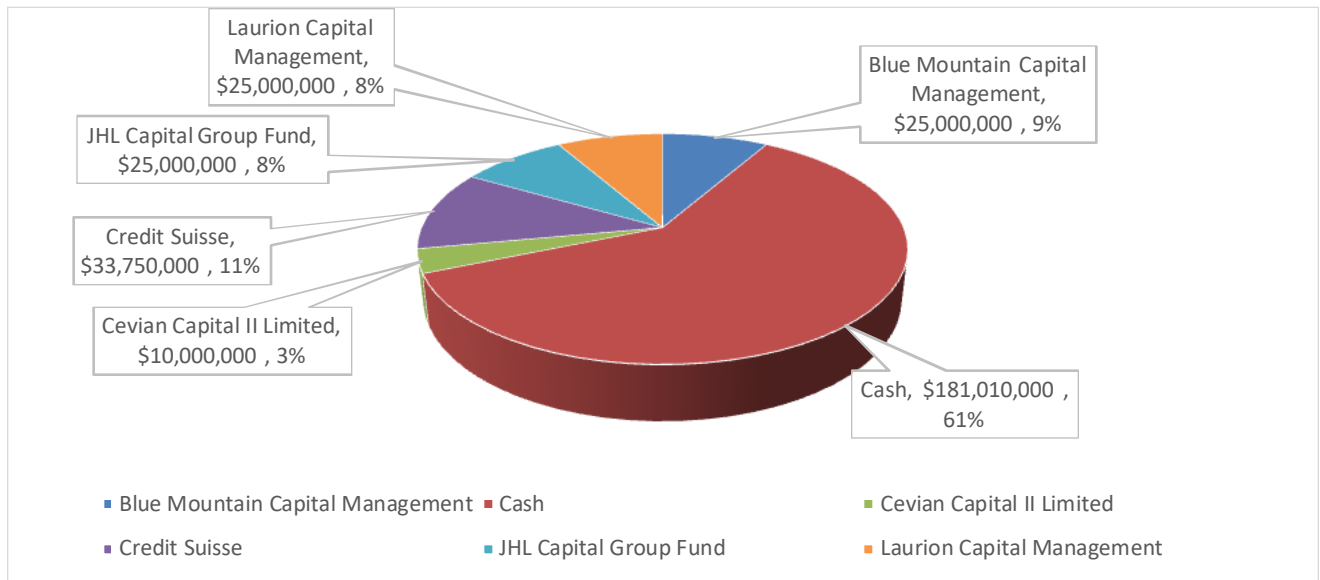
S/N	Fund Manager	Name of Fund	Type of Investment	Country/ Region of Investment	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
10	Cevian Capital II Limited	Cevian Fund	European Equities	Europe	10,000,000	13,768,702	13,226,056	15,498,136
11	Chieftain Capital Management Inc	Chieftain Fund	US Equities	USA	-	15,004,378	15,898,989	17,055,596
12	Credit Suisse	Credit Suisse	Developed and Emerging Market Exchange-Traded Fund	Developed and Emerging Indexes	33,750,000	-	-	-
13	Edgbaston Investment Partners Somerset	Edgbaston Fund	Emerging Market Equities	Asia-Pacific	-	15,866,100	14,325,548	15,762,228
14	Falko Regional Aircraft Limited	Falko Regional Aircraft Opportunities Fund	Other Diversifier	UK	-	-	7,192,575	5,787,377
15	Fortress Investment Group LLC	Fortress Fund IV and V	Private Equity	USA	-	24,252,149	22,851,475	-
16	Goldman Sachs Asset Management	Tractable Goldman Sachs Fund	Unconstrained Fixed Income	USA	-	66,821,621	66,597,210	-
17	H.I.G. Bayside Capital	HIG Bayside Fund	Private Equity	USA	-	4,094,871	3,744,444	-
18	Healthcare Royalty Partners	Health Care Royalty	Other Diversifier	USA	-	201,159	145,544	363,646
19	Helios Investment Partners	Helios Investors III	Private Equity	Africa	-	699,435	887,018	2,386,106
20	Jamison Capital Partners	Jamison Fund	Commodities ex-Oil	Developed Countries	-	14,990,767	14,530,480	16,160,498

S/N	Fund Manager	Name of Fund	Type of Investment	Country/ Region of Investment	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
21	JHL Capital Group	JHL Fund	Hedge Fund	USA	25,000,000	27,892,147	28,703,839	23,404,218
22	JP Morgan Asset Management	Tractable JP Morgan Fund	Unconstrained Fixed Income	USA	-	1,323,389	1,296,030	-
23	KG Brussels LP	KG Brussels Secondaries	Private Equity	USA	-	-	-	47,962,788
24	Laurion Capital Management	Laurion Fund	Hedge Fund	Developed Countries	25,000,000	25,088,087	-	-
25	Marathon Asset Management LLP	Marathon Fund	Japanese Equities	Japan	-	13,425,180	15,841,113	16,109,032
26	Marlin Equity Partners	Marlin Equity I and II	Private Equity	USA	-	2,363,589	1,955,311	-
27	Oaktree Capital Management, L.P.	OCM Opportunities Fund IVb, VI, VII, VIIb	Private Equity	USA	-	3,974,012	1,566,352	-
28	Prince Street Capital	Prince St. Opport. Fund and Inst. Fund	Emerging Market Equities	Emerging Markets	-	14,621,952	22,028,988	23,038,842
29	RMB Westport Property Investments Ltd	RMB Westport Real Estate Fund II	Private Equity	Nigeria	-	-	-	5,847
30	Somerset Capital Management LLP	Somerset Fund	Emerging Market Equities	Emerging Markets	-	14,583,165	12,107,367	13,886,571
31	Sun Capital Partners	Sun Capital Partners IV	Private Equity	USA	-	6,384,273	6,609,007	-

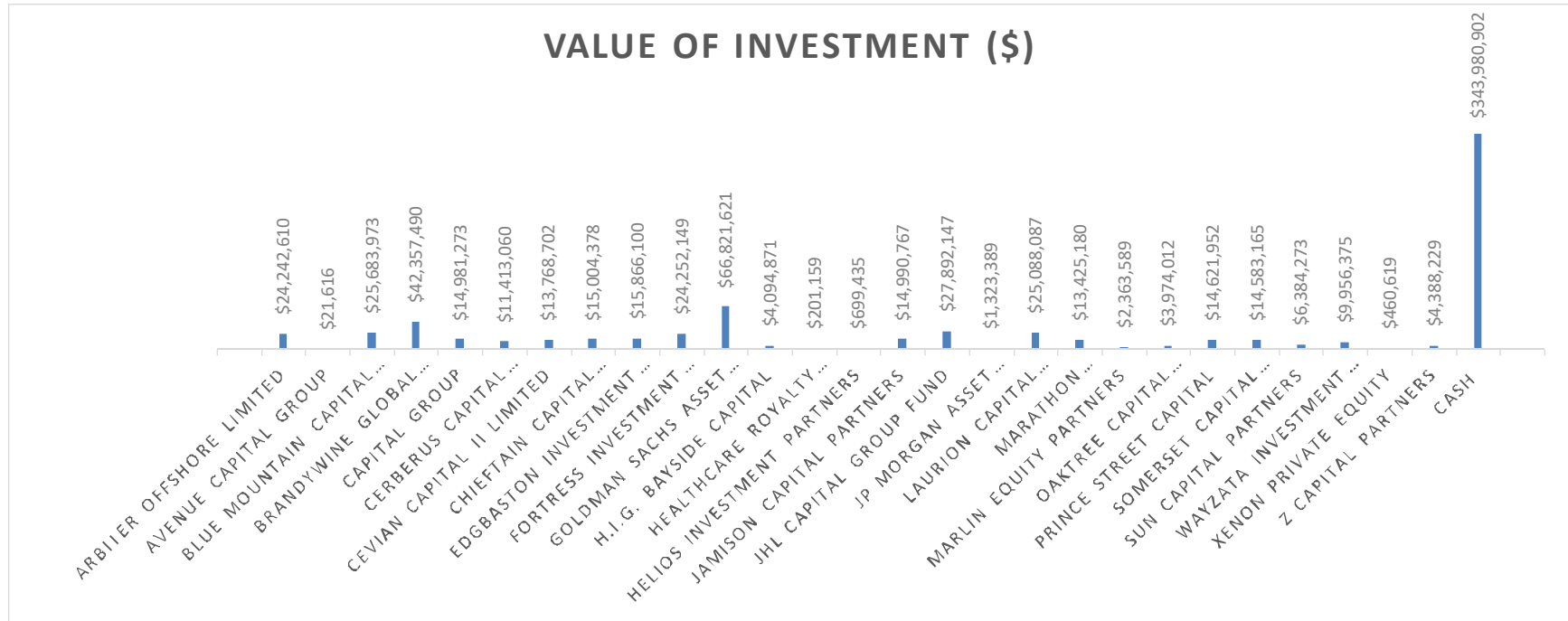
S/N	Fund Manager	Name of Fund	Type of Investment	Country/Region of Investment	2013 (\$)	2014 (\$)	2015 (\$)	2016 (\$)
32	Synergy Capital Managers	Synergy Private Equity/ FGF Private Equity Co Ltd	Private Equity	Africa	-	-	1,346,745	4,269,206
33	Verod Capital Management	Verod Growth Fund/FGF Private Equity Co Ltd	Private Equity	Nigeria	-	-	-	1,487,738
34	Wayzata Investment Partners	Wayzata Opportunities Fund I and II	Private Equity	USA	-	9,956,375	3,413,752	-
35	Xenon Private Equity	Xenon Fund	Private Equity	Italy	-	460,619	908,078	1,415,683
36	Z Capital Partners	Z-Capital Fund	Private Equity	USA	-	4,388,229	4,835,695	8,660,745
37	Cash				181,010,000	343,980,902	9,551,907	212,889,708
	Total				299,760,000	742,841,123	402,619,249	833,564,014

All valuations of investments were traced to JPMorgan NSIA Performance Reporting Market Value and Returns summary

Source: NSIA Populated Template

2013 Future Generations Fund**Figure 28: Analysis of investments portfolio in 2013**

The diagram above depicts the value and percentage of investments held with each Fund managers in the year 2013. Three (3) fund managers, which are Blue Mountain Capital Management, JHL Capital Group and Laurion Capital Management held \$25 million each, representing 25% of the total investments. Cevian Capital II Limited held \$10 million or 4% of the investments while Credit Suisse held \$33.7million or 11% of the investments. A total of \$181 million representing 60% of the total investment was held at hand at 2013 year end.

2014 Future Generations Fund**Figure 29: Analysis of investments portfolio in 2014**

The diagram above depicts the analysis of investments held with each Fund managers in the year 2014, The value of investments held with Goldman Sachs Asset Management was \$66million or 9% of the total value of investment. Investment held by Brandywine Global Investment Management was valued at \$42.2million or 6% while investments valued at \$27.8million or 4% of the total funds managed by JHL Capital Group. A total of \$383 million or 46% was held as cash as at 2014 year end.

2015 Future Generations Fund

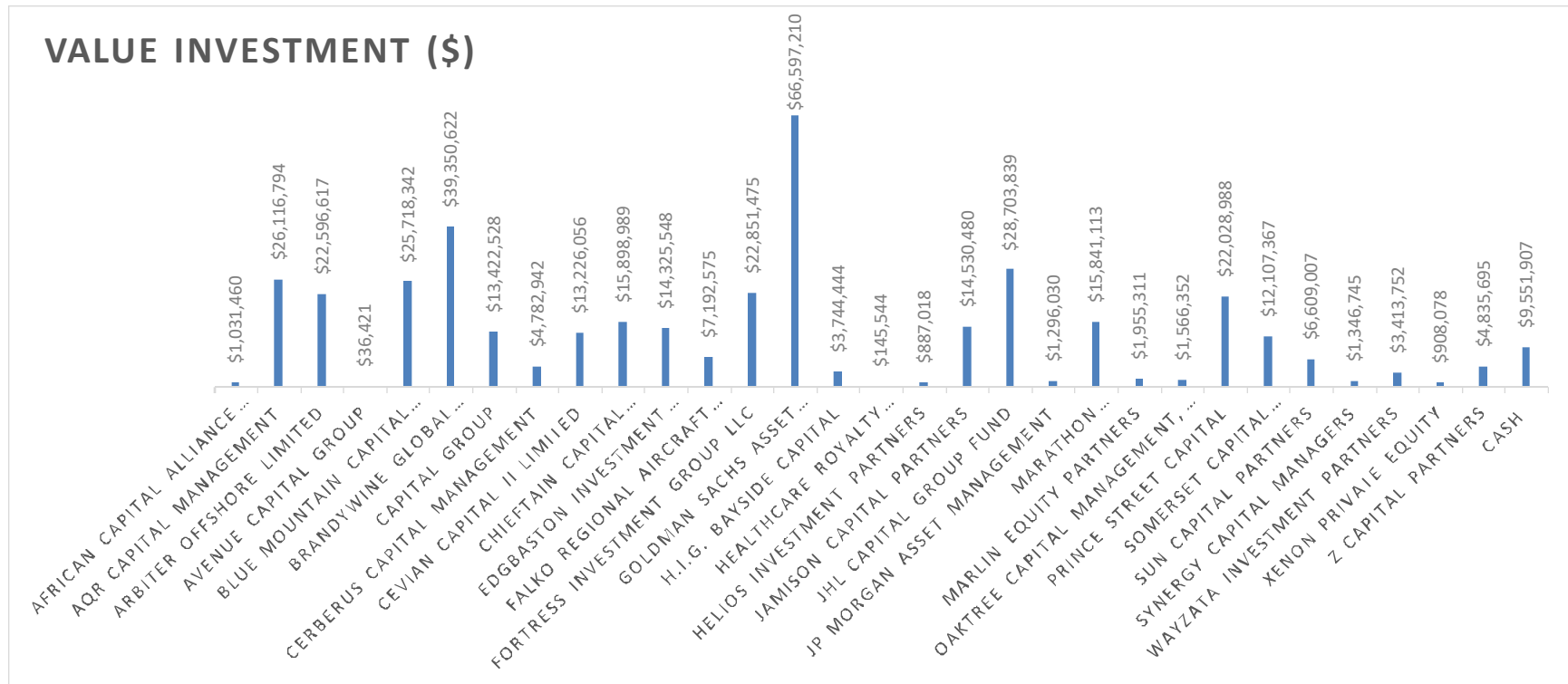
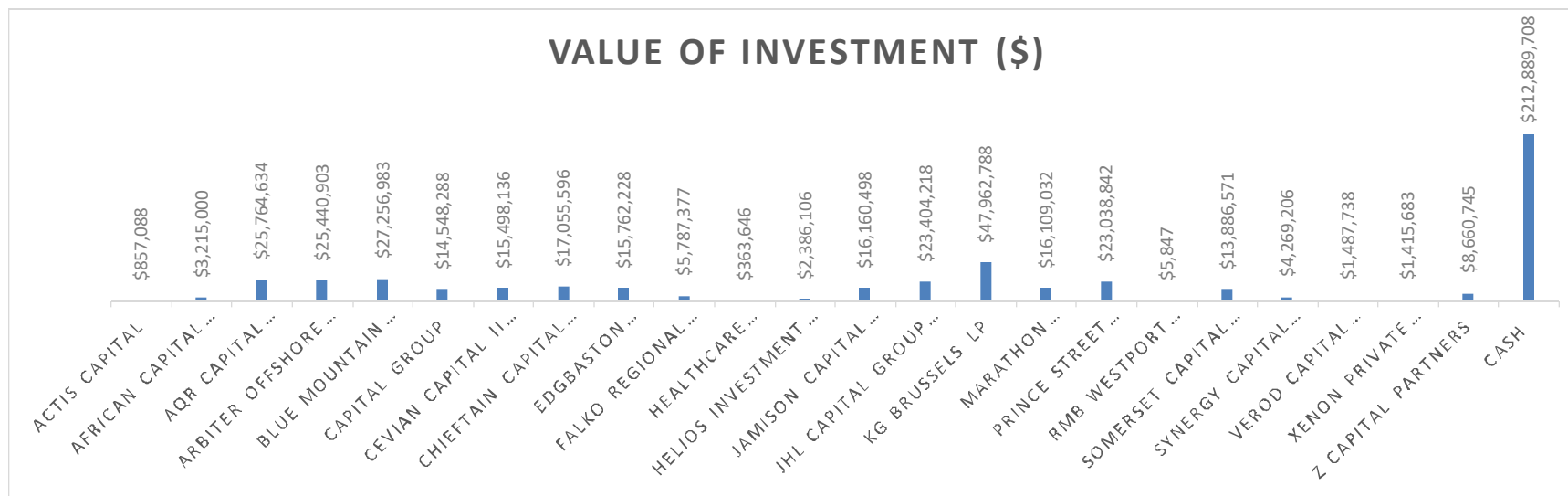


Figure 30: Analysis of investments portfolio in 2015

The diagram above depicts the value and percentage of investments held with each Fund managers in the year 2015. The value of investments held with Goldman Sachs Asset Management was \$66.5million or 17% of the total value of investment. Investment held by Brandywine Global Investment Management was valued at \$39.3million or 10% of the total value of investment while investments valued at \$28.7million or 7% of the total funds managed by JHL Capital Group. A total of \$9.5million or 2% was held at hand at 2015 year end.

2016 Future Generations Fund**Figure 31: Analysis of investments portfolio in 2016**

The diagram above depicts the value and percentage of investments held with each Fund managers in the year 2016. The value of investments held with KG Brussels LP was \$47.9million or 9% of the total value of investment. Investment held by Blue Mountain Capital Management was valued at \$27.2million or 5% of the total value of investment while investments valued at \$25.7million or 5% of the total funds was managed by AQR Capital Management. A total of \$212 million or 41% was held at hand as at 2016 year end.

4.11.19 Conclusion

The investment portfolio of stabilization fund and future generations fund are secured, as NSIA invested in developed countries while Infrastructure fund are invested in Nigeria.

5.0 Summary of Selected State Governments' Report

5.1 Overview

5.1.1 State Government Revenue Heads

The main sources of revenue to the State governments are as follows:

1. Revenue allocation from the Federation Account - This includes all forms of revenue received from the Federation Account and is as follows:

Monthly Statutory Allocation

The Federal Allocation is the monthly distribution of revenue earned and collected by various revenue collection agencies on behalf of Federal government from mineral and non - mineral revenues shared among the three tiers of government and Federal Capital Territory after necessary deductions and transfers have been made. This distribution is usually made at the monthly Federation Accounts Allocation Committee meetings.

13% Derivation

13% Derivation is the financial incentive that was enshrined in the constitution to be distributed to oil producing communities based on the production input to serve as benefits and encourage the community to create an enabling environment for more production of crude oil and gas.

Excess Crude Account

Excess Crude Account is a stabilization fund initiated to protect the implementation of the annual budget from shocks that might arise from shortfalls in oil revenue receipts. The shortfalls could result from fluctuations in the prices of oil at the international market. It serves as a vehicle for saving for the future. Excess oil revenue over the benchmark volume and price computations accrues to the account.

Value Added Tax (VAT)

Value Added Tax (VAT) is the tax charged and payable on all supply of taxable goods and services. The Federal Inland Revenue Service acts as collection agency and the net proceeds after deduction of cost of collection (4%) is usually distributed among the Federal (15%), State (50%) and Local (35%) governments immediately following the month of collection.

Exchange Gain

Exchange Gain is the revenue differential arising from the exchange rate disparity between the budgeted rate and prevailing rate.

Other Refunds

Other Refunds is the money refunded to the coffers of the State, which was wrongly deducted, withheld or under paid.

2. Internally Generated Revenue (IGR) - This includes:
 - i. Personal income tax (applies to residents of the state);
 - ii. Withholding tax (individuals only);
 - iii. Capital gains tax (individuals only);
 - iv. Stamp duties (applies to instruments executed by individuals only);
 - v. Road taxes (e.g. vehicle licenses);
 - vi. Taxes on pool bets, lottery and casino wins;
 - vii. Business premises and registration fees;
 - viii. Development levy (applies to taxable individuals only);
 - ix. Fees for right of occupancy on urban land owned by the state government;
 - x. Market taxes and levies where state finance is involved;
 - xi. Miscellaneous revenue (e.g. rent on government property, income from investment, etc.)
 - xii. Fines, Fees and Rates: School fees, water rate, etc.
 - xiii. Licenses: Issuance of licenses of various types.
 - xiv. Earnings from Sales: Sale of government vehicles, houses, etc.
 - xv. Rent from Government Properties: Rent of houses, land etc.
 - xvi. Interest Payment and Repayment of Loan: By state government employees and government companies on loans granted to them by the state government.
 - xvii. Re-imbursements: These are refunds for services rendered to the Federal and LGs, public corporations and other statutory bodies owned by the State Government.
 - xviii. Miscellaneous: Other sources than those mentioned above, e.g. dividend from investment, etc.

3. **Loans**

Loans here are of two types -

- (i) International Loans and
- (ii) local Loans.

International loans are multilateral debts deducted at source from FAAC proceeds and sourced from institutions like London Club and Multilateral Institution such as IDA and FAD while local loans are sourced from commercial Banks in Nigeria. These banks include First City Monument Bank Limited, Ecobank Plc, Union Bank Nigerian Plc, United Bank for Africa, Zenith Bank Plc, Access Bank Plc, Keystone (formerly Bank PHB) amongst others.

5.1.2 Recurrent expenditure Heads

The Recurrent Expenditures of the State Governments comprise of the following major components:

- a. Personnel Costs
- b. Overhead Costs
- c. Pensions and Gratuities
- d. Consolidated Revenue Fund Charge
- e. Public Debt Expenditure

a. Personnel Cost

These are the emoluments and other related costs of government workers in various ministries, departments, boards and parastatals of the States.

b. Overhead Cost

These are the costs incurred in running the affairs of all Government divisions in the course of discharging the mandates of Government and to ensure policies formulated are implemented.

c. Pensions and Gratuities

Pensions simply refer to the sum of money paid at regular intervals to a retired employee by employers while Gratuity in its primary term means the lump sum of money given to somebody who has spent some specific period in service. In another term, it is money paid to a retiring employee. Gratuity is paid at once, while pension is progressive throughout the employee's lifespan.

d. Consolidated Revenue Fund Charge

These are salaries and emoluments of personnel working in the following State parastatals or divisions:

- i. High Court
- ii. Members of Civil Service Commission
- iii. Auditor General (both State and Local government)
- iv. Members of House of Assembly Service Commission
- v. Members of Judicial Service Commission

e. Public Debt Expenditure

These are the monies set aside to service or liquidate money borrowed by State government from both external and internal lenders. This comprises:

**Internal Loan
Repayment:**

- Banks
- Revenue Bond
- External Debt Service

5.1.3 Capital Expenditure Head

These expenditures are capital intensive in nature and include:

- a. The benefit of the expenditure must be more than 12 calendar months,
- b. There must be contractual agreement specifying expected time to complete the work,
- c. Usually, after mobilization fees, other payments are in piece meal based on level of work done or certificate issued by valuers.

Capital expenditures of the States are classified according to sectors. The sectors are as follows:

- i) Economic Sector
- ii) Social Sector
- iii) Environmental
- iv) General Administration
- v) State Oil Mineral Producing Commission

i. Economic Sector

This sector involves commercial activities to create wealth for the state through provision of economic and viable infrastructure. The sub - sectors under it are as follows:

- Agriculture & Rural Development
- Livestock
- Fisheries
- Industry
- Energy
- Commerce and Cooperative and Finance
- Transport

ii. Social Sector includes:

- Education
- Health
- Information
- Social

iii. Environmental

- Water Resources and Development
- Sewage and Drainage
- Housing
- Urban and Regional Planning
- Community Development and Special Area

iv. **General Administration**

This is to ensure that Government Ministries, Departments and Parastatal have necessary resources to discharge their duties. This is further sub-divided into the following:

- Security: Security personnel were deployed to protect life and properties within the State.
- Administrative Infrastructure: These are the expenditures such as construction of office blocks, procurement of motor vehicles to State Government Offices.

5.1.4 Revenue Collection Process

The State Governments' accounting is governed by the 1999 Constitution of the Federal Republic of Nigeria, the Finance (Control and Management) Act of 1958, the Audit Ordinance of 1956, and the Financial Regulation and Revenue Allocation Laws. The primary objective of revenue and expenditure accounting in government is to ensure proper financial control and good accountability; to provide for financial information useful for making economic, political, and social decisions; to demonstrate accountability in stewardship; and, to provide information useful for financial planning and evaluating managerial and governmental performance.

Hence, the two classifications of revenues accruing to the states are revenue allocation from the Federation Account and Internally Generated Revenue (IGR).

Upon receipt of the allocation letter, the Account Production Department at the State's AO's office reconciles information on this letter with schedules of disbursement from FAAC and the bank statements from revenue designated banks.

Accounting and control of TOR in most States are carried out as follows:

- a) A revenue cashbook is maintained
- b) Receipt (in triplicate) is issued for any money received
- c) All receipts issued are entered into the cashbook serially
- d) Revenue collector's pay-in-form is prepared at the end of every day, to be used in making payment to the sub-accountant, quoting relevant heads and sub-heads (or codes).
- e) Revenue cashbooks are examined by the sub-accountant to ensure that no other revenue is kept by the revenue collector.
- f) The duplicate of the receipts accompany the revenue collector's pay-in-form submitted to the sub-accountant (after the original must have been given to the payer) and the triplicate is retained for an audit trail.
- g) If the revenue collector paid the money collected to the sub-accountant in cash, treasury receipt is issued immediately, but where a teller is attached in lieu of cash, the main cashier should ensure that the deposit reflect in the bank statement before

- the issuance of the treasury receipt.
- h) After all the revenue collectors have made return to the main cashier, who had issued treasury receipt, the head of account will transfer, on monthly basis, all the revenue collected to the sub-treasurer using the appropriate special cash transfer account numbers.

5.1.5 Recurrent Expenditure Approval and Disbursement Process

Control over State Governments" expenditure is attained through the use of budget and warrants. A budget is a forecast of revenue and expenditure. The budget is the pivot upon which all expenditure revolves, and no expenditure should be incurred unless it has been budgeted for. Money approved for the budgeted year is entered into the vote book under head and sub-head (now replaced by codes in some states) which is under the control of an officer identifiable, responsible and accountable for such vote.

Vote is money allocated in a budget to be spent.

On the other hand, control of Government Expenditure is through warrants. Warrant is an *Authority to Incur Expenditure (AIE)*, and is categorized into:

- Recurrent expenditure warrant and
- Capital expenditure warrant

Recurrent expenditure warrants are paid from the consolidated revenue fund (a fund established for financing the general administration or services of the government) while capital expenditure warrants are paid from development fund (a fund established to finance the acquisition of capital assets).

In our review of the financial position of the selected States, the audited financial accounts and the populated templates were validated and examined. This is in accordance with the subsisting laws relating to the Revenue generation and Distribution from the Federation Account and the relevant internal State Financial Laws and Regulations.

The populated templates on revenue received by the States from 2012 - 2016 were validated against the disbursement schedule obtained from the OAGF for the same period.

5.1.6 Capital Expenditure Approval and Disbursement Process

i. Approval Process

Ministry or Government Department (i.e. initiating ministry) that may want to execute a project that is capital in nature will write a memo to the Governor stating the purpose and the cost which must not exceed the approved estimate.

If the Governor, through the Executive council approves the request, it then moves to the Ministry of Finance after which it goes to the Office of State Accountant General (Central Account Section).

The contractor's details alongside other documents such as Payment Voucher(PV), performance Bond, Due process certificate etc. will be requested from the executing ministry and if Office of the Accountant General is satisfied with the information supplied.

ii. **Disbursement Process**

Central payment is adopted by most States whereby payment is made only from central account section (Office of Accountant General of the state) in respect of any capital expenditure undertaken by any ministry within the state. Approval is required before any payment can be made with the following documents attached:

- Contract Agreement
- Due Process Certificate and
- Performance Bond

The ministry executing the capital project is expected to prepare PV, showing detailed information such as:

- Name of the Contractor
- Amount to be paid
- Nature/description of the expenditure

Contractors are paid with the amount stated on the payment voucher through e-payment.

Observations, Implications and Recommendation

A summary of the total revenue of the State broken down into MR, NPR, and IGR during the period under review

5.1.7 State Government Revenue

Table 98: MR Components of the Total Revenue to Selected State Governments

	201		2013		2014		2015		2016		Total	
	N' billion	%	N' billion	%	N' billion	%	N' billion	%	N' billion	%	N' billion	%
Delta												
Total MR	169.412	56%	171.423	54%	176.801	58%	118.076	41%	77.439	46%	713.151	52%
Total NMR	83.150	28%	94.888	30%	84.184	28%	119.537	41%	45.632	27%	427.391	31%
IGR	47.881	16%	52.126	16%	43.168	14%	53.303	18%	45.586	27%	242.064	18%
Total Revenue	300.443	100%	318.437	100%	304.153	100%	290.916	100%	168.657	100%	1,382.606	100%
Kano												
Total MR	55.822	47%	65.407	49%	65.103	52%	52.327	39%	32.441	27%	271.1	43%
Total NMR	31.956	27%	33.984	26%	26.01	21%	43.542	33%	48.79	40%	184.282	29%
IGR	32.165	27%	32.979	25%	33.266	27%	37.002	28%	40.974	34%	176.386	28%
Total Revenue	119.943	100%	132.37	100%	124.379	100%	132.871	100%	122.205	100%	631.768	100%
Imo												
Total MR	41.634	35%	46.871	37%	43.896	31%	30.869	23%	27.153	34%	190.423	32%
Total NMR	52.081	44%	53.415	42%	72.659	51%	75.596	57%	25.093	32%	278.844	46%
IGR	25.475	21%	25.865	21%	26.098	18%	26.798	20%	26.819	34%	131.055	22%
Total Revenue	119.190	100%	126.151	100%	142.653	100%	133.263	100%	79.065	100%	600.322	100%
Ondo												
Total MR	53.605	41%	62.082	58%	60.882	59%	41.011	57%	30.293	45%	247.873	51%
Total NMR	65.200	50%	38.082	35%	33.132	32%	21.292	30%	29.403	43%	187.109	39%
IGR	11.639	9%	7.519	7%	10.033	10%	9.582	13%	8.181	12%	46.954	10%
Total Revenue	130.444	100%	107.683	100%	104.047	100%	71.885	100%	67.877	100%	481.936	100%

	2012		2013		2014		2015		2016		Total	
	N' billion	%	N' billion	%	N' billion	%	N' billion	%	N' billion	%	N' billion	%
Nasarawa												
Total MR	30.242	53%	34.416	51%	36.148	68%	26.058	60%	19.016	33%	145.880	53%
Total NMR	21.667	38%	28.630	42%	11.845	22%	12.052	28%	33.535	59%	107.729	39%
IGR	4.632	8%	4.806	7%	5.170	10%	5.266	12%	4.321	8%	24.195	9%
Total Revenue	56.541	100%	67.852	100%	53.163	100%	43.376	100%	56.872	100%	277.804	100%
Gombe												
Total MR	34.322	34%	35.563	47%	37.207	47%	28.831	40%	19.300	32%	155.223	40%
Total NMR	59.033	59%	33.085	44%	35.768	45%	37.263	52%	35.767	60%	200.916	52%
IGR	7.362	7%	7.402	10%	6.088	8%	5.914	8%	4.804	8%	31.570	8%
Total Revenue	100.717	100%	76.05	100%	79.063	100%	72.008	100%	59.871	100%	387.709	100%
Akwa Ibom												
Total MR	188.675	53%	223.466	52%	227.192	70%	150.454	71%	83.802	44%	873.589	58%
Total NMR	151.698	42%	186.899	44%	79.590	24%	43.73	21%	90.897	48%	552.814	36%
IGR	17.059	5%	18.005	4%	18.716	6%	18.73	9%	16.291	9%	88.801	6%
Total Revenue	357.432	100%	428.370	100%	325.498	100%	212.914	100%	190.990	100%	1,515.204	100%
Bayelsa												
Total MR	149.121	64%	156.184	59%	155.067	73%	92.339	55%	59.008	40%	611.719	59%
Total NMR	79.553	34%	97.276	37%	46.121	22%	68.075	40%	80.731	55%	371.756	36%
IGR	5.788	2%	11.284	4%	12.045	6%	8.062	5%	8.207	6%	45.386	4%
Total Revenue	234.462	100%	264.744	100%	213.233	100%	168.476	100%	147.946	100%	1,028.861	100%
Rivers												
Total MR	168.66	65%	178.792	71%	167.872	84%	92.204	82%	66.715	64%	674.243	73%
Total NMR	90.154	35%	73.993	29%	31.165	16%	20.914	18%	37.262	36%	253.488	27%
IGR	-	0%	-	0%	-	0%	-	0%	-	0%	0	0%
Total Revenue	258.814	100%	252.785	100%	199.037	100%	113.118	100%	103.977	100%	927.731	100%

Source: OAGF Disbursement Schedule 2012 to 2016 and State Validated Templates

During the period under review Akwa Ibom received the highest total Mineral Revenue of N873.589 billion, closely followed by Delta State N713.151 billion. The lowest Mineral revenue was recorded by Nasarawa State with N145.88 billion, closely followed by Gombe State with N155.223 billion. Imo and Ondo States, the only Southeast, and Southwest States received N190.423 billion and N247.873 billion respectively.

The internally generated revenue by the States during the period under review was as follows:

SN	State	Internally generated revenue N'000	Staff Emoluments Inc.Pension liability N'000
1	Delta	242.064	387.347
2	Kano	176.386	197.068
3	Imo	133.055	66.031
4	Akwa-Ibom	88.801	174.047
5	Ondo	46.954	146.528
6	Bayelsa	45.386	184.293
7	Gombe	31.57	86.700
8	Nasarawa	24.195	73.956
9	Rivers	-	-

- (i) A review of internally generated revenue showed that the States did not generate enough revenue to pay staff salaries during the period under review.
- (ii) The States' reliance on mineral revenue showed that between 40% and 73% of their revenue was from mineral resources:

	States	%
1)	Rivers	73
2)	Bayelsa	59
3)	Akwa Ibom	58
4)	Nasarawa	53
5)	Delta	52
6)	Ondo	51
7)	Imo	46
8)	Kano	43
9)	Gombe	40

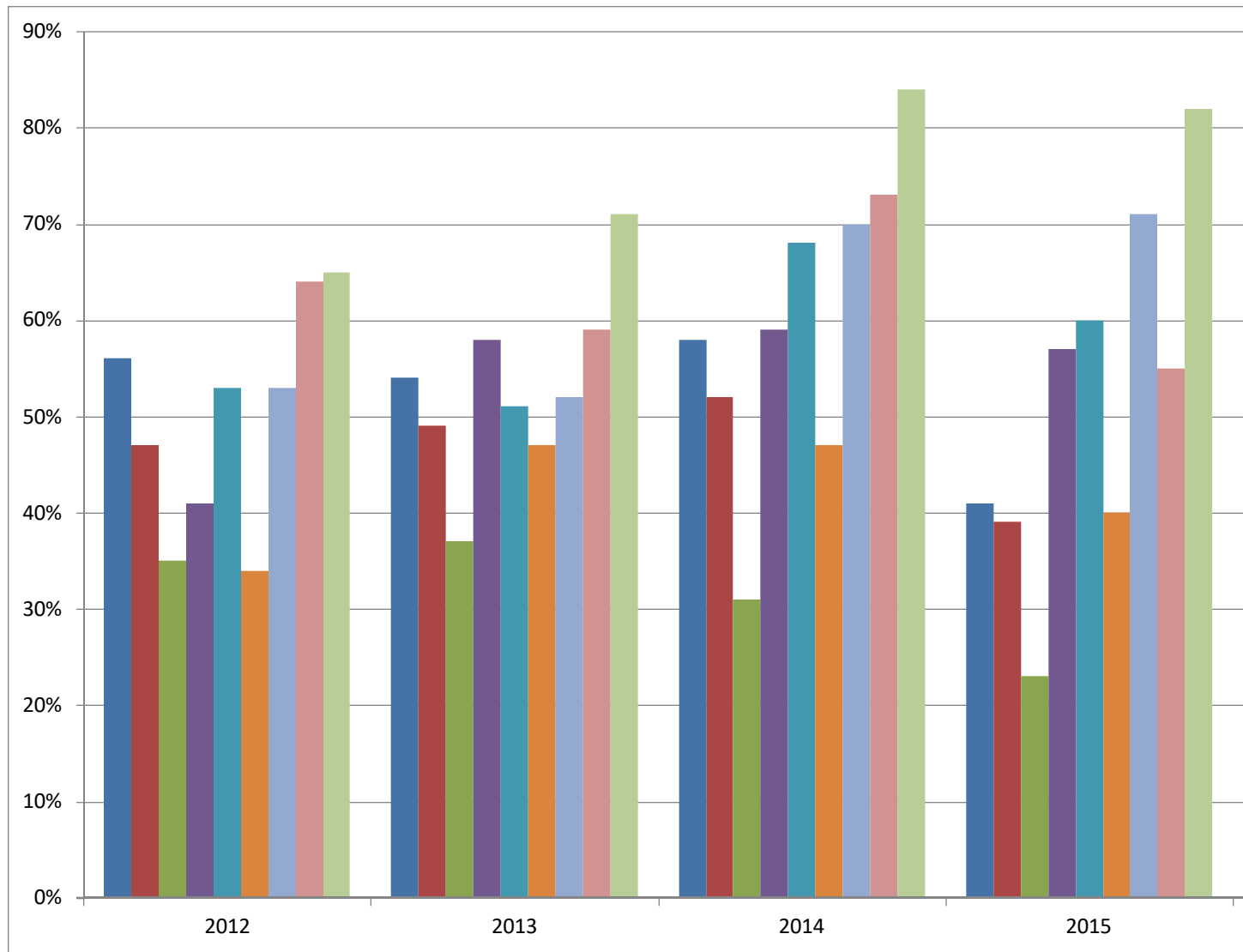


Figure 32: Percentage of MR in the States Government Total Revenue 2012 – 2016

Observation:

- The trend in the revenue flows to the States from 2012 - 2016 shows an obvious over-reliance on Mineral Revenue.
- Rivers State had the highest reliance on MR among the nine States reviewed from 2012 - 2016. The State had an aggregate MR percentage of about 73% of its total revenue for the five years reviewed. Rivers State was also the only State, with its MR accounting for over 84% (2014) of its total revenue in the period reviewed.
- Bayelsa State recorded the second highest MR percentages from 2012 - 2016 of 59% while Imo State was the overall least dependent on MR with 32%.

Implication:

- Inability of the States to develop and generate revenue within their economic potentials;
- Possible exposure to internal and external loans;
- Negative and unexpected volatility in the oil and gas market may adversely affect the economic and political growth of the States and ultimately, their sustainability;
- Inability to generate revenue internally to cover recurrent expenditure, hence lack of funds to administer the states' administrative structure.

Recommendations:

The State Governments should re-evaluate their revenue profile, articulate and deploy strategic instruments to exploit economic potentials within their domain to the fullest.

5.1.8 Recurrent Expenditure

In the assessment of the recurrent expenditure pattern of the State Governments, the following was observed:

Table 99: States Recurrent Expenditure

State	Recurrent Expenditure (N'million)					Total
	2012	2013	2014	2015	2016	
Delta	162,472	175,328	202,778	219,503	152,285	912,366
Kano	57,076	61,737	57,078	57,227	64,992	298,110
Imo	91,142	80,262	96,444	93,911	47,226	408,985
Akwa Ibom	88,229	133,799	151,523	121,422	98,523	593,496
Ondo	70,798	66,169	77,235	78,146	60,585	352,933
Bayelsa	158,108	172,525	157,270	116,787	90,105	694,795
Gombe	41,403	48,086	51,996	50,781	46,959	239,225
Nasarawa	46,055	45,749	74,531	37,444	39,615	216,394
Rivers	-	-	-	-	-	-

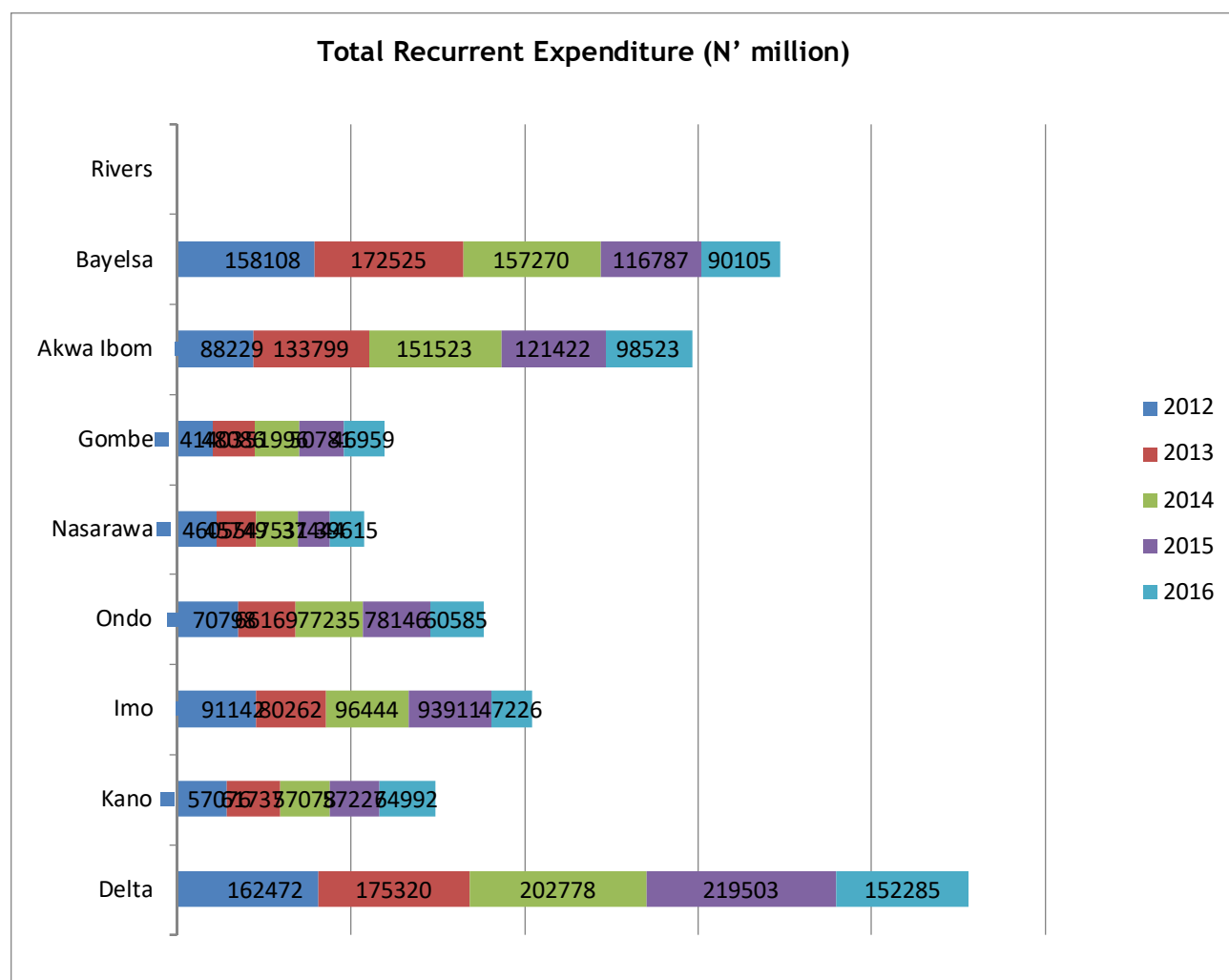


Figure 33: Total Recurrent expenditure for the nine selected states 2012 - 2016 (N' million)

A Comparison of the Mineral Revenue with current expenditure shows the following:

	Mineral revenue	Recurrent expenditure	Excess/(Deficit)
	₦ billion	₦ billion	₦ billion
Delta	713.151	912.366	(199.215)
Kano	271.100	298.110	(27.01)
Imo	190.423	408.985	(218.562)
Akwa-Ibom	873.589	593.496	280.093
Ondo	247.873	352.933	105.060
Bayelsa	611.719	694.795	(83.076)
Gombe	155.223	239.225	(84.002)
Nasarawa	145.880	216.394	(70.514)

- For the five years reviewed, it was observed that the total recurrent expenditure of Imo State was N218 billion higher than the gross receipts from Mineral Revenue in the period.
- Delta State spent N912.366 billion on recurrent expenditure, representing the highest in the years reviewed among all the states.
- Nasarawa State expended the lowest funds in the period under review with N216.394 billion.

Table 100: Recurrent Expenditure to Total Revenue

State	Recurrent Expenditure to Total Revenue				
	2012	2013	2014	2015	2016
Delta	54%	55%	67%	75%	90%
Kano	48%	47%	46%	43%	53%
Imo	76%	64%	68%	70%	60%
Akwa Ibom	25%	31%	47%	57%	52%
Ondo	60%	66%	74%	95%	85%
Bayelsa	67%	65%	74%	69%	61%
Gombe	41%	63%	66%	71%	78%
Nasarawa	82%	68%	90%	86%	70%

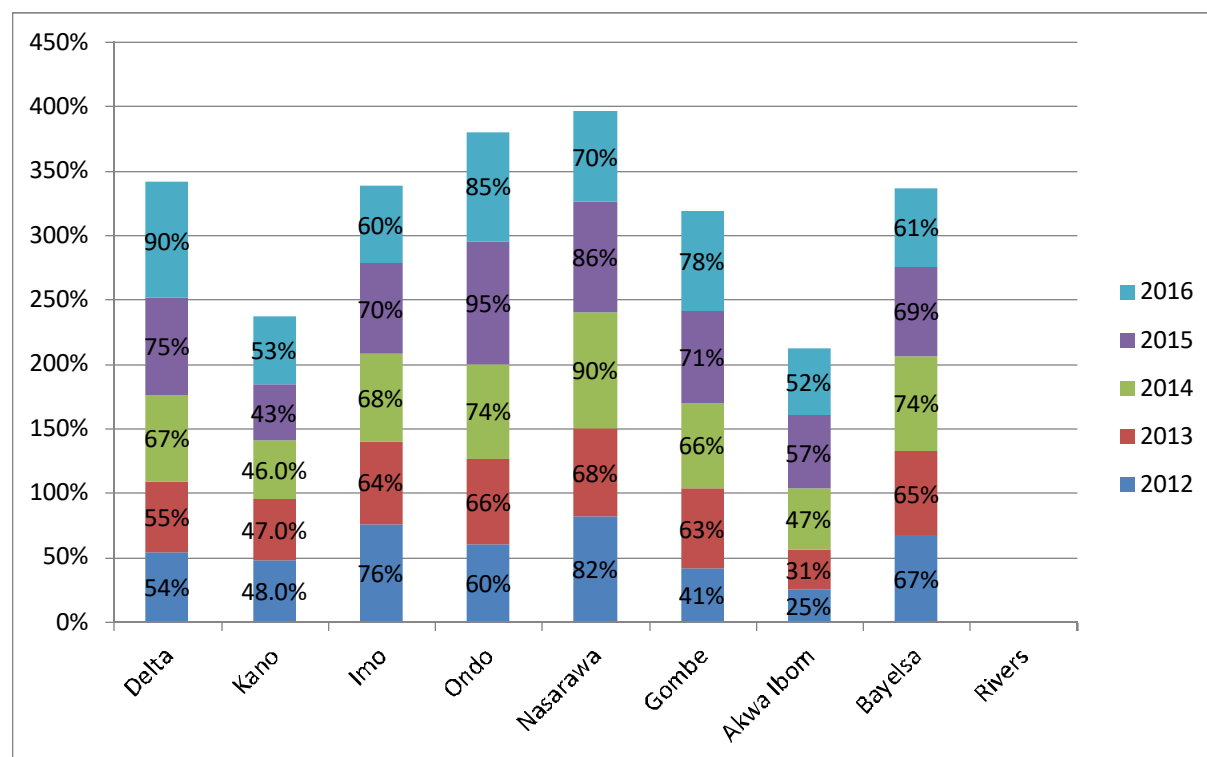


Figure 34: Recurrent Expenditure as a Percentage of Total Revenue

Observation

Figures 2 and 3 show the annual recurrent expenditure of the States and the corresponding percentage of their total revenue.

- In 2012, Nasarawa State expended 82% of its total revenue on current expenditure and 90% in 2014. This dropped to 86% in 2016.
- Akwa Ibom State appeared to be the most prudent, with its recurrent expenditure profile only 25%, 31%, 47%, 57% and 52% of its total revenue from 2012 to 2016 respectively, expended on recurrent expenditure. This was followed by Kano State with 48%, 47%, 46%, 43% and 53% from 2012 to 2016 respectively.
- Delta State recurrent expenditure increased year by year from 54%, 55%, 67%, 75% to 90% between 2012 to 2016 respectively.

Implications:

The high recurrent expenditure of the States negatively impacted the available funds needed for capital expenditure, and hence inadequate infrastructural development of the States.

Recommendations:

For Nasarawa State and Delta State to have recorded such high recurrent expenditure as against their respective revenue, we recommend a total overhaul of the States' expenditure mechanism and the administrative philosophy of the Governments. With the exception of Akwa Ibom State, all other States reviewed should endeavour to re-evaluate their recurrent expenditure profile, most especially the overhead costs.

5.1.9 Capital Expenditure

The States capital expenditure is as follows:

Table 101: States' Government Capital Expenditure

State	Capital Expenditure (N'million)					
	2012	2013	2014	2015	2016	Total
Delta	129,880	153,829	106,811	51,737	51,510	493,767
Kano	64,344	67,961	54,466	54,898	74,411	316,080
Imo	28,050	45,890	46,210	39,352	31,840	191,342
Akwa Ibom	281,868	264,632	194,573	114,415	92,306	947,794
Ondo	43,046	27,538	18,521	30,337	19,226	138,668
Bayelsa	62,424	101,614	60,397	61,532	49,859	335,826
Gombe	44,171	37,398	31,419	14,420	20,930	148,338
Nasarawa	11,217	14,495	14,133	10,437	14,825	65,107

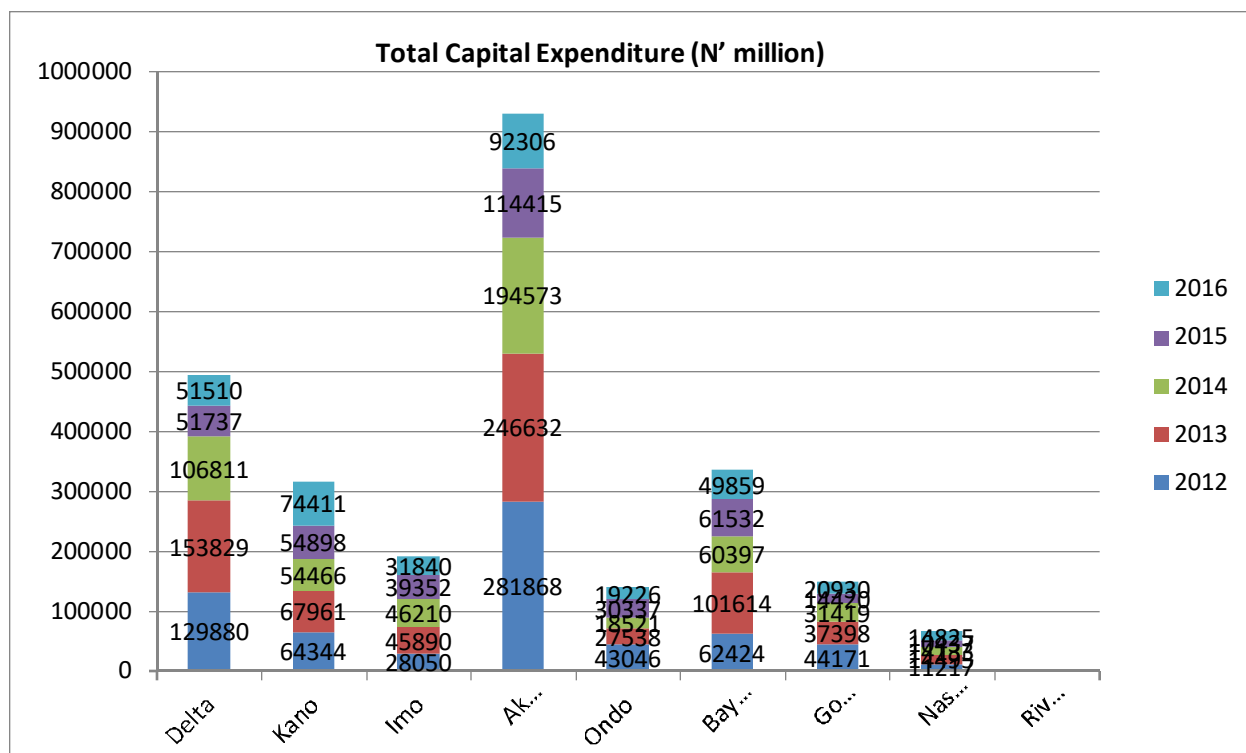


Figure 35: Total Capital expenditure for the nine selected states 2012 - 2016 (N' million)

- Among the nine States reviewed, Akwa-Ibom State committed the largest amount of N947,794 into capital expenditure from 2012 - 2016; followed by Delta State with N493.767 billion expended on Capital expenditure while Nasarawa State is the least with committed capital fund of N65.107 billion, followed by Ondo State with N138.668 on capital expenditure. Expenditures were also expressed with respect to the Total revenue of the States in the period and the outcome is as shown below:

Table 102: Capital Expenditure to Total Revenue

State	Capital Expenditure to Total Revenue				
	2012	2013	2014	2015	2016
Delta	43%	48%	35%	18%	31%
Kano	54%	51%	49%	41%	61%
Imo	39%	39%	48%	32%	42%
Akwa Ibom	79%	62%	60%	54%	48%
Ondo	37%	28%	18%	37%	27%
Bayelsa	27%	38%	28%	37%	34%
Gombe	44%	49%	40%	20%	35%
Nasarawa	20%	21%	27%	24%	26%

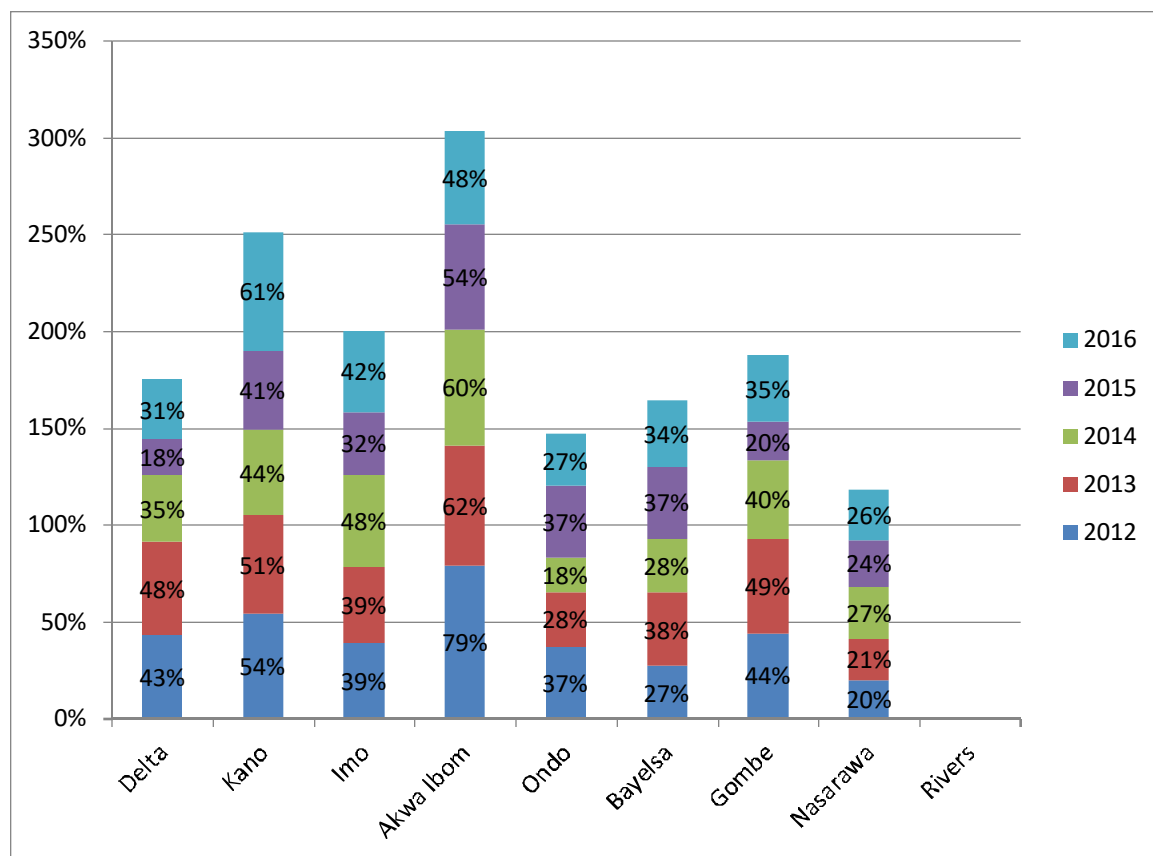


Figure 36: Capital Expenditure as a Percentage of Total Revenue

- Akwa-Ibom commitment to capital expenditure was 79%, 62%, 60%, 54% and 48% of its total revenue and was the highest of all the States from 2012 to 2016. This is followed by Kano State with 54%, 51%, 44%, 41% and 61% while the least is Nasarawa State.

The capital Expenditure profile of the States substantially complemented the recurrent expenditure pattern.

The level of investment of a State in its Economic, Educational and Social sectors directly affects the State's overall growth and development by improving investors' confidence and private sector participation in the development of the State. The standard of living of its people would also increase through job creation and intellectual property development.

The oil wealth of the nation, which accounts for an average of 78% and 50% of the total revenue of the oil producing and non-oil producing states of the Country respectively, may continue to impede rather than improve the general well-being of Nigerians considering the rather poor commitment of the State governments to infrastructural development projects.

Recommendations:

The States with low Capital Expenditure investment need strategic planning and re-orientation for their Governors on the direction their resources should be channeled to bring about sustainable development.

Generally, in view of the gross disconnect between the States' Accountant Generals' Office and the MDAs responsible for the award of capital projects, it is recommended that effective integration and collaboration between the departments and MDAs be established to promote transparency and accountability.

5.2.1 AKWA IBOM STATE

5.2.2 Brief History

Akwa Ibom State was created on 23 September 1987 by the military government of General Ibrahim Badamosi Babangida. The creation of the state brought to an end prolonged struggle by the people that occupied the mainland part of the former Cross River State.

Location, Land mass and Population

Akwa Ibom is located lying between Latitudes 4°32" and 5° 33" North and Longitudes 7° 35" and 8° 25" East. The state is bounded on the East by Rivers State, on the west by Cross Rivers State, on the North by Abia State and on the South by the Gulf of Guinea. Akwa Ibom currently covers a total land area of 7,249km². The area does not take into consideration disputed territories. It is the 10th largest State in Nigeria in terms of landmass and about 13.4 percent of the 960km of Nigeria's Atlantic Ocean coastline runs through the State.

With the annual growth rate of the population projected at 3.4 percent, the 2016 projected population was estimated at 5,451,277 people as follows:

Female	2,680,687
Male	<u>2,770,590</u>
Total	<u>5,451,277</u>

Main Cities and Towns

The State capital is in Uyo and its motto is "Land of Promise". The State is divided into 31 local government areas with Uyo as the State capital. The major towns include Eket, Ikot Ekpene, Ikot Abasi, Oron, Abak, Itu, Etinan, Ibeno, etc.

Occupations

The main economic activities of the people are fishing (for riverine and coastal dwellers), farming (mostly for upland dwellers), trading, artisanship and white-collar services. A robust public sector employs significant proportion of the State labour force.

Education

The Akwa Ibom State Ministry of Education is tasked with monitoring the education sector of the state. In addition to schools established by the government, many private schools abound in the State. Major institutions in the State include:

- University of Uyo, Uyo.
- Maritime Academy of Nigeria, Oron
- Akwa Ibom State University (Oruk Anam LGA and Mkpat Enin LGA)
- Obong University, Obong Ntak Inyang.
- Akwa Ibom State Polytechnic, Ikot Osurua.

- Uyo City Polytechnic, Nduetong Oku.
- Apex Polytechnic
- Heritage Polytechnic, Eket
- School of Nursing; Uyo, Eket, Oron, Ikot Ekpene, Etinan.
- Akwa Ibom State College of Education, Afaha Nsit
- School of Basic Studies, Abak
- College of Arts & Sciences, Nnung Ukim
- Ritman University
- Sure Polytechnic, Ukanafun

Commerce

Akwa Ibom State's economy, which is the 8th largest in Nigeria, is dominated by Oil & gas and cash crop production which jointly account for 90% of its Gross State Product (GSP). One of the major industrial crops in the State is the oil palm tree that can be in all the 31 Local Government Areas in the State. Akwa Ibom State is reputed to have the highest number of Oil Palm Trees per capita in Nigeria.

Solid Minerals Development

The State is endowed with various mineral resources such as petroleum and is referred to as the largest producer of petroleum in Nigeria. Other mineral resources available for commercial exploration and exploitation within Akwa Ibom State include Natural gas, Limestone, Salt, Clay, Coal, Silver Nitrate and glass sand. Akwa Ibom State is notably one of the nine (9) Oil producing States in Nigeria and it has also proven to have deposits of gold and silver nitrate which are precious metals useful in the production of jewellery. Crude oil in the Niger Delta was first discovered at Ikot Akata now Akwa Ibom State during the early fifties following exploration for petroleum, which began in Nigeria in 1937. Commercial discovery was, however, made at Olobiri in what is now Bayelsa State, with production beginning in 1958. In Akwa Ibom, offshore production of crude oil, condensate and gas by Mobil Petroleum Nigeria Limited, now Exxon Mobil, has rendered the state the largest petroleum producer in Nigeria. The Qua Iboe Terminal (QIT) on the Akwa Ibom coast is one of the largest production facilities in the Niger Delta. Other oil-producing companies operating offshore in Akwa Ibom State are Elf and Addax.

Now, agriculture is the most important economic activity in the State and contributes a large percentage to the State's income but second only to petroleum. There are two types of agriculture in Akwa Ibom. The first is the small-scale peasant farming usually practised on family basis, and which produces food crops such as cassava, maize, rice, yam and cocoyam for family consumption with the surplus sold in the local markets. The second type of farming is the estate farming, which specialises in growing cash crops such as rubber, cocoa, rice and oil palm.

5.2.3 Summary of Annual Distribution of Total Revenue

The table below shows the total revenue received by Akwa Ibom State during the years 2012 to 2016.

Table 103: Summary of Annual Distribution of Total Revenue from 2012 to 2016

Year	Total Revenue(₦' m)
2012	357,432
2013	428,370
2014	325,498
2015	212,914
2016	190,990
Grand Total	<u>1,515,204</u>

The total revenue received by the State during the years under review is broken down as follows:

Table 104: Total Revenue

	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	TOTAL N'm
Statutory Allocation	34,510	38,918	38,692	28,299	20,495	160,914
VAT	9,133	10,138	8,918	8,886	8,885	45,960
Excess Crude oil Account	41,204	20,543	14,573	3,852	11,938	92,110
Exchange gain	5,830	-	-	10,909	12,747	29,486
Refund from NNPC	3,227	3,761	5,439	5,464	-	17,891
SURE P	12,625	19,386	19,733	-	-	51,744
Budget augmentation	31,629	53,364	-	-	23,114	108,107
External loan	1,027	893	-	-	-	1,920
Ecological Funds	250	5,000	2,000	2,000	-	9,250
13% Derivation	<u>150,938</u>	<u>180,787</u>	<u>183,061</u>	<u>116,691</u>	<u>63,307</u>	<u>694,784</u>
FAAC revenue (A)	<u>290,373</u>	<u>332,790</u>	<u>272,416</u>	<u>176,101</u>	<u>140,486</u>	<u>1,212,166</u>
Internally generated revenue	17,059	18,005	18,716	18,730	16,291	88,801
Internal loan	50,000	77,575	11,000	12,983	33,469	185,027
Aids & Grants	-	-	-	-	744	744
Pension Fund	-	-	23,366	3,100	-	26,466
Dividend from Government Investments	-	-	-	<u>2,000</u>	-	<u>2,000</u>
Other revenue (B)	<u>67,059</u>	<u>95,580</u>	<u>53,082</u>	<u>36,813</u>	<u>50,504</u>	<u>303,038</u>
Total revenue (A+B)	<u>357,432</u>	<u>428,370</u>	<u>325,498</u>	<u>212,914</u>	<u>190,990</u>	<u>1,515,204</u>

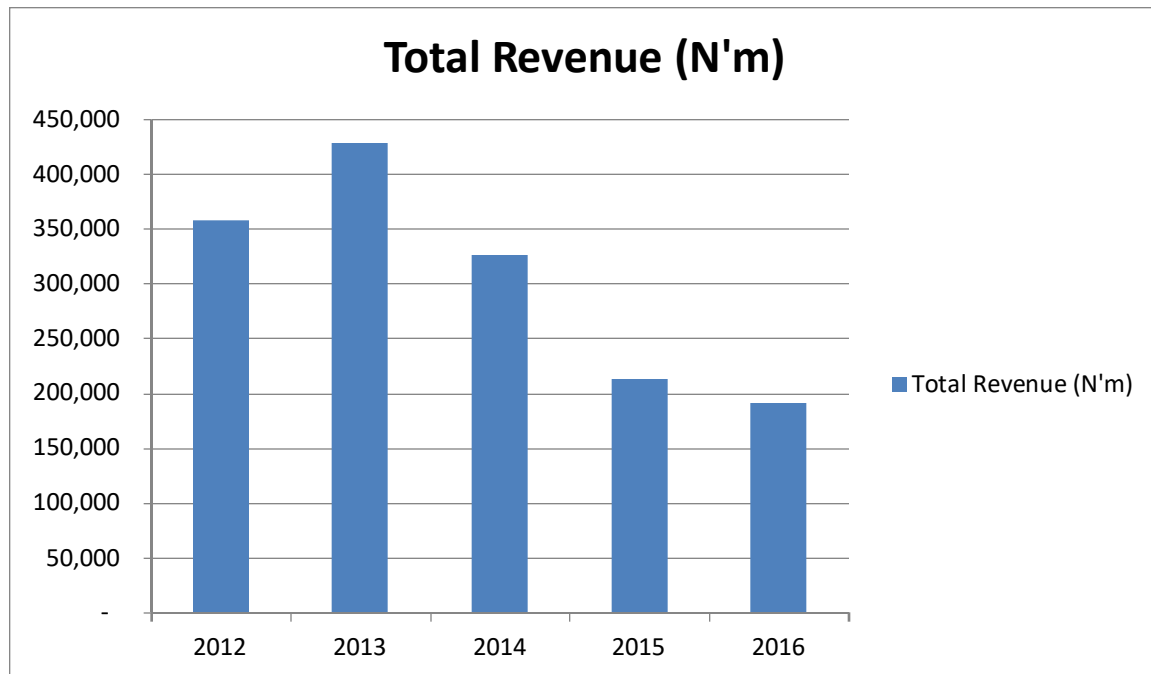


Figure 37: Total Revenue for Akwa Ibom State (2012-2016)

5.2.4 Analysis of Revenue Distribution by Sources

The total gross receipt from the Federation Account from 2012 to 2016 was N1.212 trillion. Other sources of revenue generated comprise of Aids & Grants, internal loans, budget support, pension fund, dividend received from government investments and Internally Generated Revenue amounting to N303 billion. The total revenue generated by the State during the years under review amounted to N1.515 trillion.

The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:

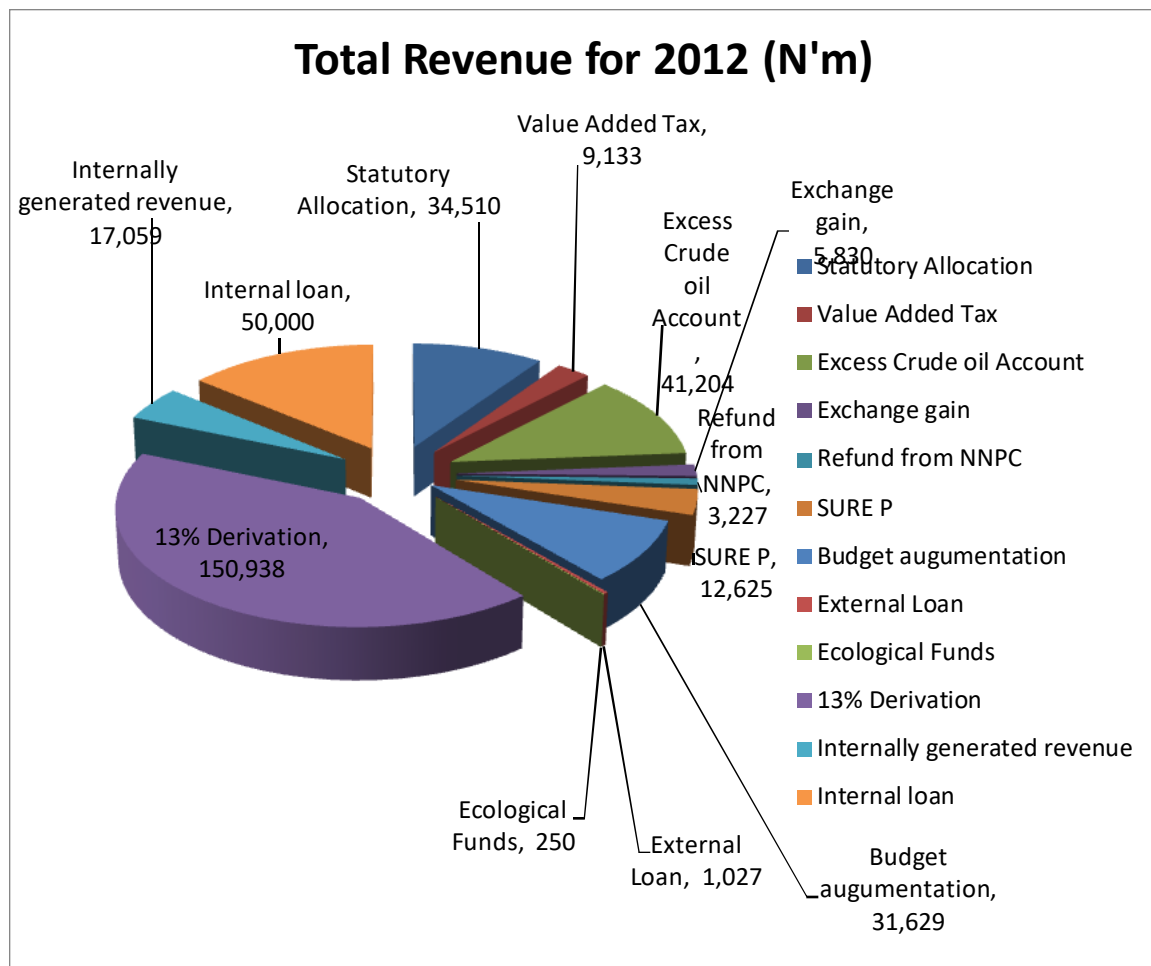


Figure 38: represents Total revenue for 2012

The diagram above depicts revenue earned by the State during the year 2012. It revealed that substantial part of the revenue earned was in respect of 13% Derivation fund received from the Federation Account amounting to N151 billion and representing 42% of the total revenue. Revenue earned from statutory allocation by the state amounted to N35 billion, which represents 10% of the total revenue earned for the year. The States' Internally Generated Revenue amounted to N17 billion representing 5% of the total revenue, while the internal loans received amounted to N50 billion representing 14% of the total revenue.

The state earned revenue of N41 billion from excess crude oil accounts representing 12% of the total revenue for the year and N32 billion earned for budget augmentation representing 9% of the total revenue. Other revenue earned by the state during the year include VAT N9.1 billion, Exchange gain realised N5.8 billion, refund from NNPC N3.2 billion, SURE P Fund N12.6 billion representing 3%, 2%, 1%, and 4% of the total revenue earned for the year respectively.

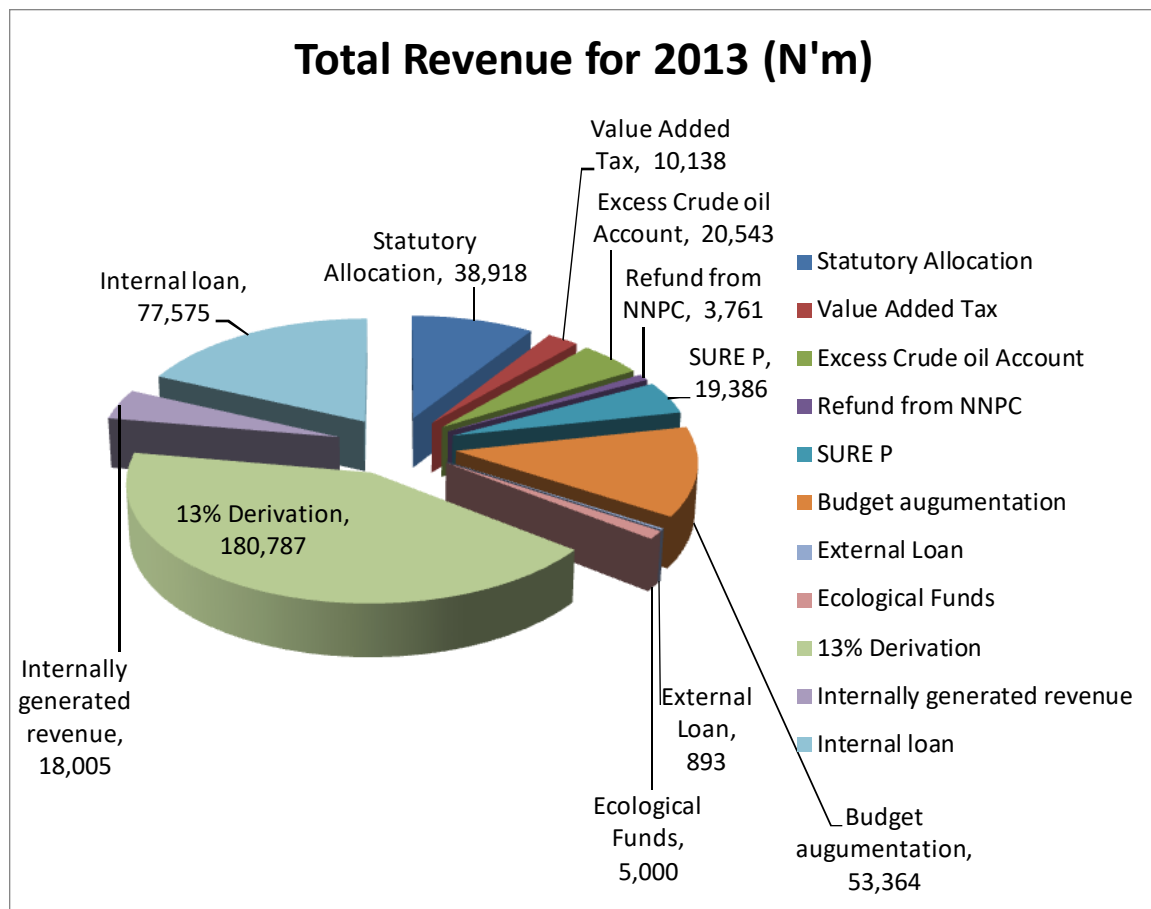


Figure 39: represents total revenue for 2013

The diagram above depicts revenue earned by the State during the year 2013. The review revealed that substantial part of the revenue earned was in respect of 13% Derivation fund received from the Federation Account amounting to N181 billion or 38% of the total revenue. The state received Statutory Allocation amounting to N39 million, which represented 9% of the total revenue earned for the year. The State Internally Generated Revenue amounted to N18.7 billion or 4% of the total revenue, while the internal loan received amounted to N77.6 billion representing 18% of the total revenue. The excess crude oil account shared by the federal government was N20.5 billion or 5% of the total revenue while budget augmentation was N53 billion representing 12% of the total revenue. Other revenue earned by the state during the year includes VAT N10.1 billion, refund from NNPC N3.8 billion, SURE P fund N19.4 billion, Ecological fund N5 billion representing 2%, 1%, 5%, and 1% of the total revenue earned for the year respectively.

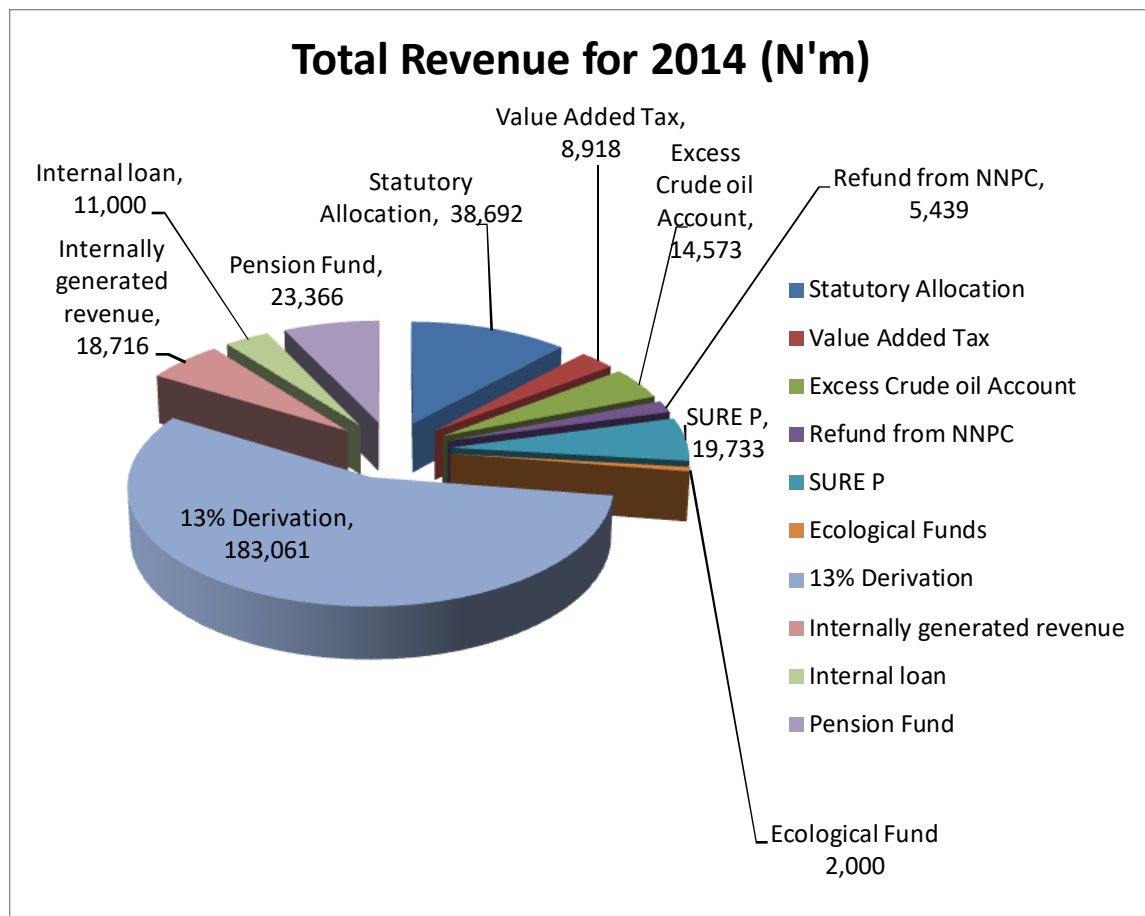


Figure 40 represents total revenue for the year 2014

The diagram above depicts revenue earned by the State during the year 2014. It revealed that substantial part of the revenue earned was in respect of 13% Derivation fund received from the Federation Account amounting to N183 billion representing 56% of the total revenue. The State received Statutory Allocation from the Federation Account totalling N39 billion, or 12% of the total revenue earned for the year. The State Internally Generated Revenue amounted to N19 billion representing 6% of the total revenue, while the internal loans received amounted to N11 billion representing 3% of the total revenue. Revenue earned from Excess crude oil account amounted to N15 billion representing 4% of the total revenue and revenue earned from SURE P amounted to N20 billion, or 6% of the total revenue earned for the year. The State earned revenue from VAT of N9 billion, which represents 3% of the total revenue earned for the year. Pension fund earned during the year amounted to N23 billion, which represents 7% of total revenue earned in the year 2014.

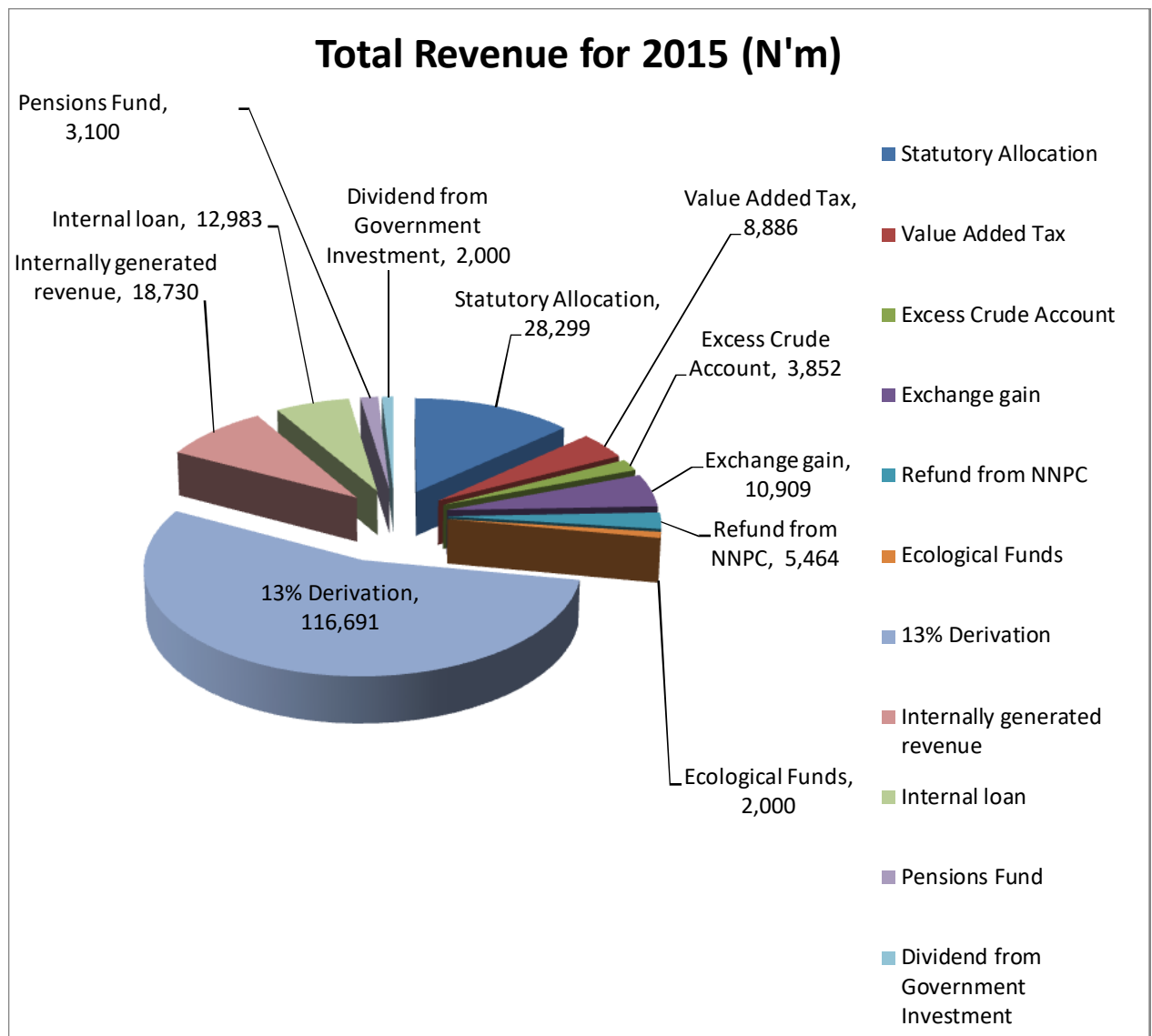


Figure 41 represents total revenue for the year 2015

The diagram above depicts revenue earned by the State during the year 2015. It revealed that the substantial part of the revenue earned was in respect of 13% Derivation fund received from the Federation Account amounting to N117 billion representing 55% of the total revenue. The State received Statutory Allocation from the Federation Account totalling N28 billion or 13% of the total revenue earned for the year. The State Internally Generated Revenue was N19 billion representing 9% of the total revenue while it received internal loan to the tune of N13 billion or 6% of the total revenue in 2015. Other revenue earned by the state during the year include VAT N8.9 billion, revenue from Excess Crude Account N3.9 billion, Exchange gain realised N11 billion, refund from NNPC N5.5 billion, Pension Fund N3.1 billion representing 4%, 2%, 5%, 3% and 1% of the total revenue earned for the year respectively.

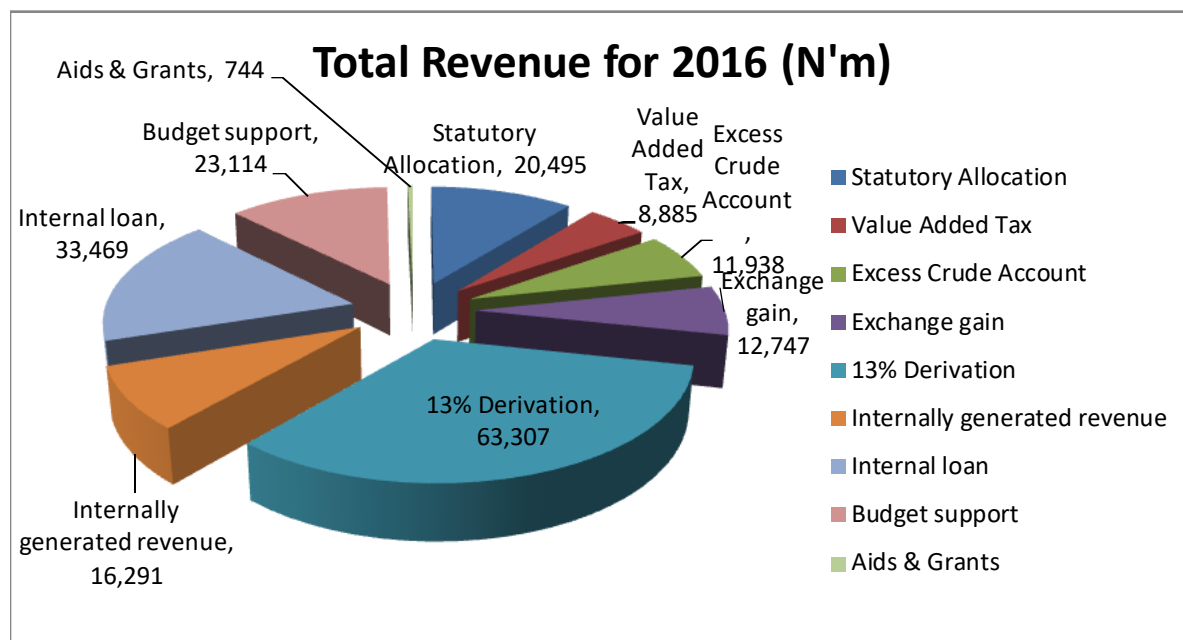


Figure 42 represents total revenue for the year 2016

The diagram above depicts revenue earned by the State during the year 2016. It revealed that substantial part of the revenue earned was in respect of 13% Derivation received from the Federation Account amounting to N63 billion or 33% of the total revenue. The State received Statutory Allocation from the Federation Account to the tune of N20 billion representing 11% of the total revenue earned for the year. The State Internally Generated Revenue amounted to N16 billion representing 9% of the total revenue, while the internal loan received was N33 billion or 18% of the total revenue. Budget support received from the Federal Government amounted to N23 billion representing 12% of the total revenue while the amount earned from Excess Crude Account was N12 billion and share of Exchange gain realised was N13 billion representing 6% and 7% of the total revenue earned for the year respectively.

Additional comments on the State's revenue include the following:

- (i) The statutory allocation continuously decreased after 2012. There was a decrease from N333 billion in 2013 to N272 billion in 2014 and thereafter, the statutory allocation decreased from N272 billion in 2014 to N176 billion in 2015 and N140 billion in 2016. The decline in statutory allocation was because of a decline in oil prices, which dropped from \$109.45 per barrel to \$40.68 per barrel during the period. This trend showed the State's over dependence on statutory allocation as a source of revenue.
- (ii) The State's share of Value Added Tax over the period under review remained fairly stable increasing from N9.1 billion in 2012 and peaking at N10.14 billion in 2013, while over N8 billion was earned yearly between 2014 and 2016.

- (iii) The State borrowed significantly to fund its budget during the period. External loans of N1.027 billion were obtained in the year 2012 and N893 billion in 2013. Between the period from 2012 - 2016, the State also obtained internal loans to finance its operations.
- (iv) The State Internally Generated Revenue witnessed fluctuations in the amount earned over the period with an increase from N17 billion in 2012 to N18 billion in 2013 and increased to N18.716 billion in 2014. The IGR recorded in 2015 remained stable at N18.730 billion but declined to N16 billion in 2016.
- (v) As Akwa Ibom is the State with the largest amount of crude deposits in the nation, it earned significant portion of its revenue throughout the period 2012 - 2016 from the oil and gas sector based on the 13% derivation formula of the Federal Government. The State received a revenue derivation of N151 billion in 2012 and N181 billion in 2013. This remained stable at N183 billion in 2014, however a sharp decline was recorded in 2015 amounting to N117 billion and N63 billion in 2016 because of global fall in crude oil prices.

5.2.5 Summary of Total Recurrent Expenditure from 2012 - 2016

The table below shows the summary of total recurrent expenditure incurred by the State during the years 2012 to 2016.

Table 105: Summary of Total Recurrent Expenditure from 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)
2012	88,229
2013	133,799
2014	151,523
2015	121,422
2016	98,523
Grand Total	593,496

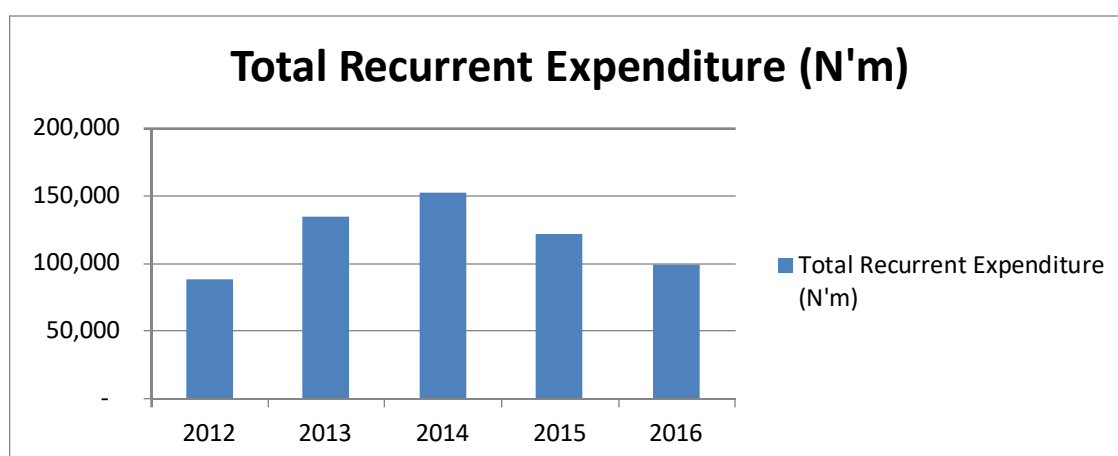


Figure 43: Analysis of Total Recurrent Expenditure from 2012-2016

5.2.6 Comparison of Total Revenue to Total Recurrent Expenditure 2012-2016

The table below compares total revenue to total recurrent expenditure of Akwa Ibom State during the years 2012 to 2016.

Table 106: Comparison of Total Revenue to Total Recurrent Expenditure from 2012 to 2016

Year	Total Revenue (N'm)	Total Recurrent Expenditure(N'm)	Percentage of Total Recurrent Expenditure to Total Revenue
2012	357,432	88,229	25
2013	428,370	133,799	31
2014	325,498	151,523	47
2015	212,914	121,422	57
2016	190,990	98,523	52
Grand Total	1,515,204	593,496	39

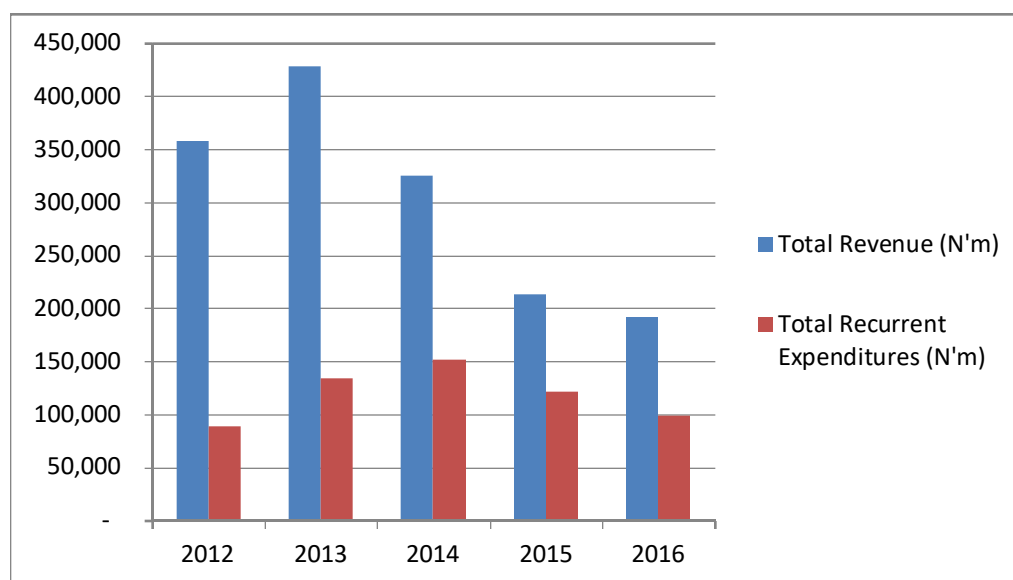


Figure 44: Comparison of Total Revenue with Total Recurrent Expenditure

Table 107: Comparing total revenue with total recurrent expenditure

Year	Total Revenue(₦'m) A	Total Recurrent Expenditure(₦'m) B	Amount available for Capital Expenditure (₦'m) (C=A-B)
2012	357,432	88,229	269,203
2013	428,370	133,799	294,571
2014	325,498	151,523	173,975
2015	212,914	121,422	91,492
2016	190,990	98,523	92,467
Grand Total	1,515,204	593,496	921,708

The above table shows the proportion of the revenue available for capital expenditure after settlement of recurrent expenditure during the respective years.

Table 108: Breakdown analysis of recurrent expenditure

Recurrent Heads	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	Total N'm
Personnel Cost	28,575	31,089	42,696	36,823	34,864	174,047
Overhead Cost	8,708	9,229	17,172	15,991	9,227	60,327
Consolidated revenue fund charges	34,717	79,911	81,596	60,340	44,238	300,802
Recurrent Grants & Subvention	16,229	13,570	10,059	8,268	10,194	58,320
Total	88,229	133,799	151,523	121,422	98,523	593,496

5.2.7 Financial Review of Recurrent Expenditure

- The recurrent expenditure distribution shows that the expenditure incurred by the State within the years under review increased by N46 billion or 52% from N88 billion in 2012 to N134 billion in 2013. The increase was because of the increase in amounts incurred on personnel emoluments and consolidated revenue fund charges during the period under review. Consolidated revenue fund charges include pensions and gratuities, local loan servicing, international loan servicing, grants and charges and statutory obligations.
- Recurrent expenditure decreased by N30 billion or 20% from N152 billion in 2014 to N121 billion in 2015 as a result of reduction in amounts incurred on loan repayments and other consolidated revenue fund charges as well as

decrease in cost expended on personnel emoluments in the year 2015. There was a further decrease by N23 billion or 19% to N99 billion in 2016. The decrease was attributable to the decrease in the amount incurred on loan repayment in 2016 and other consolidated revenue fund charges.

The table below shows the total recurrent expenditure per each recurrent head according to how money was disbursed during the years 2012 to 2016 under review.

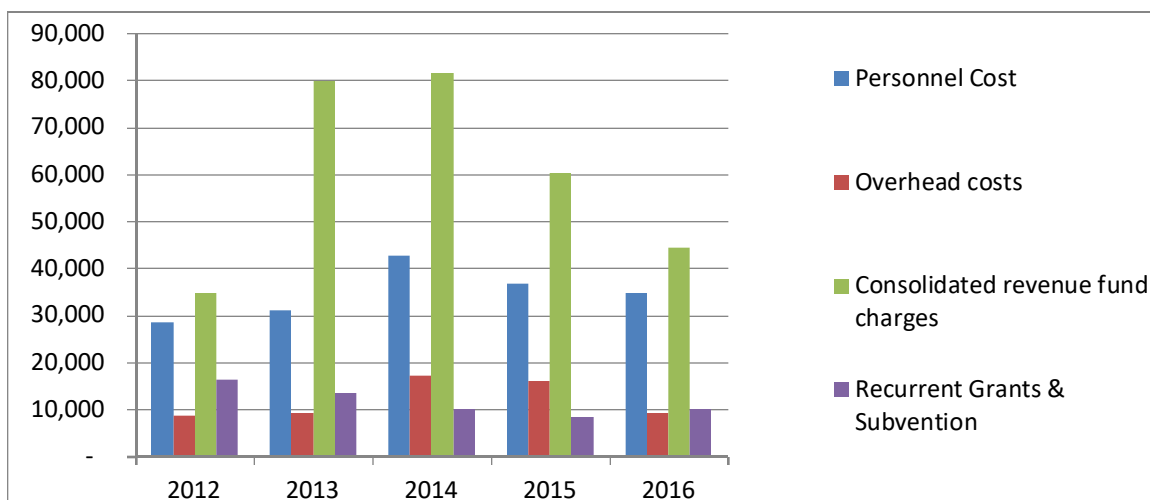


Figure 45: Recurrent expenditure from 2012 to 2016

5.2.8 Capital Expenditure

Capital expenditure represents the capital outflows used for the improvement and acquisition of assets and other long-term construction for infrastructural development for the benefit of the State. The table and diagram below show the summary of the total Capital expenditure incurred by Akwa Ibom State from years 2012 to 2016.

Table 109: Breakdown Analysis of Capital Expenditure from 2012 to 2016

Year	Total Capital Expenditure(₦'m)
2012	281,868
2013	264,632
2014	194,573
2015	114,415
2016	92,306
Grand Total	947,794

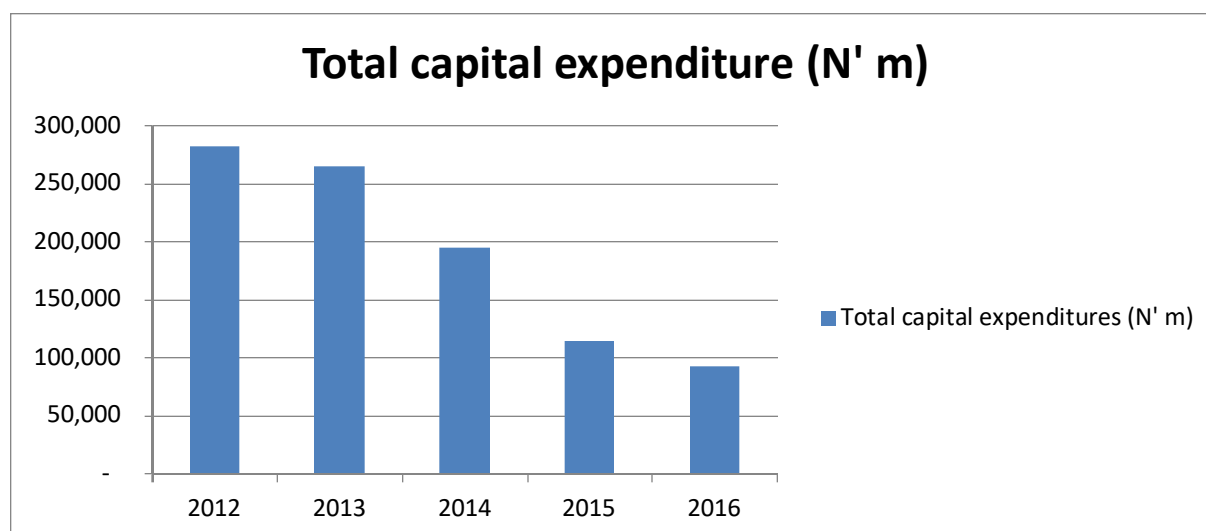


Figure 46: Distribution of Capital Expenditure from 2012 -2016

Table 110: Breakdown analysis of capital expenditure per sector

Capital Expenditure Head/ Years	2012 (N'm)	2013 (N'm)	2014 (N'm)	2015 (N'm)	2016 (N'm)	Total (N'm)
Economic Sector	144,807	150,288	100,702	63,150	54,316	513,263
Social Services Sector	27,744	37,335	41,999	14,364	4,308	125,750
Regional Development sector	21,016	9,423	944	440	61	31,884
Administrative Sector	88,301	67,586	49,421	35,243	32,268	272,819
Law and Justice	-	-	1,507	1,218	609	3,334
Funded from Aid and Grants	-	-	-	-	744	744
Total	281,868	264,632	194,573	114,415	92,306	947,794

During the periods under review, Akwa Ibom State incurred the sum of N948 billion, on capital expenditure.

- The capital expenditure distribution shows that the expenditure incurred by the State decreased by N17 billion or 6% from N282 billion in 2012 to N265 billion in 2013. This was because of reduced expenditure on the regional development sector as well as on the administrative sector during the year.
- Capital expenditure also decreased from N265 billion in 2013 to N195 billion in 2014. This was due mainly to the reduction in the amount incurred on Capital projects in the economic and administrative sectors in the year 2014 as against the amounts incurred on the sectors in 2013.

- In 2014, the State Government fully commenced and complied with implementation of reporting of financial statements with IPSAS (International Public Sector Accounting Standards) and this led to some changes in the nomenclature of the sectors.
- Capital expenditure decreased by 41% or N80 billion from N195 billion in 2014 to N114 billion in 2015. This was because of reduction in amounts incurred on all the sectors during the year 2015 due to decrease in revenue received.
- Capital expenditure decreased by 19% or N22 billion from N114 billion in 2015 to N92 billion in 2016. This was because of decrease in amount incurred on all the sectors during the year 2015 due to a decrease in total revenue received.

The following diagrams below show the actual capital expenditure incurred on the various sectors of the State's Economy during the years 2012 to 2016.

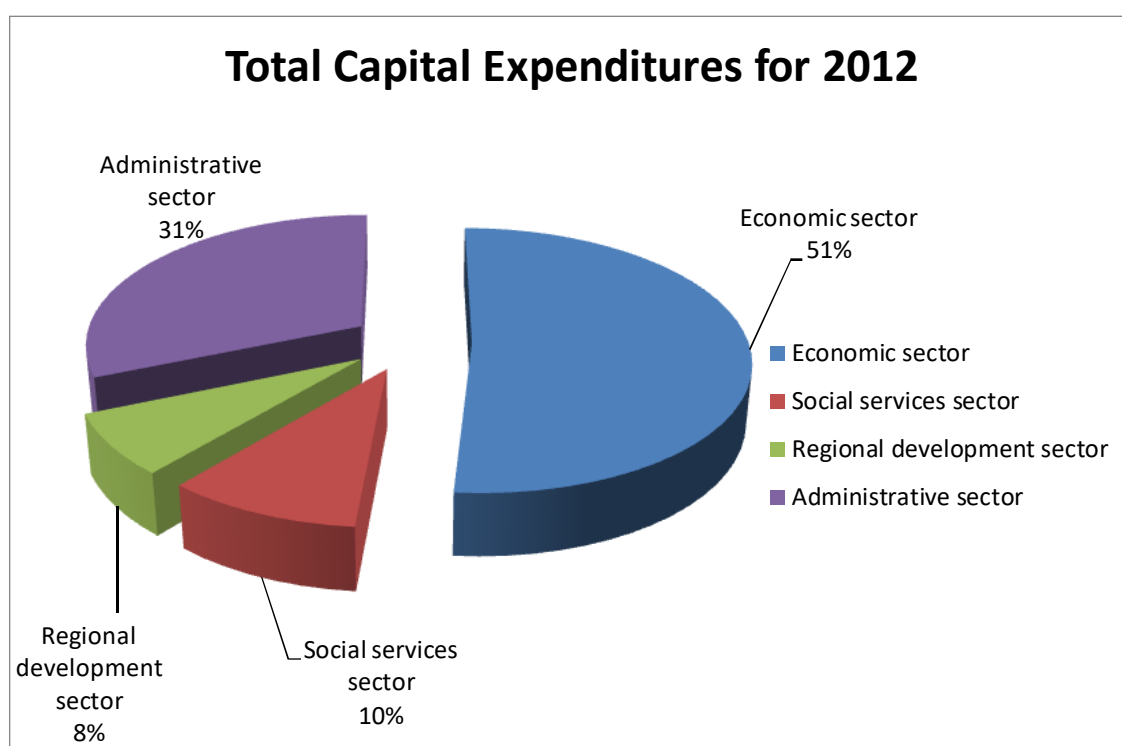


Figure 47: Capital expenditure for 2012

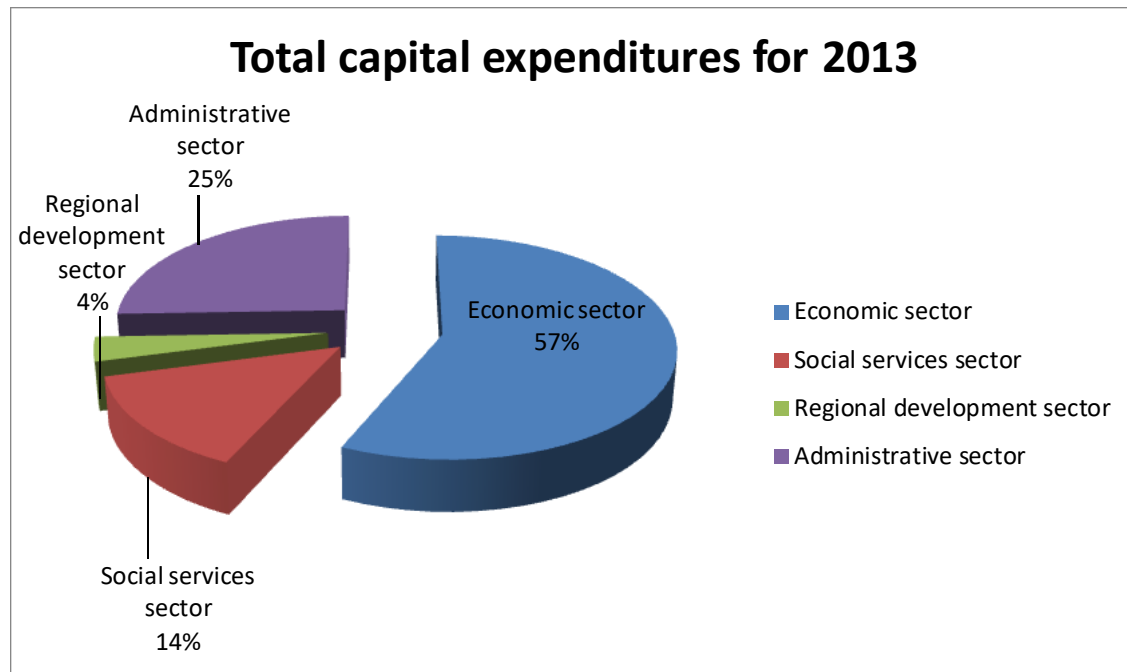


Figure 48: Capital expenditure for 2013

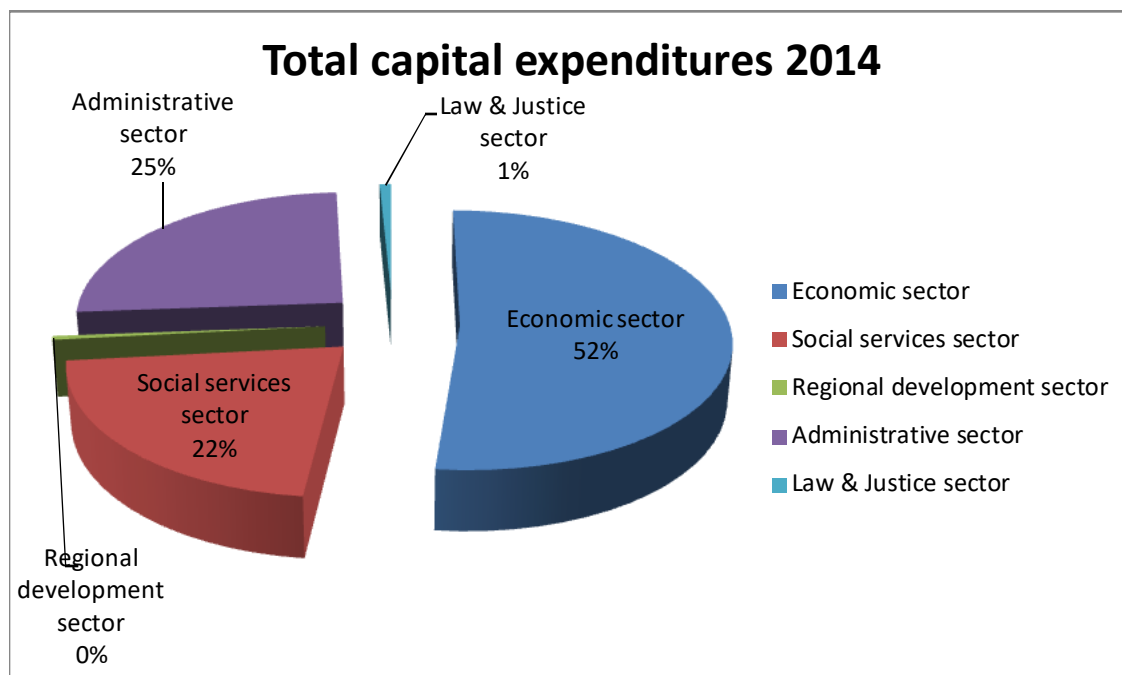


Figure 49: Capital expenditure for 2014

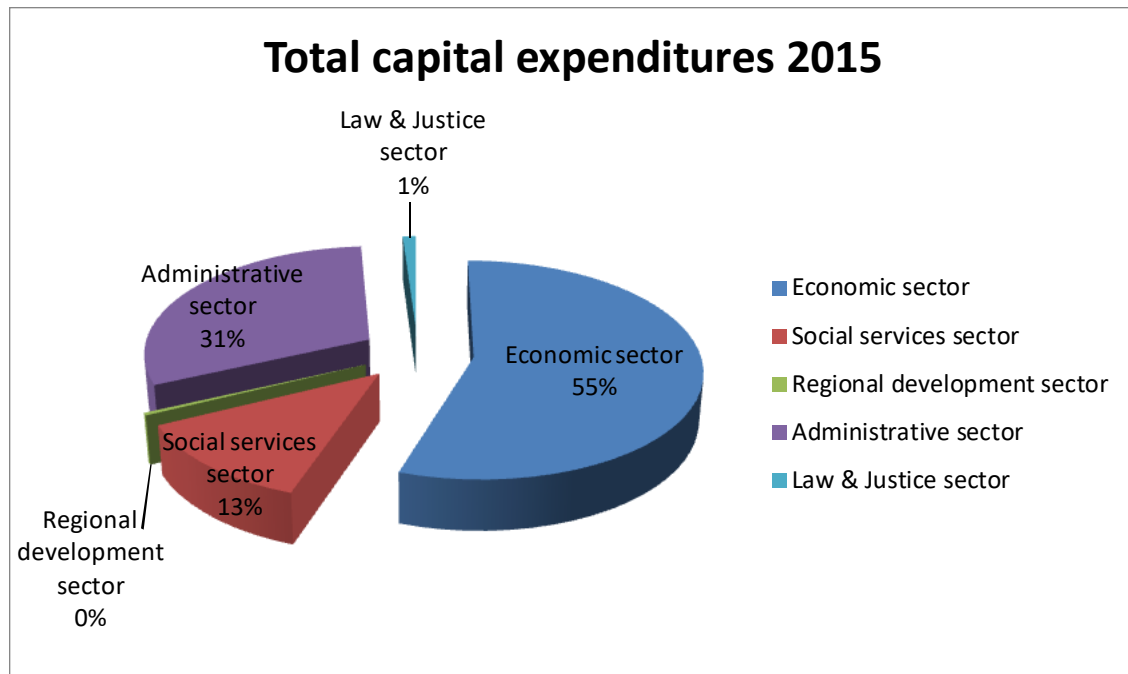


Figure 50: Capital expenditure for 2015

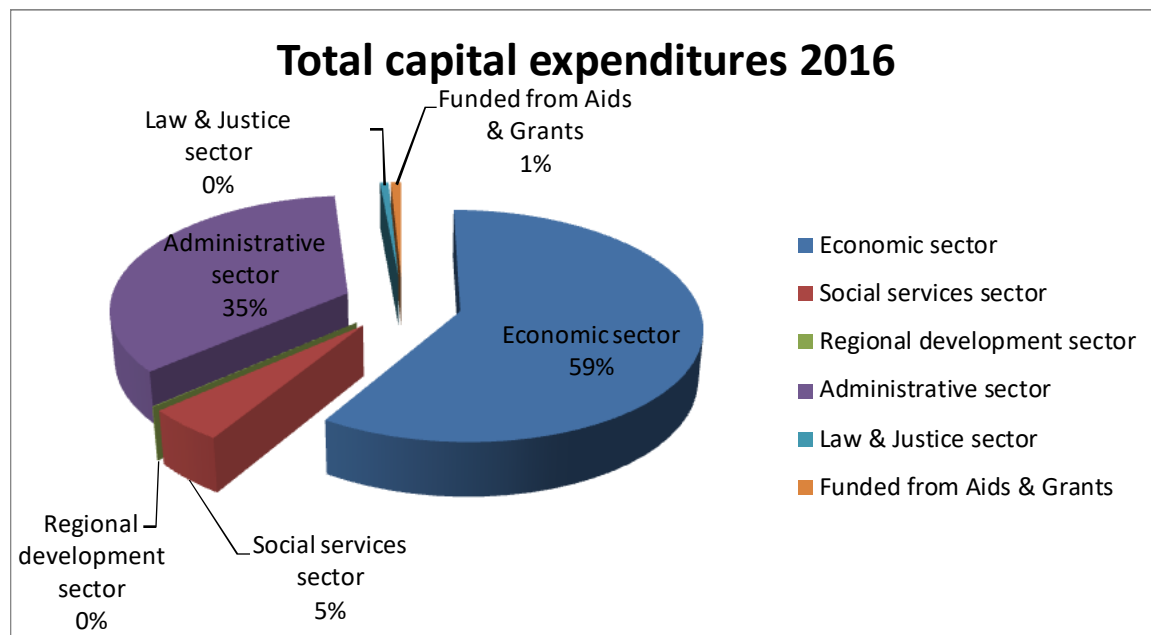


Figure 51: Capital expenditure for 2016

5.2.9 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Akwa Ibom State during the years 2012 to 2016.

Table 111: Comparison of Total Revenue to Total Expenditure in percentage from 2012 to 2016

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Percentage of total capital expenditure to total revenue
2012	357,432	281,868	79
2013	428,370	264,632	62
2014	325,498	194,573	60
2015	212,914	114,415	54
2016	190,990	92,306	48
Grand Total	1,515,204	947,794	63

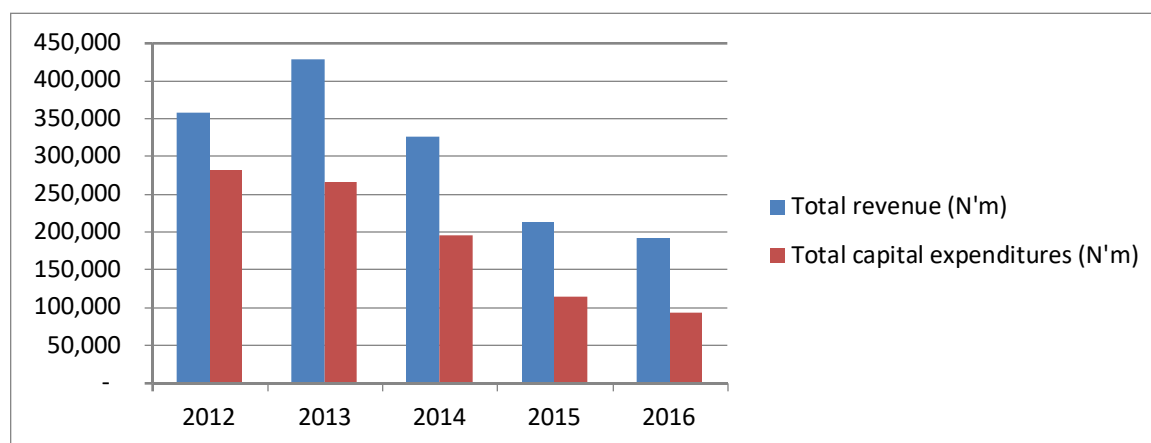


Figure 52: Comparison of Total Revenue with Total Capital Expenditure from 2012 to 2016

From the above chart, it is noted that capital expenditure as a percentage of total expenditure decreased from 2012 to 2016.

Table 112: Comparison of Total Revenue to Total Capital Expenditure in Value from 2012 to 2016

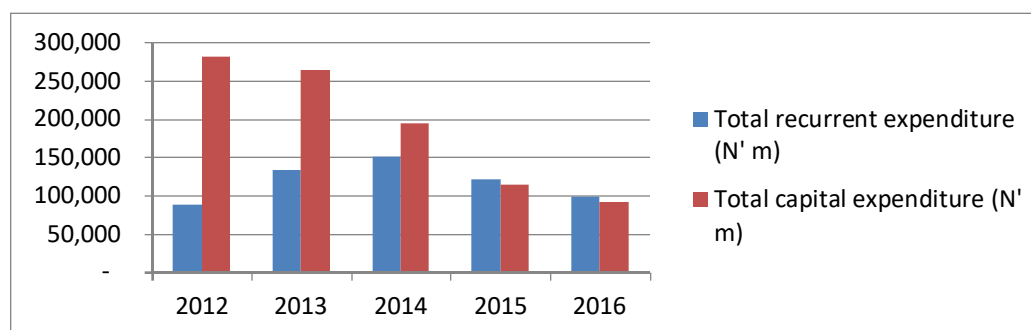
Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Portion left for recurrent expenditure (₦'m)
2012	357,432	281,868	75,564
2013	428,370	264,632	163,738
2014	325,498	194,573	130,925
2015	212,914	114,415	98,499
2016	190,990	92,306	98,684
Grand Total	1,515,204	947,794	567,410

The table above shows the proportion of funds incurred on capital expenditure out of the revenue accrued to Akwa Ibom State during the period under review.

Year	Total Recurrent Expenditure(₦'m)	Total Capital Expenditure(₦'m)	Total (₦'m)
2012	88,229	281,868	370,097
2013	133,799	264,632	398,431
2014	151,523	194,573	346,096
2015	121,422	114,415	235,837
2016	98,523	92,306	190,829
Grand Total	593,496	947,794	1,541,290

Table 113: Analysis of Recurrent and Capital Expenditure from 2012 to 2016

From the table above, it can be concluded that the State incurred the total sum of N1.5 trillion as expenditure from 2012 to 2016, which is made up of recurrent expenditure amounting to N593 billion and capital expenditure to the tune of N948 billion.

**Figure 53: Comparison of Recurrent Expenditure with Capital Expenditure from 2012 to 2016**

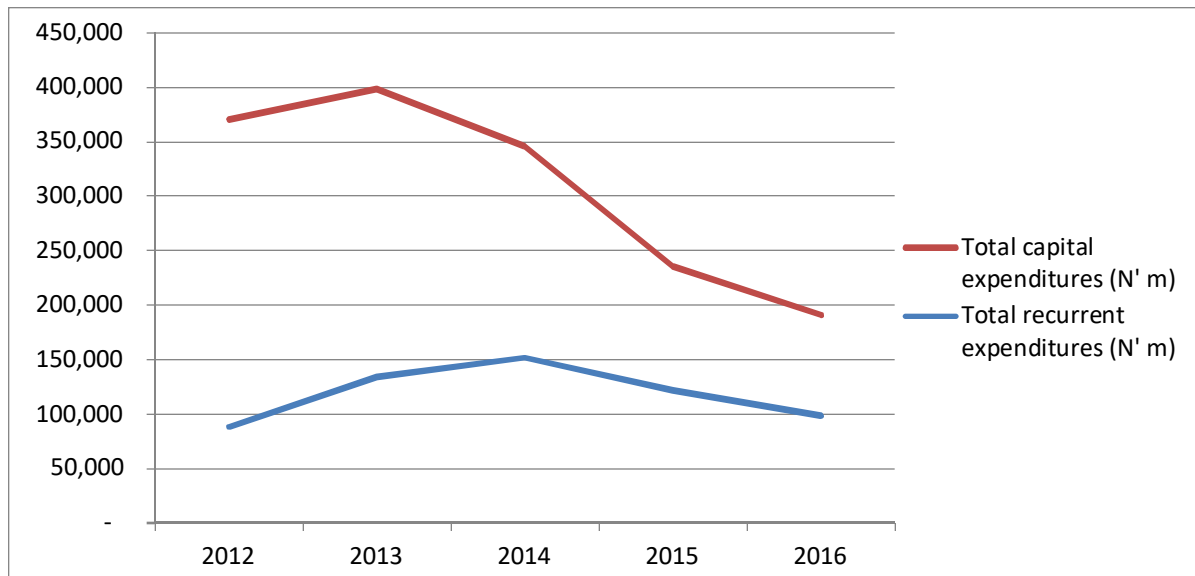


Figure 54: Trend analysis between Recurrent Expenditure and Capital Expenditure

The above figure shows the trend between recurrent expenditure and capital expenditure of Akwa Ibom State during the periods 2012 to 2016

5.3.1 BAYELSA STATE

5.3.2 Brief History

The Federal Military Government of Late General Sanni Abacha created Bayelsa state on October 1, 1996 out of Rivers State. Its name was derived from the first few letters of the names of the major Local Government Areas from which it was formed - Brass LGA (BALGA), Yenagoa (YELGA) and Sagbama (SALGA). Bayelsa State ‘The Glory of all Lands’ is located in southern Nigeria in the Niger Delta region. Its capital is Yenagoa and it is bordered on the west by Rivers State, on the East and South by the Atlantic Ocean and on the North by Delta State. The significant part of the state is covered in water and the local population engage in fishing on a subsistence and commercial level.

Bayelsa State has one of the largest crude oil and natural gas deposits in Nigeria and a thriving petroleum sector. The first oil found in commercial quantities in Nigeria in 1956, was in Oloibiri, an area that is currently part of Bayelsa State. The state has eight Local Government Areas namely: Kolokuma Opokuma, Brass, Nembe, Sagbama, Ekeremor, Ogbia, Yenagoa, Ijaw North and Ijaw South.

Land mass, Location and Population

The State covers an area of 9,415.8 square kilometres. It lies at latitude 4° 45' North and longitude 6° 05' East. It had a population of 1,704,515 as at 2006 census figures with a population density of 158 people per square kilometre. It accounts for 1.2% of Nigeria's population.

Main Cities and Towns

The State capital is in Yenagoa and its motto is “Glory on all lands”. The major towns in Bayelsa State are Yenagoa, Amasoma, Sagbama, Obi, Kauama, Oloibiri, Ogbia, Oporama, Koluama, Brass, and Opokuma. There are eight Local Government Areas; these are Brass, Ekeremor, Kolokuma/Opkuma, Nembe, Ogbia, Sagbama, Southern-Ijaw and Yenagoa.

Occupations

The major occupations in the State are fishing, farming, palm oil milling, lumbering, palm wine tapping, local gin making, trading, carving and weaving. The State has vegetation characterized by mangrove forest and in the north it has a thick forest with arable lands for cultivation. Bayelsa State is a picturesque tropical rain forest, with an area covered by water, with a moderately low land stretching from Ekeremor to Nembe. The area lies almost entirely below sea level with a maze of meandering creeks and mangrove swamps. The network of several creeks and rivers in the South, all flow into the Atlantic Ocean via the major rivers such as San Bartholomew, Brass, Nun, Ramos, Santa Barbara, St. Nicholas, Sangana, Fishtown, Ikebiri Creek, Middleton, Digatoro Creek, Pennington and Dobo.

Education

The State and FGN have established overtime the following higher Institutions:

- Bayelsa State College of Health Technology
- Federal Polytechnic, Ekowe
- Federal University, Otueke
- Institute of Science and Technology, Yenagoa
- Niger Delta University
- Federal Science and Technical College
- University of Africa, Toru-Orua, Bayelsa State

Tourism

Bayelsa State is blessed with many centres of historical attraction such as ;The Slave Transit Hall, Akassa, The Oloibiri Oil Museum, The Akassa Raid Graveyard, The War Boat at Aleibiri and Manilla and Bronze heads in the Opokuma forest near Oloibiri.

Summary of Annual Distribution of Total Revenue

The table below shows the total revenue received by Bayelsa State during the years 2012 to 2016, both years inclusive.

Table 114: Summary of Annual Distribution of Total Revenue from 2012 - 2016

Year	Total Revenue(₦'m)
2012	234,462
2013	264,744
2014	213,233
2015	168,476
2016	147,946
Grand Total	<u>1,028,861</u>

The total revenue received by the State during the years under review is broken down as follows:

Table 115: Component of Total Revenue from 2012 to 2016

	2012	2013	2014	2015	2016	TOTAL
	N'm	N'm	N'm	N'm	N'm	N'm
Statutory Allocation	27,367	31,408	34,156	24,905	18,037	135,873
13% Mineral Revenue	102,679	121,741	117,317	67,278	40,971	449,986
VAT	6,641	7,596	7,542	6,875	7,143	35,797

Excess Crude Account	11,447	14,185	2,225	1,303	-	29,160
Exchange gain	-	-	165	7,059	9,047	16,271
Refund from NNPC	3,740	3,035	3,594	156	-	10,525
SURE P	7,152	14,025	12,593	-	-	33,770
Budget augmentation	-	14,895	894	-	-	15,789
Budget difference	17,026	12,442	-	-	-	29,468
Special revenue	4,048	-	-	-	-	4,048
Non-oil excess revenue	865	-	1,439	2,151	-	4,455
JV Calls	6,920	-	-	-	-	6,920
Refund from NEMBE Oil	15,335	-	-	-	-	15,335
Ecological fund	-	2,000	2,000	-	-	4,000
External loan	154	342	821	814	1,194	3,325
Refund from Judiciary	-	-	240	-	-	240
Refund from Rivers	-	-	-	-	460	460
Stabilization	-	-	-	188	885	1,073
Solid Mineral Revenue	-	-	-	-	55	55
Excess PPT	-	-	-	-	9,227	9,227
Excess Bank charges	-	-	-	-	18	18
FAAC revenue (A)	203,374	221,669	182,986	110,729	87,037	805,795
Internally generated						
revenue	5,788	11,284	12,045	8,062	8,207	45,386
Internal loan	21,453	25,500	10,530	49,044	21,285	127,812
Budget support	-	-	-	-	10,004	10,004
Paris Club refund	-	-	-	-	14,500	14,500
Grant	2,745	4,548	4,115	581	-	11,989
Donations	1,102	1,733	168	-	-	3,003
Other revenue receipt	-	10	3,389	60	6,913	10,372
Other revenue (B)	31,088	43,075	30,247	57,707	60,909	223,026
Total revenue (A+B)	234,462	264,744	213,233	168,476	147,946	1,028,861

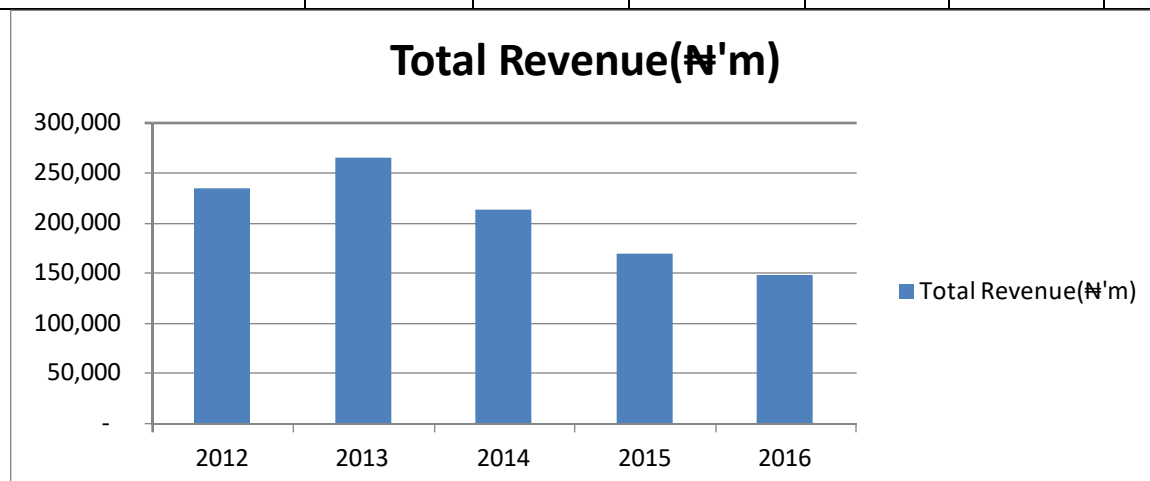


Figure 55: Total Revenue for Bayelsa State (2012-2016)

5.3.3 Analysis of Revenue Distribution by Sources

The total gross receipts from the Federation Account from 2012 to 2016 was N807 billion. Other forms of revenue generated comprise of grants and donations, internal loans, budget support, Paris Club Refund, internally generated revenue and other revenue receipts amounting to N223 billion in the years under review. The total revenue generated by the State during the years under review amounted to N1,029 billion.

The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:

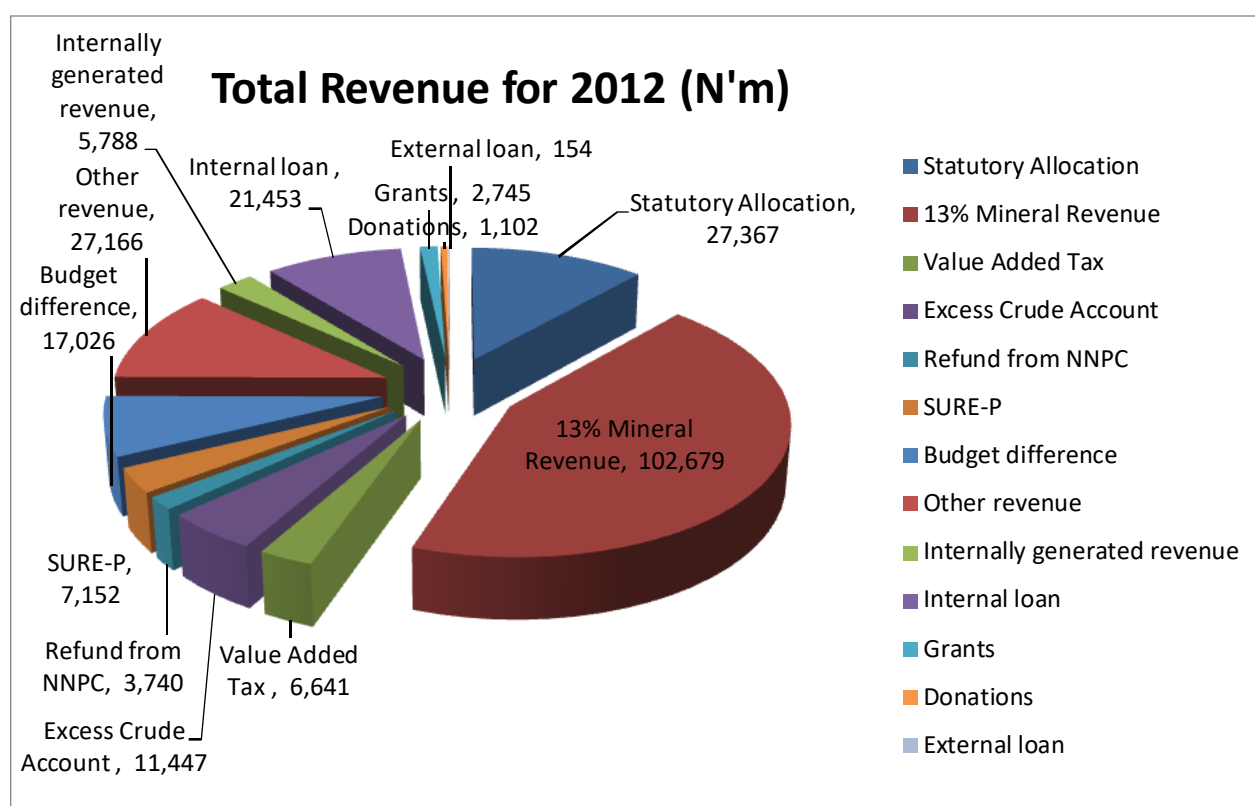


Figure 56: Total revenue for 2012

The diagram above depicts various revenues earned by the State during the year 2012. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N203 billion or 87% of the total revenue. In addition, the 13% mineral derivation of N103 billion representing 50% contributed substantially to the Statutory Allocation. The State generated an internal revenue of N6 billion, representing 2% of the total revenue, while the internal loans received amounted to N21 billion or 9% of the total revenue. Grants and donations received during the year was N4 billion representing 2%

of the total revenue.

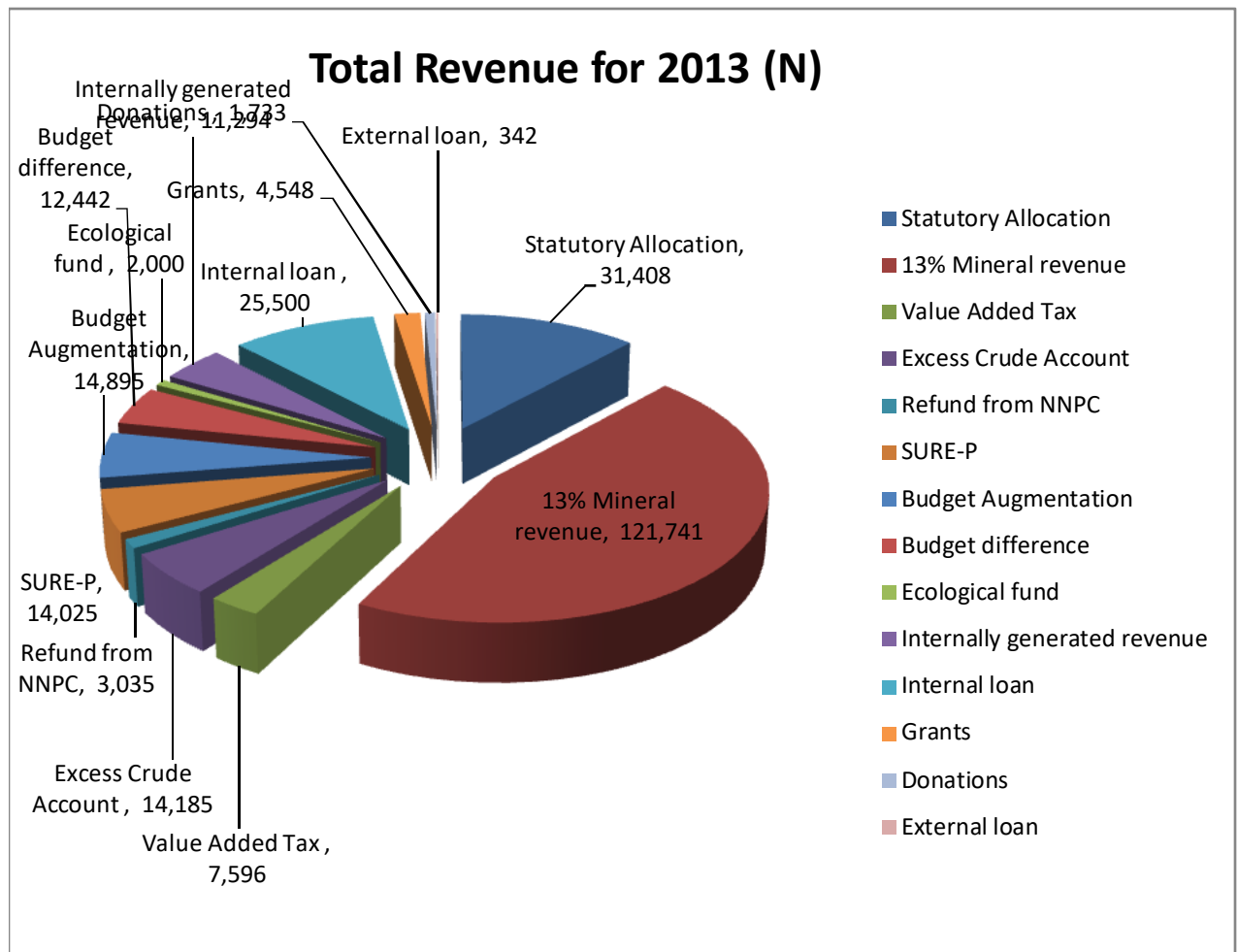


Figure 57: Total revenue for 2013

The diagram above depicts various revenues earned by the State during the year 2013. The review revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N222 billion representing 84% of the total revenue. In addition, the 13% mineral derivation of N122 billion or 55% contributed substantially to the Statutory Allocation. The State generated internal revenue of N12 billion representing 4% of the total revenue, while the internal loan received was N26 billion representing 10% of the total revenue. Grants, donations and other revenue receipts received during the year was N6 billion representing 2% of the total revenue.

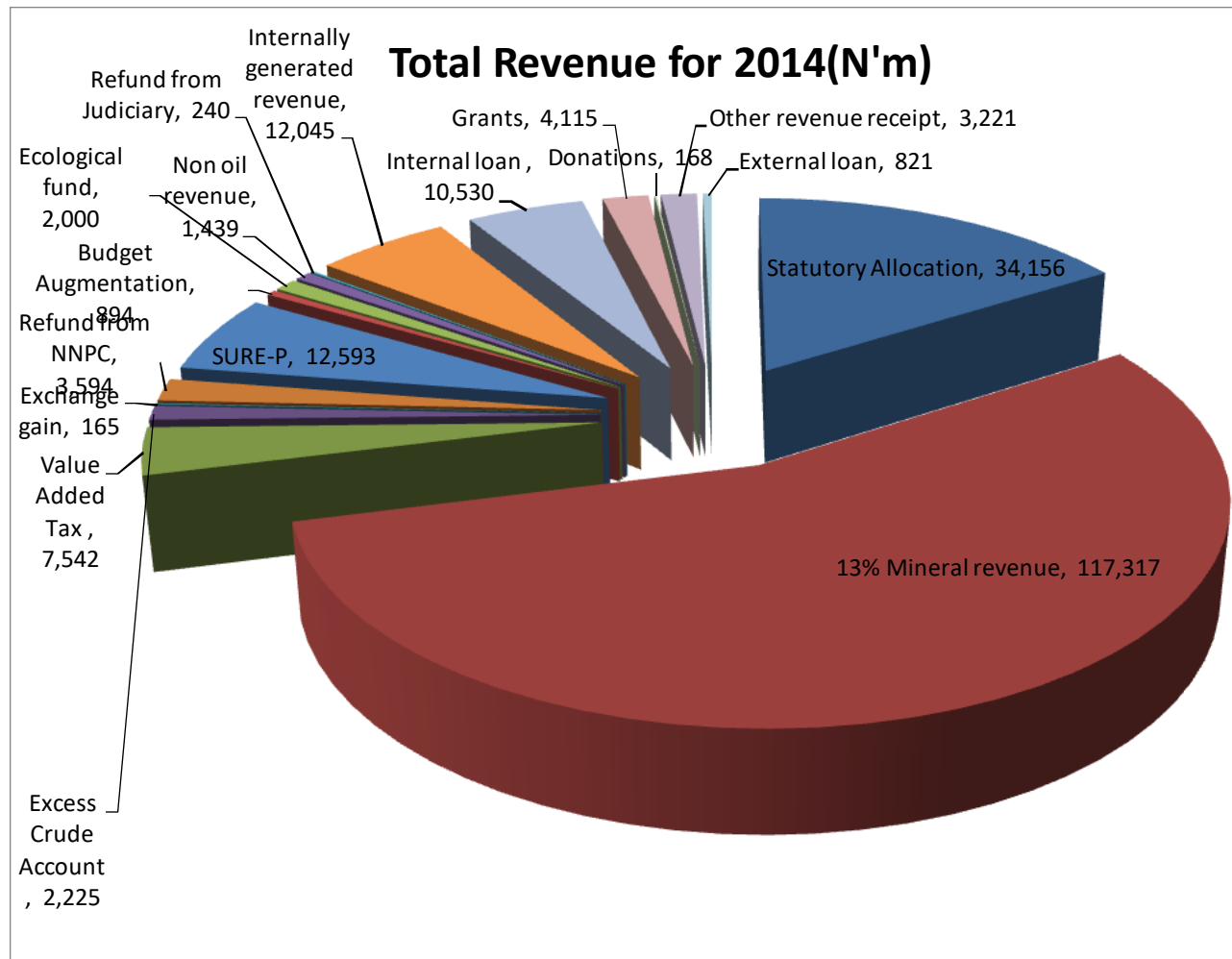


Figure 58: Total revenue for the year 2014

The diagram above depicts various revenues earned by the State during the year 2014. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N183 billion or 86% of the total revenue. In addition, the 13% mineral derivation amounting to N117 billion representing 64% contributed substantially to the Statutory Allocation. The State generated internal revenue of N12 billion representing 6% of the total revenue, while the internal loans received amounted to N11 billion or 5% of the total revenue. Grants, donations and other revenue receipts received during the year was N8 billion representing 4% of the total revenue.

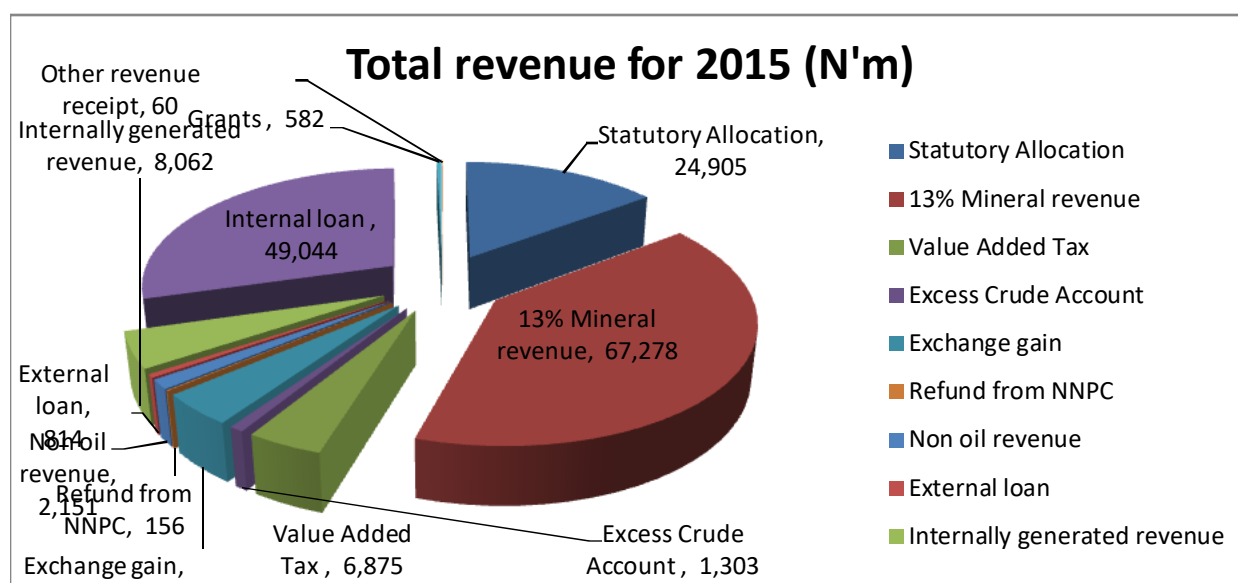


Figure 59: Total revenue for the year 2015

The diagram above depicts various revenues earned by the State during the year 2015. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N117 billion or 69% of the total revenue. In addition, the 13% mineral derivation of N67 billion representing 54% contributed substantially to the Statutory Allocation. The State generated internal revenue of N8 billion representing 5% of the total revenue, while the internal loan received stood at N49 billion or 29% of the total revenue. Grants and other revenue receipt amounted to N.64 billion.

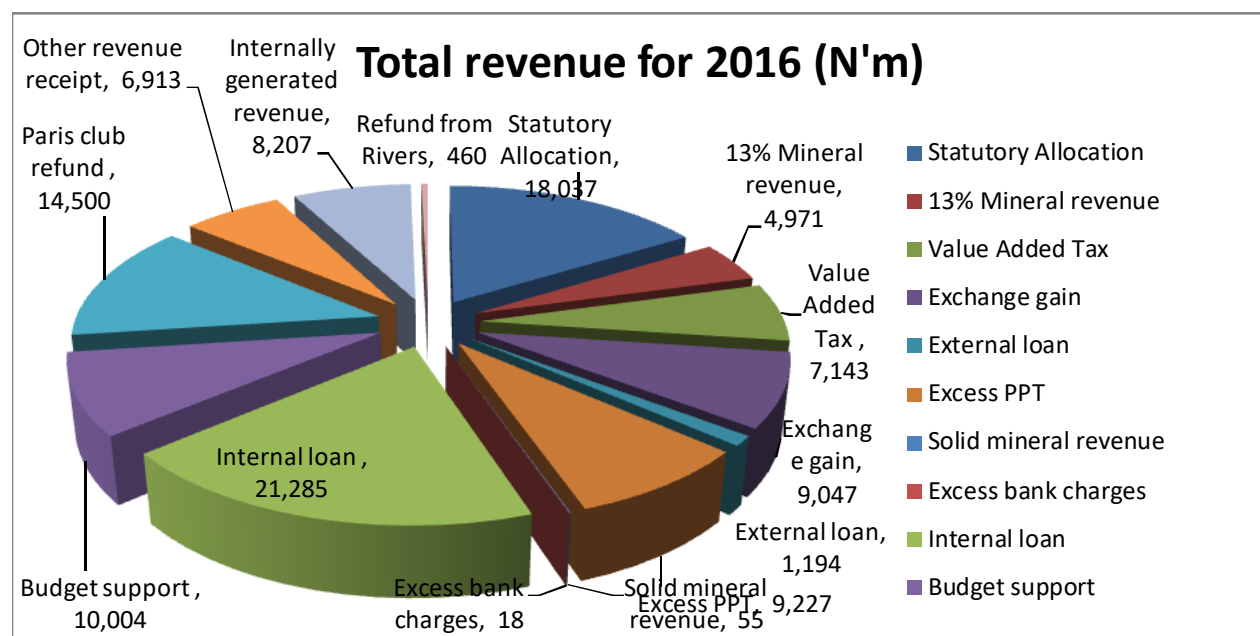


Figure 60: Total revenue for the year 2016

The diagram above depicts various revenues earned by the State during the year 2016. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N87 billion representing 59% of the total revenue. In addition, the 13% mineral derivation of N41 billion representing 47% contributed substantially to the Statutory Allocation. The State generated internal revenue of N8 billion representing 6% of the total revenue, while internal loan received was N21 billion representing 14% of the total revenue. Budget support received from the Federal Government amounted to N10 billion representing 7% of the total revenue while Paris Club Refund received was N15 billion or 10% of the total revenue.

Additional comments on the State's revenue include the following:

- (vi) The statutory allocation increased from N27 billion in 2012 to N34 billion in 2014. This however witnessed a sharp decline to only N18 billion in 2016.
- (vii) The 13% mineral derivation increased from N102 billion in 2012 to N117 billion in 2014. This however witnessed a significant decrease to only N41 billion in 2016 because of a decline in oil prices, which dropped from \$109.45 per barrel to \$40.68 per barrel during the period.
- (viii) The State's share of Value Added Tax over the period under review remained fairly stable increasing from N6.6 billion in 2012 peaking at N7.60 billion in 2013. An average of N7 billion was earned yearly between 2014 and 2016.
- (ix) Except for the year 2014, the State borrowed the total sum of N131 billion from both internal and external sources to fund its budget during the period under review.
- (x) The State's internally generated revenue increased from N5.8 billion in 2012 to N12 billion in 2015 and dropped to N8.2 billion in 2016.

5.3.4 Summary of Total Recurrent Expenditure from 2012 - 2016

The table below shows the summary of total recurrent expenditure incurred by the State during the years 2012 to 2016.

Table 116: Summary of Total Recurrent Expenditure from 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)
2012	158,108
2013	172,525
2014	157,270
2015	116,787
2016	90,105
Grand Total	694,795

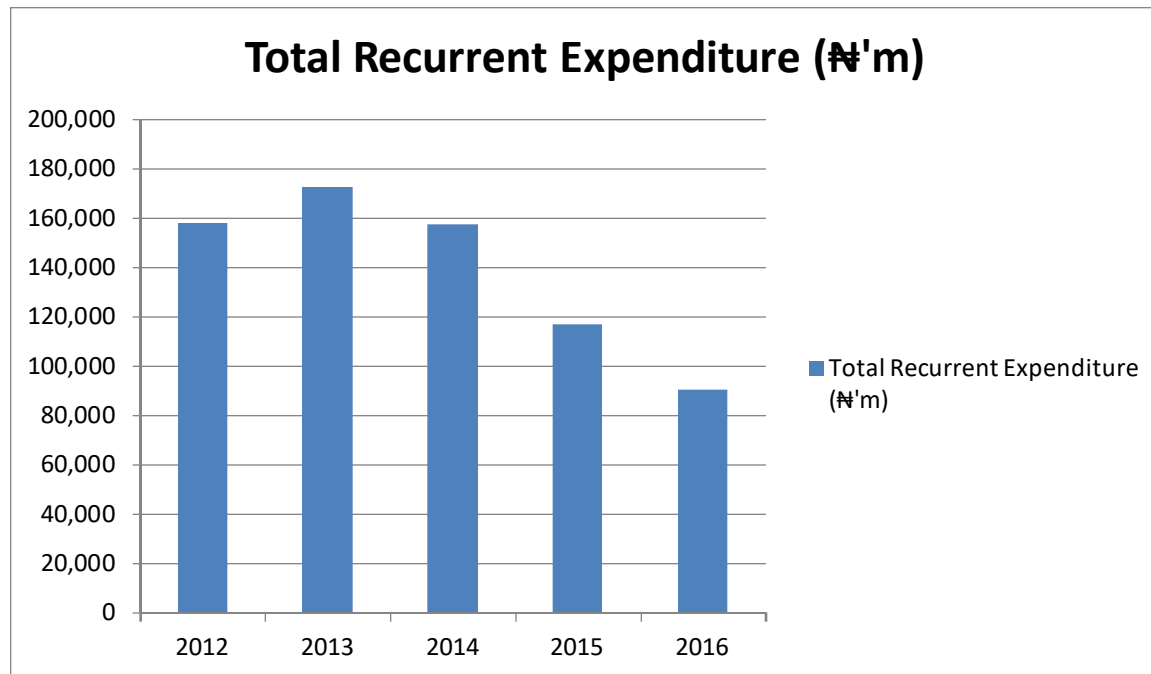


Figure 61: Distribution of Total Recurrent Expenditure for Bayelsa State (2012-2016)

5.3.5 Comparison of Total Revenue to Total Recurrent Expenditure 2012-2016

The table below compares total revenue to total recurrent expenditure of Bayelsa State during the years 2012 to 2016.

Table 117: Summary of Total Revenue to total Recurrent Expenditure from 2012 to 2016

Year	Total Revenue (₦'m)	Total Recurrent Expenditure(₦'m)	Percentage of Total Recurrent Expenditure to Total Revenue
2012	234,462	158,108	67
2013	264,744	172,525	65
2014	213,233	157,270	74
2015	168,476	116,787	69
2016	147,946	90,105	61
Grand Total	1,028,861	694,795	68

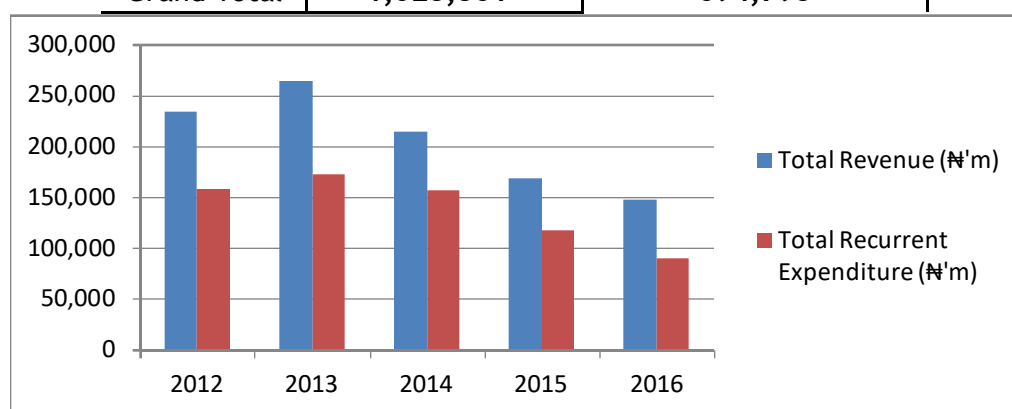


Figure 62: Comparison of Total Revenue with Total Recurrent Expenditure

Table 118: Comparison of total revenue with total recurrent expenditure

Year	Total Revenue(₦'m) A	Total Recurrent Expenditure(₦'m) B	Difference(₦'m) (C=A-B)
2012	2 34,462	158,108	76,354
2013	264,744	172,525	92,219
2014	213,233	157,270	55,963
2015	168,476	116,787	51,689
2016	147,946	90,105	57,841
Grand Total	1,028,861	694,795	334,066

The above table shows the proportion of the revenue available for capital expenditure after settlement of recurrent expenditure during the respective years.

Table 119: Breakdown analysis of recurrent expenditure

Recurrent Heads	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	Total N'm
Personnel Cost	33,689	34,992	46,193	43,257	26,162	184,293
Overhead costs	49,533	56,339	39,666	23,550	23,244	192,332
Repayment of Internal loan	38,453	43,738	37,039	31,414	20,860	171,504
Repayment of external loan	162	143	206	258	365	1,134
Consolidated revenue fund charges (pension and gratuities)	2,853	5,278	4,622	3,475	2,654	18,882
Statutory obligations and other operating activities	33,418	32,035	29,544	14,833	16,820	126,650
Total	158,108	172,525	157,270	116,787	90,105	694,795

5.3.6 Financial Review of Recurrent Expenditure

- The recurrent expenditure distribution shows that the expenditure incurred by the State increased by N15 billion or 9% from N158 billion in 2012 to N173 billion in 2013. The increase was because of increase in amount incurred on overhead cost.
- Recurrent expenditure decreased significantly by N83 billion or 48% from N173 billion in 2013 to N90 billion in 2016. The decrease was attributable to both the decrease in the amount incurred on overhead expenses and amount used in servicing and repaying the external loan during the year.

The graph below shows the total recurrent expenditure per each recurrent heads according to how money was disbursed during the year 2012 to 2016 under review.

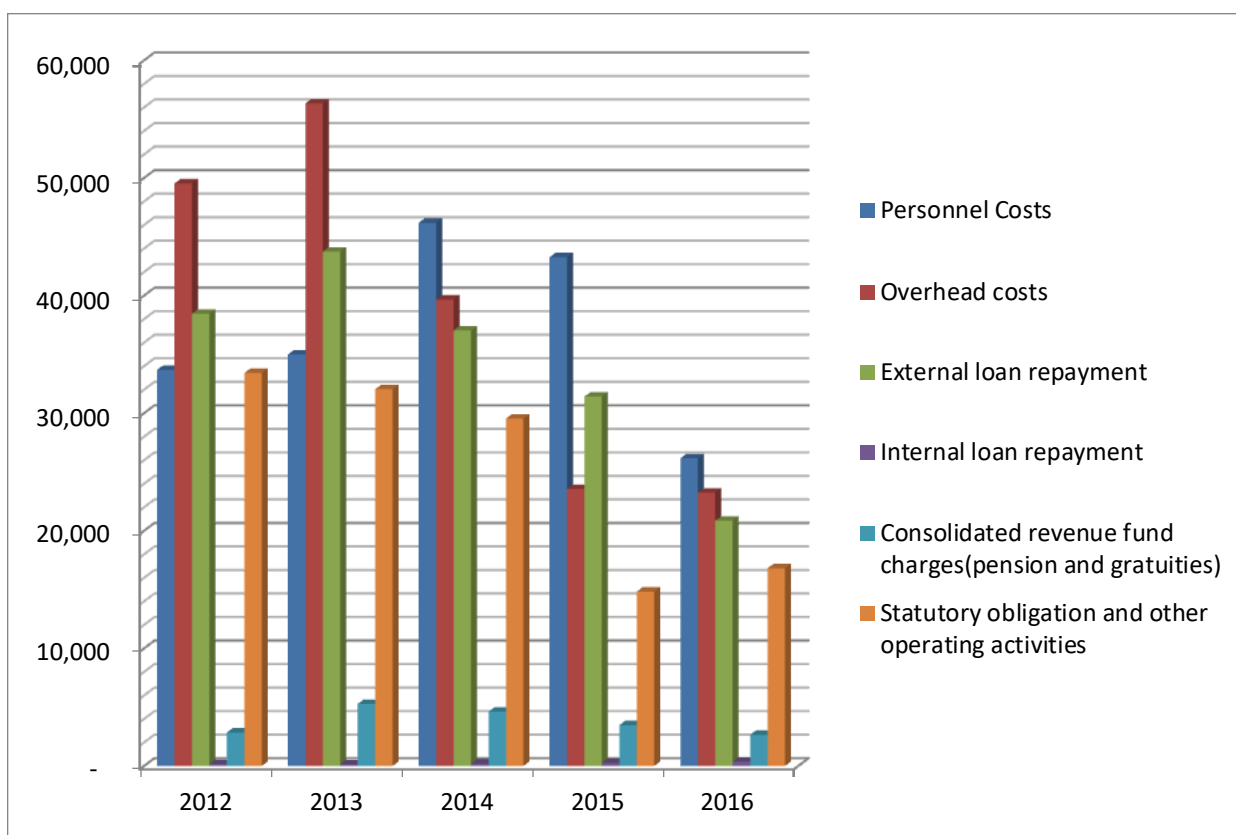


Figure 63: Recurrent expenditure from 2012 to 2016

5.3.7 Capital Expenditure

Capital expenditure represents the capital outflows used for the improvement and acquisition of assets and other long term construction for infrastructural development for the benefit of the State. The table and diagram below show the summary of the total Capital expenditure incurred by Bayelsa State from year 2012 to 2016.

Table 120: Breakdown Analysis of Capital Expenditure from 2012 to 2016

Year	Total Capital Expenditure(₦'m)
2012	62,424
2013	101,614
2014	60,397
2015	61,532
2016	49,859
Grand Total	335,826

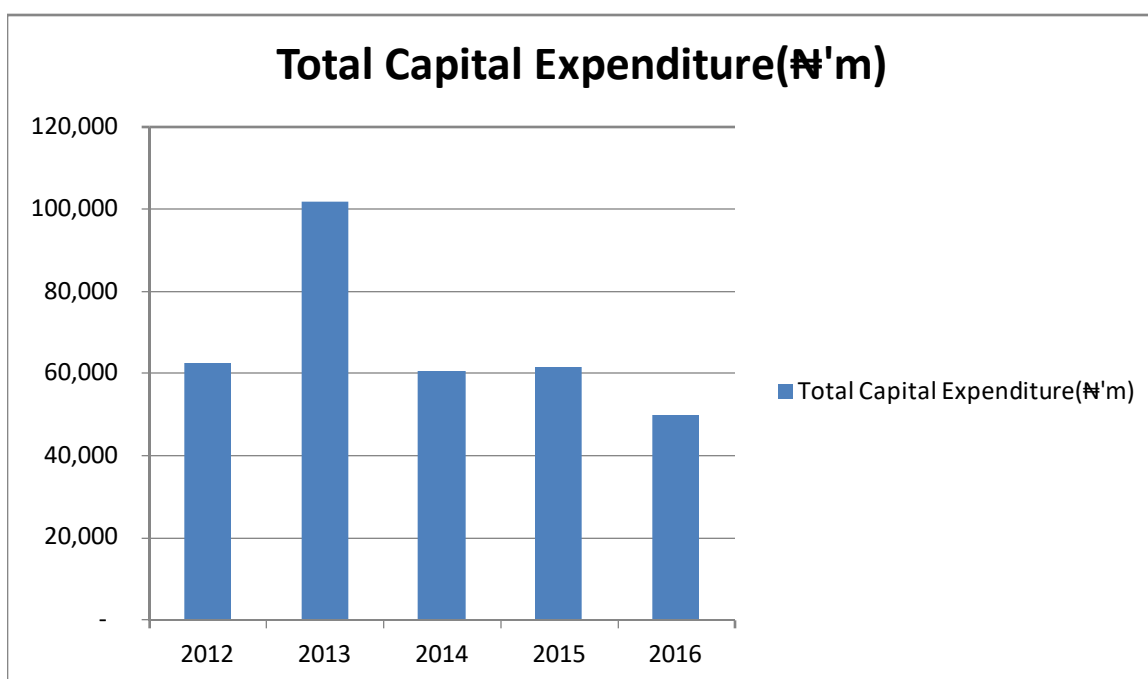


Figure 64: Distribution of Capital Expenditure from 2012 -2016

Table 121: Breakdown analysis of capital expenditure per sector

Capital Expenditure Head/ Years	2012 (N'm)	2013 (N'm)	2014 (N'm)	2015 (N'm)	2016 (N'm)	Total (N'm)
Economic Sector	39,777	66,781	37,522	47,398	42,253	233,731
Social Services Sector	14,896	22,052	11,781	13,727	5,380	67,836
Law and Justice sector	562	1,378	79	12	60	2,091
General Administrative Sector	1,430	3,266	1,166	52	817	6,731
Regional development sector	501	1,013	345	3	5	1,867
Aid and grant	5,258	7,124	9,504	340	1,344	23,570
Total	62,424	101,614	60,397	61,532	49,859	335,826

During the periods under review, Bayelsa State incurred the sum of N336billion on capital expenditure.

- The capital expenditure distribution shows that the expenditure incurred by the State increased by N39 billion or 63% from N63 billion in 2012 to N102 billion in 2013. The increase was because of increased expenditure on the Economic sector mainly by the Ministry of Works and Infrastructure during the year.
- Capital expenditure decreased by 41% or N41 billion from N102 billion in 2013 to N60 billion in 2014. The decrease was because of reduced expenditure on Economic, Social Service, Law and Justice, General Administrative and Regional development sectors that dropped by 44%, 47%, 94%, 64% and 66% respectively.

The following diagrams below show the actual capital expenditure expended on the various sectors of the States' Economy during the years 2012 to 2016.

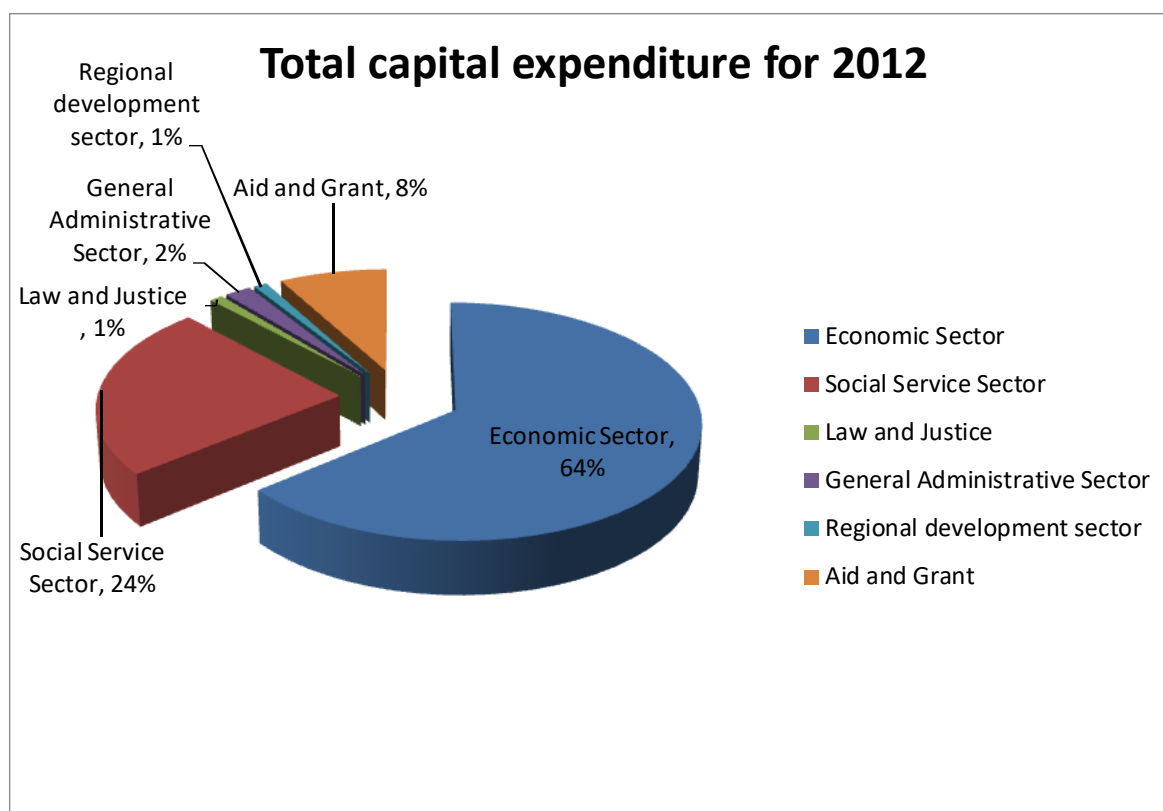


Figure 65: Capital expenditure for 2012

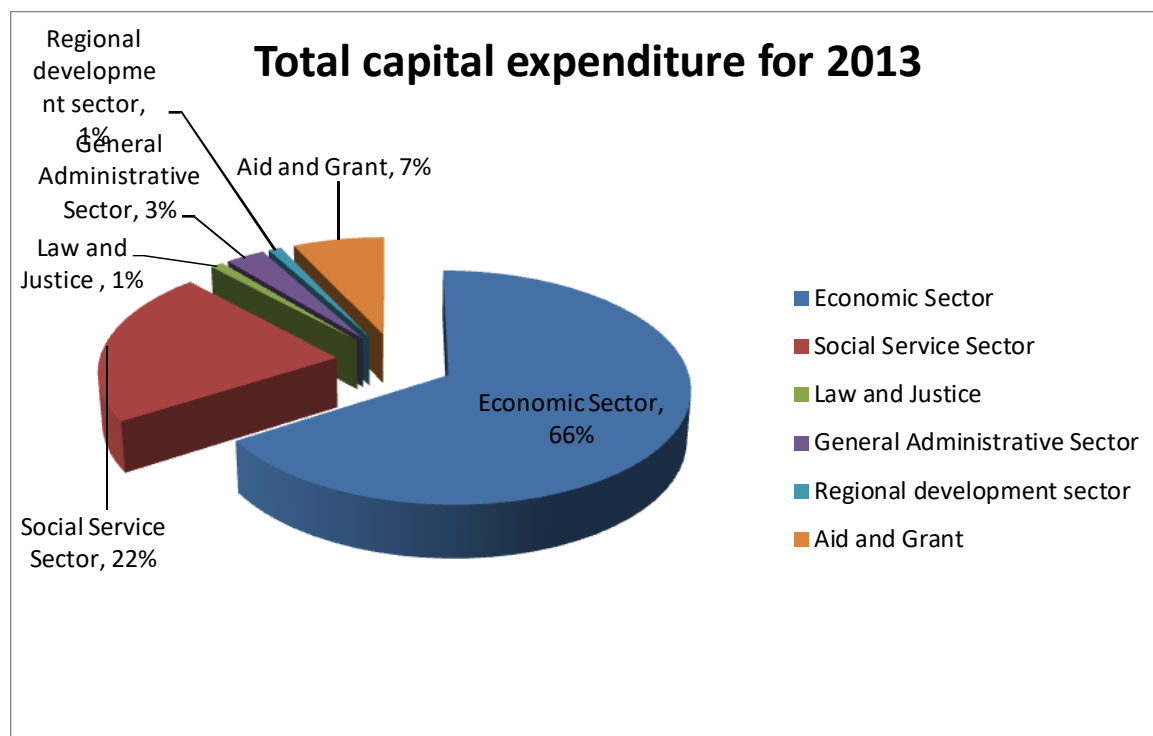


Figure 66: Capital expenditure for 2013

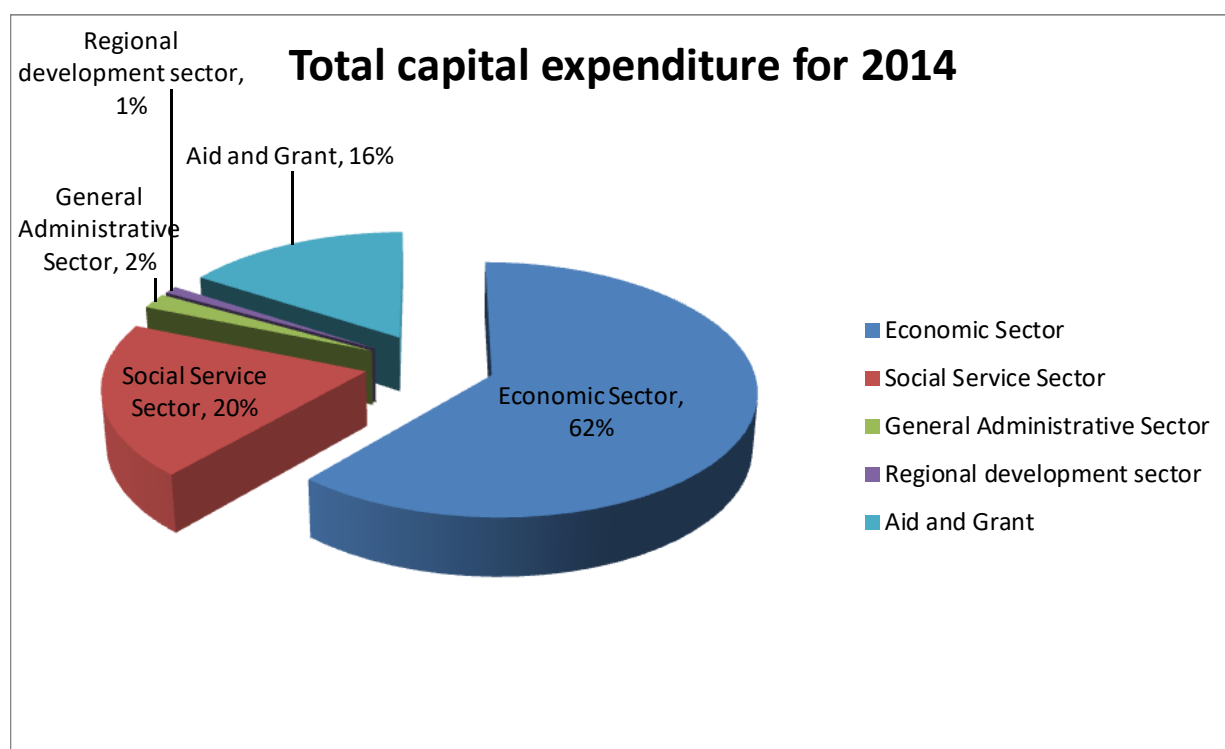


Figure 67: Capital expenditure for 2014

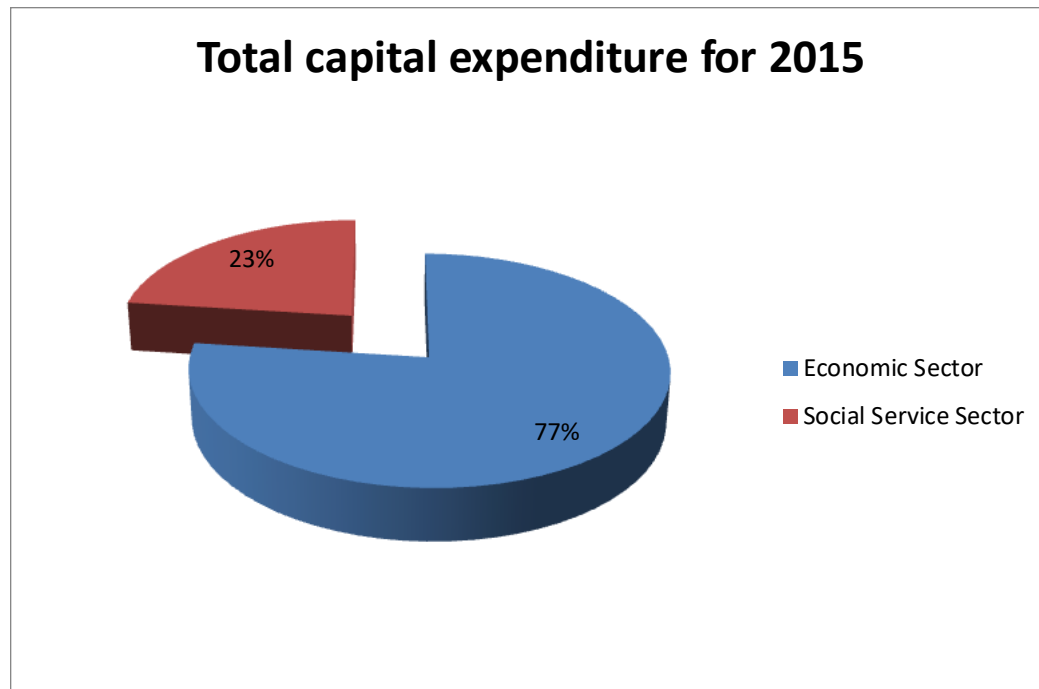


Figure 68: Capital expenditure for 2015

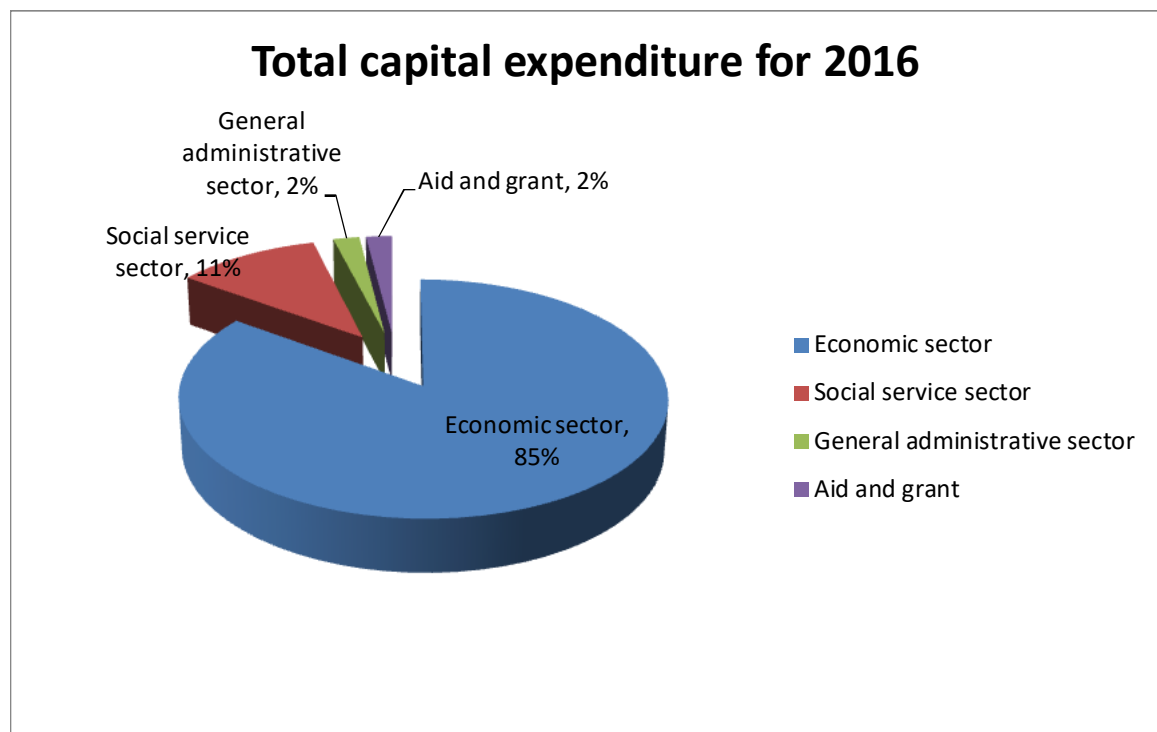


Figure 69: Capital expenditure for 2016

5.3.8 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Bayelsa State during the years 2012 to 2016.

Table 122: Comparison of Total Revenue to Total Expenditure in percentage from 2012 to 2016

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Percentage of total capital expenditure to total revenue
2012	234,462	62,424	27
2013	264,744	101,614	38
2014	213,233	60,397	28
2015	168,476	61,532	37
2016	147,946	49,859	34
Grand Total	1,028,861	335,826	33

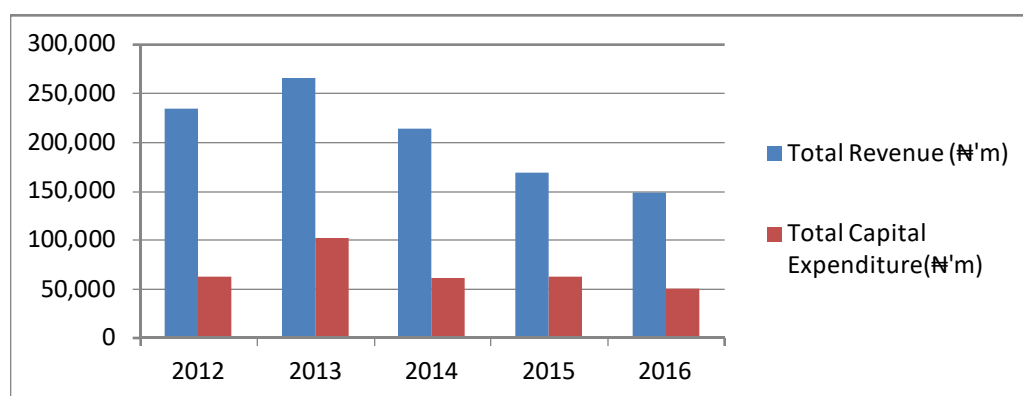


Figure 70: Comparison of Total Revenue with Total Capital Expenditure from 2012 - 2016

From the above chart, it is noted that capital expenditure as a percentage of total expenditure decreased between 2012 and 2015 and increased slightly in 2016.

Table 123: Comparison of Total Revenue to Total Expenditure in Value from 2012 to 2016

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Difference (₦'m)
2012	234,462	62,424	172,038
2013	264,744	101,614	163,130
2014	213,233	60,397	152,836
2015	168,476	61,532	106,944
2016	147,946	49,859	98,087
Grand Total	1,028,861	335,826	693,035

The table above shows the proportion of funds incurred on capital expenditure out of the revenue that accrued to Bayelsa State during the period under review.

Table 124: Analysis of Recurrent and Capital Expenditure

Year	Total Recurrent Expenditure(₦'m)	Total Capital Expenditure(₦'m)
2012	158,108	62,424
2013	172,525	101,614
2014	157,270	60,397
2015	116,787	61,532
2016	90,105	49,859
Grand Total	694,795	335,826

From the table above, it can be concluded that the State incurred the total sum of N1,031 billion as expenditure from 2012 to 2016, made up of recurrent expenditure of N695 billion and capital expenditure of N336 billion.

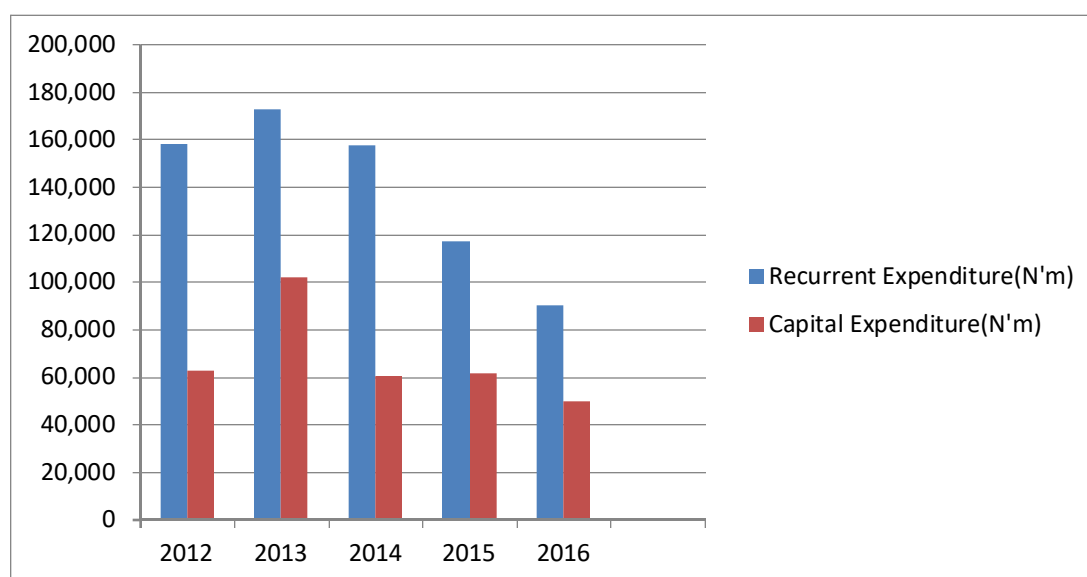


Figure 71: Comparison of Recurrent Expenditure with Capital Expenditure from 2012-2016

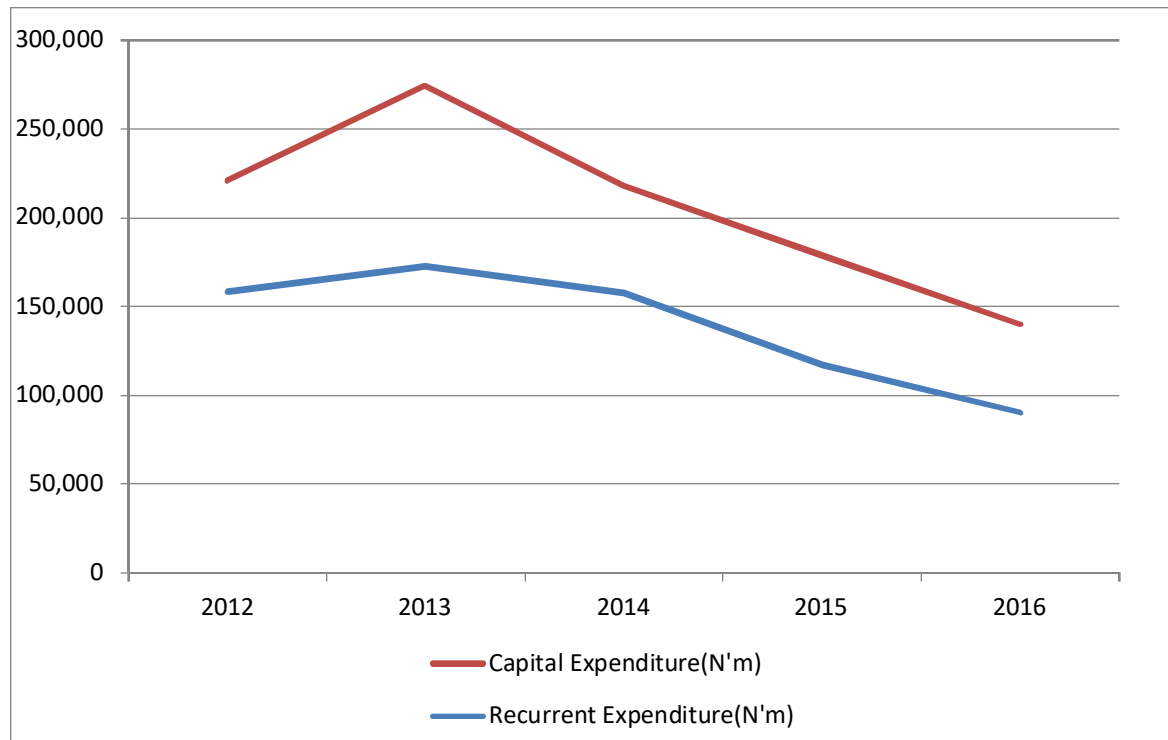


Figure 72: Trend analysis between Recurrent Expenditure and Capital Expenditure

The above figure shows the trend between recurrent expenditure and capital expenditure of Bayelsa State during the periods 2012 to 2016.

5.4 DELTA STATE

5.4.1 Brief History

Delta State ‘The Big Heart of the Nation’ was carved out of the former Bendel State on the 27 August 1991 by the military government of Gen. Ibrahim Babangida.

Delta State is made up of twenty-five Local Government Areas. They are: Aniocha North, Aniocha South, Bomadi, Burutu, Ethiope East, Ethiope West, Ika North East, Ika South, Isoko North, Isoko South, Ndokwa East, Ndokwa West, Okpe, Oshimili North, Oshimili South, Patani, Sapele, Udu, Ughelli North, Ughelli South, Ukwuani, Uvwie, Warri North, Warri South, and Warri South West.

Demographics

Delta with a population of 4,098,391 by the 2006 National Population Census, is Nigeria’s 12th most populous state. Delta State is ethnically diverse, with four linguistics stocks of people and seven languages between them.

Land mass

Delta State lies roughly between longitudes 5°00 and 6°45'E and latitudes 5°00 and 6°30'N. It has a total land area of 16,842 sq. km.

The State presently covers a landmass of about 18,050 Km² of which more than 60% is land. The State lays approximately between Longitude 5°00 and 6°45' East and Latitude 5°00 and 6°30' North. It is bounded in the North by Edo State, the East by Anambra State, South-East by Bayelsa State, and on the Southern flank is the Bight of Benin which covers about 160 kilometres of the State's coastline. Delta State is generally low-lying without remarkable hills. The State has a wide coastal belt inter-lace with rivulets and streams, which form part of the Niger-Delta.

The dozens of rivers, streams and creeks, which crisscross it, hold the beauty of Delta State together. The majestic Niger, one of the most famous rivers of Africa, washes the shores of the capital city, Asaba. Further, downstream, it breaks into the dozens of creeks through which it empties itself into the Atlantic. During the dry season, the golden sandbanks of the Niger are a sight to behold and ideal for relaxation.

Main Cities and Towns

Important cities and towns include Warri, Asaba, Ugheli, Sapele, Agbor, Abraka, Kwale, Oleh, Koko, Oghara, Ozoro and Burutu, with Sapele, Warri and Koko as major seaports.

Natural Resources

There are various solid mineral deposits within the State - industrial clay, silica, lignite, kaolin, tar sand, decorative rocks, limestone, crude oil etc. These are raw materials for industries such as brick making, ceramics, bottle manufacturing, glass manufacturing, chemical/insulators production, chalk manufacturing and sanitary wares, decorative stone

cutting and quarrying. Delta State also has huge deposits of crude oil and is one of the largest producers of petroleum products in Nigeria.

Education

The people's thirst for knowledge and academic work informed the establishment of several institutions of learning in the State. Some of these institutions are:

- Federal University of Petroleum Resources, Effurun
- Delta State University (Abraka Campus, Oleh Campus, Asaba Campus)
- Ogwashi Uku Polytechnic
- Otefe Oghara Polytechnic
- Ozoro Polytechnic
- College of Education(Agbor Campus, Warri Campus)
- Federal College of Education Technical, Asaba
- College of Physical Education, Mosogar
- College of Health Technology, Ughelli
- Petroleum Training Institution, Effurun
- Western Delta University, Oghara
- Novena University, Ogun

5.4.2 Summary of Annual Distribution of Total Revenue

The table below shows the total revenue received by Delta State during the years 2012 to 2016.

Table 125: Total revenue

Year	Total Revenue(₦m)
2012	300,443
2013	318,437
2014	304,153
2015	290,916
2016	168,657
Grand Total	<u>1,382,606</u>

The total revenue received by the State during the years under review is broken down as follows:

Table 126: Component of Total Revenue from 2012 - 2016

	2012	2013	2014	2015	2016	TOTAL
	N'm	N'm	N'm	N'm	N'm	N'm
Statutory Allocation	34,490	38,961	39,075	28,579	20,698	161,803
13% Mineral Revenue	131,300	129,395	133,669	88,964	47,091	530,419
VAT	9,677	10,125	9,619	9,265	9,592	48,278
Excess Crude Account	13,310	15,653	2,777	563	-	32,303
Exchange gain	2,698	-	201	9,000	9,581	21,480
Refund from NNPC	3,622	3,067	4,057	533	-	11,279
SURE P	9,968	14,398	14,622	-	-	38,988
Budget augmentation	-	2,679	-	-	-	2,679
Budget difference	19,429	24,404	-	-	-	43,833
Special revenue	5,027	-	1,143	-	-	6,170
Non-oil excess revenue	1,090	-	1,651	2,468	-	5,209
Ecological fund	-	2,000	-	2,000	-	4,000
External loan	622	-	-	-	-	622
Refund of Nda and Okwori	-	-	-	-	1,036	1,036
Solid Mineral Revenue	-	-	-	-	67	67
Excess PPT	-	-	-	-	8,547	8,547
Underpayment in						
CBN component						
statement	8,348	-	-	-	-	8,348
Excess Bank charges	-	-	-	-	54	54
FAAC revenue (A)	239,581	240,682	206,814	141,372	96,666	925,115
Internally generated						
revenue	47,881	52,126	43,168	53,303	45,586	242,064
Internal loan	21,822	30,000	54,171	104,514	3,500	214,007
Budget support	-	-	-	-	8,614	8,614
Paris Club refund	-	-	-	-	14,500	14,500
Unidentified difference	(8,841)	(4,371)	-	(8,273)	(209)	(21,694)
Other revenue (B)	60,862	77,755	97,339	149,544	71,991	457,491
Total revenue (A+B)	300,443	318,437	304,153	290,916	168,657	1,382,606

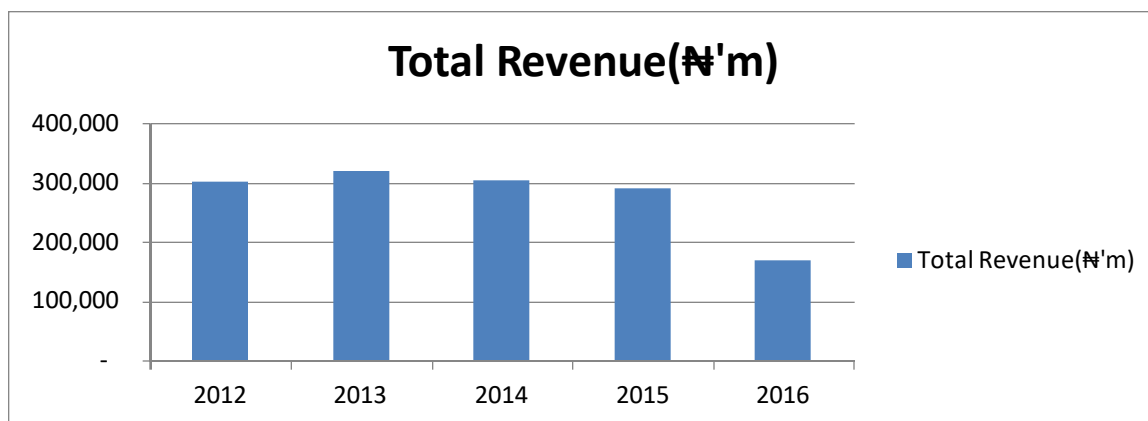


Figure 73: Total Revenue for Delta State (2012-2016)

5.4.3 Analysis of Revenue Distribution by Sources

The total gross receipt from the Federation Account from 2012 to 2016 was N925 billion. Other forms of revenue generated comprise of internal loans, budget support, Paris Club Refund and internally generated revenue amounting to N457 billion in the years under review. The total revenue generated by the State during the years under review amounted to N1,382 billion. The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:

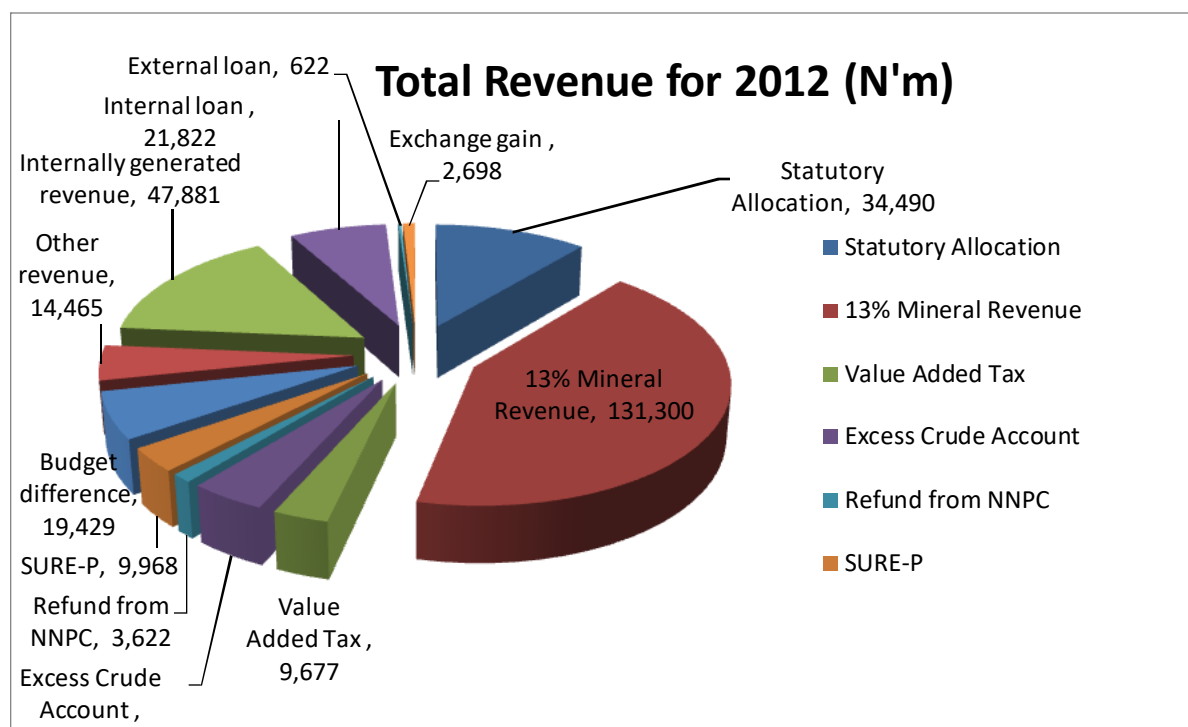


Figure 74: Total revenue for 2012

The diagram above depicts various revenues earned by the State during the year 2012. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N34 billion representing 11% of the total revenue. In addition, the 13% mineral derivation of N131 billion representing 44% contributed substantially to the Statutory Allocation. The State generated internal revenue of N48 billion representing 16% of the total revenue, while internal loan received was N22 billion representing 7% of the total revenue.

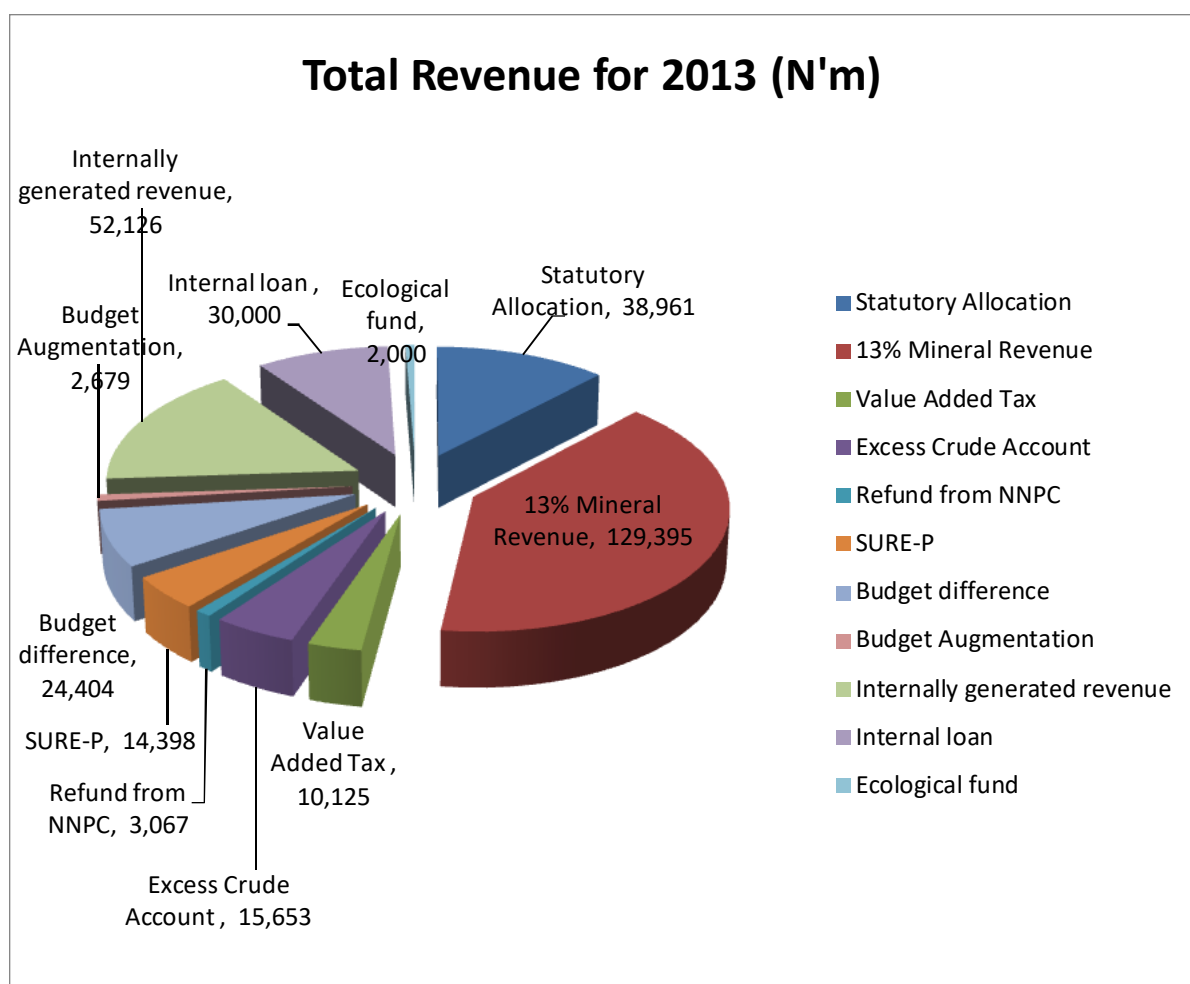


Figure 75: Total revenue for 2013

The diagram above depicts various revenues earned by the State during the year 2013. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N39 billion representing 12% of the total revenue. In addition, the 13% mineral derivation of N130 billion representing 41% contributed substantially to the Statutory Allocation. The State generated internal revenue of N52 billion representing 16% of the total revenue, while internal loan received was N30 billion representing 9% of the

total revenue.

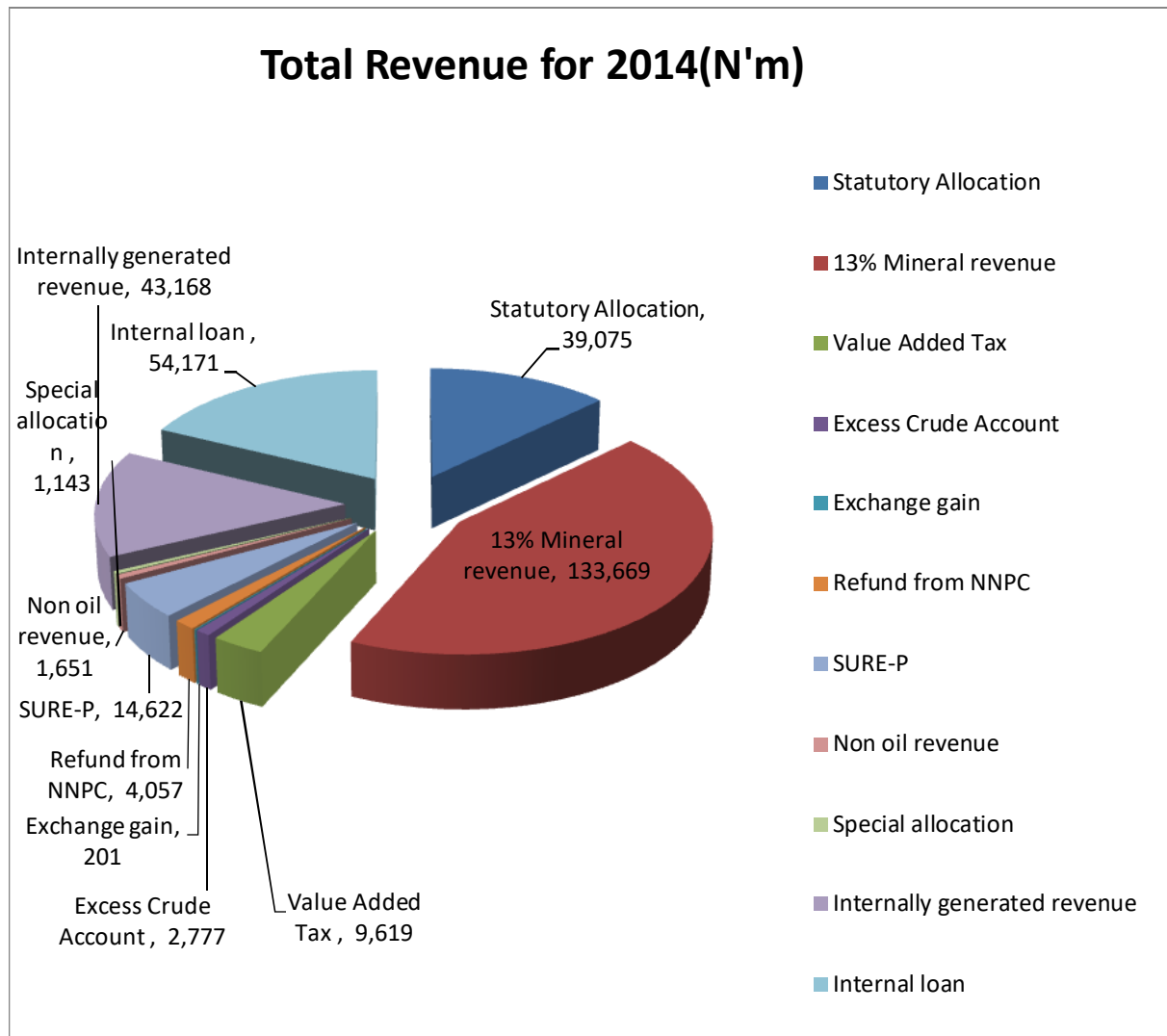


Figure 76: Total revenue for the year 2014

The diagram above depicts various revenues earned by the State during the year 2014. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N39 billion representing 13% of the total revenue. In addition, the 13% mineral derivation of N134billion representing 44% contributed substantially to the Statutory Allocation. The State generated internal revenue of N43 billion representing 14% of the total revenue, while internal loans received was N54 billion representing 18% of the total revenue.

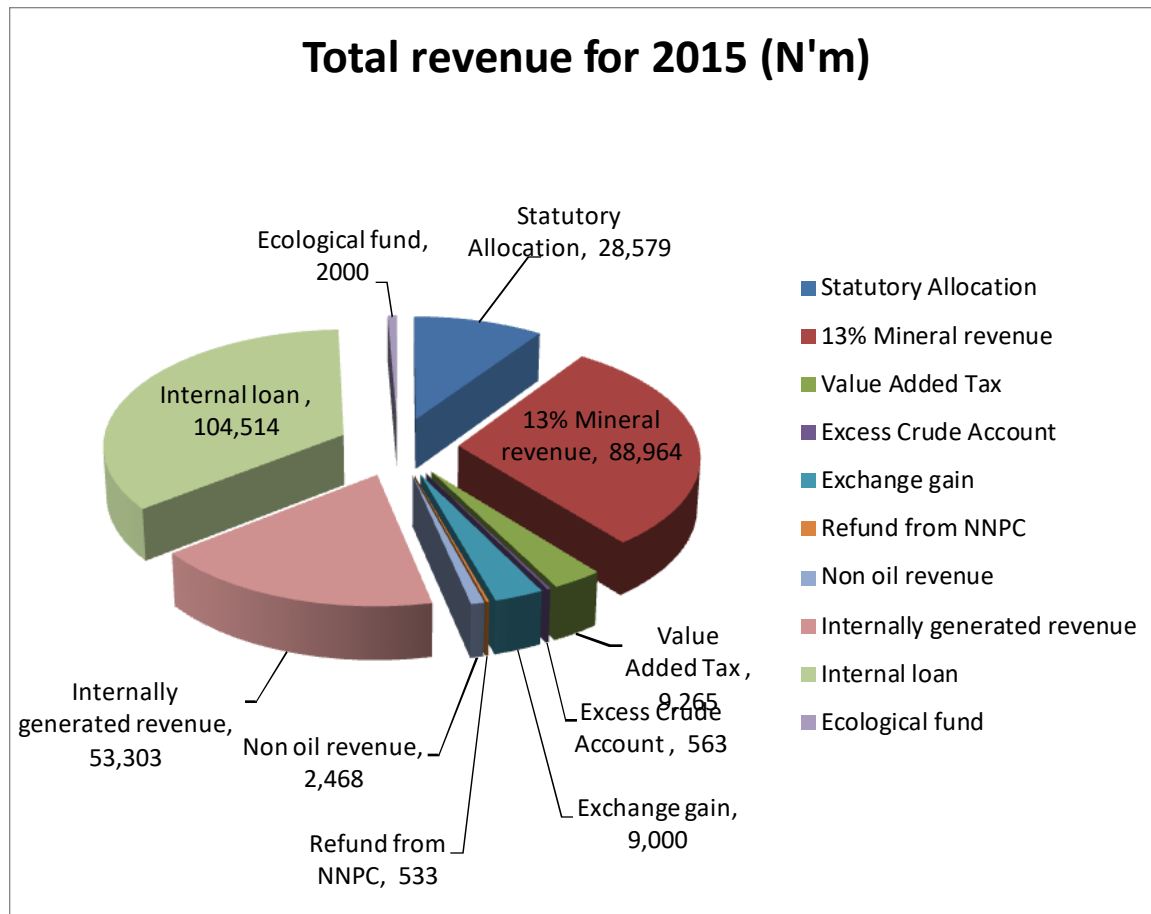


Figure 77: Total revenue for the year 2015

The diagram above depicts various revenues earned by the State during the year 2015. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N29billion representing 10% of the total revenue. In addition, the 13% mineral derivation of N89billion representing 31% contributed substantially to the Statutory Allocation. The State generated internal revenue of N53 billion representing 18% of the total revenue, while internal loan received was N105 billion representing 36% of the total revenue.

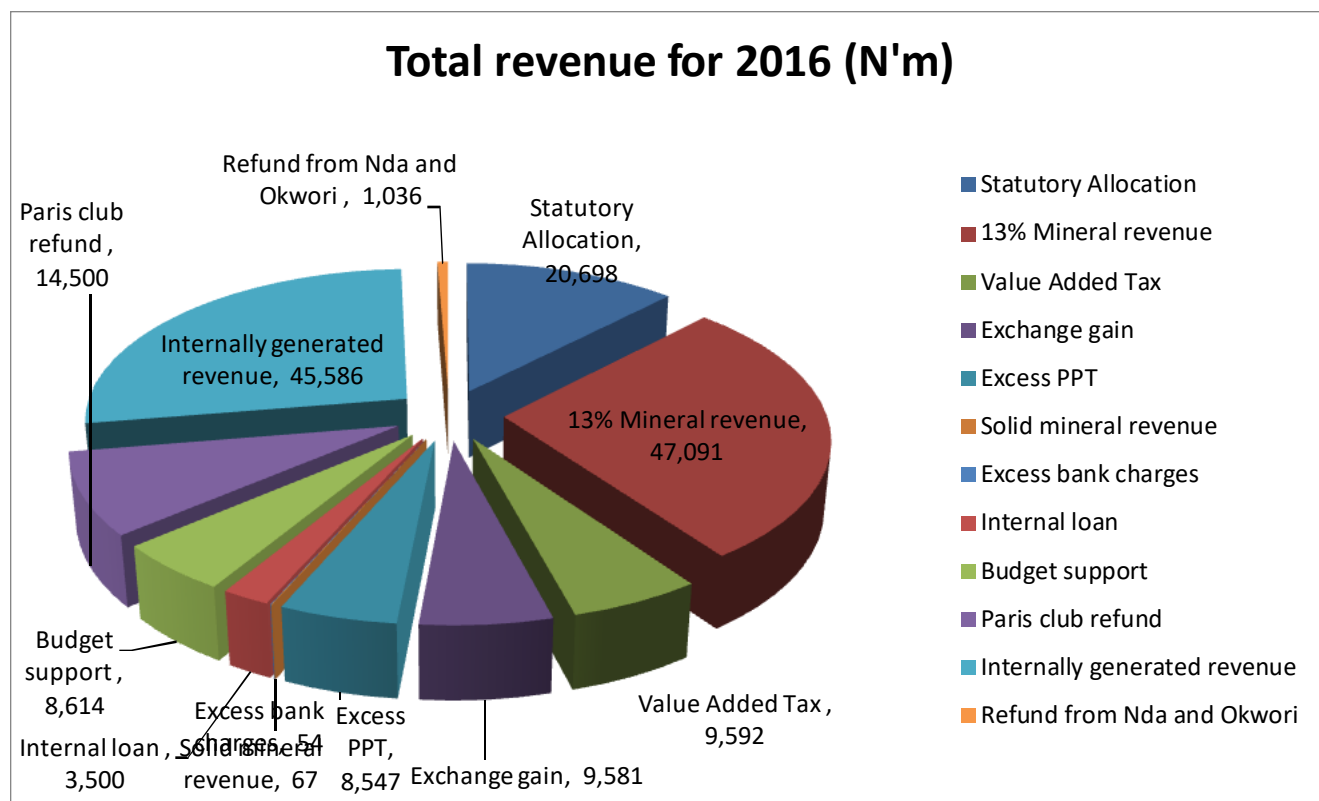


Figure 78: Total revenue for the year 2016

The diagram above depicts various revenues earned by the State during the year 2016. It revealed that the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N21billion representing 12% of the total revenue. In addition, the 13% mineral derivation of N47billion representing 28% contributed substantially to the Statutory Allocation. The State generated internal revenue of N46 billion representing 27% of the total revenue. Budget support facilities received from the Federal Government amounted to N9billion representing 5% of the total revenue and Paris Club Refund received amounted to N15 billion representing 9% of the total revenue.

Additional comments on the State revenue include the following:

- (i) The statutory allocation increased from N35 billion in 2012 to N39billion in 2014. This however witnessed a sharp decline to only N21billion in 2016 from N29billion in 2015.
- (ii) The 13% mineral derivation increased from N131 billion in 2012 to N134billion in 2014. This however witnessed a significant decrease to N47billion in 2016. This was because of the decline in oil prices, which dropped from \$109.45 per barrel to \$40.68 per barrel during the period as well as low oil production.
- (iii) The State's share of Value Added Tax remained stable at N10 billion during the period under review.
- (iv) Except for the year 2016, the State borrowed significantly to fund its budget during the period under review.

- (v) The State internally generated revenue increased from N47.9billion in 2012 to N53.3 billion in 2015 and dropped to N45.6 billion in 2016 due to the decrease in amount generated from taxes.

5.4.4 Summary of Total Recurrent Expenditure from 2012 - 2016

The table below shows the summary of total recurrent expenditure incurred by the State during the years 2012 to 2016.

Table 127: Total recurrent expenditure

Year	Total Recurrent Expenditure(₦'m)
2012	162,472
2013	175,328
2014	202,778
2015	219,503
2016	152,285
Grand Total	912,366

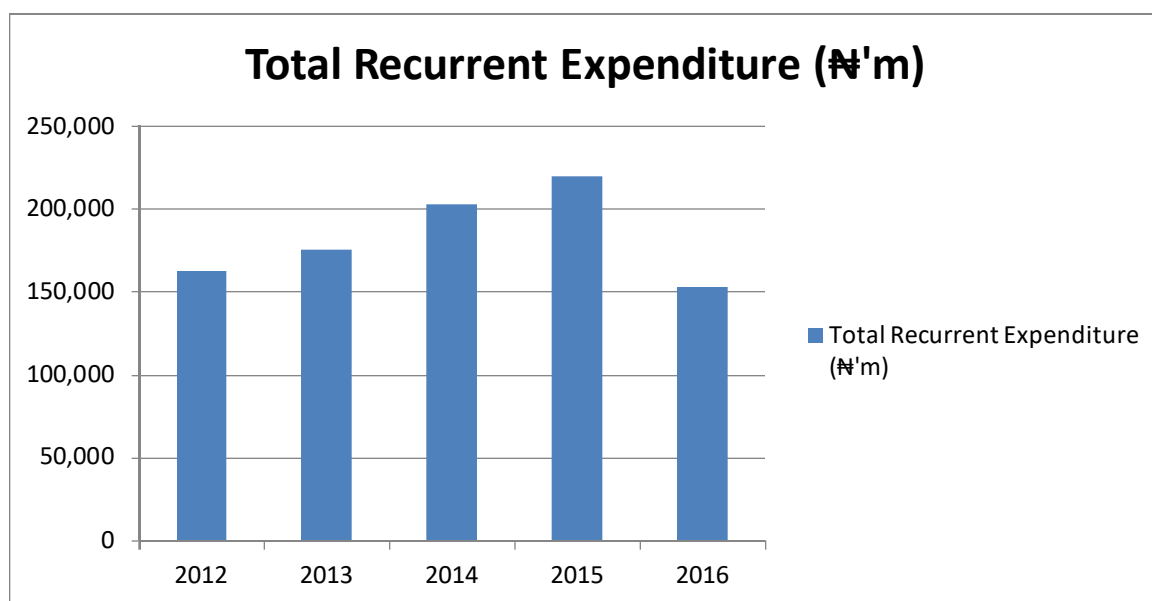


Figure 79: Distribution of Total Recurrent Expenditure for Delta State (2012-2016)

5.4.5 Comparison of Total Revenue to Total Recurrent Expenditure 2012-2016

The table below compares total revenue to total recurrent expenditure of Delta State during the years 2012 to 2016.

Table 128: Comparison of total recurrent expenditure to total revenue

Year	Total Revenue (₦'m)	Total Recurrent Expenditure(₦'m)	Percentage of Total Recurrent Expenditure to Total Revenue
2012	300,443	162,472	54
2013	318,437	175,328	55
2014	304,153	202,778	67
2015	290,916	219,503	75
2016	168,657	152,285	90
Grand Total	1,382,606	912,366	66

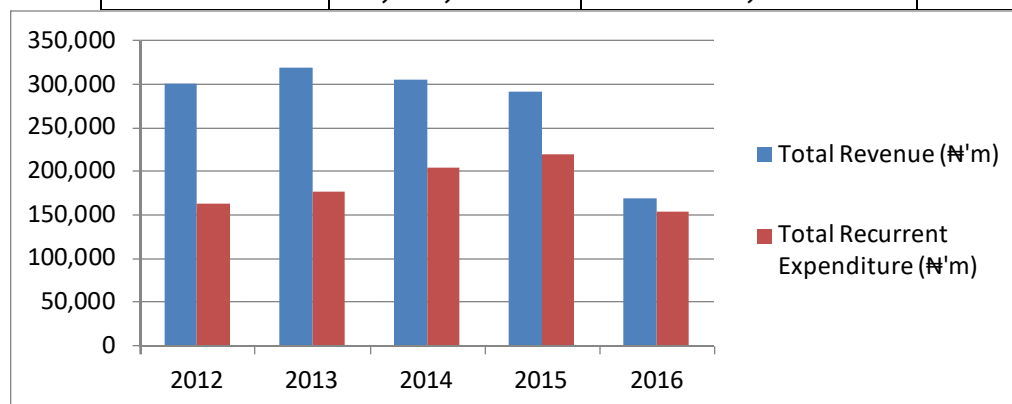


Figure 80: Comparison of Total Revenue with Total Recurrent Expenditure

Table 129: Comparison of total revenue with total recurrent expenditure

Year	Total Revenue(₦'m) A	Total Recurrent Expenditure(₦'m) B	Amount available for capital expenditure(₦'m) (C=A-B)
2012	300,443	162,472	137,971
2013	318,437	175,328	143,109
2014	304,153	202,778	101,375
2015	290,916	219,503	71,413
2016	168,657	152,285	16,372
Grand Total	1,382,606	912,366	470,240

The above table shows the proportion of the revenue available for capital expenditures after settlement of recurrent expenditures during the respective years.

Table 130: Breakdown analysis of recurrent expenditure

Recurrent Heads	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	Total N'm
Personnel Cost	63,622	64,887	67,753	68,278	67,210	331,750
Overhead costs	58,849	67,288	63,548	63,522	41,849	295,056
Repayment of Internal loan	20,972	19,811	41,931	63,811	24,496	171,021
Repayment of external loan	93	123	157	124	243	740
Pension and gratuities	7,817	11,034	16,307	11,719	8,720	55,597
Statutory obligations	11,119	12,185	13,082	12,049	9,767	58,202
Total	162,472	175,328	202,778	219,503	152,285	912,366

5.4.6 Financial Review of Recurrent Expenditure

- The recurrent expenditure distribution shows that the expenditure incurred by the State increased by N13 billion or 8% from N162 billion in 2012 to N175 billion in 2013. The increase was because of an increase in amount incurred on overhead cost. It also increased by N27billion or 15% from N175 billion in 2013 to N203 billion in 2014 because of increased repayment of internal loans and pension and gratuities during the period.
- The expenditure increased by N17billion or 8% from N203 billion in 2014 to N220 billion in 2015 due to an increase in the repayment of internal loans.
- Recurrent expenditure decreased significantly by N68billion or 31% from N220 billion in 2015 to N152 billion in 2016. The decrease was attributable to both the decrease in the amount incurred on overhead expenses and amount used in servicing and repaying the internal loans during the year.

The graph below shows the total recurrent expenditure per each recurrent heads according to how money was disbursed during the year 2012 to 2016 under review.

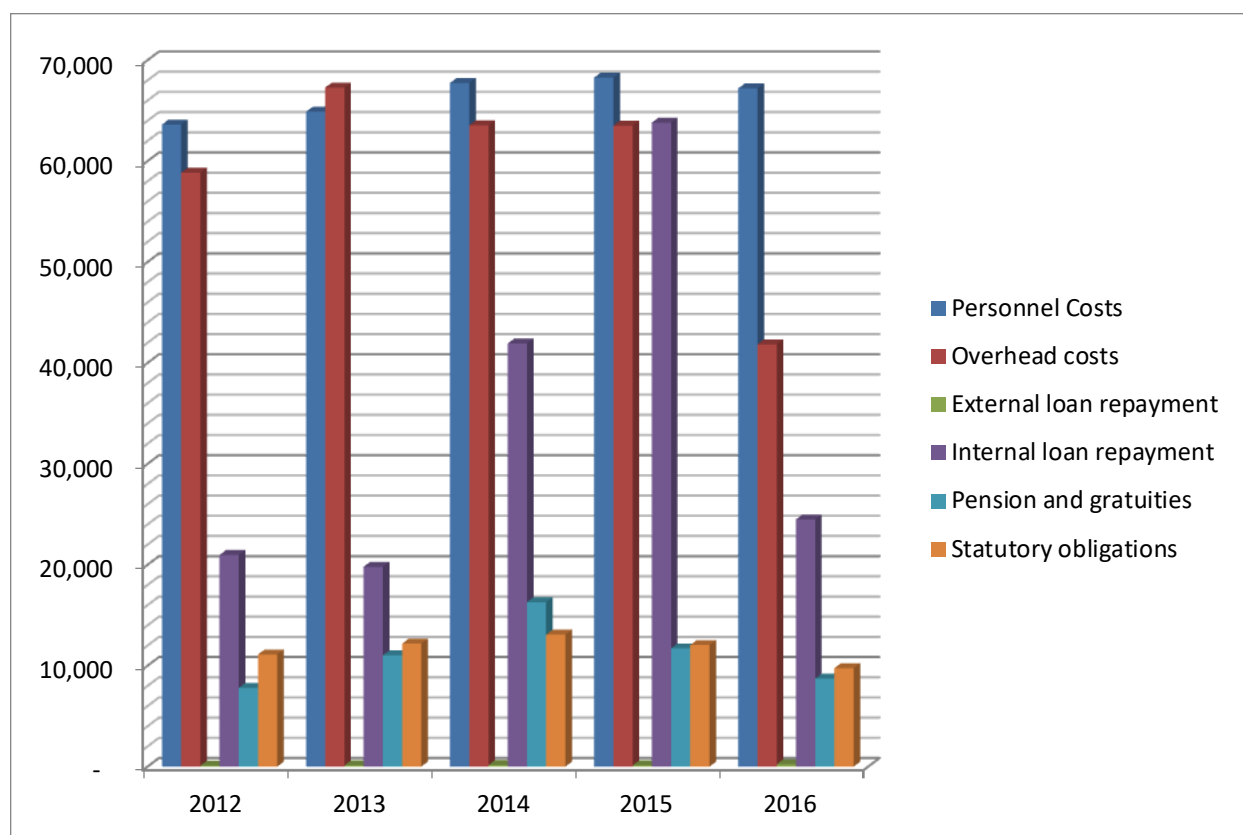


Figure 81: Recurrent expenditure from 2012 to 2016

5.4.7 Capital Expenditure

Capital expenditure represents the capital outflows used for the improvement and acquisition of assets and other long term construction for infrastructural development for the benefit of the State. The table and diagram below shows the summary of the total Capital expenditure incurred by Delta State from year 2012 to 2016.

Table 131: Total Capital Expenditure

Year	Total Capital Expenditure(₦'m)
2012	129,880
2013	153,829
2014	106,811
2015	51,737
2016	51,510
Grand Total	493,767

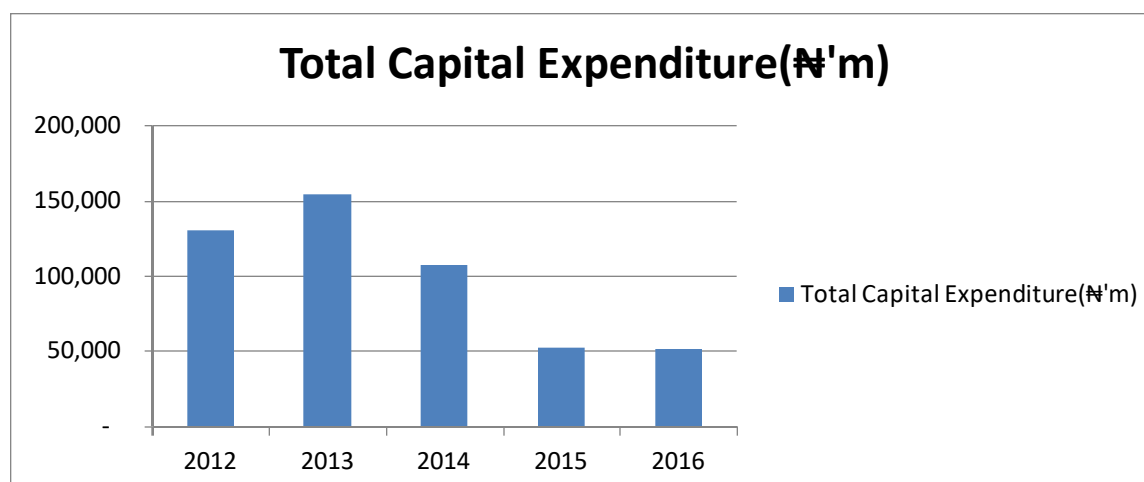


Figure 82: Distribution of Capital Expenditure from 2012 -2016

Table 132: Breakdown analysis of capital expenditure per sector

Capital Expenditure Head/ Years	2012 (N'm)	2013 (N'm)	2014 (N'm)	2015 (N'm)	2016 (N'm)	Total (N'm)
Economic Sector	41,776	50,564	44,671	11,809	13,609	162,429
Social Sector	18,961	20,685	13,489	8,830	9,917	71,882
Environmental Sector	14,884	30,457	9,17	6,963	12,874	74,350
General Administrative Sector	17,759	20,270	15,927	9,122	4,500	67,578
Delta State Oil Mineral Producing Commission	36,500	31,853	23,552	15,013	10,610	117,528
Total	129,880	153,829	106,811	51,737	51,510	493,767

During the periods under review, Delta State incurred a total of N494billion on capital expenditure.

- The capital expenditure distribution shows that the expenditure incurred by the State increased by N24billion or 18% from N130 billion in 2012 to N154billion in 2013. This was because of increase in expenditure incurred on both Economic and Environmental sectors.
- Capital expenditure decreased by 31% or N47billion from N154 billion in 2013 to N107 billion in 2014. This was because of reduced expenditure incurred on Economic, Social, Environmental, General Administrative sectors and Delta State Oil Mineral Producing Commission, which dropped by 12%, 38%, 70%, 20% and 25% respectively.

The following diagrams below show the actual capital expenditure expended on the

various sectors of the State's Economy during the years 2012 to 2016

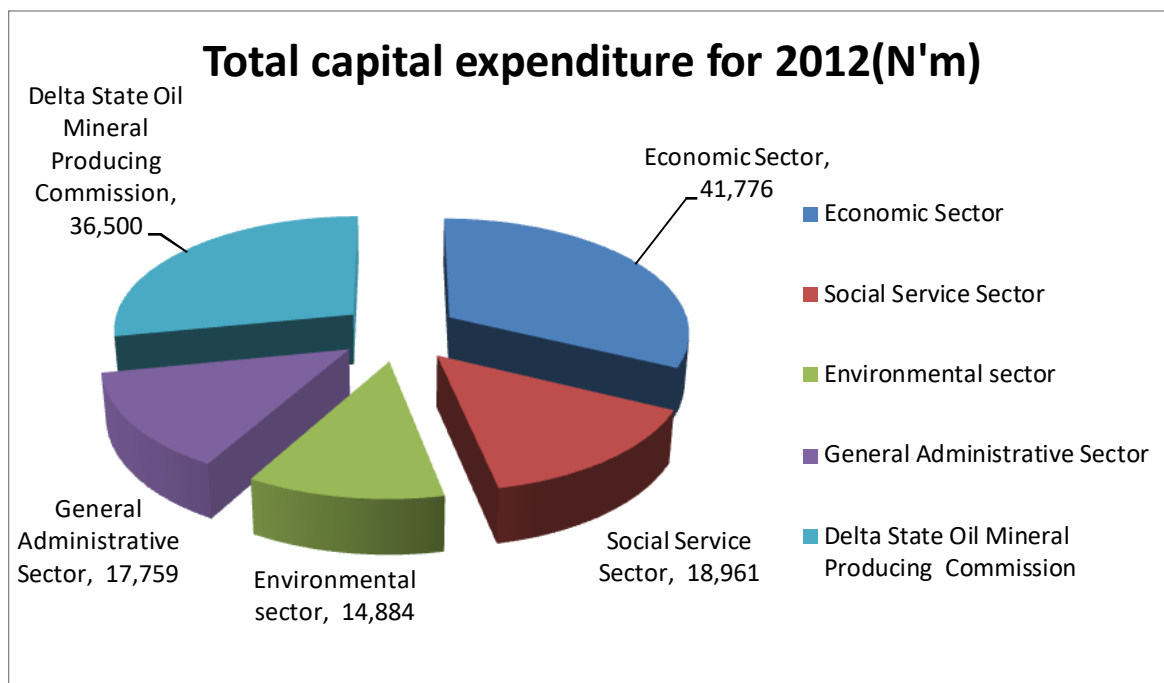


Figure 83: Capital expenditure for 2012

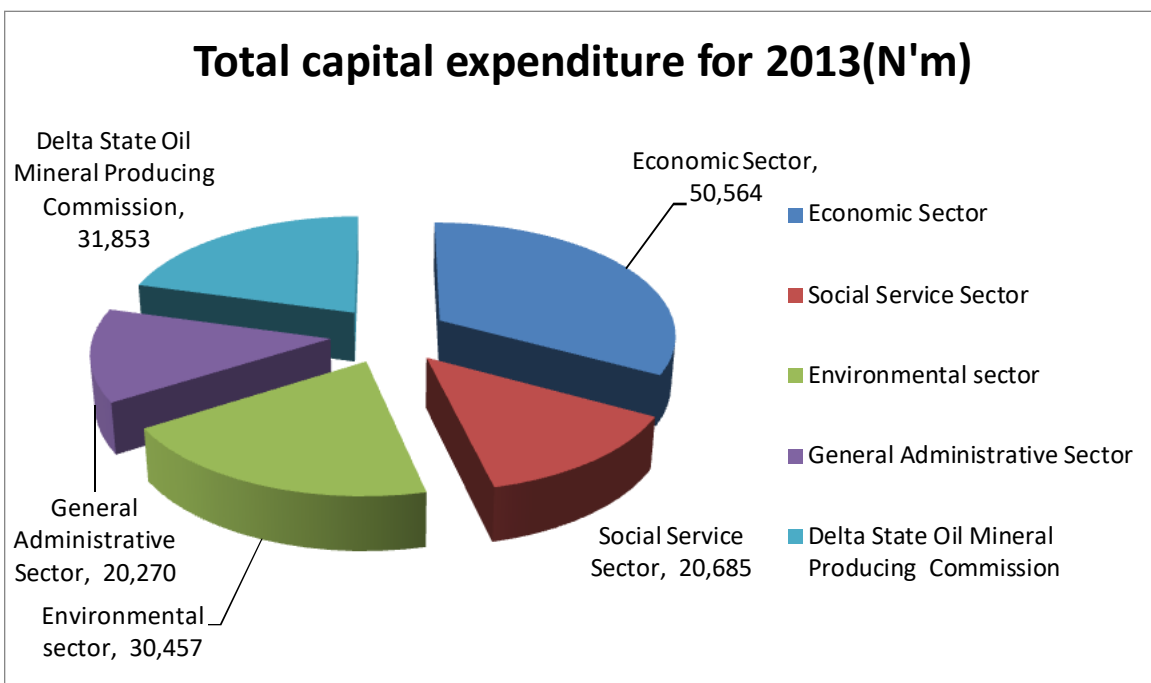


Figure 84: Capital expenditure for 2013

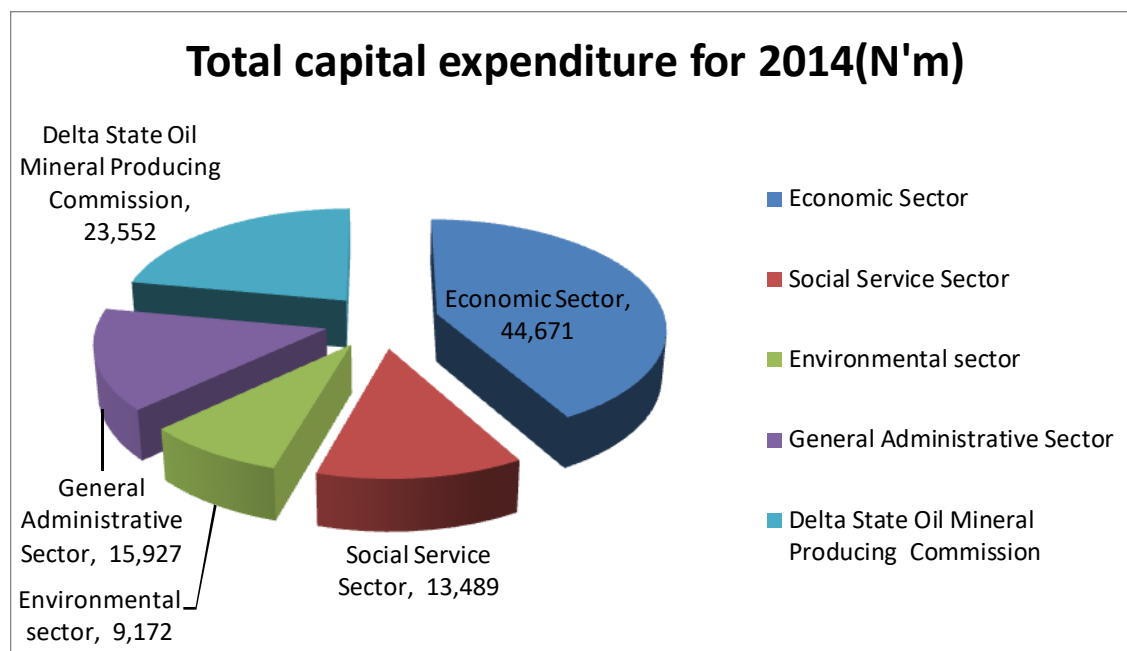


Figure 85: Capital expenditure for 2014

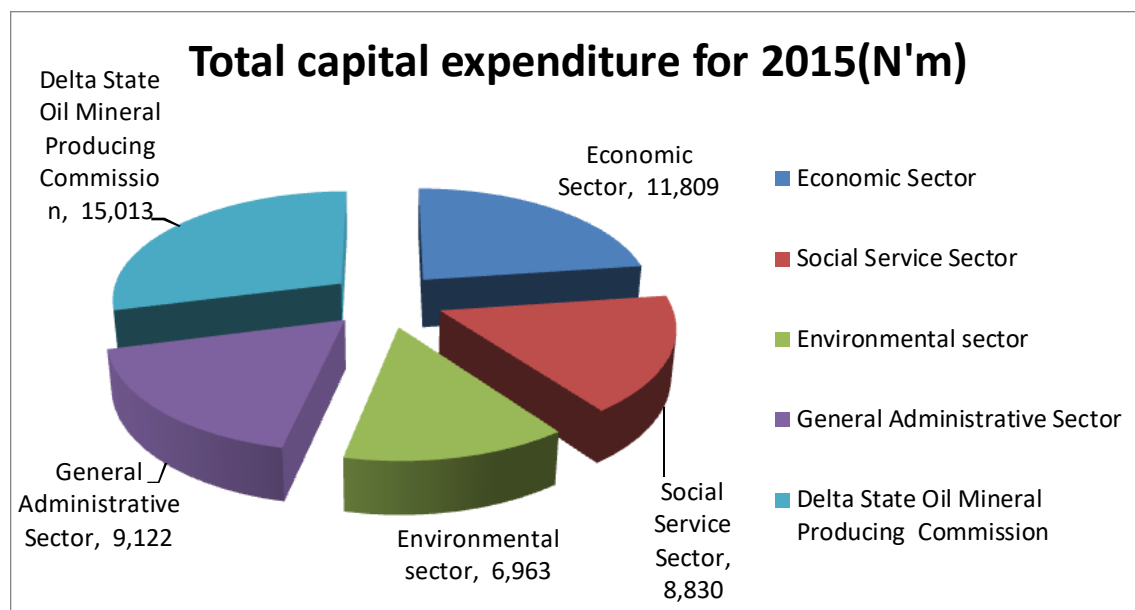


Figure 86: Capital expenditure for 2015

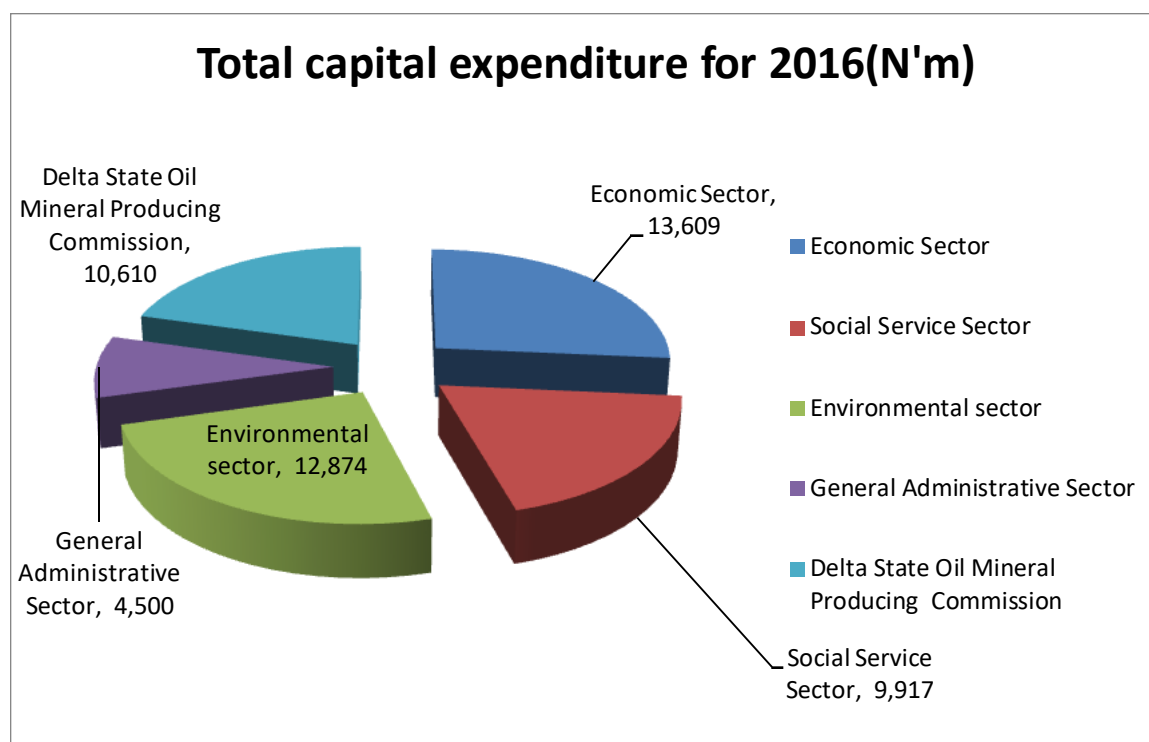


Figure 87: Capital expenditure for 2016

5.4.8 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Bayelsa State during the years 2012 to 2016.

Table 133: Comparison of total capital expenditure to total revenue in percentage

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Percentage of total capital expenditure to total revenue
2012	300,443	129,880	43
2013	318,437	153,829	48
2014	304,153	106,811	35
2015	290,916	51,737	18
2016	168,657	51,510	31
Grand Total	1,382,606	493,767	38

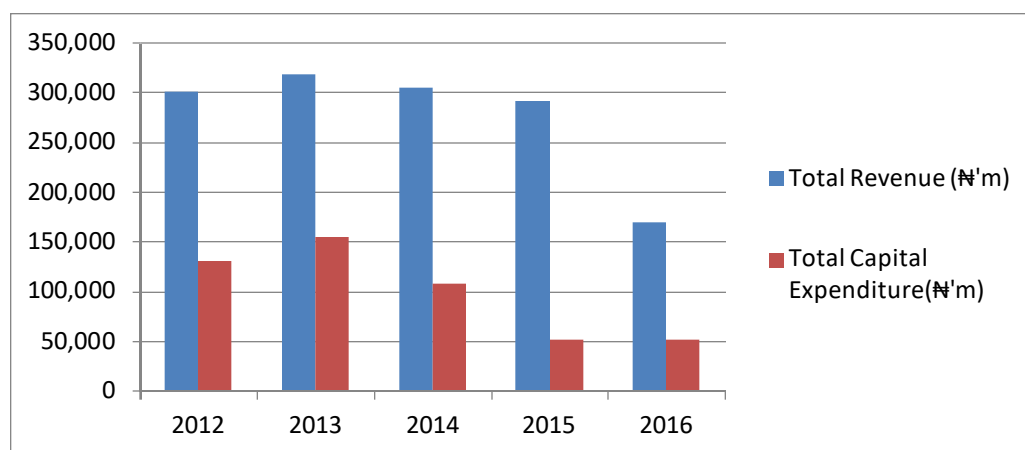


Figure 88: Comparison of Total Revenue with Total Capital Expenditure

From the above chart, it is noted that capital expenditure as a percentage of total expenditure decreased between 2012 and 2015 and increased slightly in 2016.

Table 134: Comparison of total revenue with total capital expenditure

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Amount used for recurrent expenditure (₦'m)
2012	300,443	129,880	170,563
2013	318,437	153,829	164,608
2014	304,153	106,811	197,342
2015	290,916	51,737	239,179
2016	168,657	51,510	117,147
Grand Total	1,382,606	493,767	888,839

The table above shows the proportion of funds incurred on capital expenditure out of the revenue accrued to Delta State during the period under review.

Table 135: Analysis of Recurrent and Capital Expenditure

Year	Total Recurrent Expenditure(₦'m)	Total Capital Expenditure(₦'m)	Total(₦'m)
2012	162,472	129,880	292,352
2013	175,328	153,829	329,157
2014	202,778	106,811	309,589
2015	219,503	51,737	271,240
2016	152,285	51,510	203,795
Grand Total	912,366	493,767	1,406,133

From the table above, it can be concluded that the State incurred the total sum of N1.406 billion as expenditure from 2012 to 2016, which is made up of recurrent expenditure amounting to N912 billion and capital expenditure to the tune of N494 billion.

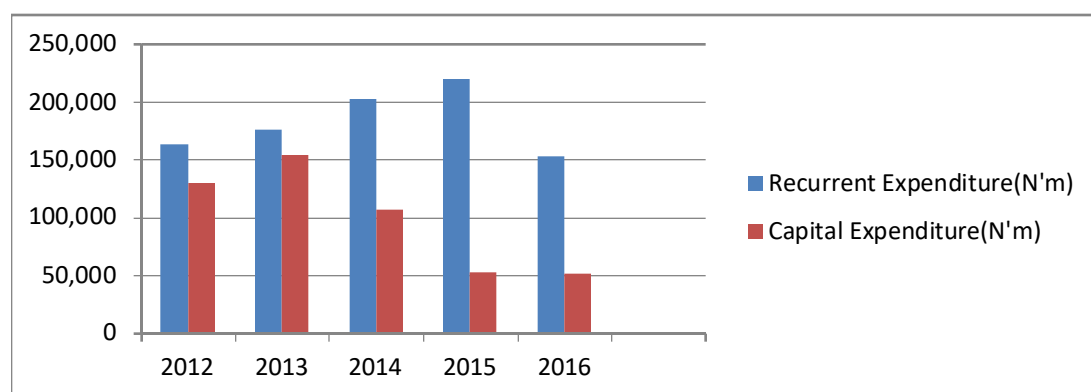


Figure 89: Comparison of Recurrent Expenditure with Capital Expenditure

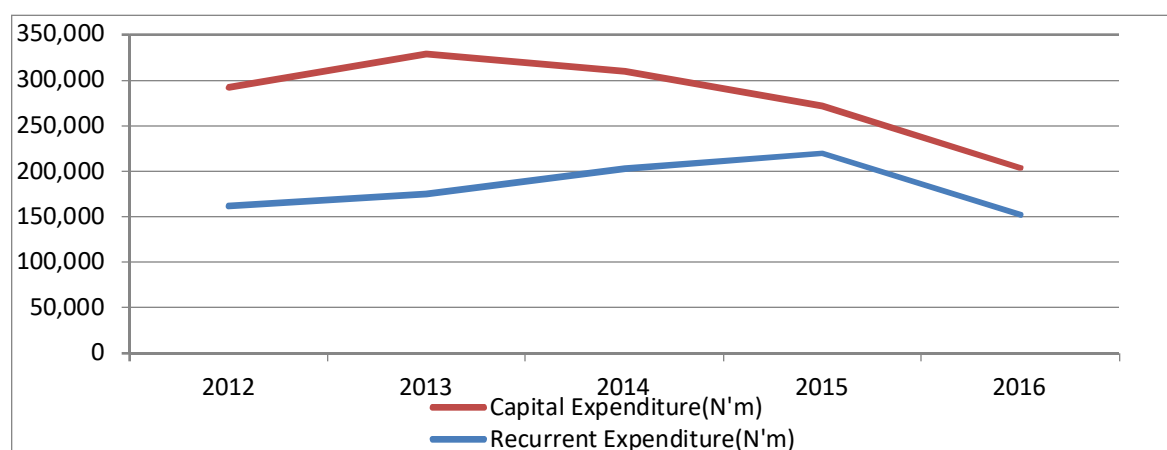


Figure 90: Trend analysis between Recurrent Expenditure and Capital Expenditure

The above figure shows the trend between recurrent expenditure and capital expenditure of Delta State during the periods 2012 to 2016.

5.5 GOMBE STATE

5.5.1 Brief History

Gombe State ‘the Jewel in the Savannah’ was carved out from defunct Bauchi State on the 1st October 1996 by the military government of General Sanni Abacha(late).The State is made up of people of diverse ethnic, cultural and religious backgrounds.

Location, Land mass and Population

The State is on a latitude 10⁰ 17¹ N and longitude 11⁰ 09¹ E. It lies in the centre of the North East Geopolitical Zone of Nigeria and shares common boundaries with Adamawa and Taraba States to the South, Bauchi State to the West, Borno State to the East and Yobe State to the North. The State has a land mass of 20,266km².

Main Cities and Occupations

The State capital is in Gombe and its motto is “Jewel in the Savannah”. The major cities and towns include Gombe, Bajoga, Billiri, Kaltungo, Kumo, Dukku, Dadin Kowa, Deba Bambam, Cham, Nafada, Filiya, Kuri and Tula.

The people of Gombe State are predominantly farmers producing food and cash crops: maize, soghum, cowpeas, groundnuts, soya beans and bambara nuts. They also produce fruits like orange, lemon, mango, guava paw-paw and grapes. Vegetable farming include tomatoes, pepper, onions, okra, pumpkin and melon while tree crops are gum arabic, kenaf, sugar cane, sunflower and ginger.

Education

In pursuit of education for its citizens the State has established overtime the following higher Institutions of learning:

- School of Nursing and Midwifery in Gombe
- School of Health Technology in Kaltungo
- School of Basic and Remedial Studies, Kumo
- College of Education, Billiri
- State Polytechnic, Bajoga
- College of Legal and Islamic Studies Nafada
- College of Nursing and Midwifery Dukku
- State University of Science and Technology Kumo

The Gombe State University, a State owned University has been established to absorb the products of Secondary schools and provide high level manpower in the State. The State also has a Federal University at Kashere.

Commerce

Gombe State has been the commercial nerve centre of the Northeast region of Nigeria. It earned this reputation due to its central location in the region. Multi - national chain stores and commodity depots are well established in Gombe, the State capital. Amongst these are the Manufacturers Delivery Services (MDS), Unilever, CFAO, Mr Biggs, Nestle Foods, Pfizer

Nigeria, Nigeria Bottling Company Plc, Nigeria Breweries Plc, NASCO Foods, Dangote Group of Companies etc.

Solid Minerals Development

Gombe State is home to a variety of solid minerals, from industrial and rocks that are yet to be exploited. Over 34 minerals are known to exist in the State in commercial quantities. They include Clay, Limestone, Gypsum, Kaolin, Silica sand, Granite, Talc, Diatomite, Hulite, Barites, Mica, and Bentonite etc. The State is seeking investors and joint partners in the large scale mining of Gypsum, Kaolin processing.

5.5.2 Summary of Annual Distribution of Total Revenue

The table below shows the total revenue received by Gombe State during the years 2012 to 2016, both years inclusive.

Table 136: Summary of Annual Distribution of Total Revenue from 2012 to 2016

Year	Total Revenue(₦'m)
2012	100,717
2013	76,050
2014	79,063
2015	72,008
2016	59,871
Grand Total	<u>387,709</u>

The total revenue received by the State during the years under review is broken down as follows:

Table 137: Components of Total Revenue from 2012 to 2016

	2012	2013	2014	2015	2016	TOTAL
	N'm	N'm	N'm	N'm	N'm	N'm
Statutory Allocation	32,700	34,497	36,223	28,801	19,201	151,422
VAT	6,732	7,664	7,336	7,366	7,578	36,676
Excess Crude Account	4,595	2,610	620	145	2,073	10,043
Exchange gain	421	-	35	1,423	2,463	4,342
Refund from NNPC	1,622	1,066	984	30	-	3,702
SURE P	1,578	2,383	2,463	-	-	6,424
Budget augmentation	827	4,556	1,531	-	-	6,914
Ecological fund	300	-	500	-	-	800
External loan	958	893	-	233	136	2,220
Solid Mineral Revenue	-	-	-	-	99	99
FAAC revenue (A)	49,733	53,669	49,692	37,998	31,550	222,642
Internally generated						

revenue	7,362	7,402	6,088	5,914	4,804	31,570
Internal loan	24,904	3,265	11,507	25,441	1,967	67,084
Budget support	-	-	-	-	8,614	8,614
Paris Club refund	-	-	-	-	8,320	8,320
Grant and subventions	7,158	7,211	7,944	-	-	22,313
Miscellaneous	6,856	-	-	-	-	6,856
Police reform	-	-	262	-	-	262
Below the line receipts	4,704	4,503	3,570	2,655	4,616	20,048
Other revenue (B)	50,984	22,381	29,371	34,010	28,321	165,067
Total revenue (A+B)	100,717	76,050	79,063	72,008	59,871	387,709

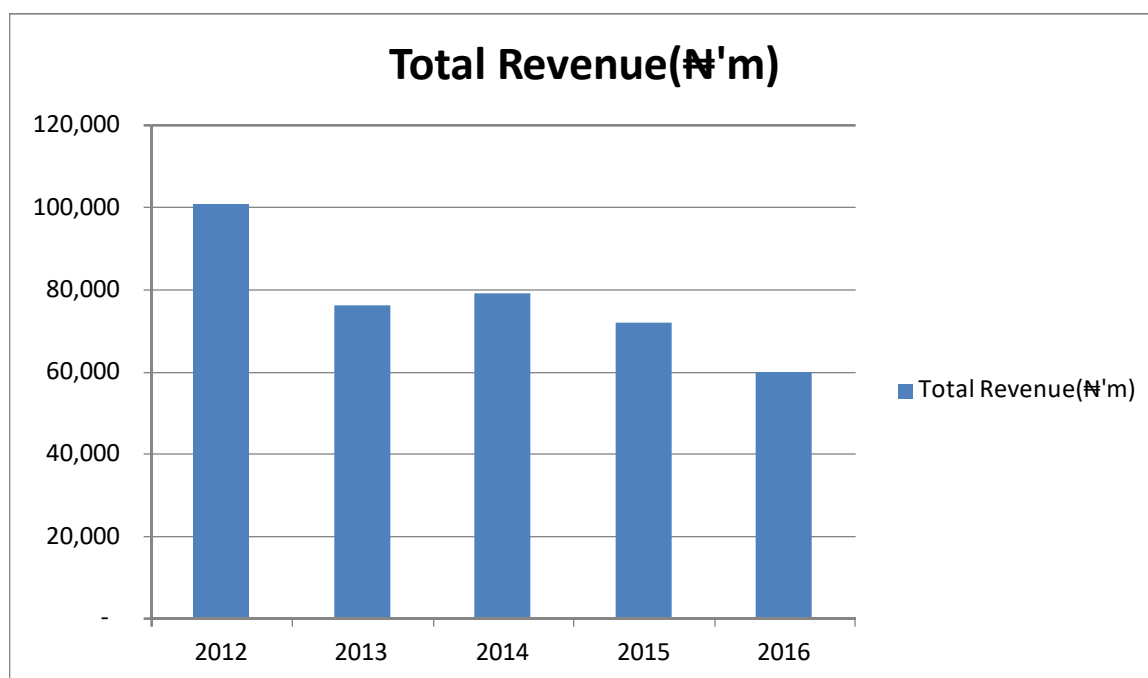


Figure 91: Total Revenue for Gombe State (2012-2016)

5.5.3 Analysis of Revenue Distribution by Sources

The total gross receipt from the Federation Account from 2012 to 2016 was N223 billion. Other forms of revenue generated comprise of grants and subventions, internal loans, budget support, Paris Club Refund, below the line receipts and internally generated revenue amounting to N165 billion in the years under review. The total revenue generated by the State during the years under review amounted to N388 billion.

The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:

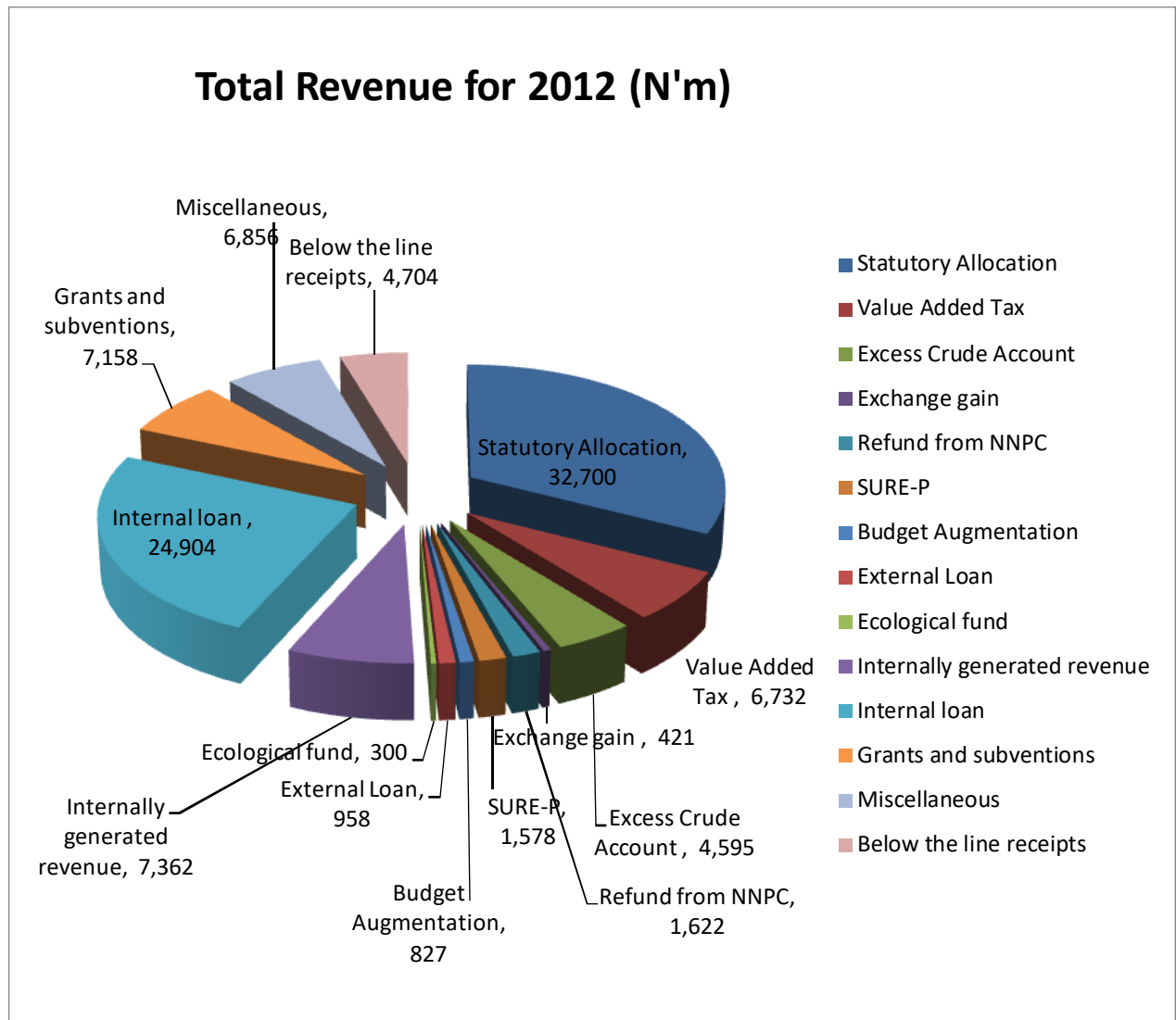


Figure 92: Total revenue for 2012

The diagram above depicts various revenues earned by the State during the year 2012. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N50 billion and representing 49% of the total revenue. The State generated an internal revenue of N7 billion or 7% of the total revenue, while the internal loan received amounted to N25 billion or 25% of the total revenue. Grants and subventions received during the year was N7 billion or 7% of the total revenue.

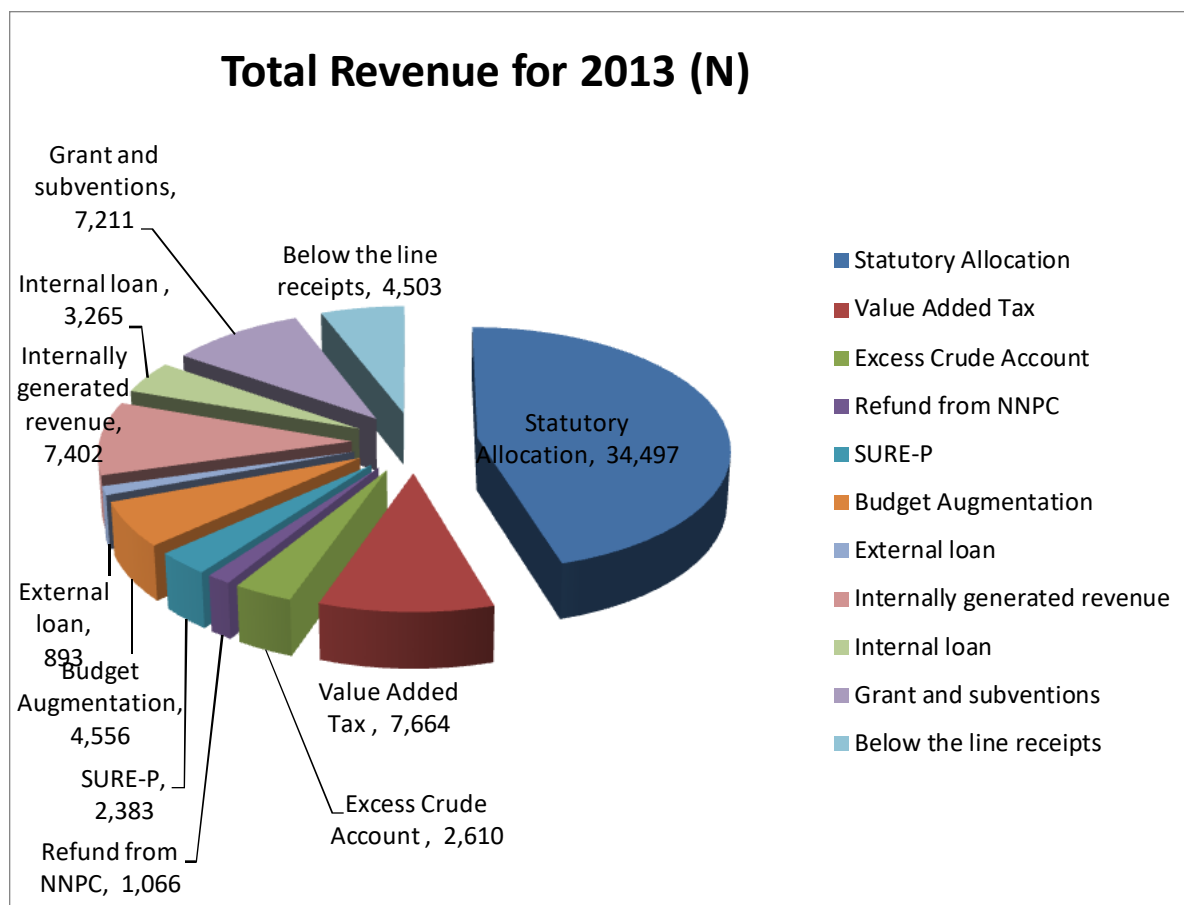


Figure 93: Total revenue for 2013

The diagram above depicts various revenues earned by the State during the year 2013. The review revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N54 billion representing 71% of the total revenue. The State generated internal revenue of N7 billion representing 10% of the total revenue, while the internal loan received amounted to N3 billion or 4% of the total revenue. Grants and subventions received during the year was N7 billion or 9% of the total revenue.

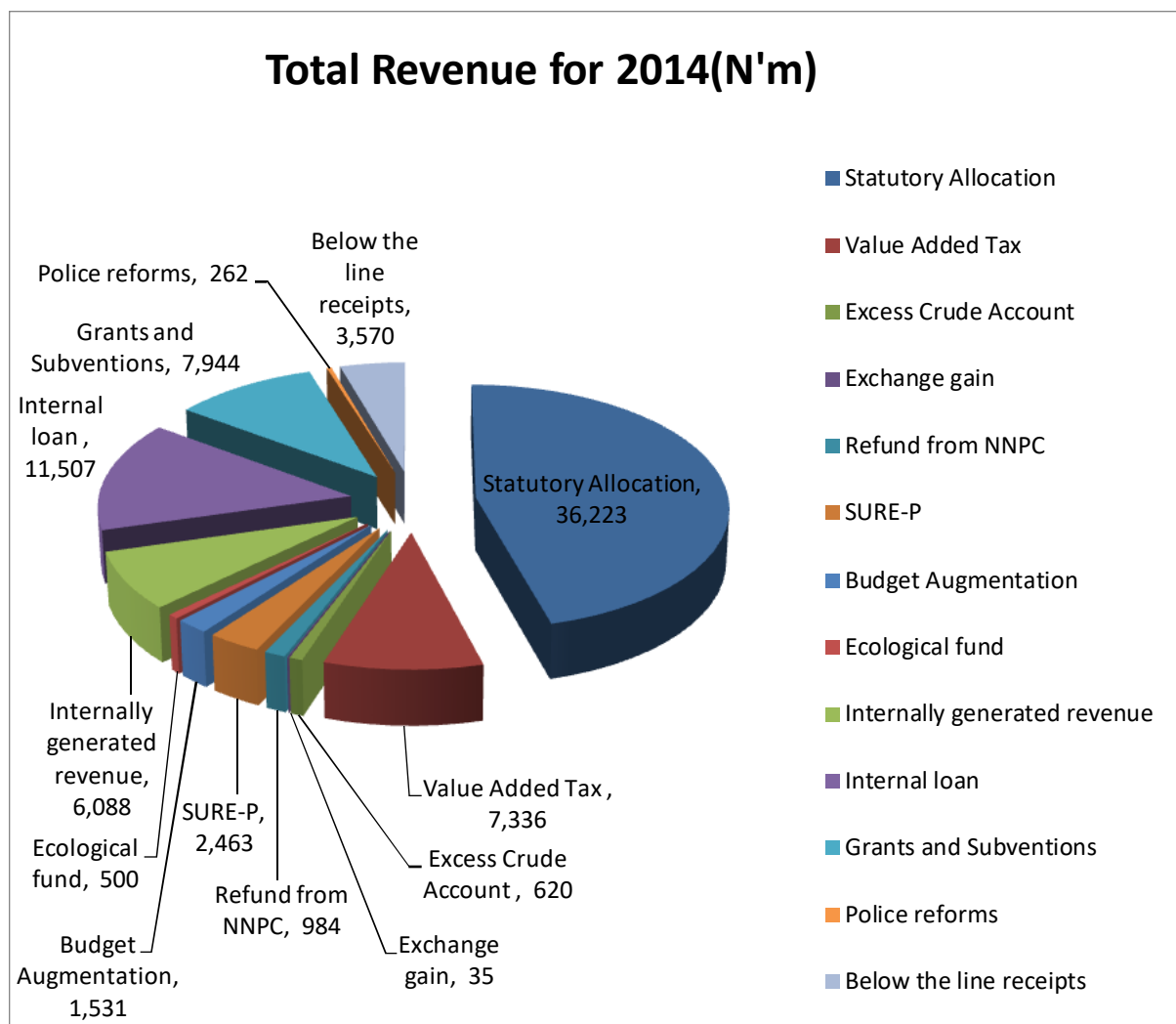


Figure 94: Total revenue for the year 2014

The diagram above depicts various revenues earned by the State during the year 2014. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N50 billion or 63% of the total revenue. The State generated internal revenue of N7 billion or 8% of the total revenue, while the internal loans received stood at N12 billion representing 15% of the total revenue. Grants and subventions received during the year was N8 billion or 10% of the total revenue.

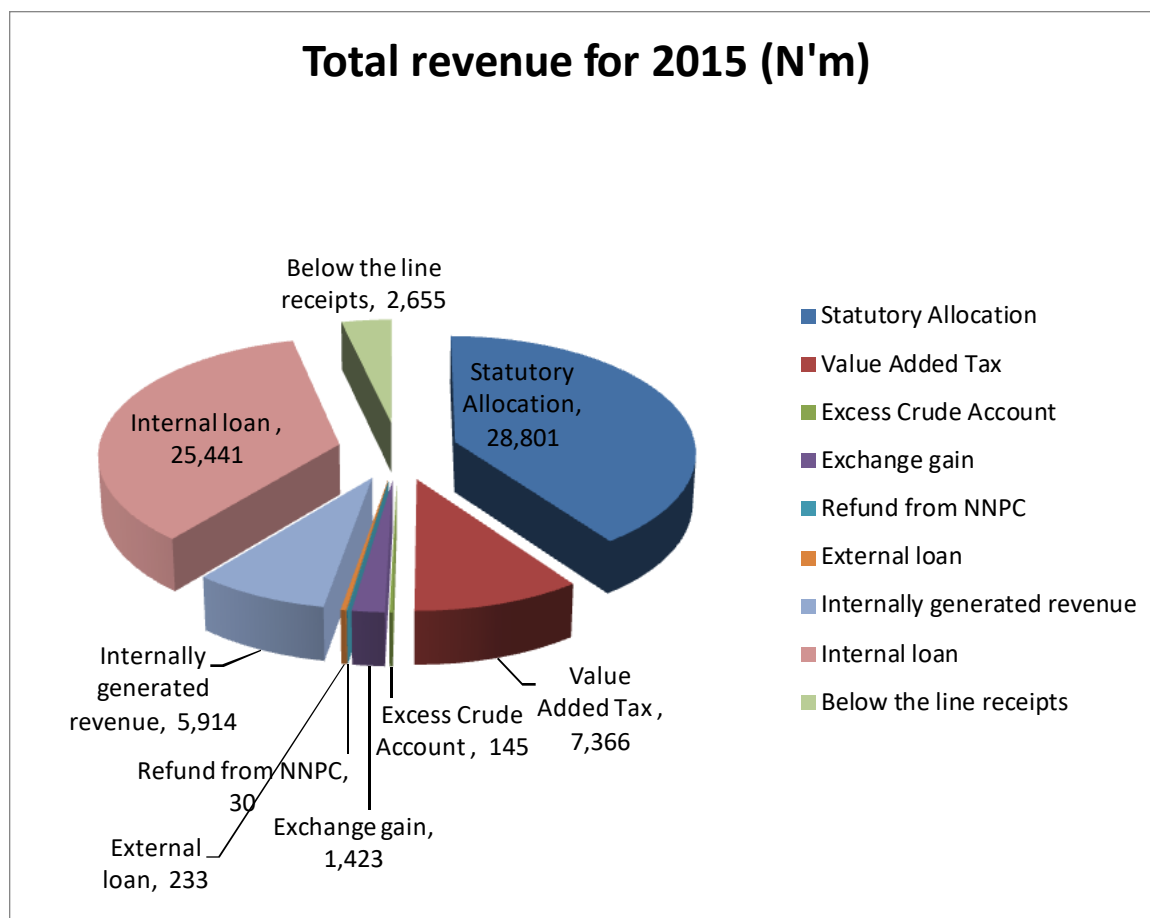


Figure 95: Total revenue for the year 2015

The diagram above depicts various revenues earned by the State during the year 2015. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N38 billion or 53% of the total revenue. The State generated internal revenue of N6 billion representing 9% of the total revenue, while the internal loan received amounted to N26 billion or 35% of the total revenue.

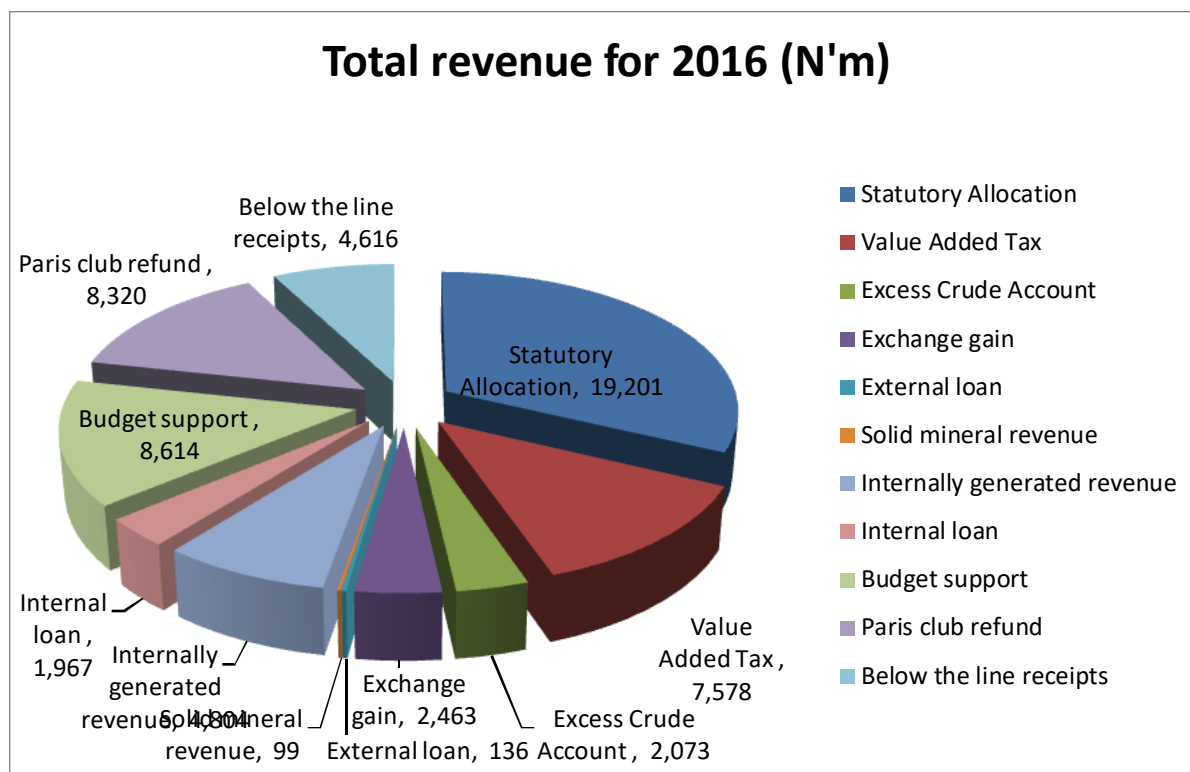


Figure 96: Total revenue for the year 2016

The diagram above depicts various revenues earned by the State during the year 2016. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N32 billion or 53% of the total revenue. The State generated internal revenue of N5 billion representing 8% of the total revenue, while the internal loan received amounted to N2 billion or 3% of the total revenue. Budget support received from the Federal Government amounted to N9 billion or 14% of the total revenue and Paris Club Refund received amounted to N8 billion representing 15% of the total revenue.

Additional comments on the State revenue include the following:

- (vi) The statutory allocation increased from N33 billion in 2012 to N36 billion in 2014. This however witnessed a sharp decline to only N19 billion in 2016. The decline in statutory allocation resulted from decline in oil prices, which dropped from \$109.45 per barrel to \$40.68 per barrel during the period.
- (vii) The State's share of Value Added Tax over the period under review remained stable increasing from N6.7 billion in 2012 and peaking at N7.67 billion in 2013. Over N7 billion was earned yearly between 2013 and 2016.
- (viii) Except for the years 2013 and 2016, the State borrowed significantly to fund its budget during the period.
- (ix) The State's internally generated revenue witnessed significant decline during the period under review as IGR dropped from N7.4 billion in 2012 to N4.8 billion in 2016.

5.5.4 Summary of Total Recurrent Expenditure from 2012 - 2016

The table below shows the summary of total recurrent expenditure incurred by the State during the years 2012 to 2016.

Table 138: Summary of Total Recurrent Expenditure from 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)
2012	41,403
2013	48,086
2014	51,996
2015	50,781
2016	46,959
Grand Total	239,225

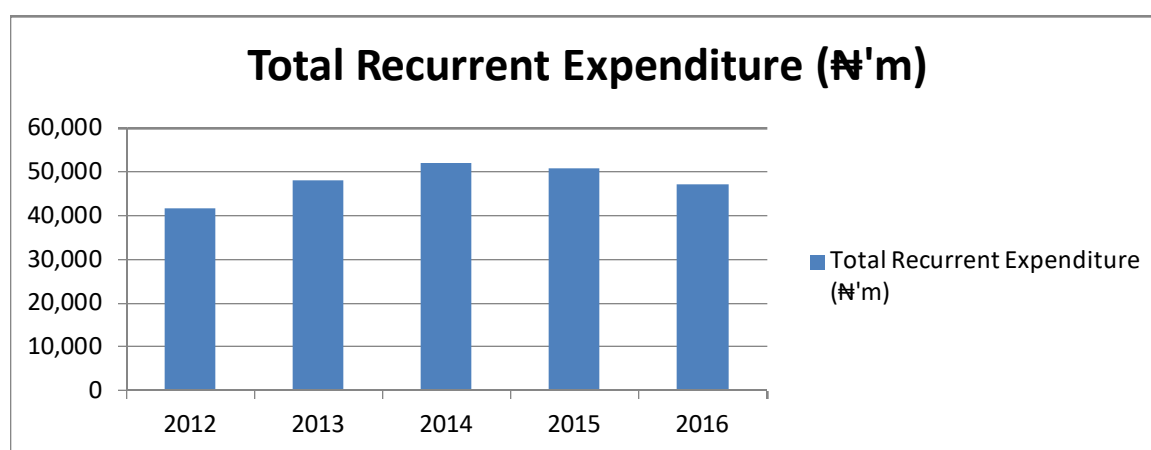


Figure 97: Distribution of Total Recurrent Expenditure for Gombe State (2012-2016)

5.5.5 Comparison of Total Revenue to Total Recurrent Expenditure 2012-2016

The table below compares total revenue to total recurrent expenditure of Gombe State during the years 2012 to 2016.

Table 139: Comparison of Total Revenue to Total Recurrent Expenditure from 2012 -2016

Year	Total Revenue (₦'m)	Total Recurrent Expenditure(₦'m)	Percentage of Total Recurrent Expenditure to Total Revenue
2012	100,717	41,403	41
2013	76,050	48,086	63
2014	79,063	51,996	66
2015	72,008	50,781	71
2016	59,871	46,959	78
Grand Total	387,709	239,225	62

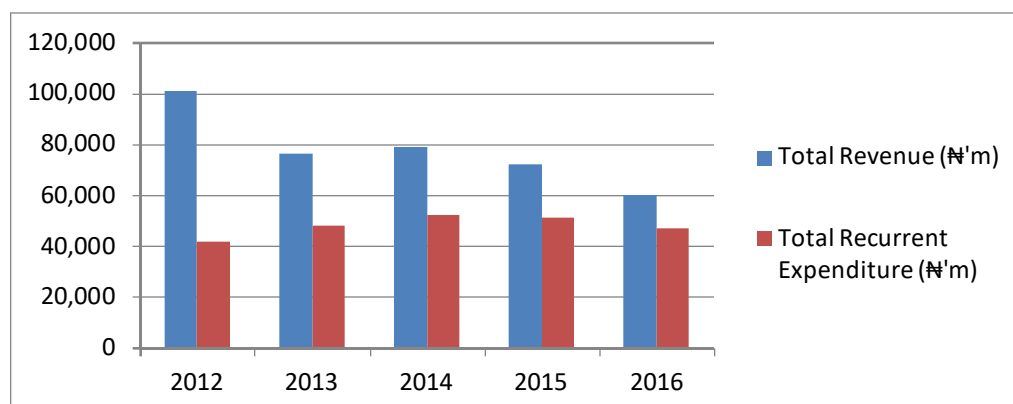


Figure 98: Comparison of Total Revenue with Total Recurrent Expenditure

Table 140: Comparison of total revenue with total recurrent expenditure

Year	Total Revenue(₦'m) A	Total Recurrent Expenditure(₦'m) B	Difference(₦'m) (C=A-B)
2012	100,717	41,403	59,314
2013	76,050	48,086	27,964
2014	79,063	51,996	27,067
2015	72,008	50,781	21,227
2016	59,871	46,959	12,912
Grand Total	387,709	239,225	148,484

The above table shows the proportion of the revenue available for capital expenditures after settlement of recurrent expenditures during the respective years.

Table 141: Breakdown analysis of recurrent expenditure

Recurrent Heads	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	Total N'm
Personnel Emoluments	12,279	14,329	17,016	16,121	16,341	76,086
Overhead costs	15,197	17,009	17,410	15,047	11,843	76,506
Pensions and Gratuities	1,337	1,248	3,332	1,970	2,727	10,614
Public debt charges	8,583	10,842	10,125	14,081	11,703	55,334
Consolidated revenue fund charges	134	171	422	460	181	1,368
Below the line expenses	3,873	4,487	3,691	3,102	4,164	19,317
Total	41,403	48,086	51,996	50,781	46,959	239,225

5.5.6 Financial Review of Recurrent Expenditure

- The recurrent expenditure distribution shows that the expenditure incurred by the State over the years under review increased by N10.6 billion or 26% from N41.4 billion in 2012 to N52 billion in 2014. The increase was because of increase in personnel emoluments of staff of different Ministries, Departments, Agencies and Parastatals during the period under review.
- Recurrent expenditure decreased by N5 billion or 10% from N52 billion in 2014 to N47 billion in 2016. The decrease was attributable to the decrease in the amount incurred on overhead expenses during the year.

The table below shows the total recurrent expenditure per each recurrent heads according to how money was disbursed during the year 2012 to 2016 under review.

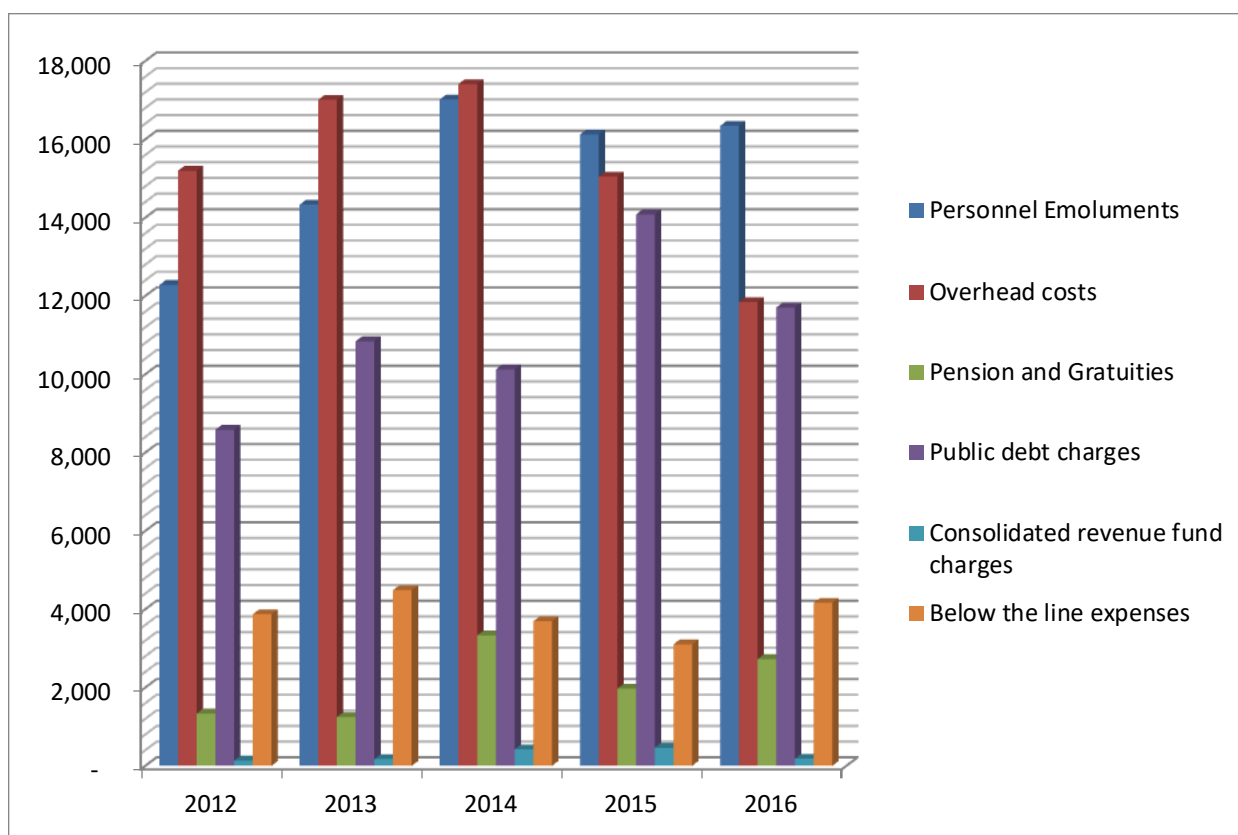


Figure 99: Recurrent expenditure from 2012 to 2016

5.5.7 Capital Expenditure

Capital expenditure represents the capital outflows used for the improvement and acquisition of assets and other long term construction for infrastructural development for the benefit of the State. The table and diagram below show the summary of the total Capital expenditure incurred by Gombe State from year 2012 to 2016.

Table 142: Breakdown Analysis of Capital Expenditure from 2012 to 2016

Year	Total Capital Expenditure(₦m)
2012	44,171
2013	37,398
2014	31,419
2015	14,420
2016	20,930
Grand Total	148,338

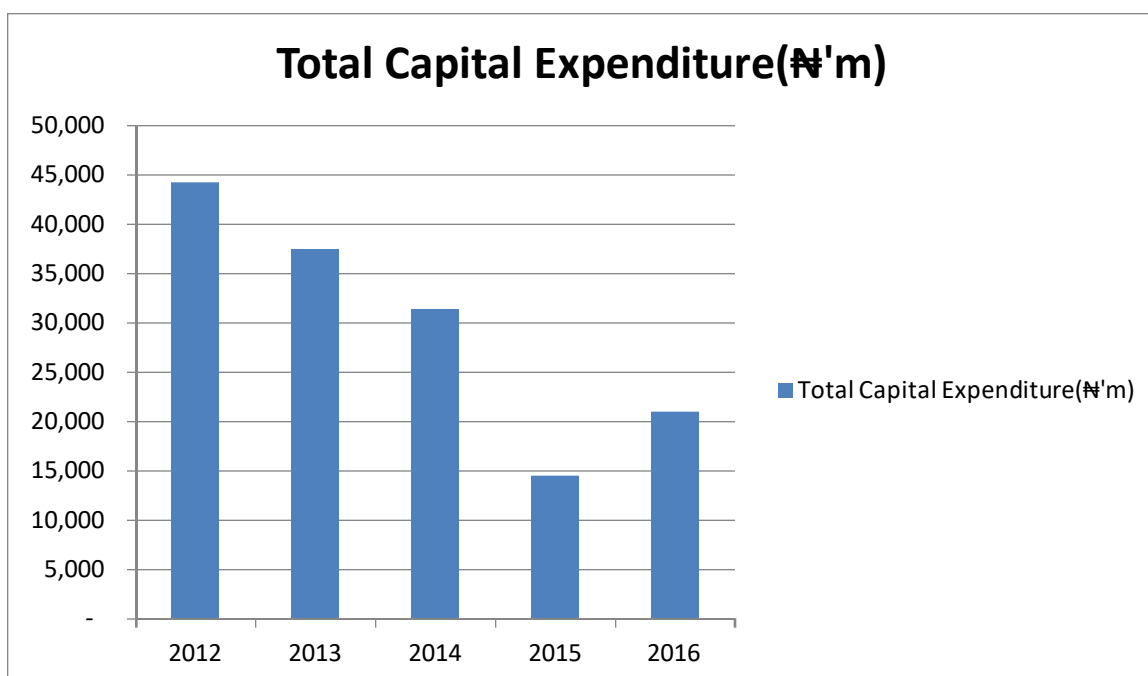


Figure 100: Distribution of Capital Expenditure from 2012 -2016

Table 143: Breakdown analysis of capital expenditure per sector

Capital Expenditure Head/ Years	2012 (N'm)	2013 (N'm)	2014 (N'm)	2015 (N'm)	2016 (N'm)	Total (N'm)
Economic Sector	16,029	21,808	-	-	-	37,837
Social Sector	16,163	7,953	-	-	-	24,116
Environmental development sector	8,846	4,798	-	-	-	13,644
General Administrative Sector	3,133	2,839	-	-	-	5,972
General public services	-	-	1,460	1,343	1,242	4,045
Public order and safety	-	-	11	31	26	68
Economic affairs	-	-	6,321	1,761	3,443	11,525
Environmental Protection	-	-	781	1,074	1,246	3,101
Housing and						

Community amenities	-	-	10,026	8,204	10,483	28,713
Health	-	-	656	808	1,140	2,604
Education	-	-	11,632	1,115	3,300	16,047
Social Protection	-	-	532	84	50	666
Total	44,171	37,398	31,419	14,420	20,930	148,338

During the periods under review, Gombe State incurred the sum of N148 billion on capital expenditure.

- The capital expenditure distribution shows that the expenditure incurred by the State decreased by N6.8 billion or 15% from N44.2 billion in 2012 to N37.4 billion in 2013. The decrease was because of reduction in expenditure on the social and regional sectors during the year.
- During the year 2014, the State Government fully commenced and complied with implementation of reporting of financial statements to IPSAS (International Public Sector Accounting Standards) and this led to some changes in the nomenclature of the sectors.
- Capital expenditure decreased by 54% or N17 billion from N31.4 billion in 2014 to N14.4 billion in 2015. The decrease was because of reduced expenditure on economic affairs, housing and community amenities, education and social protection sectors that dropped by 72%, 18%, 90% and 84 respectively.
- Capital expenditure increased by 45% or N6.5 billion from N14.4 billion in 2015 to N20.9 billion in 2016. The increase was because of additional expenditure on the economic affairs, housing and community amenities and education sectors during the year.

The following diagrams below show the actual capital expenditure on the various sectors of the State's Economy during the years 2012 to 2016

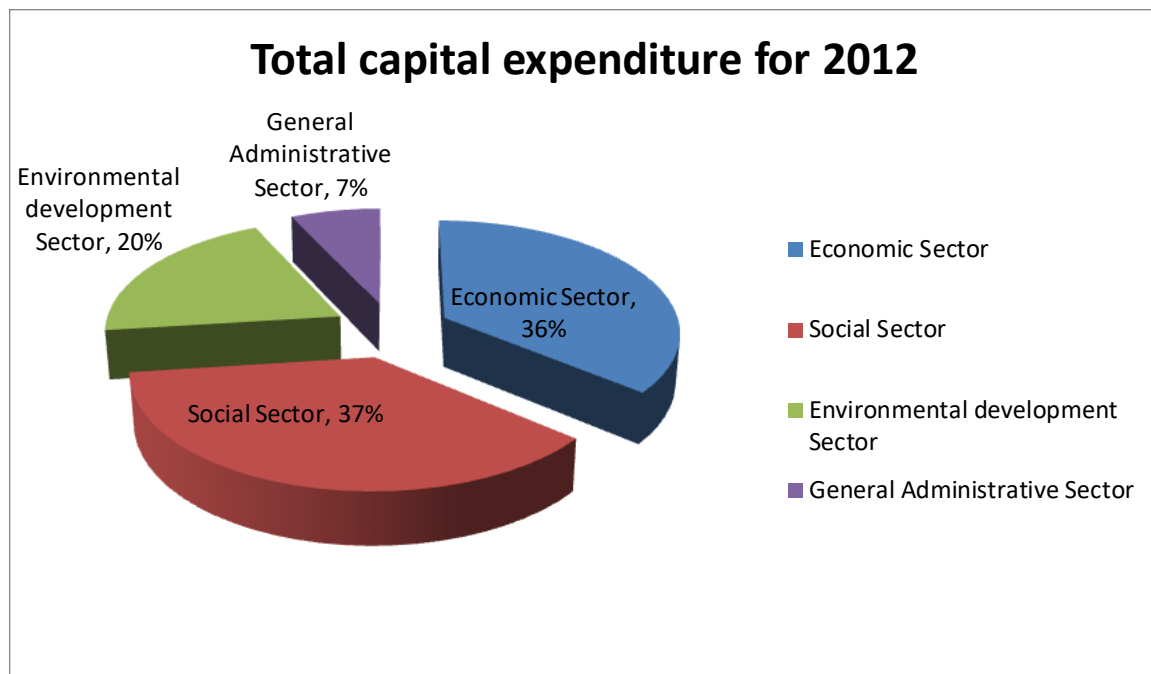


Figure 101: Capital expenditure for 2012

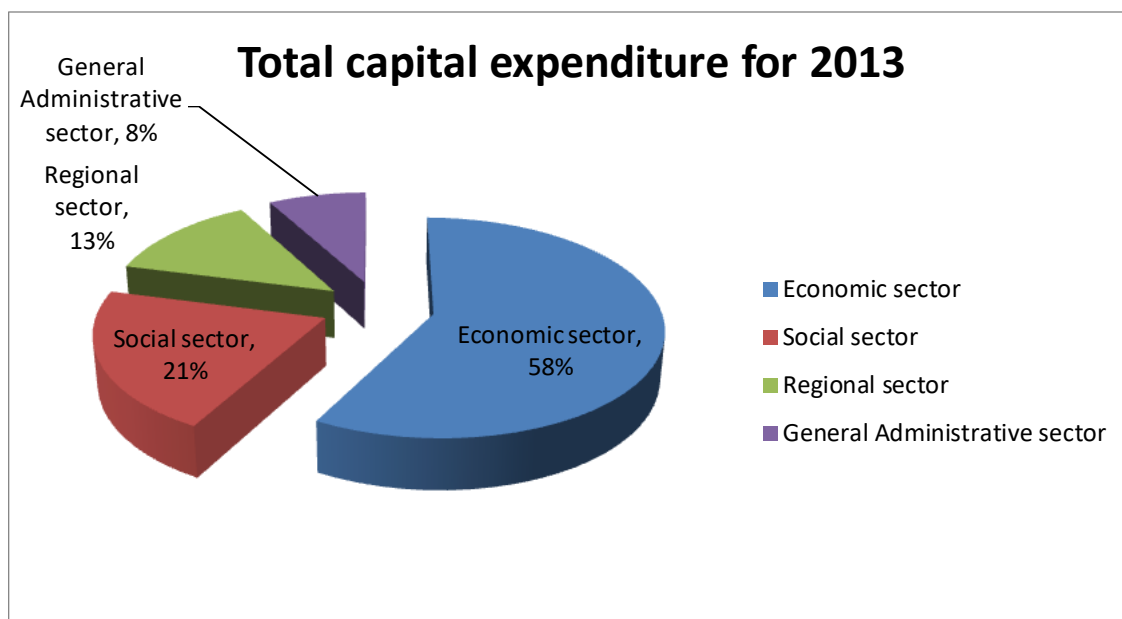


Figure 102: Capital expenditure for 2013

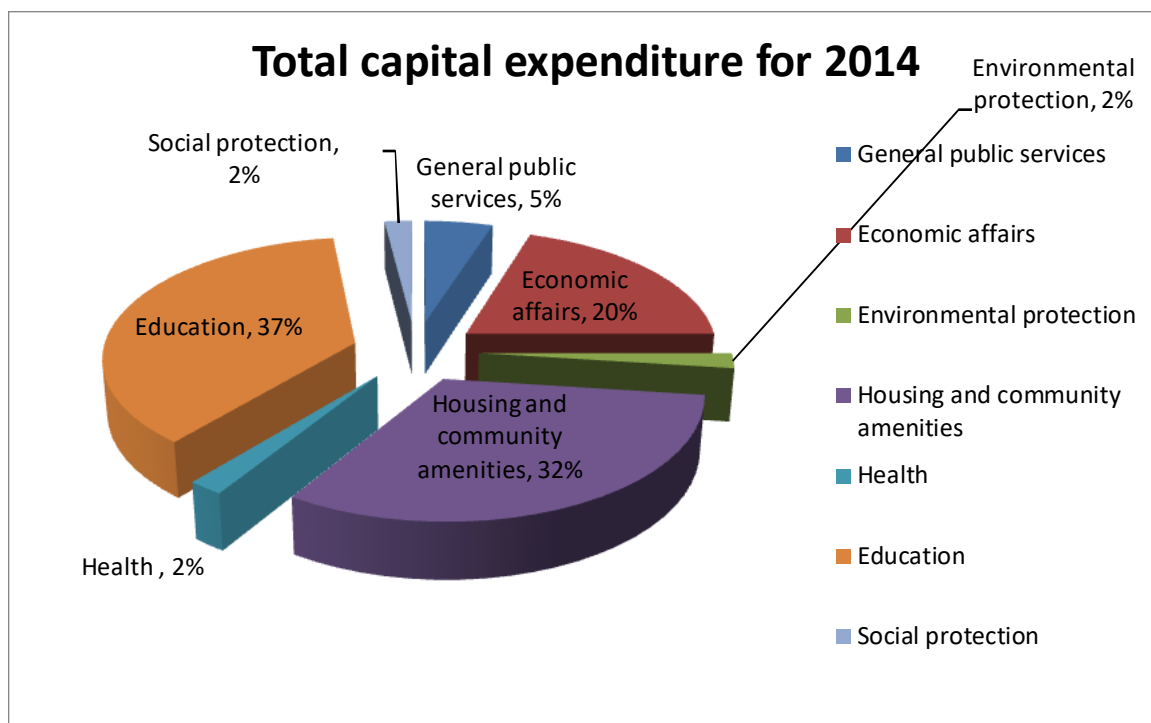


Figure 103: Capital expenditure for 2014

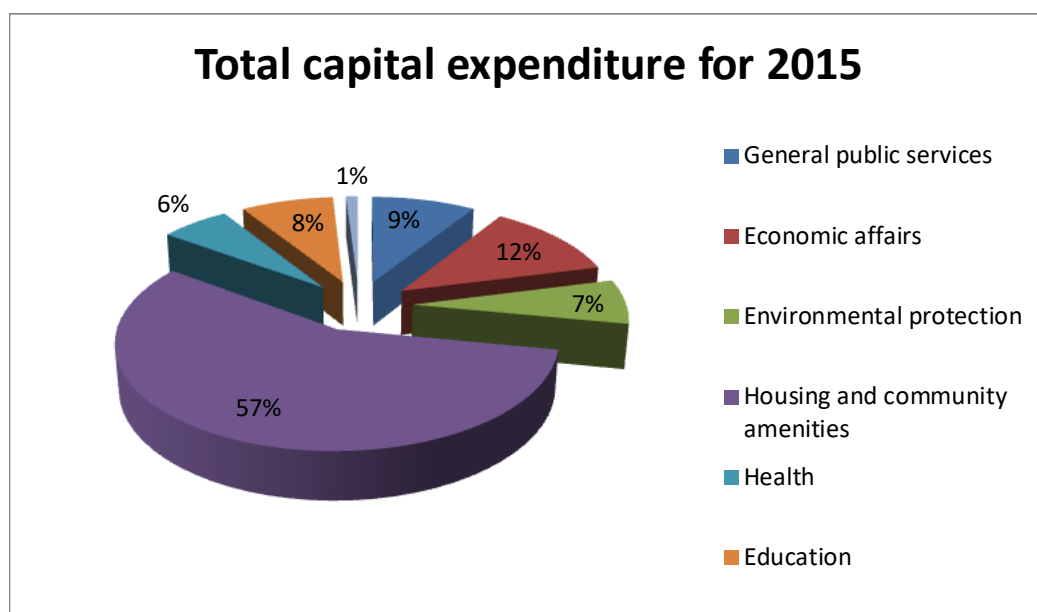


Figure 104: Capital expenditure for 2015

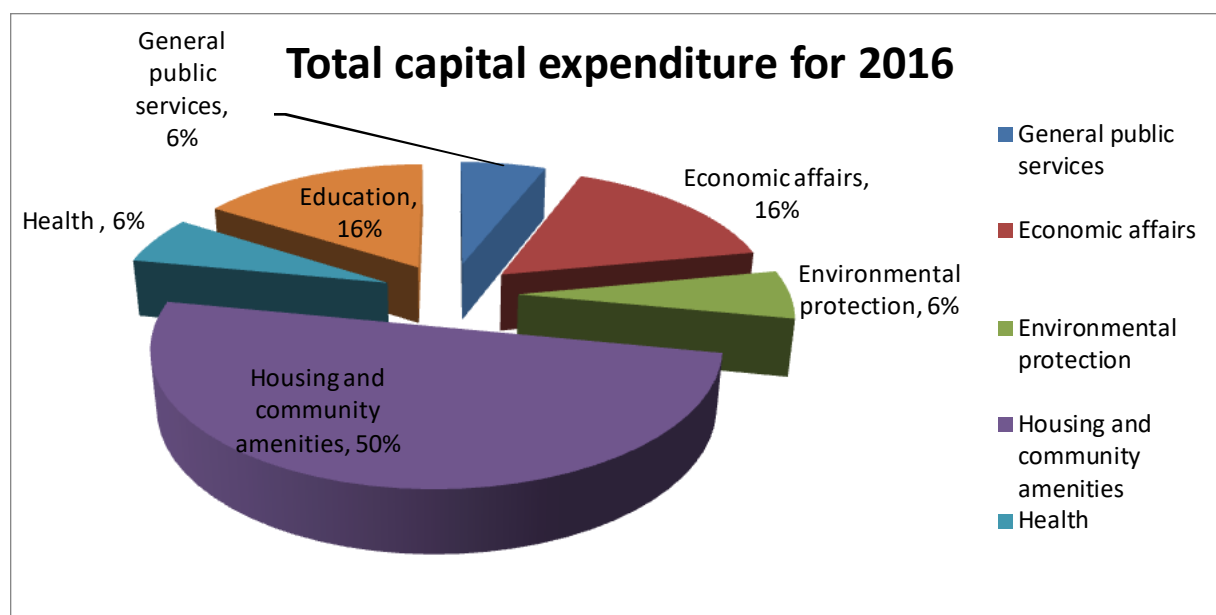


Figure 105: Capital expenditure for 2016

5.5.8 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Gombe State during the years 2012 to 2016.

Table 144: Comparison of Total Revenue to Capital Expenditure in percentage from 2012 to 2016

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Percentage of total capital expenditure to total revenue
2012	100,717	44,171	44
2013	76,050	37,398	49
2014	79,063	31,419	40
2015	72,008	14,420	20
2016	59,871	20,930	35
Grand Total	387,709	148,338	38

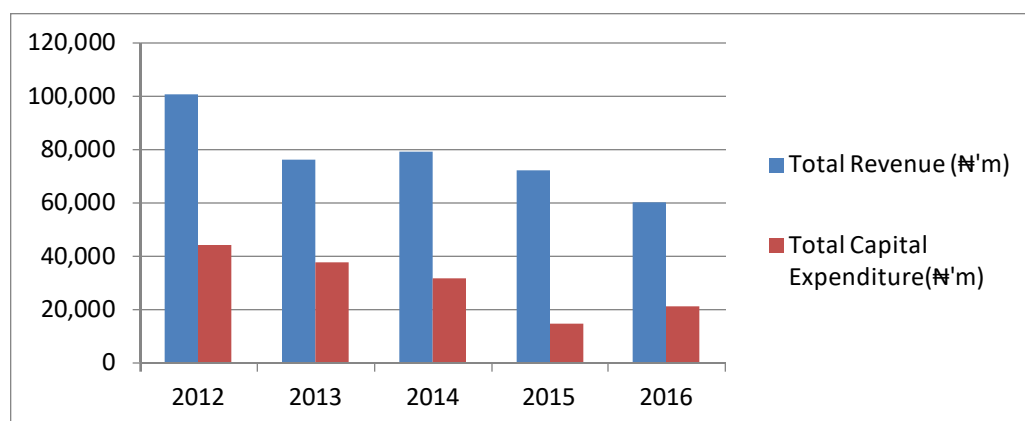


Figure 106: Comparison of Total Revenue with Total Capital Expenditure

From the above chart, it is noted that capital expenditure as a percentage of total expenditure decreased between 2012 and 2015 and increased slightly in 2016.

Table 145: Comparison of Total Revenue to Total Expenditure in Value from 2012 to 2016

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Difference (₦'m)
2012	100,717	44,171	44,416
2013	76,050	37,398	34,149
2014	79,063	31,419	43,680
2015	72,008	14,421	55,031
2016	59,871	20,930	34,225
Grand Total	387,709	148,339	211,501

The table above shows the proportion of funds incurred on capital expenditure out of the revenue that accrued to Gombe State during the period under review.

Table 146: Analysis of Recurrent and Capital Expenditure

Year	Total Recurrent Expenditure(₦'m)	Total Capital Expenditure(₦'m)
2012	100,717	44,171
2013	76,050	37,398
2014	79,063	31,419
2015	72,008	14,420
2016	59,871	20,930
Grand Total	387,709	148,338

From the table above, it can be concluded that the State incurred the total sum of N536 billion as expenditure from 2012 to 2016, made up of recurrent expenditure of N388 billion and capital expenditure of N148 billion.

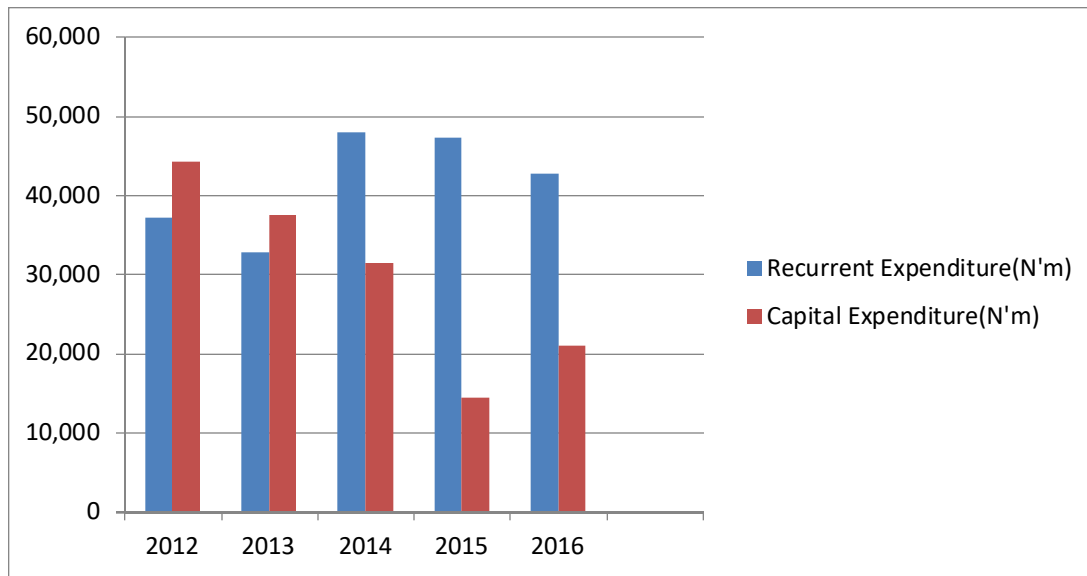


Figure 107: Comparison of Recurrent Expenditure with Capital Expenditure

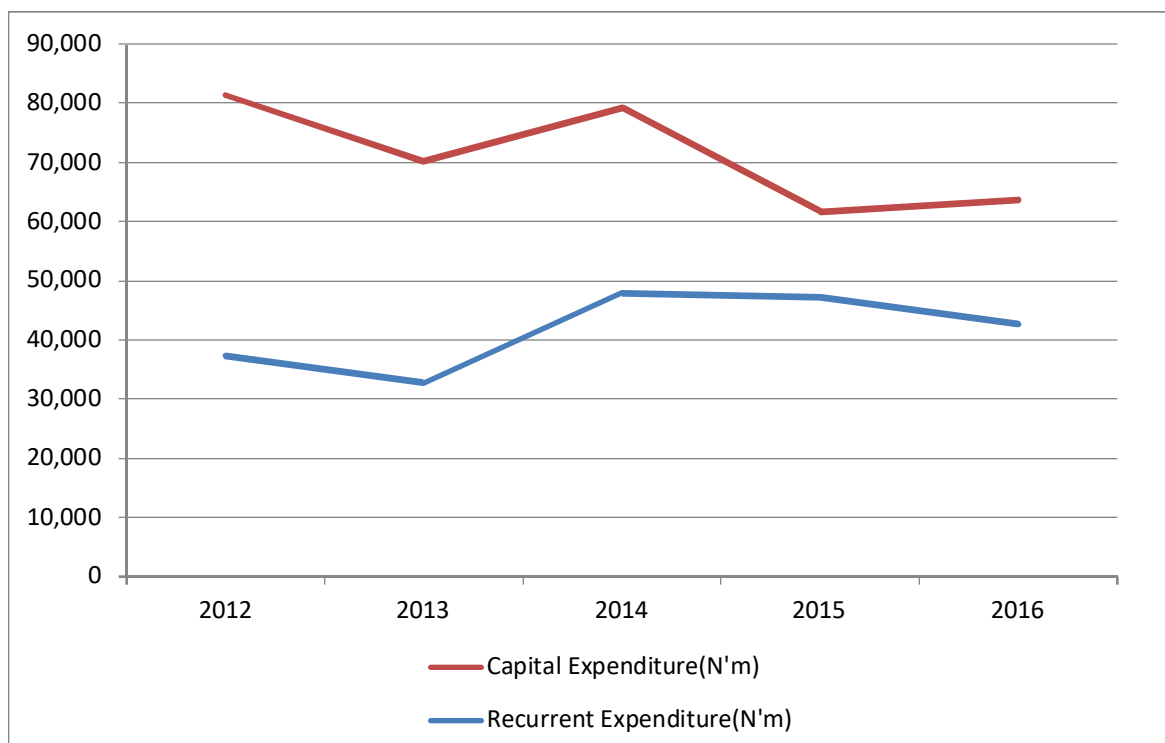


Figure 108: Trend analysis between Recurrent Expenditure and Capital Expenditure

The above figure shows the trend between recurrent expenditure and capital expenditure of Gombe State during the periods 2012 to 2016.

5.6 IMO STATE

5.6.1 Brief History

The Military Government of General Obasanjo created Imo State christened the “Eastern Heartland”, in 1976. Imo State named after the Imo River was originally part of the East Central State. The State is made up of twenty-seven (27) Local Government Areas namely: Aboh Mbaize, Ahiazu Mbaize, Ehime Mbano, Ezinihitte Mbaize, Ideato North, Ideato South, Ihitte/Uboma, Ikeduru, Isiala Mbano, Isu, Mbaitoli, Ngor Okpala, Njaba, Nkwerre, Nwangele, Obowo, Oguta, Ohaji/Egbema, Okigwe, Onuimo, Orlu, Orsu, Oru East, Oru West, Owerri Municipal, Owerri North and Owerri West.

Location, Land Mass and Population

The State is located in the South-East region of the Country. Its location is between Latitude 5° and 29° North and Longitude 7° and 2° East. Imo State covers an area of 5,530 square kilometres approximately. It has a population of 3,927,563 (2006 census figures). Its population makes up 2.8% of Nigeria’s total population.

Main Cities and Towns

The State capital is in Owerri. The State is bounded in the North by Anambra State; West by Delta State; East by Abia State and in the South by Rivers State. The main cities and towns include Owerri (capital city), Isu, Okigwe, Oguta, Orlu, Mbaize, Mbaitoli, Mbieri, Ohaji/Egbema, Orodo, Nkwerre etc.

Agriculture and Economy

Agriculture is the main occupation of the people of the State. The major cash crops grown in the State include oil palm, raffia palm, rice, groundnut, melon, cotton, cocoa, rubber and maize while consumable crops such as yam, cassava, cocoyam are also produced in large quantities.

The State has various natural resources that include crude oil, zinc, natural gas, lead, Calcium cabornate. The State also has profitable flora such as iroko, mahogany, obeche, bamboo, rubber tree and oil palm etc.

Education

Imo State has one Federal University at Owerri and one State University also located in Owerri. The other tertiary institutions include Federal Polytechnic, Nekede, Eastern Palm University, Ogboko, Ideaoto, Imo State Polytechnic, Umuaalsogwo, Alvan Ikoku College of Education, Owerri and Technological Skills Acquisition Institute, Orlu.

Tourism and Recreation

Tourist attractions in Imo State include: Oguta Lake; Palm Beach Holiday Resort Awo-omamma, Njaba river etc.

5.6.2 Summary of Revenue

The table below shows the summary of revenue received by the State in the years 2012 to 2016.

Table 147: Summary of Total Revenue from 2012 to 2016

Year	Total Revenue(₦'m)
2012	119,192
2013	126,152
2014	142,654
2015	133,263
2016	79,066
Grand Total	600,327

Table 148: Analysis of Capital Revenue and Recurrent Revenue from 2012 to 2016

Year	Recurrent revenue(₦'m)	Capital receipts (₦'m)	Total (₦'m)
2012	81,708	37,484	119,192
2013	86,681	39,471	126,152
2014	75,224	67,430	142,654
2015	59,710	73,553	133,263
2016	59,247	19,819	79,066
Grand Total	362,570	237,757	600,327

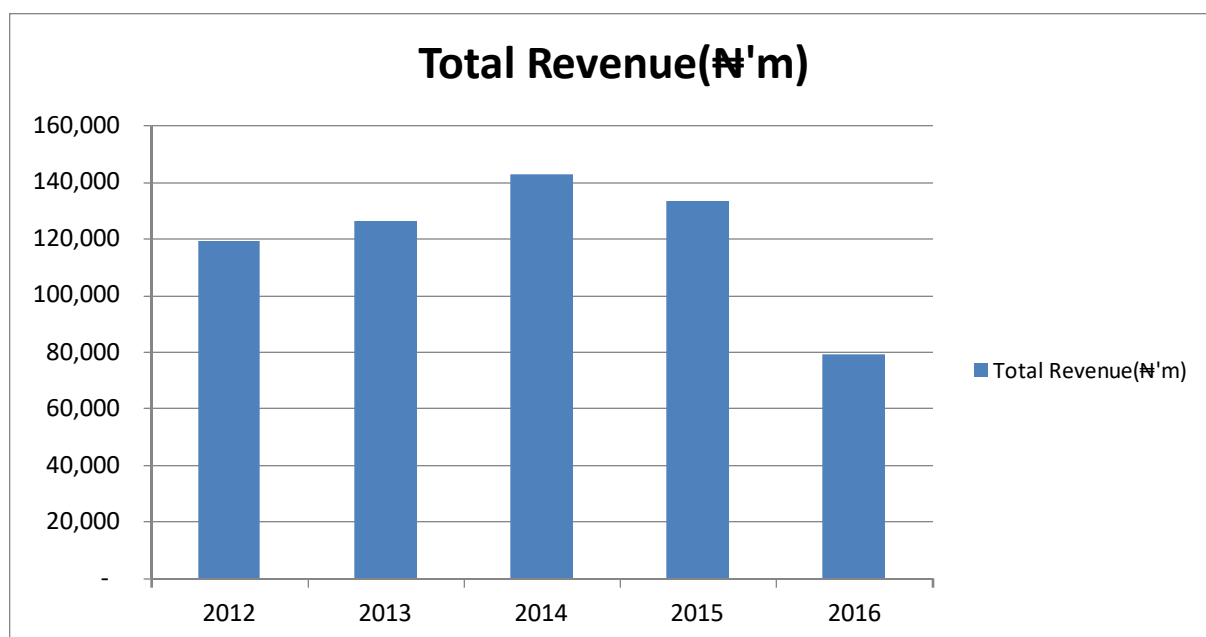


Figure 109: Total Revenue for Imo State (2012-2016)

5.6.3 Distribution of Revenue 2012-2016

Table 149: Distribution of Revenue 2012-2016

	2012 ₦'m	2013 ₦'m	2014 ₦'m	2015 ₦'m	2016 ₦'m	TOTAL ₦'m
Statutory Allocation	34,358	38,991	37,281	27,324	24,595	162,552
VAT	7,932	9,092	8,066	8,056	9,587	42,733
13% Derivation Fund	5,890	6,486	5,916	3,485	2,343	24,120
Excess Crude Account	12,235	10,711	287	2,043	2,135	27,411
Exchange gain	-	-	1,690	-	3,117	4,807
Refund from NNPC	1,386	1,394	699	60	-	3,540
Sure P	2,161	3,233	3,009	-	-	8,403
Share of 17 billion	-	-	244	-	-	244
Nigeria Liquefied gas	-	-	-	-	215	215
Excess bank charges recovered	-	-	-	-	22	22
External loan	296	90	174	43	232	835
FAAC revenue (A)	<u>64,260</u>	<u>69,998</u>	<u>57,367</u>	<u>41,011</u>	<u>42,246</u>	<u>274,882</u>
Internally generated revenue	25,475	25,865	26,098	26,798	26,819	131,055
Internal loan	29,256	30,289	58,417	28,338	10,000	156,300
Proceeds from Federal Government bond	-	-	-	37,116	-	37,116
Miscellaneous receipts	-	-	772	-	-	772
Sales of Fertilizer	201	-	-	-	-	201
Other revenue (B)	<u>54,932</u>	<u>56,154</u>	<u>85,287</u>	<u>92,252</u>	<u>36,819</u>	<u>325,444</u>
Total revenue (A+B)	119,192	126,152	142,654	133,263	79,065	600,327

The income distribution shows that the revenue received by the State over the period under review grew by N7 billion or 6% from N119 billion in 2012 to N126 billion in 2013. This was due to increase in statutory allocation and domestic loan facilities obtained during the year.

In the 2014 fiscal year, revenue increased by 12% or N17 billion from N126 billion in 2013 to N143 billion in 2014. The increase was mainly due to loan facilities obtained during the year. In 2015, revenue decreased by 8% or N10 billion from N143 billion in 2014 to N133 billion in 2015. This was as a result of a reduction in the amount received from monthly allocation, derivation fund and other refunds from the Federal Allocation.

In 2016, there was a further decrease in Federation allocation receipts by 24% or N54 billion from N133 billion in 2015 to N79 billion in 2016 resulting from a decrease in monthly statutory allocation as well as proceeds received from the Federal Government bonds.

5.6.4 Revenue Distribution by Sources

The total gross receipts from the Federation Account from 2012 to 2016 was N275 billion. These comprise of Statutory Allocation, Value Added Tax (VAT), Derivation fund, Excess crude account, Exchange gain, Refund from NNPC, and SureP. However, it excludes the other sources of revenue such as internal loan, external loan, miscellaneous receipts, sales of fertilizer and internally generated revenue amounting to N326 billion within the years under review. The total revenue received by the State in the period of review amounted to N406 billion, excluding external and internal loans of N0.8 billion and N193 billion respectively.

The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:

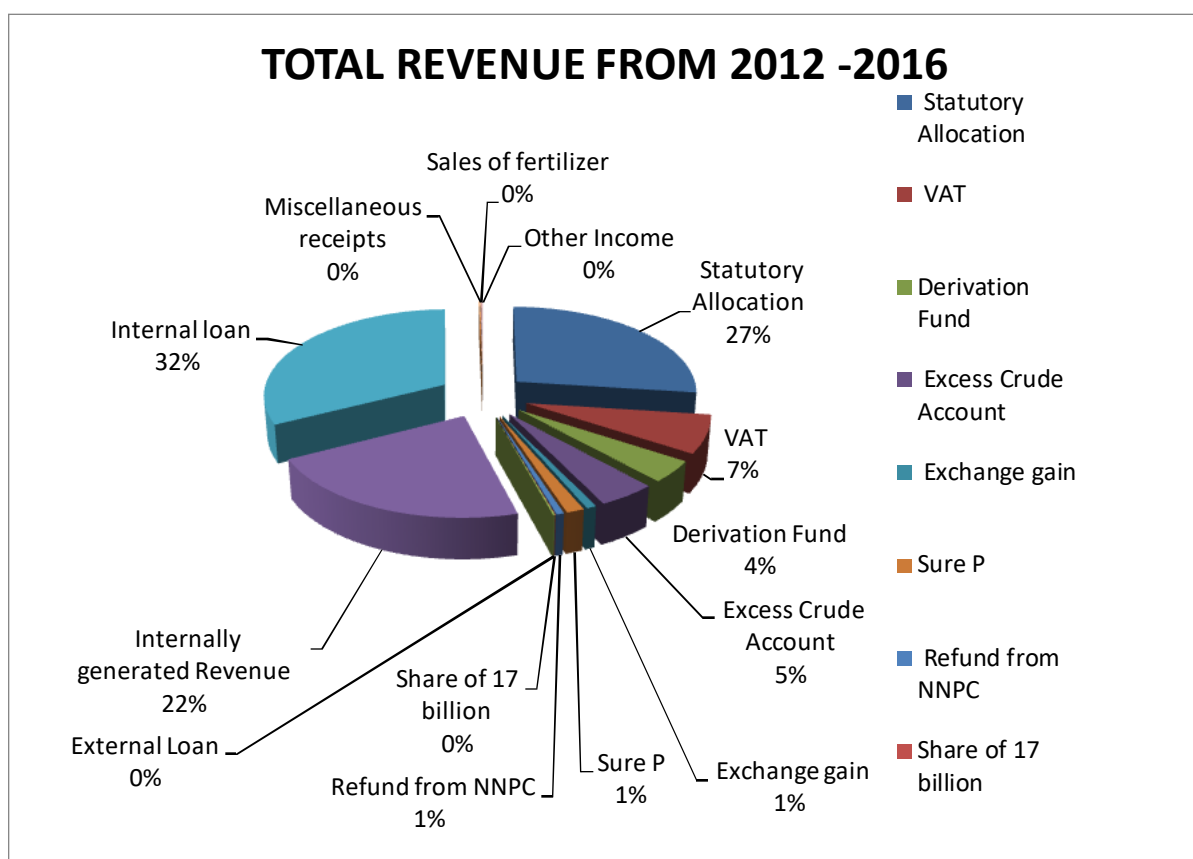


Figure 110: Percentage analysis of total revenue generated from 2012 to 2016 fiscal year

The diagram above depicts revenue earned by the State from 2012 to 2016 fiscal years. It revealed that statutory allocation from the Federation Account amounting to N163 billion forms 27% of the total revenue while the State internally generated revenue and internal loan amounting to N131 billion and N193 billion represented 22% and 32% of the total revenue respectively.

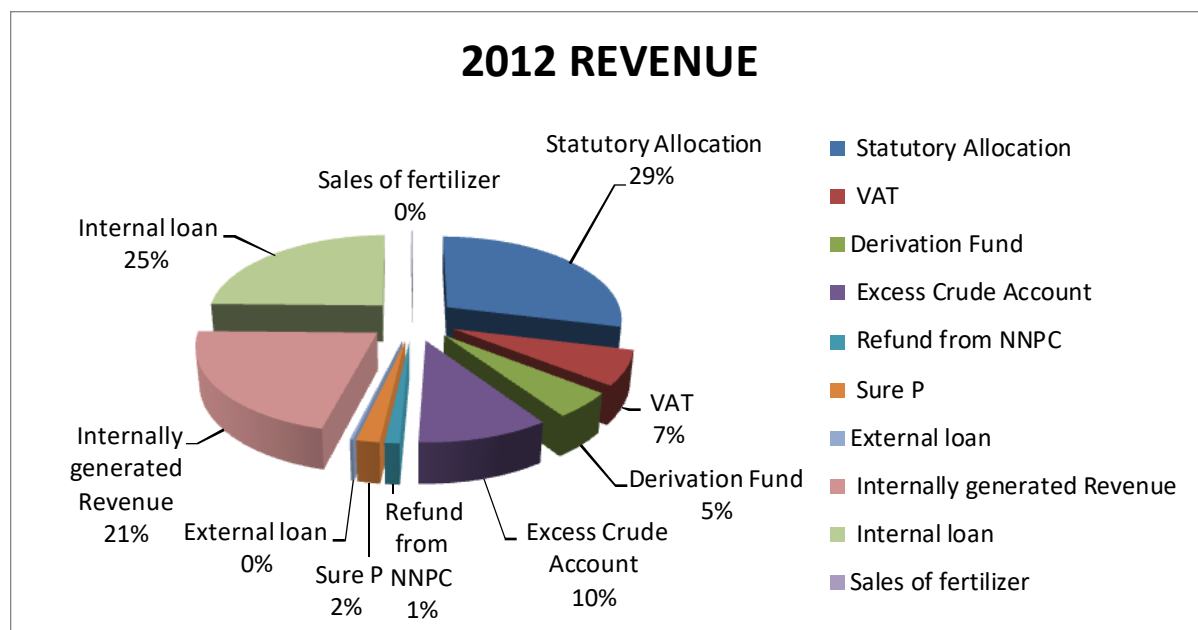


Figure 111: Total revenue received in 2012

The diagram above depicts various revenues earned by the State during the year 2012. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation of N63 billion representing 54% of the total revenue while State internally generated revenue and internal loans amounting to N25 billion and N29 billion represented 21% and 25% of the total revenue respectively.

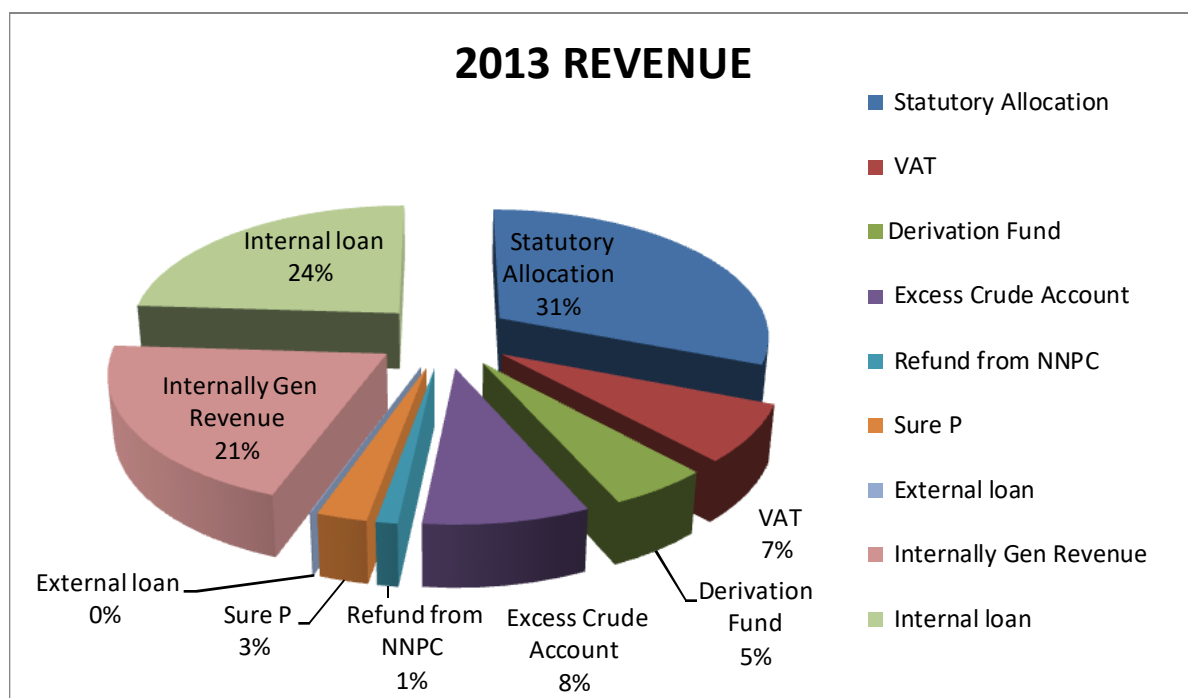


Figure 112: Total revenue generated in 2013 fiscal year

The diagram above depicts various revenues earned by the State during the year 2013. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N70 billion or 55% of the total revenue while the State internally generated revenue and internal loans amounting to N25 billion and N30 billion represented 21% and 24% of the total revenue respectively.

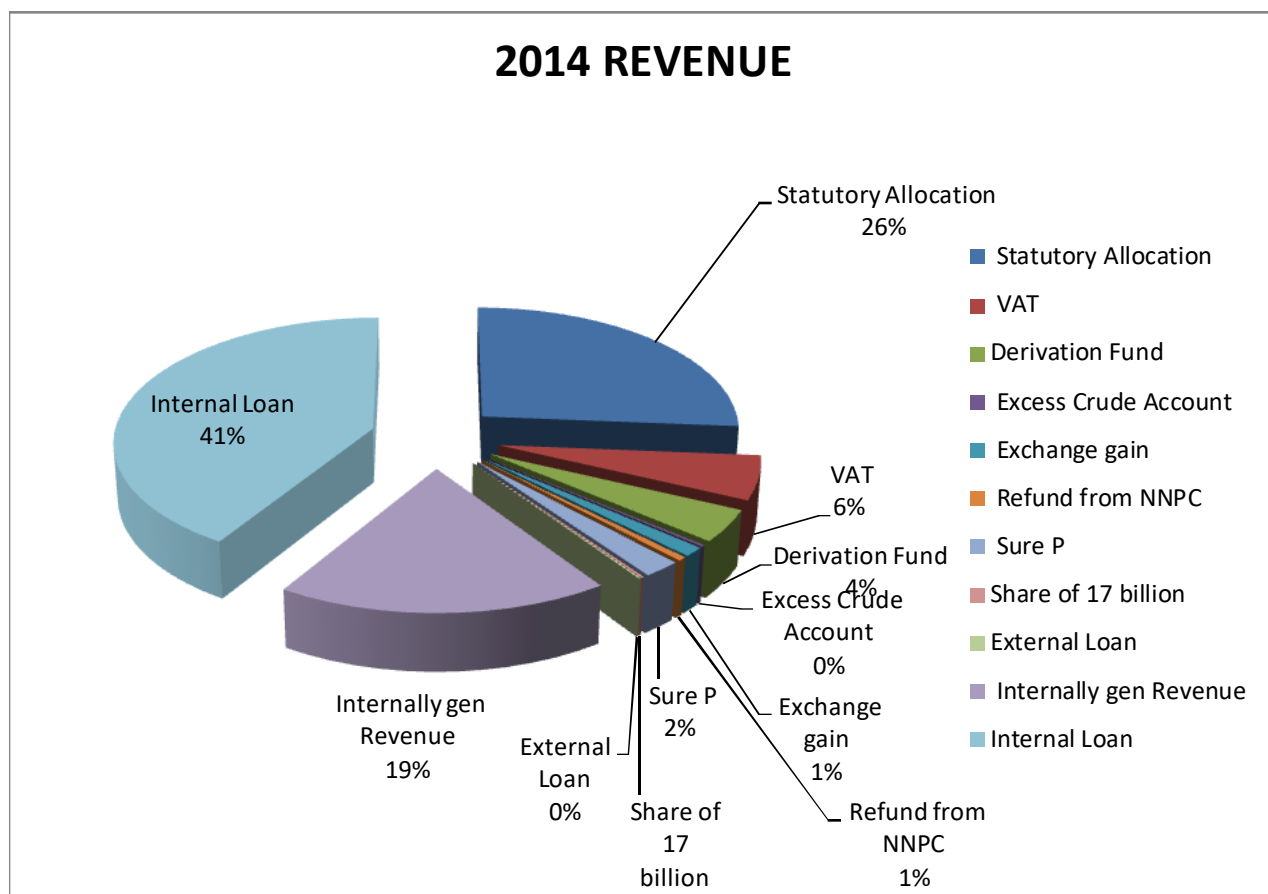


Figure 113: Percentage analysis of total revenue generated in 2014

The diagram above depicts various revenues earned by the State during the year 2014. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N57 billion or 40% of the total revenue. The State internally generated revenue and internal loan amounted to N26 billion and N58 billion or 18% and 41% of the total revenue respectively.

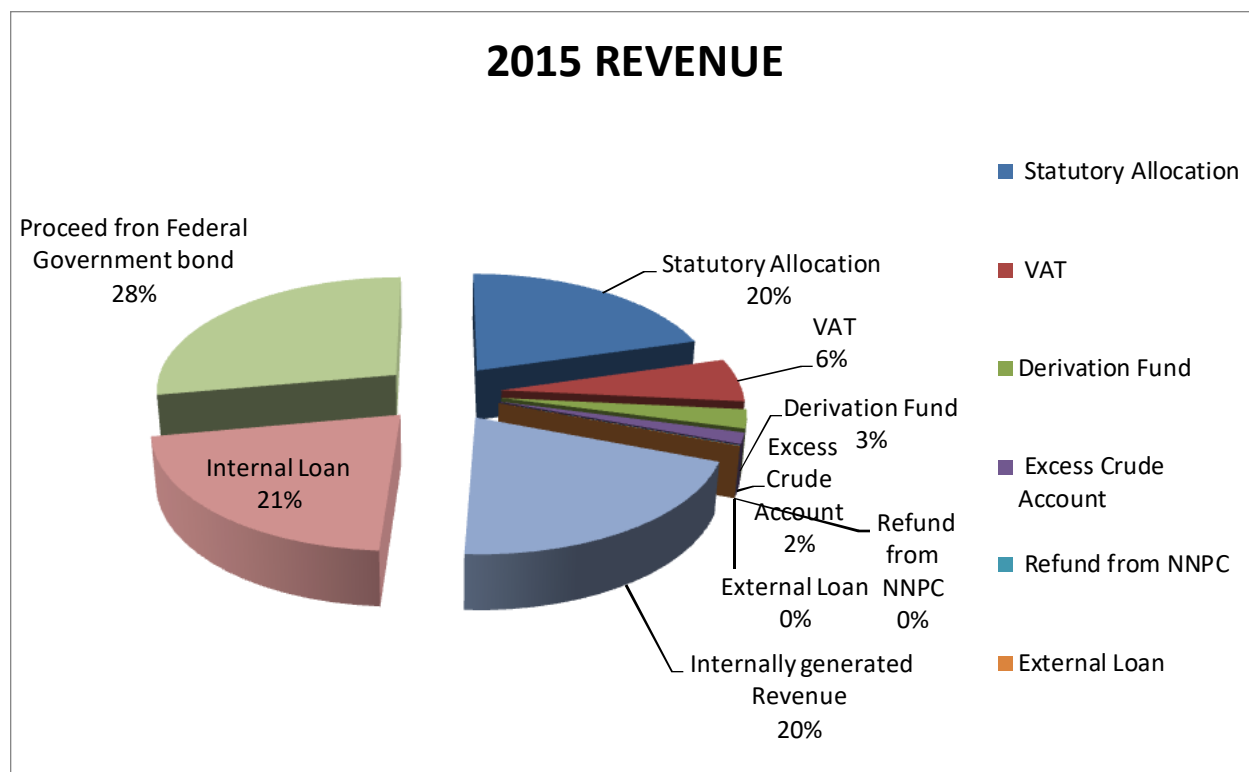


Figure 114: Percentage analysis of total revenue generated in 2015

The diagram above depicts various revenues earned by the State during the year 2015. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N41 billion or 31% of the total revenue. The State internally generated revenue, internal loans and proceeds from Federal Government Bond amounting to N27 billion, N28 billion and N37 billion represented 20%, 21% and 28% of the total revenue respectively.

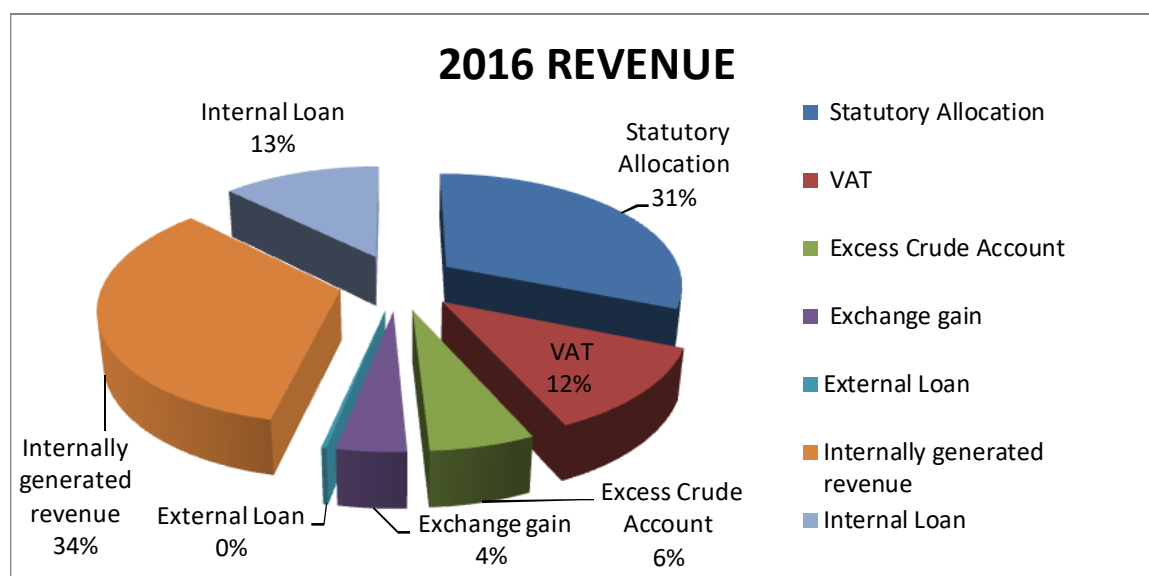


Figure 115: Percentage analysis of total revenue generated in 2016

The diagram above depicts various revenues earned by the State during the year 2016. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N42 billion and represents 53% of the total revenue while the State internally generated revenue and internal loan amounting to N26 billion and N10 billion represented 34% and 13% of the total revenue respectively.

5.6.5 Distribution of Total Recurrent Expenditure from 2012 - 2016

The table below shows the distribution of total recurrent expenditure incurred by the State in the years 2012 to 2016.

Table 150: Summary of Total Recurrent Expenditure from 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)
2012	91,142
2013	80,262
2014	96,444
2015	93,911
2016	47,226
Grand Total	408,985

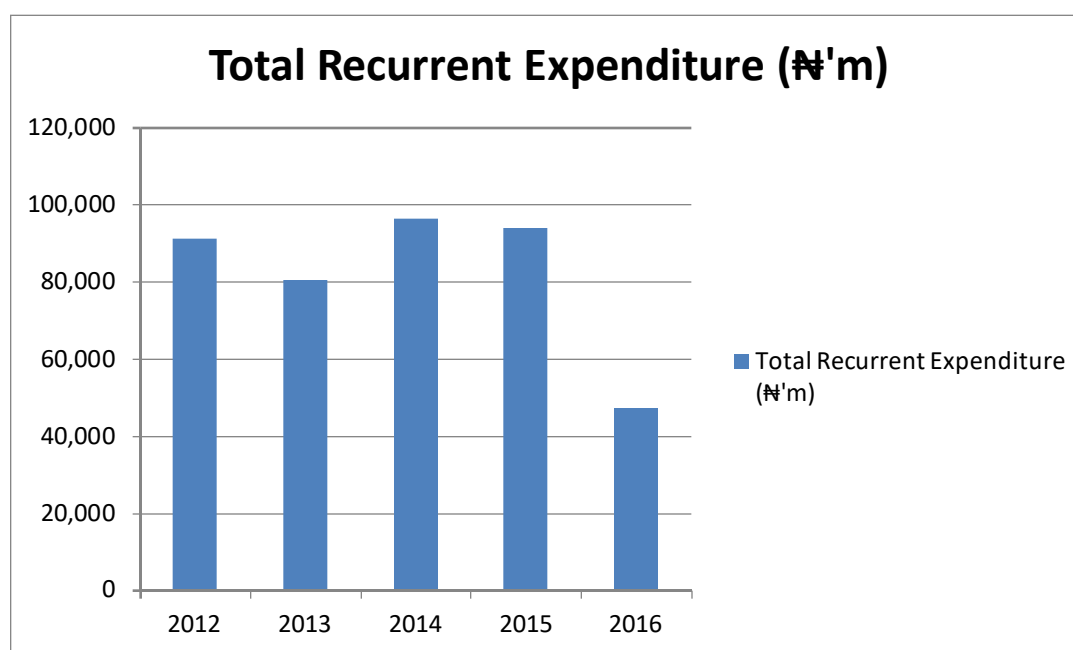


Figure 116: Distribution of Total Recurrent Expenditure for Imo State (2012-2016)

5.6.6 Comparison of Total Revenue to Total Recurrent Expenditure 2012-2016

The table below compares total revenue to total recurrent expenditure of Imo State between the years 2012 to 2016.

Table 151: Comparison of Total Revenue to Total Recurrent Expenditure in percentage from 2012 to 2016

Year	Total Revenue(₦)	Total Recurrent Expenditure(₦)	Recurrent expenditure as a percentage of total revenue
2012	119,192	91,142	76%
2013	126,152	80,262	64%
2014	142,654	96,444	68%
2015	133,263	93,911	70%
2016	79,066	47,226	60%
Grand Total	600,327	408,985	

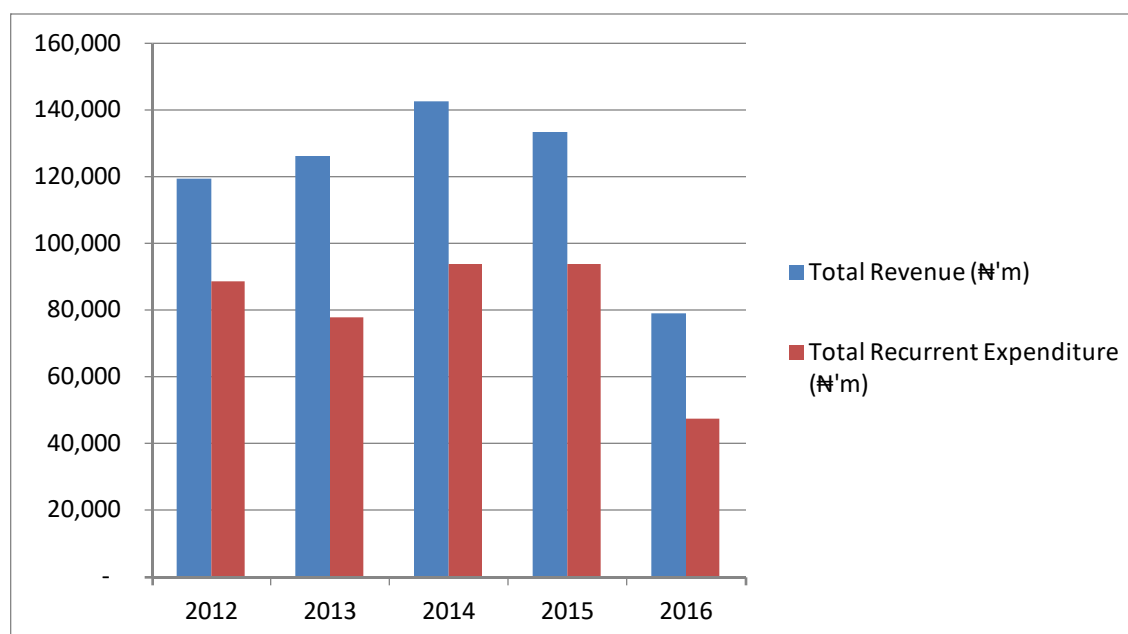


Figure 117: Comparison of Total Revenue with Total Recurrent Expenditure

Table 152: Comparison of Total Revenue with Total Recurrent Expenditure from 2012 to 2016

Year	Total Revenue(₦)-A	Total Recurrent Expenditure(₦)-B	Funds available for Capital expenditure
2012	119,192	91,142	28,050
2013	126,152	80,262	45,890
2014	142,654	96,444	46,210
2015	133,263	93,911	39,352
2016	79,066	47,226	31,840
Grand Total	600,327	408,985	

The above table shows the proportion of the revenue left for capital expenditure after settlement of recurrent expenditure.

5.6.7 Financial review

- The recurrent expenditure distribution showed that the expenditure incurred by the State over the period under review decreased by N10.9 billion or 14% from N91.1 billion in 2012 to N80.2 billion in 2013. This was mainly because of decrease in debt servicing charges for both local and international loans during the year.
- Recurrent expenditure increased by 17% or N16.2 billion from N80.2 billion in 2013 to N96.4 billion in 2014. This was mainly because of increase in personnel emoluments and also increased debt servicing charges for both local and international loans during the year.
- Recurrent expenditure also decreased by 3% or N2.5 billion from N96.4 billion in 2014 to N93.9 billion in 2015. The major decrease was because of the reduction in grant and subventions during the year.
- Recurrent expenditure decreased by 50% or N46.7 billion from N93.9 billion in 2015 to N47.2 billion in 2016. The major reduction was because of a decrease in internal loan servicing during the year as well as grants and subventions during the year.

5.6.8 Composition of Recurrent Expenditure

Detailed below is the composition in summary of the major components of recurrent expenditure.

Table 153: Breakdown Analysis of Recurrent Expenditure

Year	2012	2013	2014	2015	2016	Total
	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
Personnel Emolument	9,779	9,789	10,196	9,066	5,319	44,149
Overhead Costs	8,143	7,570	5,181	8,634	10,463	39,991
Pension & Gratuities	4,509	5,510	6,219	1,144	4,500	21,882
Grants & Subventions	15,685	15,798	15,934	9,019	1,858	58,294
International Loan Servicing	242	219	279	349	522	1,611
Local Loan Servicing	37,137	21,618	41,715	11,589	2,919	114,978
Consolidated revenue fund charges	3,666	4,938	1,034	1,179	632	11,449
Public Debt Charges	3,349	5,095	7,765	7,783	9,113	33,105
Statutory Obligation(ISPO)	4,301	4,301	4,301	3,943	358	17,204
Repayment of Bond	2,643	2,643	2,643	2,519	1,732	12,180
13% Derivation Indices Refund	232	232	213	213	229	1,119
Statutory Obligations(Payment for fertilizer supply)	168	25	-	20	-	213
Premium Subsidy	312	312	260	-	629	1,513
Bank Loans converted to Federal Government Bond	-	-	-	37,116	-	37,116
Other refunds & expenses	976	2,212	704	1,337	8,952	14,181
TOTAL	91,142	80,262	96,444	93,911	47,226	408,985

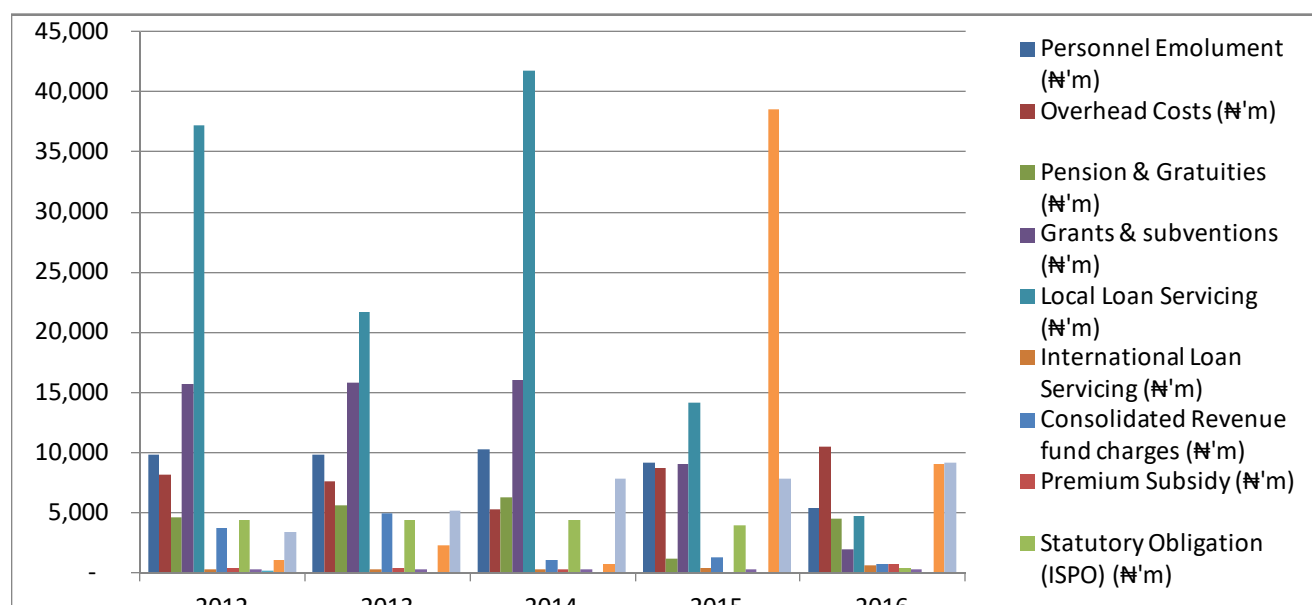


Figure 118: Distribution of Components of Recurrent Expenditure

The chart above shows the proportion of recurrent expenditure incurred during the year. Based on the above graph, it could be deduced that majority of the State's recurrent expenditure was utilized on grants and subventions and local loan servicing. The pie charts below gives a better illustration of the fact highlighted above.

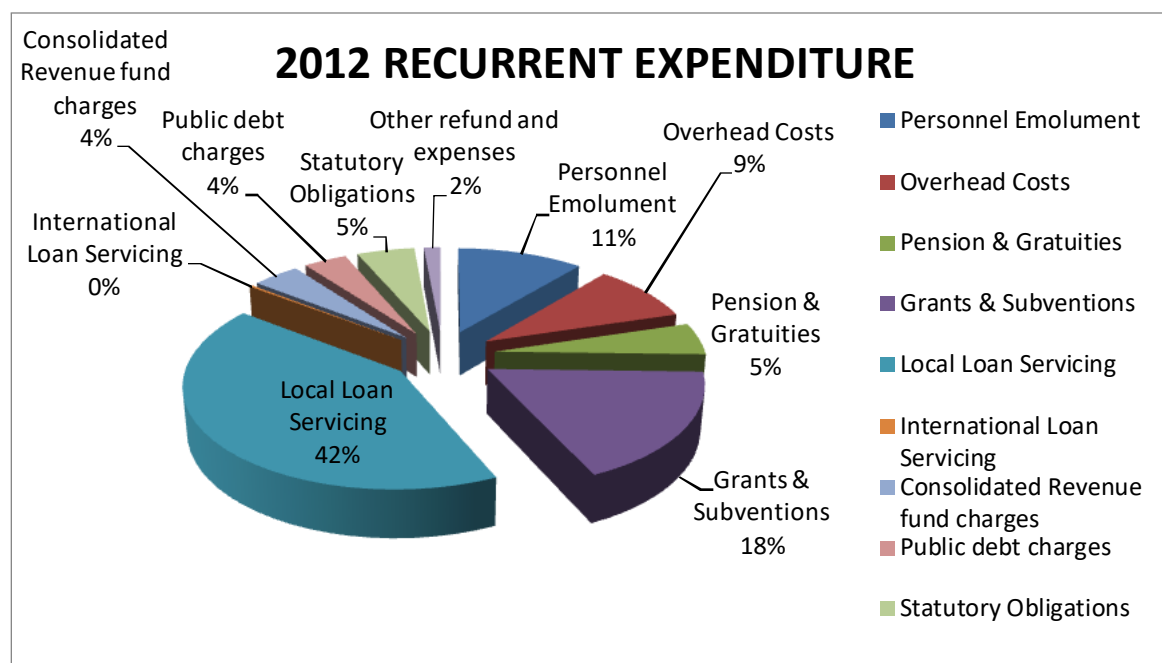


Figure 119: Percentage distribution of recurrent expenditure in 2012

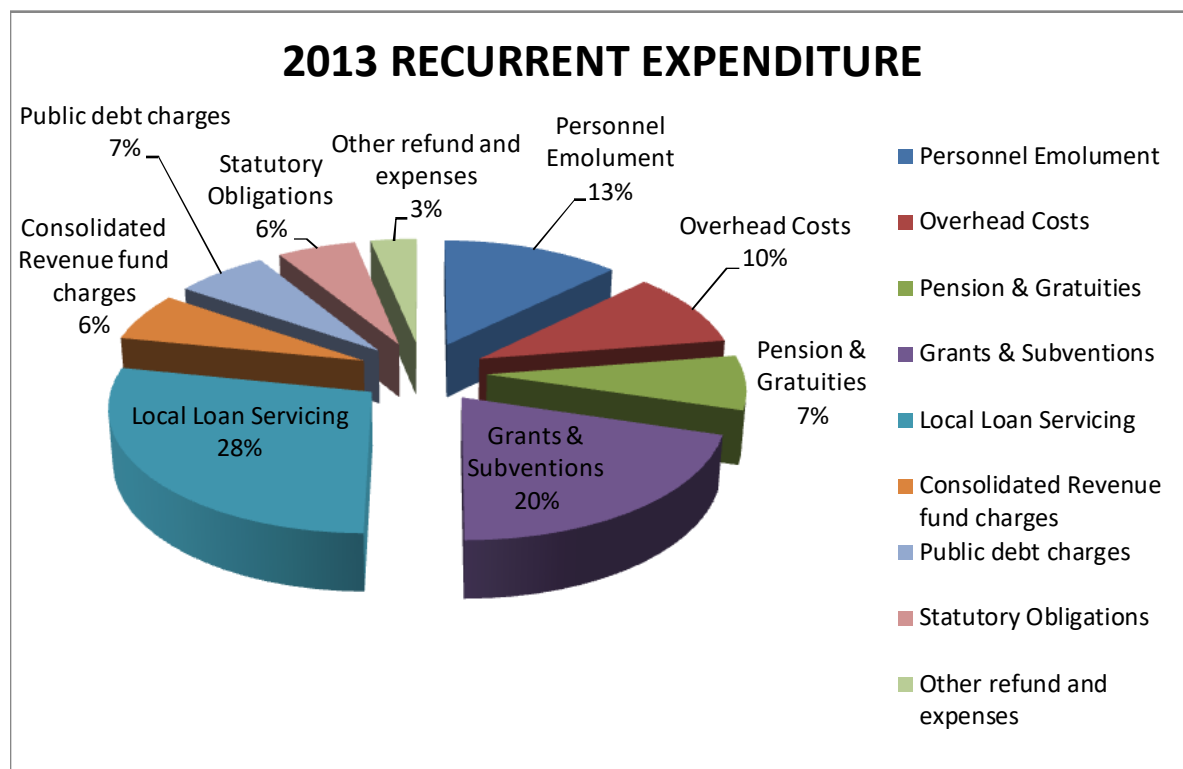


Figure 120: Percentage distribution of recurrent expenditure in 2013

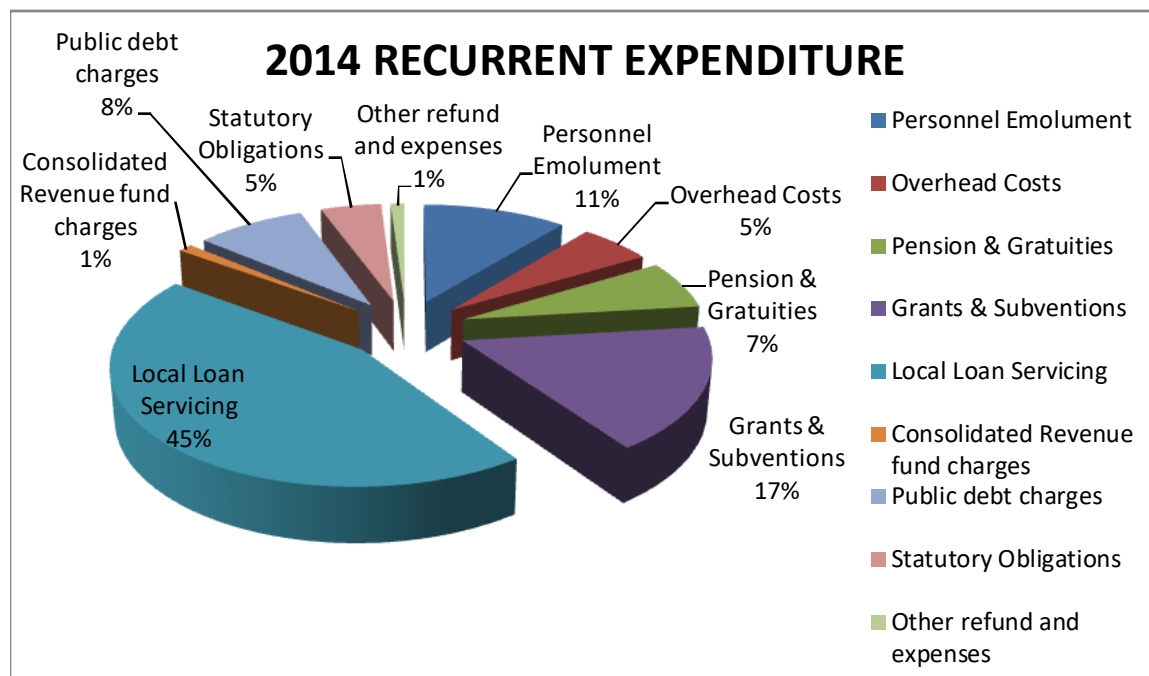


Figure 121: Percentage distribution of recurrent expenditure 2014

2015 RECURRENT EXPENDITURE

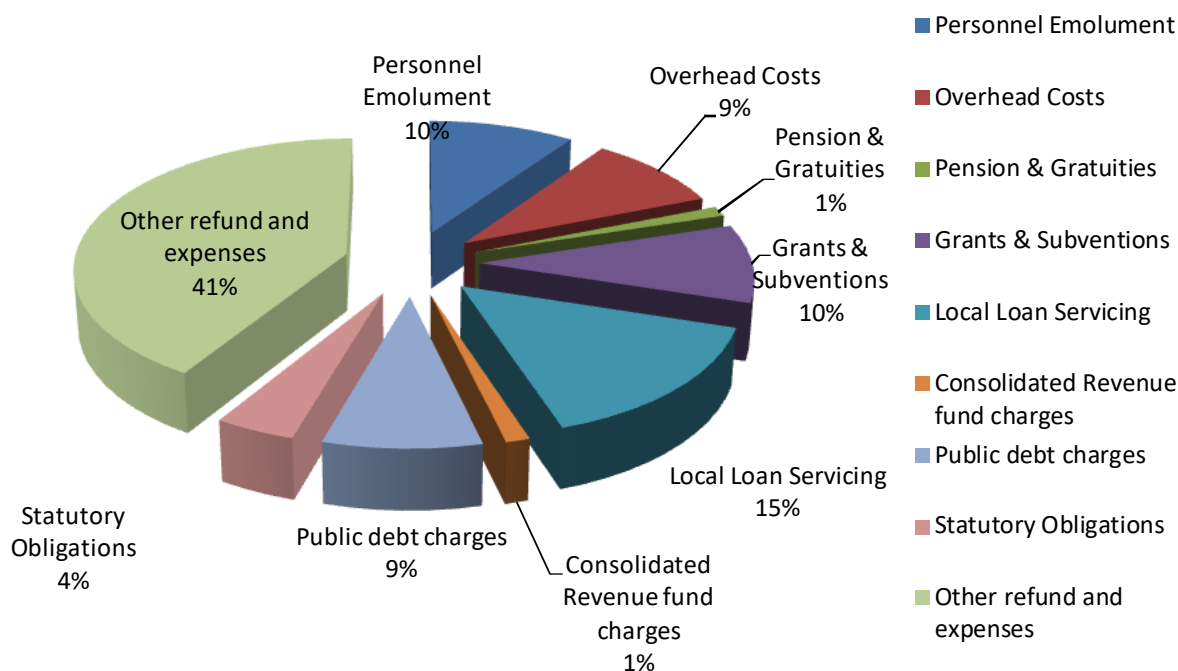


Figure 122: Percentage distribution of recurrent expenditure in 2015

2016 RECURRENT EXPENDITURE

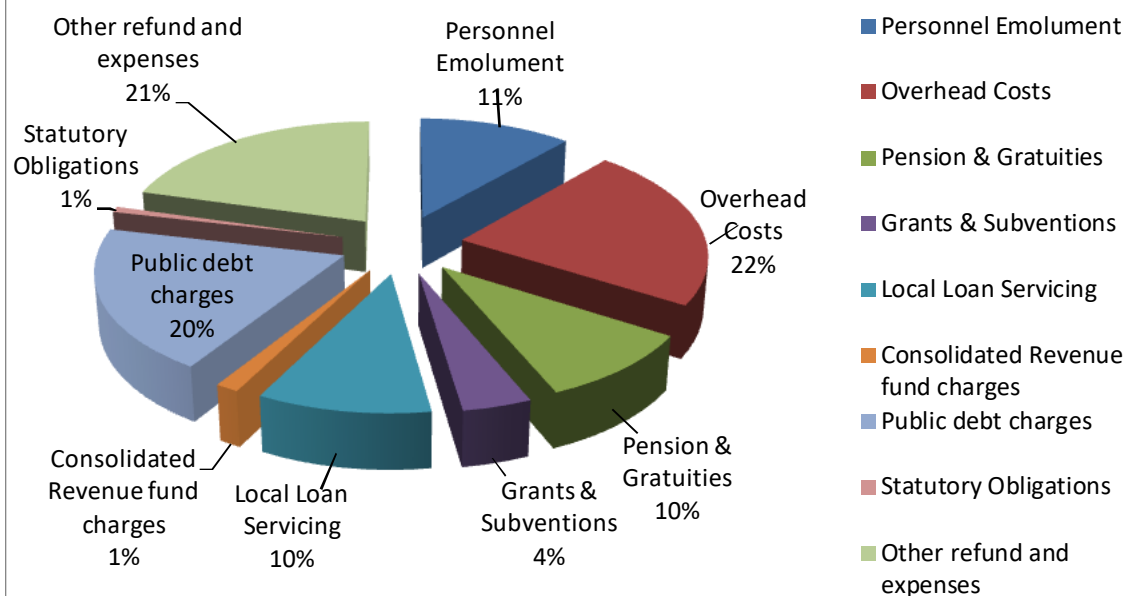


Figure 123: Percentage distribution of recurrent expenditure in 2016

The pie charts above illustrate the percentage of utilization of the government's spending on recurrent expenditure from 2016 fiscal year. A large portion of the State's recurrent expenditure was on grant, subventions, and local loan servicing as seen in the pie charts of the various years.

5.6.9 CAPITAL EXPENDITURE

Capital Expenditure

Capital expenditure represents the capital outflows used for the improvements and acquisition of assets and other long-term construction for infrastructural development. The table below shows the summary of the total Capital expenditure incurred by Imo State Government from 2012 to 2016.

Table 154: Total Capital Expenditure from 2012 to 2016

Year	Total Capital Expenditure(₦)
2012	46,152
2013	49,247
2014	68,213
2015	42,001
2016	33,580
Grand Total	239,193

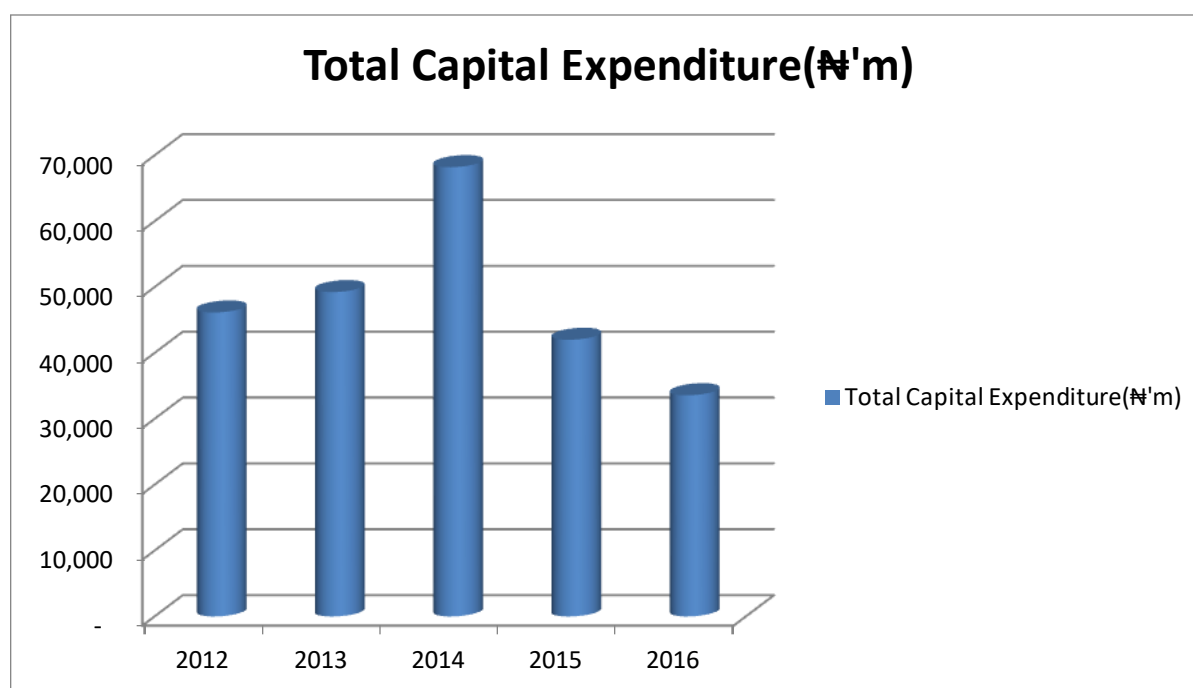


Figure 124: Distribution of Capital Expenditure from 2012 -2016

5.6.10 Sectorial Breakdown of Capital Expenditure

The table below shows the breakdown of various amounts incurred on capital expenditure in different sectors in Imo state, between the period 2012 and 2016.

Table 155: Breakdown of Capital Expenditure

Sector	2012	2013	2014	2015	2016
	(₦'m)	(₦'m)	(₦'m)	(₦'m)	(₦'m)
Economic	35,606	21,665	646	38	13,005
General Administration	10,220	26,338	67,390	41,938	20,518
Social	326	1,244	177	25	57
TOTAL	46,152	49,247	68,213	42,001	33,580

The graph below depicts the sectorial distribution of capital expenditure between 2012 to 2016. It is evident that the State committed so much of its capital expenditure on General administration between the period 2014 to 2016.

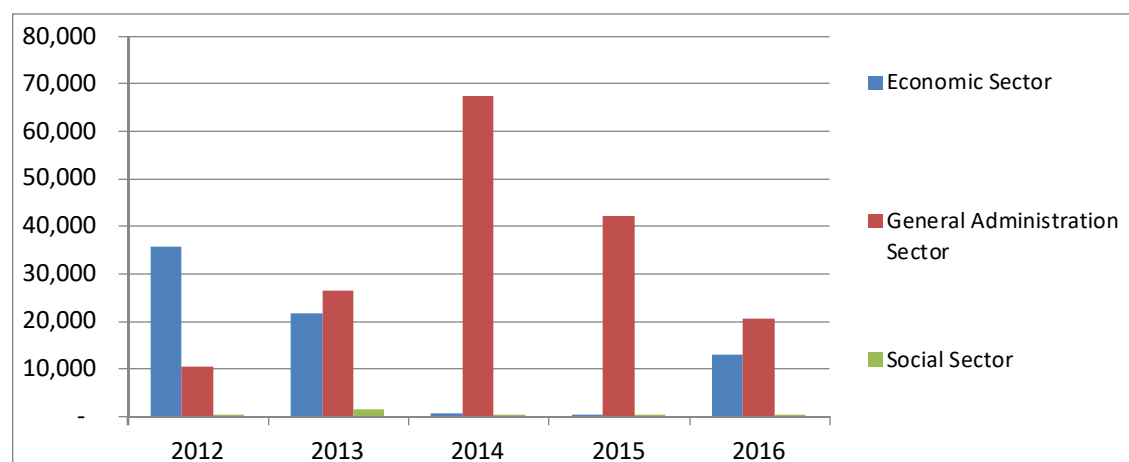


Figure 125: Sectorial Distribution of Capital Expenditure from 2012 to 2016

During the period under review, Imo State incurred N239 billion, on capital expenditure.

- The capital expenditure distribution showed that the expenditure incurred by the State over the period under review grew by N3.1 billion or 6% from N46.1 billion in 2012 to N49.2 billion in 2013. The increase was due to expenses on General Administration and Social Sectors in the year.
- Capital expenditure increased significantly by 28% or N19 billion from N49.2 billion in 2013 to N68.2 billion in 2014. The increase was because of the N67 billion spent on General Administration sector during the year when compared with N26 billion in 2013 fiscal year.

- Capital expenditure decreased significantly by 62% or N26.2 billion from N68.2 billion in 2014 to N42 billion in 2015. The decrease was because of the reduction in Federal Allocation received from the Federal Government in the year.
- Capital expenditure decreased by 25% or N8.5 billion from N42 billion in 2015 to N33.5 billion in 2016. The decrease was due to significant expenditure on the various sectors in the year.

5.6.11 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Imo State between the years 2012 and 2016.

Table 156: Comparison of Total Revenue with Total Capital Expenditure from 2012 to 2016

Year	Total Revenue(₦)-A	Total Capital Expenditure(₦)-B	Percentage movement (B/A)
2012	119,192	46,152	39%
2013	126,152	49,247	39%
2014	142,654	68,213	48%
2015	133,263	42,001	32%
2016	79,066	33,580	42%
Grand Total	600,327	239,193	

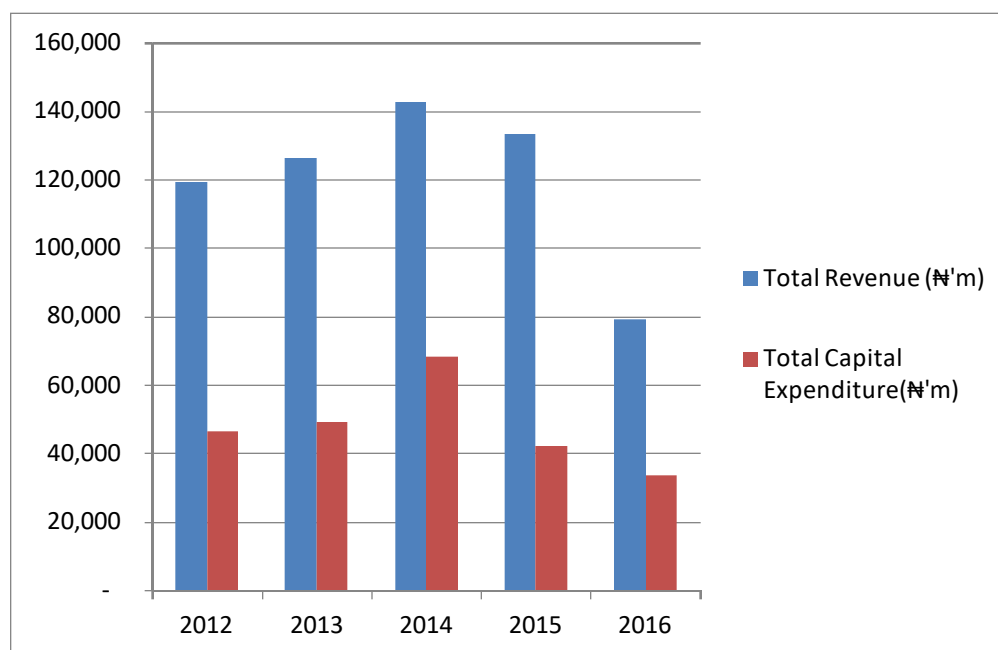


Figure 126: Comparison of Total Revenue with Total Capital Expenditure

Table 157: Analysis of Recurrent and Capital Expenditure

Year	Total Recurrent Expenditure(₦)	Total Capital Expenditure(₦)-B
2012	88,499	46,152
2013	77,619	49,247
2014	93,801	68,213
2015	93,890	42,001
2016	47,227	33,580
Grand Total	401,036	239,193

From the table above, it can be concluded that the State spent the sum of N640 billion as total expenditure from 2012 to 2016, made up of recurrent expenditure of N401 billion and capital expenditure of N239 billion.

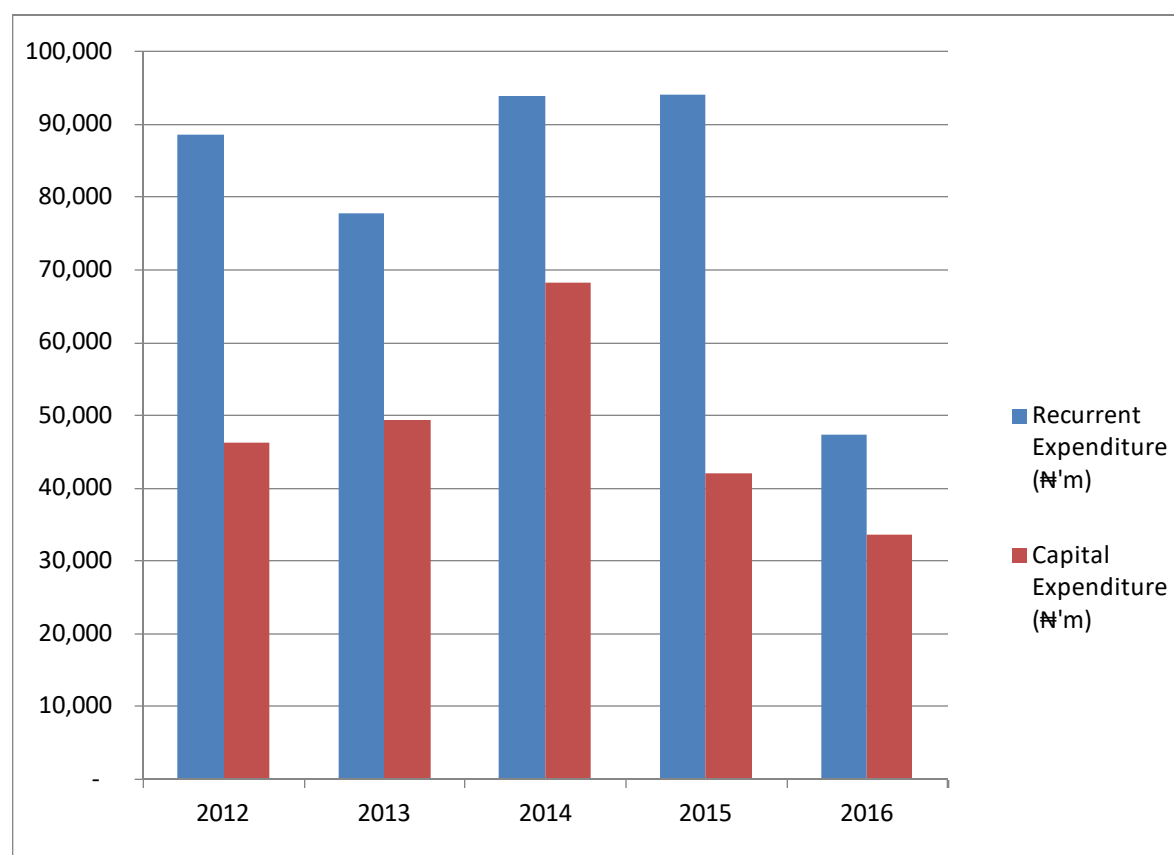


Figure 127: Comparison of Recurrent Expenditure with Capital Expenditure

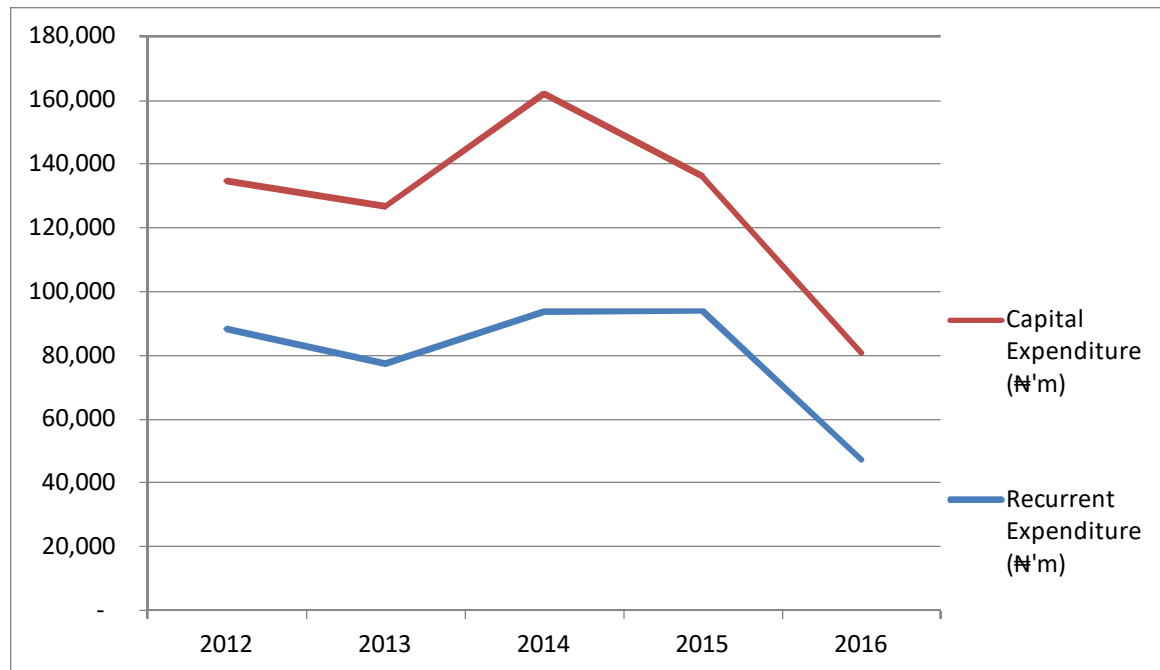


Figure 128: Trend analysis of Recurrent and Capital Expenditure

The above figure shows the trend between recurrent expenditure and capital expenditure of Imo State in the years 2012 to 2016.

5.7 KANO STATE

5.7.1 Brief History of Kano State

Kano State, created on 27 May 1967 by the Federal Military Government under General Yakubu Gowon is located in the Northern part of Nigeria. Prior to its creation, Kano was the largest Hausa Kingdom in Africa based on an ancient settlement around Dala Hill. According to the Kano Chronicle, Bagauda, a grandson of the mythical hero Bayajidda became the first king of Kano in 999AD, reigning until 1063AD. Muhammad Rumfa ascended to the throne in 1463 and reigned until 1499. During his reign, he reformed the city and played a role in the further Islamization of the city. The Hausa remained independent until the Fulani conquest of 1805 and subsequent Jihad of early 19th Century led by Fulani Islamic Leader, Usman Dan Fodio leading to the emergence of the Sokoto Caliphate.

Credited with the building of a solid foundation for the progress of this modern city-state is the first military police commissioner, Audu Bako.

Location and land mass

Kano State lies between latitude 130N in the North and 110N in the South and longitude 80W in the West and 100E in the East and covers approximately 20,877 sq km or 2.2% of Nigeria's land mass. Four States border it namely; Katsina State to the north-west, Jigawa State to the north-east, Bauchi State to the south-east and Kaduna State to the south-west, within the North West geo-political zone.

Kano, the capital of the State and seat of government, is about 840 kilometres from the edge of the Sahara lying 472.5 metres above sea level. Two prominent hills, Dala and Goron Dutse rise to the height of 453.67 and 517.59 metres respectively above sea level.

Population

Kano State is considered the most populous State in the country with an estimated current population of about 12 million, up from 2006 national census figure of 9.4 million. The State population divided between males (51%) and females (49%) and is predominantly youthful; 50% of the population is economically active and within the 15-64 year-age bracket, while 47% are below the age of 15.

The Capital of Kano State is Kano, an ancient city that is over 1000 years old. Kano State has 44 Local Government Areas mainly divided into Kano Metropolitan, Northern Kano and Southern Kano. Prominent among the local governments are Dala, Nasarawa, Gwale, Kano Municipal and Ungogo.

Commerce

The State is economically vibrant and dynamic, serving as the commercial hub of the Northern part of Nigeria. Its rich historical past and glorious culture coupled with its level of cosmopolitanism makes it one of the most important States in Nigeria.

Kano State is officially called Nigeria's Centre of Commerce, with estimated daily trade volumes of over N20 billion. The Economy of Kano is driven largely by commerce, manufacturing and subsistence agriculture (the dominant activity) with up to 70% of the population engaged directly or indirectly in it. Kano provides the bulk of Northern Nigeria's export products of groundnuts, cotton, hides and skins.

5.7.2 Kano State Revenue Summary

Table 158: Breakdown of Annual Revenue Distribution from 2012 - 2016

Annual Distribution of Total Revenue						
Year	2012 N'million	2013 N'million	2014 N'million	2015 N'million	2016 N'million	Total N'million
i FAAC						
Federal Allocation	53,987	60,895	62,843	48,421	32,334	258,480
Value Added Tax	12,993	14,635	14,358	14,133	14,884	71,003
SURE-P	2,201	4,206	4,157	-	-	10,564
Excess Crude Account	4,828	4,564	664	244	2,834	13,134
Non-Oil and Solid Mineral	-	-	794	3,856	107	4,757
Exchange Gain Differential	4,798	-	59	2,396	3,773	11,026
NNPC Refund	1,835	4,512	1,466	50	-	7,863
Augmentation	1,898	8,273	-	-	-	10,171
Other receipts	2,330	1,549	585	388	3,589	8,441
A Gross receipt from Federation Account	84,870	98,634	84,926	69,488	57,521	395,439
ii Deductions from FAAC Proceeds						
International loan	613	250	310	355	437	1,965
Local loan	2,685	1,095	1,693	933	4,245	10,651
B Loans deducted at source	3,298	1,345	2,003	1,288	4,682	12,616
C Other refunds	-	-	-	-	-	-
D Internally Generated Revenue	32,165	32,979	33,266	37,002	40,974	176,386
Other receipts						
Internal loans	-	-	-	21,000	13,986	34,986
Budget Support Facility	-	-	-	-	8,614	8,614
Aids and Grants	2,226	666	6,118	5,355	1,089	15,454
Miscellaneous	682	91	69	26	21	889
	2,908	757	6,187	26,381	23,710	59,943
E Total IGR	35,073	33,736	39,453	63,383	64,684	236,328
F Net receipts from Federation Account (A-B-C)	81,572	97,289	82,923	68,200	52,839	382,825
G Gross receipts earned by State (A+E)	119,943	132,370	124,379	132,871	122,205	631,768

'Source: Validated Template filled by Kano State Government and Annual Audited Financial Statements

Table 159: Summary of Revenue

Summary of Revenue						
	2012	2013	2014	2015	2016	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Recurrent revenue	117,035	131,613	118,192	106,490	98,495	571,825
Capital receipt	2,908	757	6,187	26,381	23,710	59,943
Total	119,943	132,370	124,379	132,871	122,205	631,768

The table above captures all sources of revenue received by Kano State Government for the period 2012 - 2016.

5.7.3 Analysis of Revenue by Sources

The total of N395.4 billion was received from the Federation Account between 2012 and 2016 while N236.3 billion was generated during the period from other sources of revenue which includes internally generated revenue, grants, subventions etc. The total revenue received by the State during the years under review amounted to N631.8 billion.

The pie charts shown below depict the various analysis of revenue received by the State on a yearly basis between 2012 and 2016:

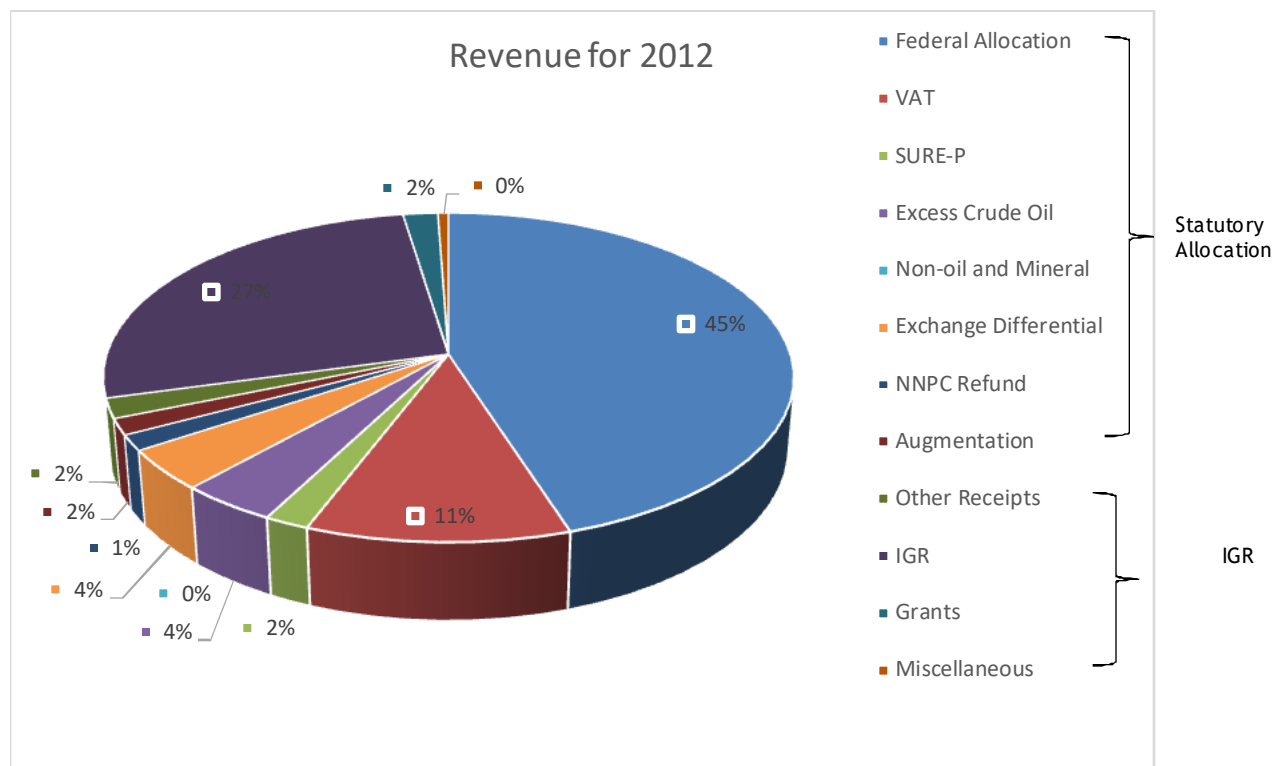


Figure 129: Total Revenue for 2012

The diagram above depicts revenue earned by the State during the year 2012. Revenue during the year was mainly Statutory Allocation received from the Federation Account amounting to N84.9 billion or 71% of total revenue while internally generated revenue amounted to N32 billion or 29% of the total revenue.

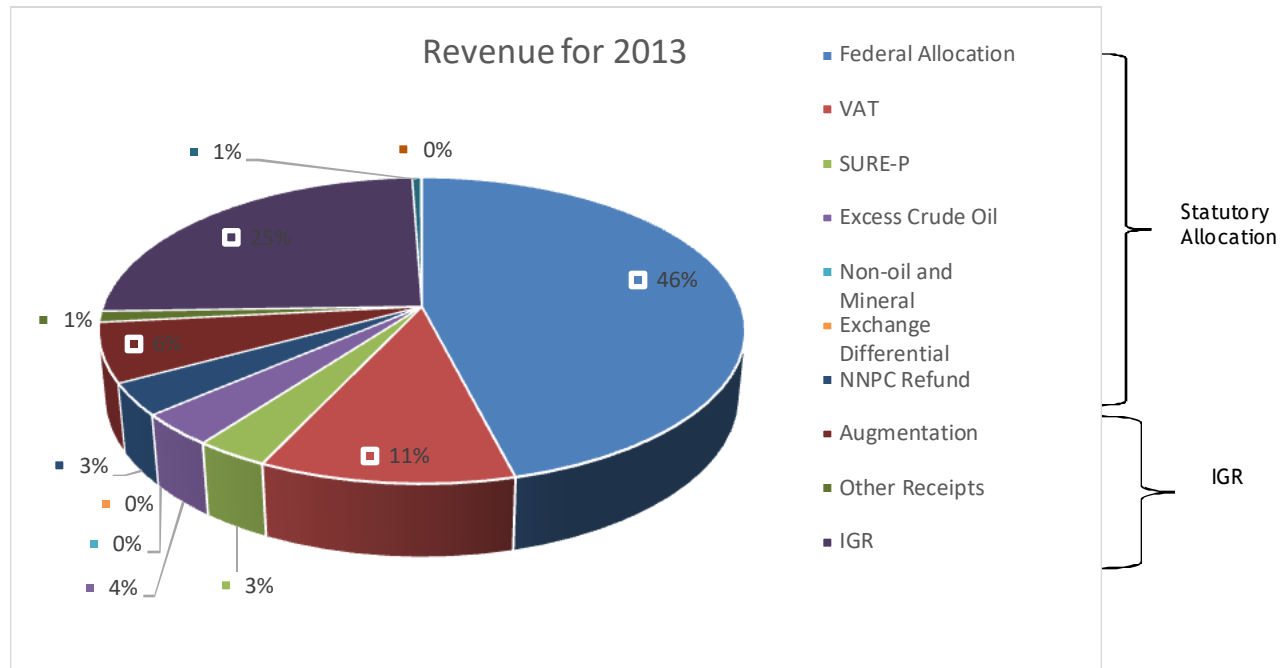


Figure 130: Total Revenue for 2013

The diagram above depicts revenue earned by the State during the year 2013. Revenue during the year was mainly Statutory Allocation received from Federation Account amounting to N98.6 billion or 74% of total revenue. Internally generated revenue amounted to N32.9 billion or 25% of the total revenue while grant received amounted to N0.67 billion representing 1% of the total revenue.

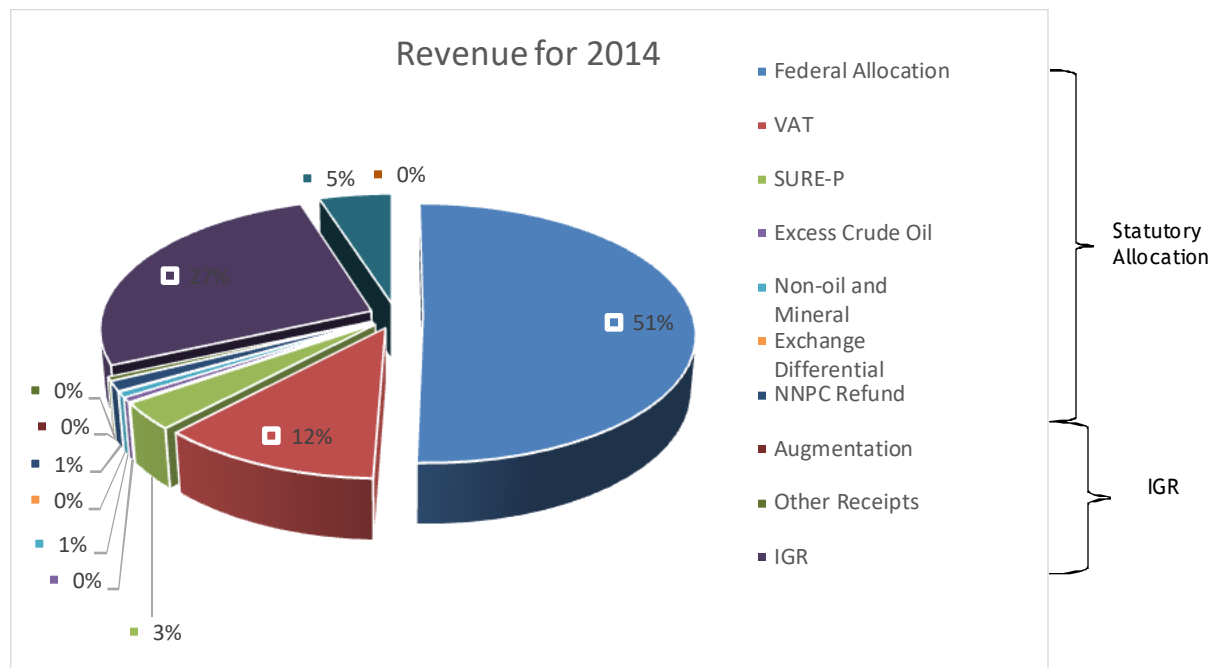


Figure 131: Total Revenue for 2014

The diagram above depicts revenue earned by the State during the year 2014. Revenue during the year was derived mainly from Statutory Allocation received from Federation Account amounting to N84.9 billion and or 68% of total revenue. Internally Generated Revenue amounted to N39 billion or 32% of the total revenue.

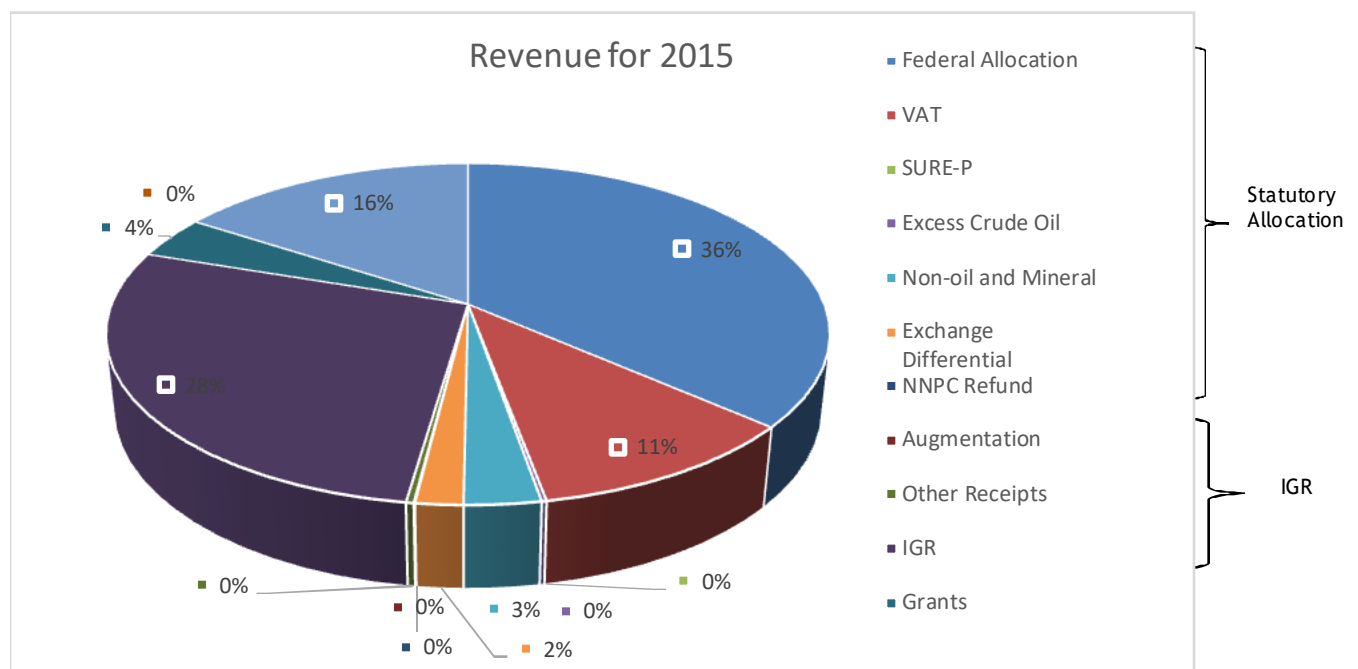


Figure 132: Total Revenue for 2015

The diagram above depicts revenue earned by the State during the year 2015. Revenue during the year derived mainly from Statutory Allocation received from Federation Account and Internally Generated Revenue. Statutory Allocation amounted to N69.5 billion or 52% of total revenue while Internally Generated Revenue amounted to N63.4 billion or 48% of the total revenue.

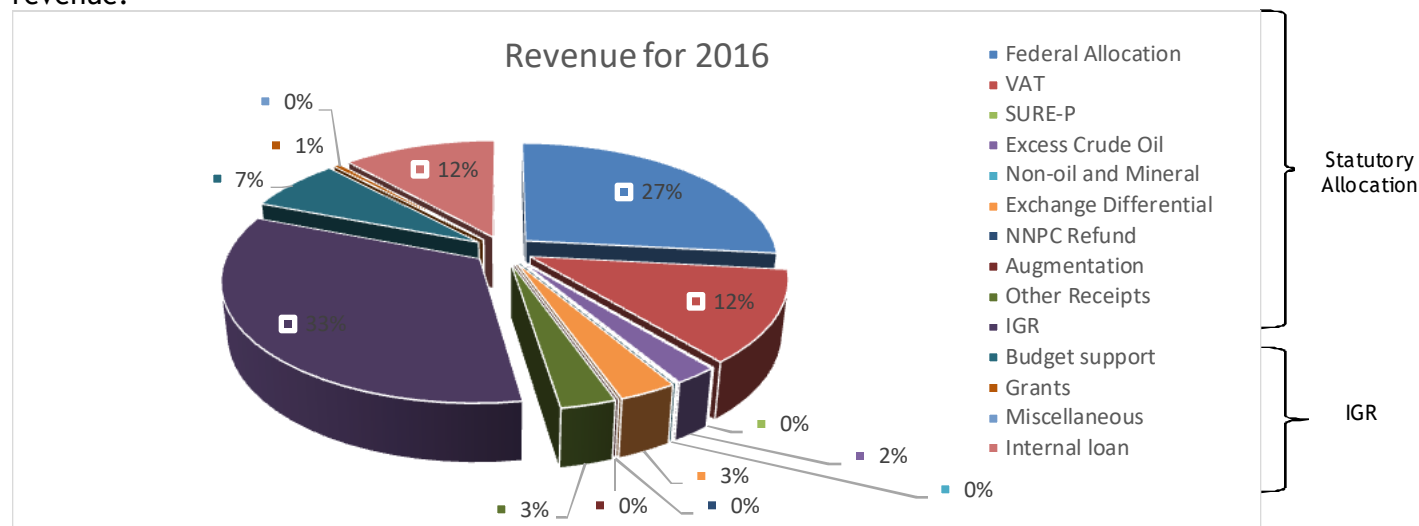


Figure 133: Total Revenue for 2016

The diagram above depicts revenue earned by the State during the year 2016. Revenue during the year derived mainly from Statutory Allocation received from Federation Account and Internally Generated Revenue. Statutory Allocation amounted to N57.5 billion or 47% of total revenue while Internally Generated Revenue amounted to N64.7 billion or 53% of the total revenue.

5.7.4 Total Recurrent Expenditure

Table 160: Recurrent Expenditure Components

Components						
	2012	2013	2014	2015	2016	Total
	N'million	N'million	N'million	N'million	N'million	N'million
Personnel Cost	27,511	38,451	33,424	37,254	36,998	173,638
Pension and Gratuity	4,138	4,157	3,787	4,604	6,744	23,430
Consolidated Revenue Fund Charge	66	66	66	60	52	310
Overhead Cost	11,460	11,429	10,810	10,547	10,600	54,846
Public Debt Charges	3,298	-	310	-	-	3,608
Recurrent Grant and Subvention	7,305	6,289	6,678	3,474	5,916	29,662
International loan Servicing	613	250	310	355	437	1,965
Local loan Servicing	2,685	1,095	1,693	933	4,245	10,651
	57,076	61,737	57,078	57,227	64,992	298,110

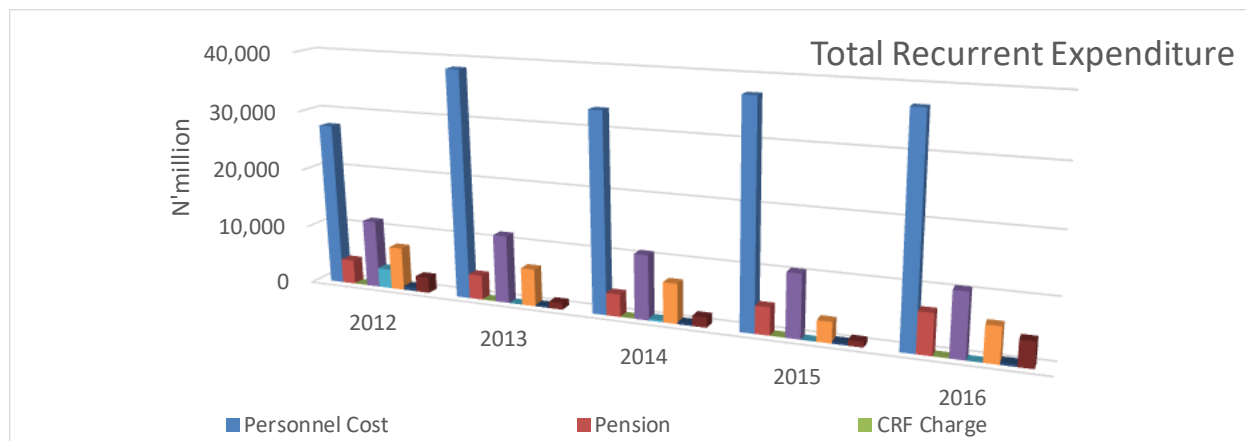


Figure 134: Composition of Kano State Recurrent Expenditure 2012 - 2016

5.7.5 Financial Review of Recurrent Expenditure

The total recurrent expenditure of the State for the period under review was N298.1 billion with 2012 accounting for 19% of the total costs. There was an increase of N4.7 billion or 8% from N57 billion in 2012 to N61.7 billion in 2013. In 2014, there was a decrease of N4.6 billion or 7.5% from N61.7 billion in 2013 to N57.1 billion in 2014. There was a slight increase of N0.1 billion or 0.2% from N57.1 billion in 2014 to N57.2 billion in 2015. Recurrent expenditure increased by N7.77 billion or 13.6% from N57.2 billion in 2015 to N64.99 billion in 2016.

Personnel Costs of N27.51 billion in 2012 increased to N38.45 billion in 2013 and subsequently decreased to N33.42 billion in 2014. It increased to N37.25 billion in 2015 and again decreased to N37 billion in 2016 to give a cumulative amount of N173.64 billion for the five years period.

Pensions and Gratuity of N4.14 billion in 2012 slightly increased to N4.16 billion in 2013 and thereafter decreased to N3.79 billion in 2014. It increased to N4.6 billion in 2015 and further increased significantly by N2.140 billion in 2016 to N6.74 billion.

Consolidated Revenue Fund Charge was steady at N66 million between 2012 to 2014 with a slight decrease to N60 million in 2015 and further decreased to N52 million in 2016. Consolidated Revenue Fund Charge was steady during the five years period reviewed.

The sum of N11.46 billion was incurred as Overhead Costs in 2012 and thereafter decreased slightly to N11.43 billion in 2013. It further decreased to N10.81 billion in 2014 and to N10.55 billion in 2015. A slight increase was experienced in 2016 to N10.6 billion.

Public Debts Charges stood at N3.3 billion in 2012 thereafter it decreased to nil balance in 2013, 2015 and 2016. It increased from nil in 2013 to N0.31 billion in 2014. A total of N3.329 billion was expended on Public Debts Charges during the years under review.

Recurrent Grants and Subvention had a decrease of N1.02 billion or 13.9% from N7.31 billion in 2012 to N6.29 billion in 2013. This slightly increased by N0.39 billion or 6.2% in 2014. In 2015 it experienced a significant decrease of N3.2 billion or 48% from N6.68 billion in 2014 to N3.47 billion in 2015. This thereafter increased significantly by N2.44 billion or 70.3% in 2016 to N5.92 billion. During the years under review, N29.66 billion was found to have been expended on recurrent grant and subvention.

5.7.6 Capital Expenditure

5.7.7 Total Capital Expenditure

Table 161: Capital expenditure sectors performance

Components						
Sectors	2012	2013	2014	2015	2016	Total
	₦'million	₦'million	₦'million	₦'million	₦'million	₦'million
Economic Sector	1,658	592	1,166	144	239	3,799
Law and Justice	260	371	51	121	110	913
Regional Development	39,922	49,237	35,359	37,225	64,063	225,806
Social Services Sector	19,348	11,735	13,342	12,068	8,579	65,072
Administrative Sector	3,156	6,026	4,548	5,340	1,420	20,490
	64,344	67,961	54,466	54,898	74,411	316,080

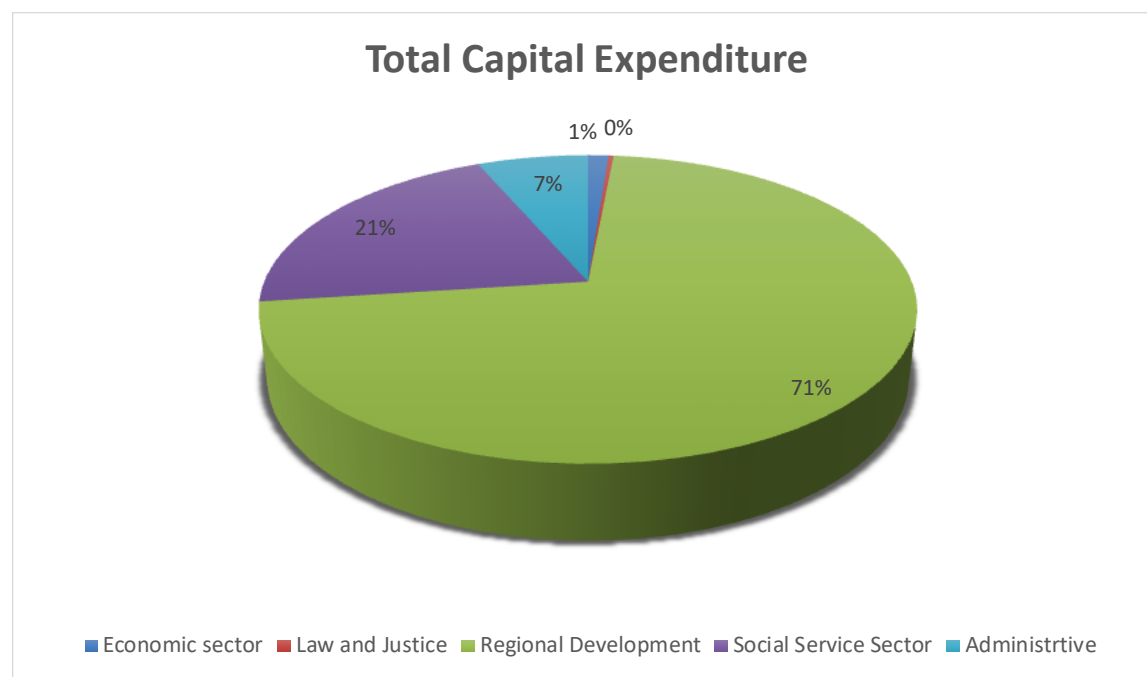


Figure 135: Kano State Total Capital Expenditure 2012 - 2016

71.44% of total capital expenditure was incurred on Regional Development sector while 20.59% was incurred on Social service sector. Next is Administrative sector, which represented 6.48% of total capital expenditure. Economic sector, Law, and Justice Sector represented 1.2% and 0.29% of total capital expenditures respectively. A total of N316.08 billion was incurred on Capital expenditure during the period under review.

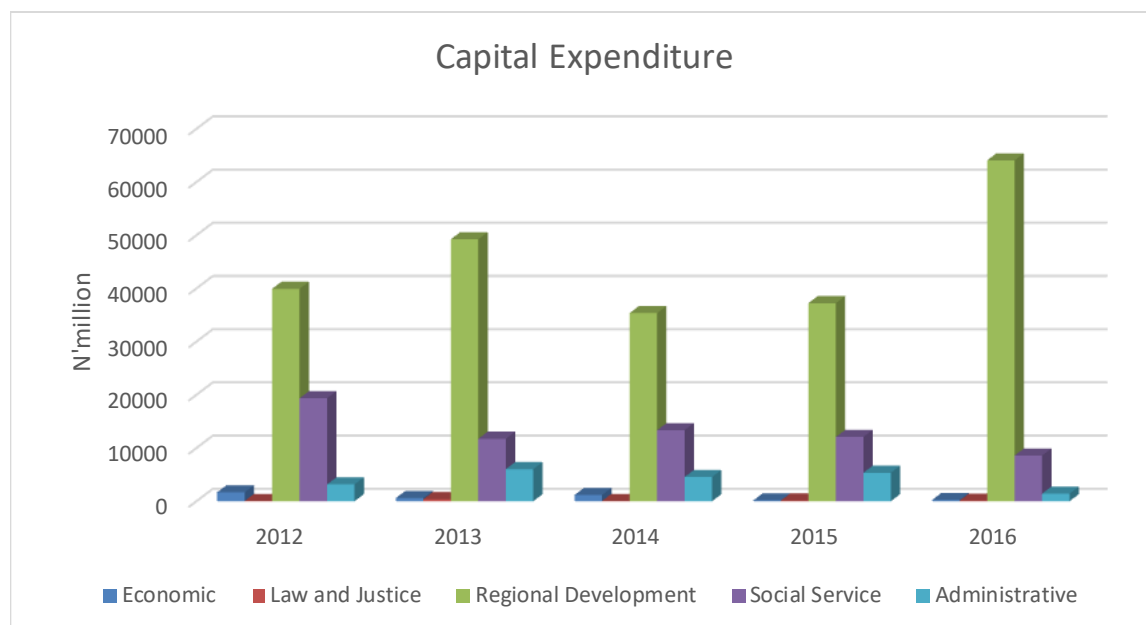


Figure 136: Components of Kano State Capital Expenditure 2012 - 2016

5.7.8 Financial Review of Capital Expenditure

The Economic Sector with N3.8billion accounted for 1.2% of the total capital expenditure during the period under review. The highest of N1.7 billion was expended in 2012 representing 43.6% of total consumption in the economic sector, followed by 2014 which consumed 30.7% while 2015 with N0.14 billion had the least consumption of 3.8%.

Law and Justice Sector increased by N0.1 billion or 42.7% from N0.260 billion in 2012 to N0.37 billion in 2013. A significant decrease of N0.32 billion was experienced in 2014 to N0.05 billion and thereafter increased to N0.12 billion in 2015. This again decreased to N0.11 billion in 2016.

Regional Development Sector had the highest capital expenditure having accounted for 71.44% of the total expenditure during the period under review. It stood at N39.922 billion in 2012 and increased to N49.237 billion in 2013. This subsequently decreased to N37.2 billion in 2015. A significant increase of N26.838billion was experienced in 2016 from N37.2 billion to N64.1 billion. A total of N225.81billion was expended on Regional Development during the period under review.

The Social Service Sector, which accounted for 20.6% of total capital expenditure was next to Regional Development Sector. The sum of N19.35 billion was incurred on this sector during 2012 which decreased to N11.74 billion in 2013. This increased to N13.34 billion in 2014 and subsequently decreased to N8.58 billion in 2016.

Administration Sector with the total cost of N20.5 billion representing 6.5% of the capital expenditure was expended during the period under review. 2013 with N6.03 billion or 29.4% got the highest capital consumption while 2016 with N1.4 billion got the lowest capital consumption.

Table 162: Total Annual Revenue (TAR) against Total Recurrent and Capital Expenditure

Year	Total Recurrent Expenditure ₦'million	% of TAR	Total Capital Expenditure ₦'million	% of TAR	Total Revenue ₦'million
2012	57,076	48%	64,344	54%	119,942
2013	61,737	47%	67,961	51%	132,370
2014	57,078	46%	54,466	44%	124,380
2015	57,227	43%	54,898	41%	132,872
2016	64,992	53%	74,411	61%	122,205
Total	298,110	47%	316,080	50%	631,769

5.7.9 Total Annual Revenue against Total Recurrent and Capital Expenditures

The above table shows the annual percentage of each category of expenditure over Total revenue from 2012 to 2016.

The year 2016 witnessed the highest recurrent expenditure consumption of 53.2% compared to the total revenue received for that year and followed by 47.6% in 2012 which amounted to N57.1 billion spent out of N119.9 billion realised for the year. In 2013, 46.6% was spent on recurrent expenditure out of annual revenue of N132.3 billion. 45.9% was spent on recurrent expenditure in 2014 out of the annual revenue of N132.8 billion while in 2015, 43.1% of total N132.9 billion was expended.

The table also illustrates the amounts expended on capital expenditures for the period under review in relation to total revenue received on annual basis. Year 2016 witnessed the highest capital consumption in relation to the revenue realised for the year with 60.9% of revenue distribution for the year as shown in the table above. Trailing 2016 was 2012 and 2013 with 53.6% and 51.3% respectively. Capital expenditure had percentage share of 43.8% and 41.3% of total revenue in 2014 and 2015 respectively. Year 2015 had the least capital consumption within the period under review.

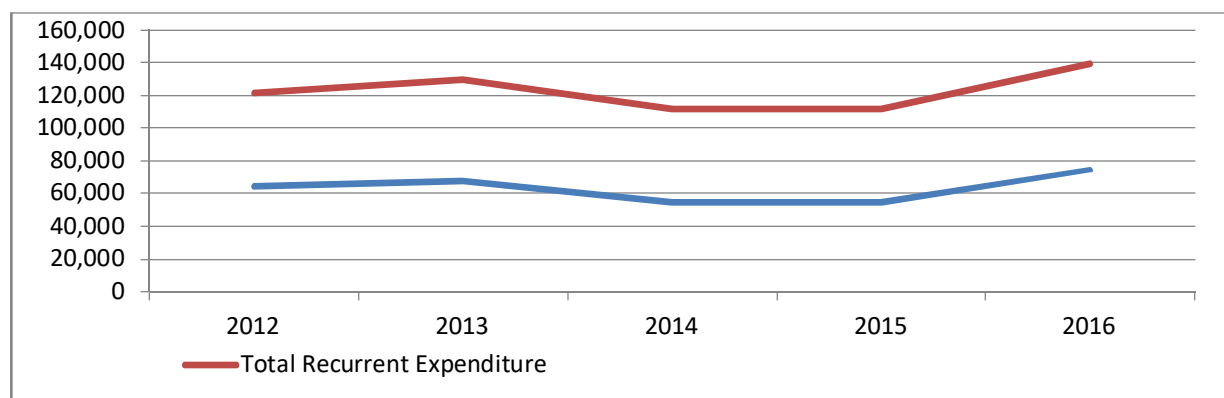


Figure 137: Trend analysis of Recurrent and Capital Expenditure

The above figure shows the trend between recurrent expenditure and capital expenditure of the State during the periods under review.

5.8 NASARAWA STATE

5.8.1 Brief History

Nasarawa State christened the “Home of solid minerals” due to the vast mineral deposits available in the State was created in 1996 by the military government of General Sani Abacha (late). The State is made up of thirteen (13) Local Government Areas and eighteen (18) Community Development Areas. The Local Government Areas are Akwanga, Awe, Doma, Karu, Keana, Keffi, Kokona, Lafia, Nasarawa, Nasarawa-Eggon, Obi, Toto and Wamba.

Location, Land Mass and Population

The State is located in the Middle-Belt region of the Country or what is known as the North-Central Geo-political zone of the Country. Its location is between Latitude 7⁰ and 9⁰ North and Longitude 7⁰ and 1⁰ East. Nasarawa State covers an area of 27,117 square kilometres approximately and has an estimated population of 1,863,275 (2006 census figures) with a population density of 65 people/ square kilometre.

Its population makes up 1.3% of Nigeria’s total population.

Main Cities and Towns

The State capital is in Lafia. It is bounded on the North by Kaduna State; North-West by the Federal Capital Territory (FCT), Abuja; North-East by Plateau State; South by Benue State; South-West by Kogi State; South-East by Taraba State.

The main cities and towns include Lafia (capital city), Akwanga, Doma, Karu, Keffi, Nasarawa, Nasarawa - Eggon, Keana, Obi, Garaku, Awe, Toto and Wamba.

Agriculture and Economy

Nasarawa State has a tropical climate and a large land mass covered by woodland savannah. This makes agriculture and farming the main occupation of the people of the State. The major crops grown in the State include yam, cassava, rice, maize, guinea corn, beans, soya beans and millet. The State is an agrarian society where animal husbandry is also a significant commercial activity. With proximity to the Federal Capital Territory (FCT), Abuja, there exists a fast moving market for the State’s agricultural crops and produce.

Solid Minerals

Several solid minerals found in the State include coal, iron ore, zinc, copper, columbite, barite and aqua-marine. The vast deposit of mineral resources found in Nasarawa State puts it on a sound economic footing, and can be properly harnessed for future economic benefits and revenue generation. The investment potentials that exist in solid mineral exploration make the state an investment destination for investors in the near future.

Efforts are in top gear to create a good industrial base. Industrialisation has encouraged the organized private sector to set up small scale industries and agro-allied ventures including: Beef Processing Industry, Masaka; Fertilizer Blending Company, Lafia; Nasarawa Packaging Company, Akwanga; Nasarawa Soap Factory, Akwanga; Sesame Cleaning Factory, Doma; Lapidary (Gemstone Cutting) Company, Nasarawa; Karu International Market, Mararaba. The

Nasarawa State Government has also taken giant steps in the direction of aggressive rural electrification.

Education

Nasarawa State has one Federal University in Lafia the capital city and one State University - Nasarawa State University, Keffi. The other tertiary institutions include Nasarawa State Polytechnic, Lafia; The Federal Polytechnic, Nasarawa; College of Education, Akwanga; College of Agriculture, Lafia; School of Nursing and Midwifery, Lafia; and School of Health Technology, Keffi. The aim of Nasarawa State Government is to invest in human resource development for the much-needed manpower. High premium is placed on education while much emphasis is centred on primary education, which is the bedrock upon which other academic structures can be built.

Tourism and Recreation

Tourist attractions in Nasarawa State include: Farin Ruwa Waterfalls; Eggon Hills and Caves; Elongated Feperuwa Lake at Assakio; Keana Salt Village; Doma Dam; Ara Rock Nasarawa; Akiri Water Spring Azara; Giza Crocodile Pond; Hunki Ox-bow Lake in Awe; Dying pits in Keffi and Lafia; Bakono Game Reserves Nasarawa.

5.8.2 Summary of Revenue

The table below shows the summary of revenue received by the State in the years 2012 to 2016.

Table 163: Summary of Total Revenue from 2012 to 2016

Year	Total Revenue(₦'m)
2012	56,540
2013	67,851
2014	53,163
2015	43,376
2016	56,872
Grand Total	277,802

Table 164: Analysis of Capital Revenue and Recurrent revenue from 2012 to 2016

Year	Recurrent revenue(₦'m)	Capital receipts (₦'m)	Total (₦'m)
2012	51,030	5,510	56,540
2013	55,673	12,178	67,851
2014	53,163	-	53,163
2015	43,376	-	43,376
2016	56,872	-	56,872
Grand Total	260,114	17,688	277,802

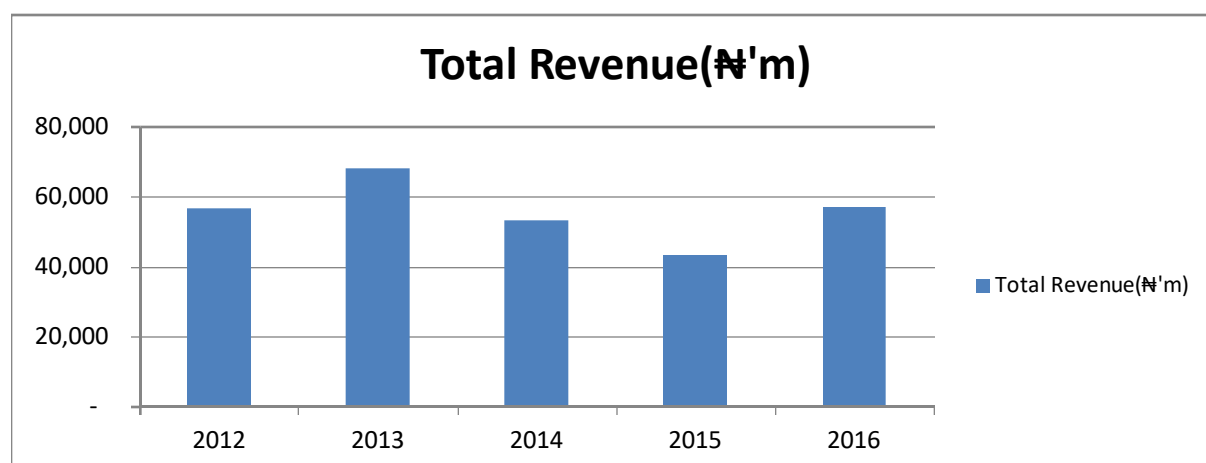


Figure 138: Total Revenue for Nasarawa State (2012-2016)

5.8.3 Distribution of Revenue 2012-2016

Table 165: Distribution Revenue 2012-2016

	2012 ₦'m	2013 ₦'m	2014 ₦'m	2015 ₦'m	2016 ₦'m	TOTAL ₦'m
Statutory Allocation	29,208	33,383	35,490	25,975	18,799	142,855
VAT	6,232	7,025	7,029	6,873	7,095	34,254
Excess Crude Account	2,199	2,532	1,499	88	1,348	7,666
Exchange gain	551	-	449	1,135	2,401	4,536
Refund from NNPC	1,034	1,033	658	83	217	3,025
Sure P	762	2,496	2,412	-	-	5,670
Stabilisation Fund	6,013	-	-	-	-	6,013
Budget Support (Augmentation)	-	4,399	363	-	4,170	8,932
ECA crude account term loan	-	-	-	-	10,000	10,000
Paris Club Refund	-	-	-	-	8,465	8,465
ICPC	-	-	93	-	-	93
Salary bail out	-	-	-	3,956	-	3,956
Special allocation	-	-	-	-	56	56
Ecological Fund	400	-	-	-	-	400
External loan	-	2,178	-	-	-	2,178
FAAC revenue (A)	46,399	53,046	47,993	38,110	52,551	238,099
Internally generated Revenue	4,632	4,806	5,170	5,266	4,321	24,195
Internal loan	10,000	440	-	-	-	10,440
Grant and Subventions	5,070	-	-	-	-	5,070
Other revenue (B)	10,142	14,806	5,170	5,266	4,321	39,706
Total revenue (A+B)	56,541	67,852	53,163	43,376	56,872	277,805

The income distribution shows that the revenue received by the State over the period under review grew by N11.3 billion or 17% from N56.5 billion in 2012 to N67.8 billion in 2013. This was due to increase in statutory allocation, augmentation received from the Federal Government and a domestic loan facility obtained during the year.

In contrast to the 2013 fiscal year, revenue decreased by 28% or N14.8 billion from N67.8 billion in 2013 to N53 billion in 2014. The decrease was because no loan facilities were obtained; while the State allocations received were also lower than 2013 fiscal year. In 2015, revenue further decreased by 22% or N9.7 billion from N53 billion in 2014 to N43.3 billion in 2015. This was as a result of a reduction in the amount received from monthly allocation, Excess crude account and other refunds from the Federal Allocation during the year.

In 2016, there was an increase in Federation allocation receipts by 24% or N13.5 billion from N43.3 billion in 2015 to N56.8 billion in 2016 resulting from increase in other receipts such as budget support and Paris club refund received during the year.

5.8.4 Revenue Distribution by Sources

The total gross receipt from the Federation Account from 2012 to 2016 was N212 billion. This comprises of Statutory Allocation, Value Added Tax (VAT), Excess crude account, Exchange gain, Refund from NNPC, Sure P, Stabilisation fund and Budget support (Augmentation). However, it excludes the other sources of revenue such as grants and subventions, internal loan, external loan, budget support, Paris club refund, salary bail out and internally generated revenue amounting to N65 billion in the years under review. The total revenue received by the State during the years under review amounted to N267 billion excluding external loan of N10 billion.

The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:

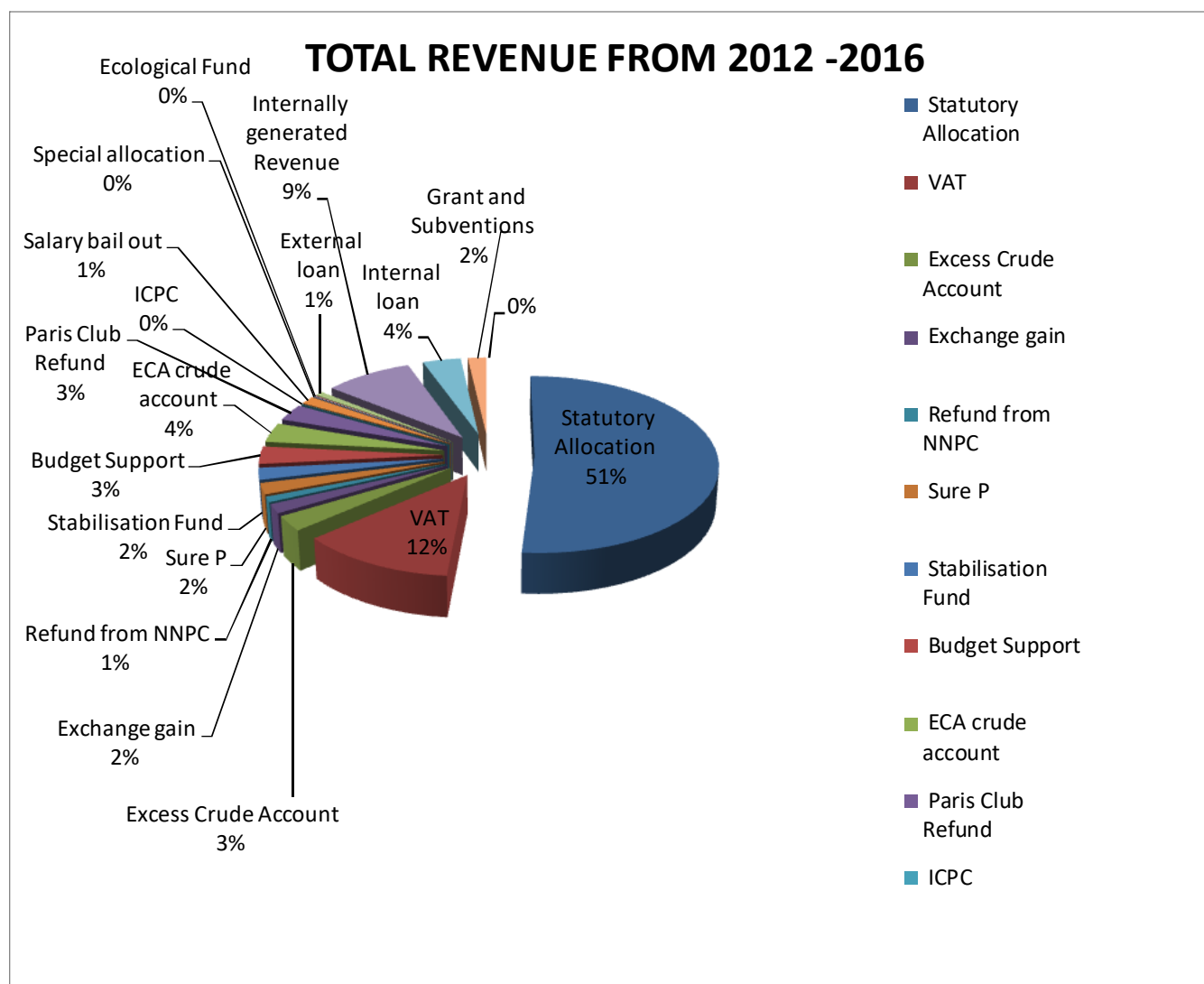


Figure 139: Percentage analysis of total revenue generated from 2012 to 2016 fiscal year

The diagram above depicts revenue earned by the State from 2012 to 2016 fiscal years. It revealed that statutory allocation from the Federation Account amounting to N143 billion formed a significant part (53%) of the total revenue while the State internally generated revenue which includes internal loan, grant and subventions amounted to N24 billion, N10 billion and N7 billion or 9%, 4% and 8% of the total revenue, respectively.

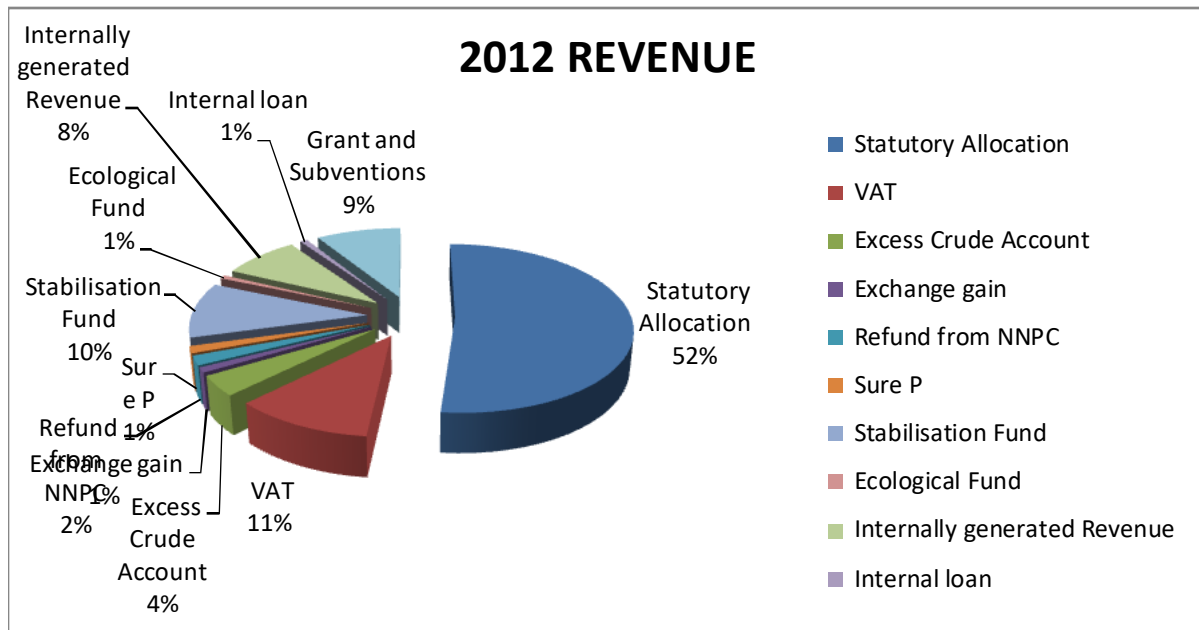


Figure 140: Total revenue received in 2012

The diagram above depicts revenues earned by the State during the year 2012. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation amounting to N46 billion representing 81% of the total revenue while State internally generated revenue amounted to N4 billion or 8% of the total revenue. Internal loans, grants, and subventions stood at N5.4 billion representing 11% of the revenue.

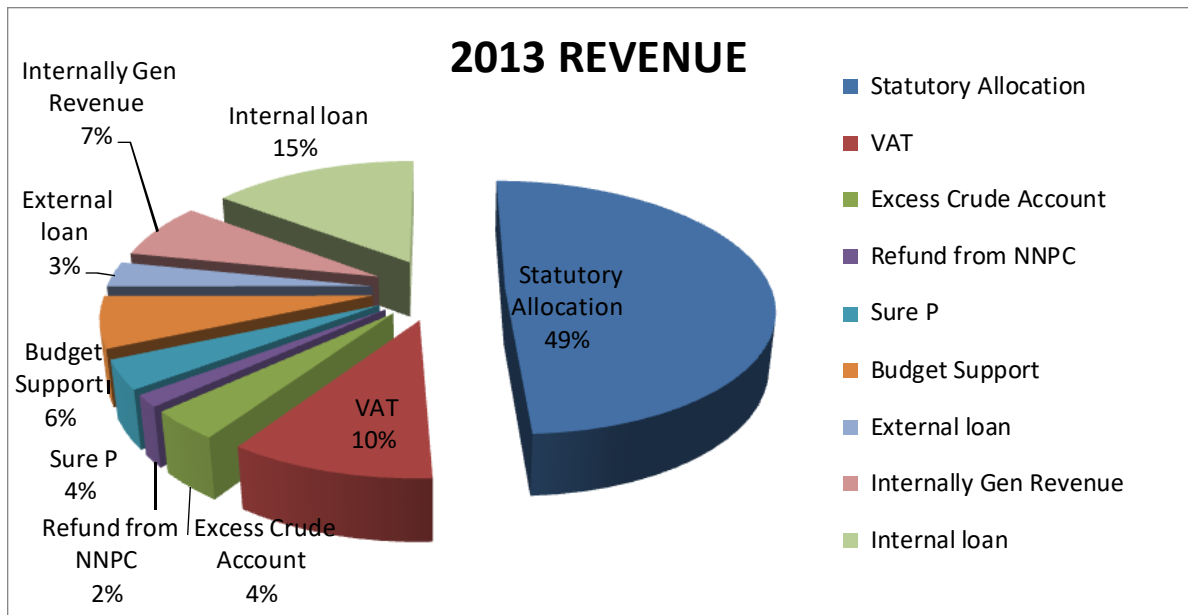


Figure 141: Total revenue generated in 2013

The diagram above depicts revenues earned by the State during the year 2013. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N33 billion or 78% of the total revenue while the State internally generated revenue was N5 billion representing 7% of the total revenue.

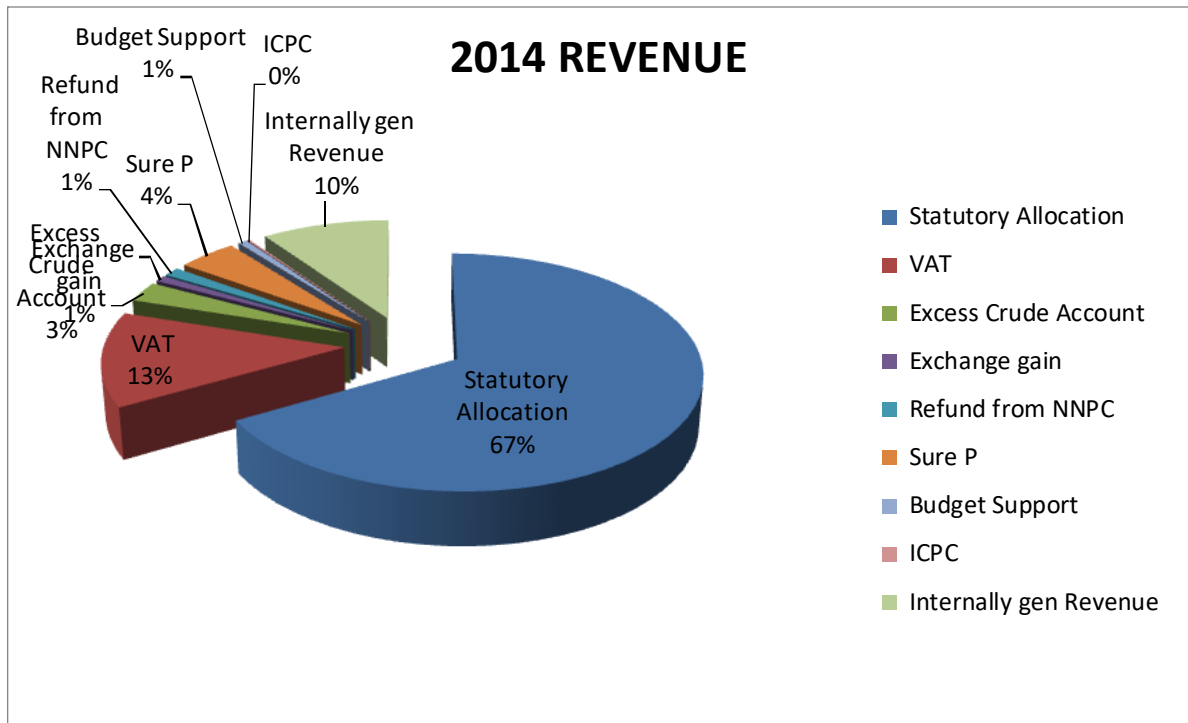


Figure 142: Percentage analysis of total revenue generated in 2014

The diagram above depicts revenues earned by the State during the year 2014. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N48 billion or 90% of the total revenue. The State internally generated revenue amounted to N5 billion and represented 10% of the total revenue.

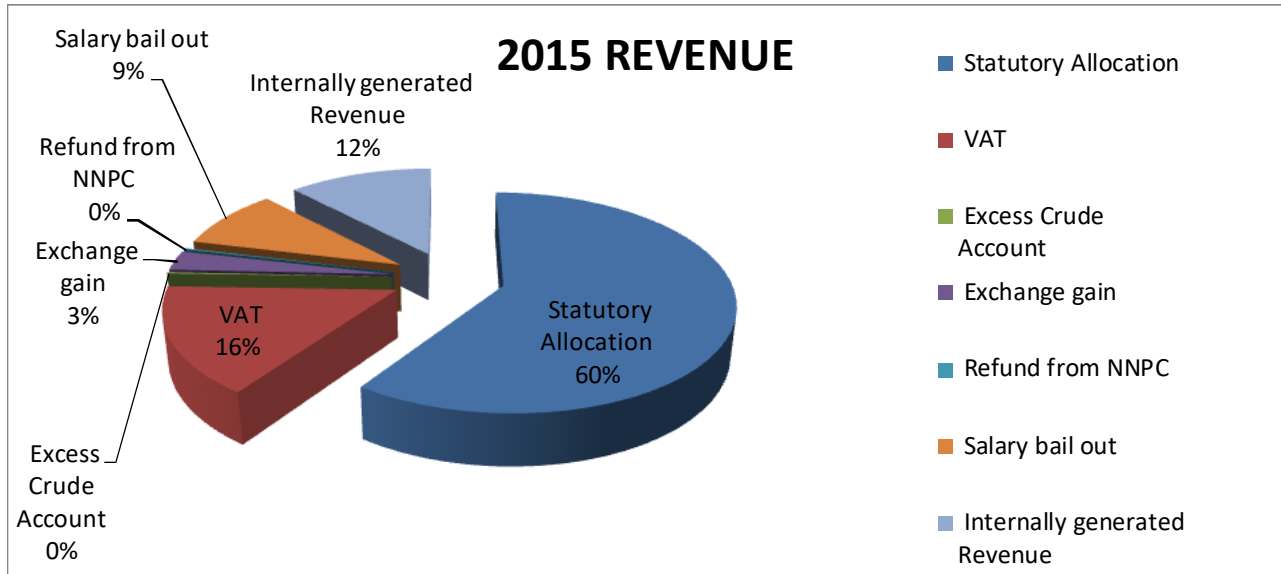


Figure 143: Percentage analysis of total revenue generated in 2015

The diagram above depicts revenues earned by the State during the year 2015. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N38 billion or 88% of the total revenue while the State internally generated revenue amounted to N5 billion or 12% of the total revenue.

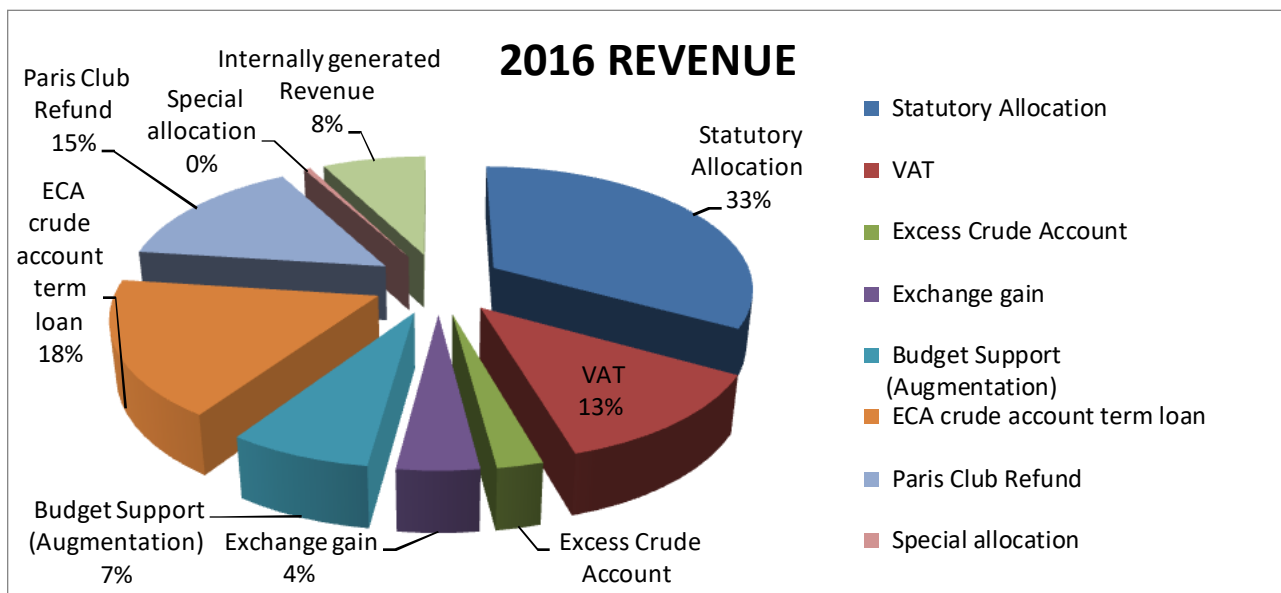


Figure 144: Percentage analysis of total revenue generated in 2016

The diagram above depicts various revenues earned by the State during the year 2016. It revealed that substantial part of the revenue earned during the year was in respect of Statutory Allocation received from the Federation Account amounting to N52 billion and represents 92% of the total revenue while the State internally generated revenue amounting to N4 billion represented 8% of the total revenue.

5.8.5 Distribution of Total Recurrent Expenditure from 2012 - 2016

The table below shows the distribution of total recurrent expenditure incurred by the State in the years 2012 to 2016.

Table 166: Summary of Total Recurrent Expenditure from 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)
2012	46,055
2013	45,749
2014	47,531
2015	37,444
2016	39,615
Grand Total	216,394

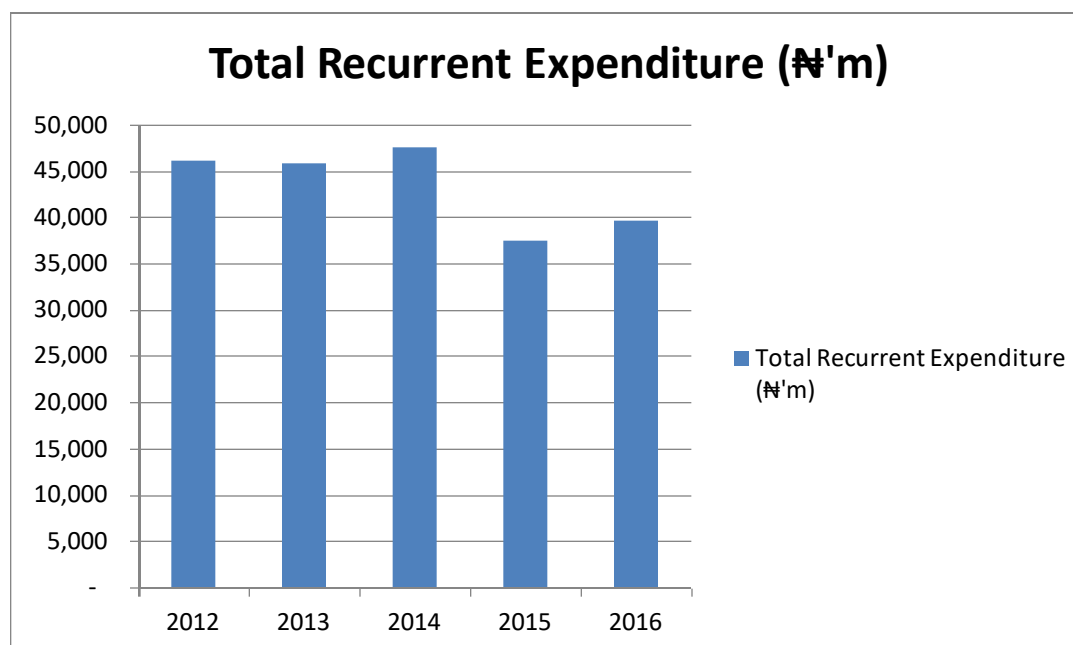


Figure 145: Distribution of Total Recurrent Expenditure for Nasarawa State (2012-2016)

5.8.6 Comparison of Total Revenue to Total Recurrent Expenditure 2012-2016

The table below compares total revenue to total recurrent expenditure of Nasarawa State between the years 2012 to 2016.

Table 167: Comparison of Total Revenue to Total Recurrent Expenditure from 2012 to 2016

Year	Total Revenue(₦)	Total Recurrent Expenditure(₦)	Recurrent expenditure as a percentage of total revenue
2012	56,540	46,055	82%
2013	67,851	45,749	68%
2014	53,163	47,531	90%
2015	43,376	37,444	86%
2016	56,872	39,615	70%
Grand Total	277,802	216,394	

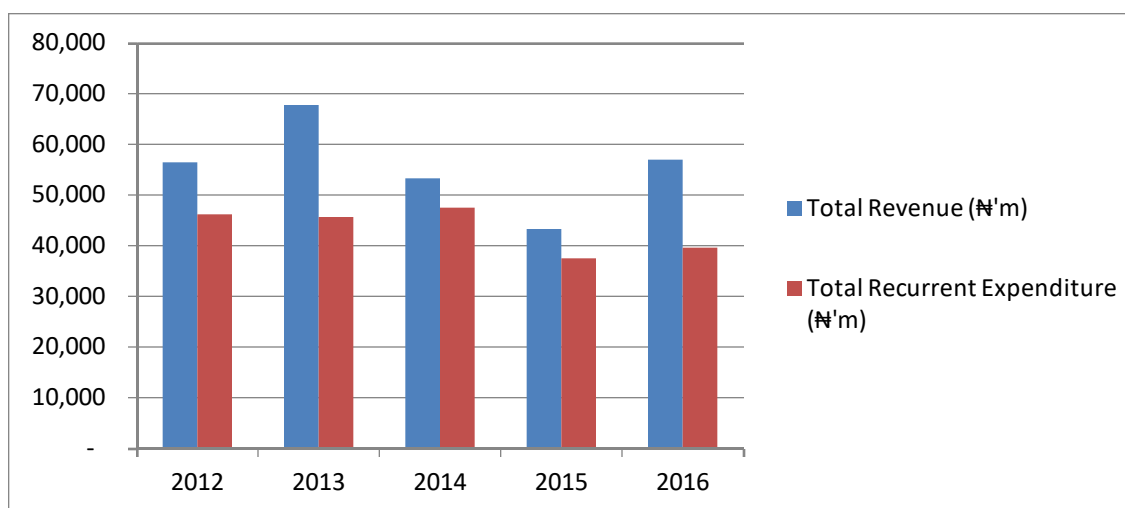


Figure 146: Comparison of Total Revenue with Total Recurrent Expenditure

Table 168: Comparison of Total Revenue with Total Recurrent Expenditure from 2012 to 2016

Year	Total Revenue(₦)-A	Total Recurrent Expenditure(₦)-B	Funds available for Capital expenditure
2012	56,540	46,055	10,485
2013	67,851	45,749	22,102
2014	53,163	47,531	5,632
2015	43,376	37,444	5,932
2016	56,872	39,615	17,257
Grand Total	277,802	216,394	61,408

The above table shows the proportion of the revenue left for capital expenditure after settlement of recurrent expenditure.

5.8.7 Financial review

- The recurrent expenditure distribution showed that the expenditure incurred by the State over the period under review decreased by N0.36billion or 1% from N46.06 billion in 2012 to N45.7 billion in 2013. This was mainly as a result of decrease in overhead costs and debt servicing charges for both local and international loans in the year.
- Recurrent expenditure also increased slightly by 3% or N1.8 billion from N45.7 billion in 2013 to N47.5 billion in 2014. This was mainly as a result of increases in debt servicing charges for both local and international loans during the year.
- Recurrent expenditure also decreased by 27% or N10.1 billion from N47.5 billion in 2014 to N37.4 billion in 2015. This was because of reduction in overhead costs during the year and a decrease in debt servicing charges.
- Recurrent expenditure increased by 6% or N2.2 billion from N37.4 billion in 2015 to N39.6 billion in 2016. The increase was as a result of contribution to Nasarawa State Universal Basic Education Board (NSUBEB) which increased from N265 million in 2015 to N4.6 billion in 2016.

5.8.8 Composition of Recurrent Expenditure

Detailed below is the composition in summary of the major components of recurrent expenditure.

Table 169: Components of Recurrent Expenditure from 2012 to 2016

Year	2012	2013	2014	2015	2016	Total
	N'm	N'm	N'm	N'm	N'm	N'm
Personnel Emoluments	13,107	11,715	15,579	12,432	10,769	63,602
Overhead Costs	10,317	12,652	9,179	7,102	10,621	49,871
Pension & Gratuities	1,630	2,299	2,252	2,582	1,591	10,354
Grants & Subventions	10,686	11,422	8,931	8,724	7,958	47,721
Local Loan Servicing	4,892	6,230	7,807	4,338	2,455	25,722
International Loan Servicing	185	145	1,009	227	208	1,774
Consolidated revenue fund charges	5,238	1,287	1,157	312	72	8,066
Contribution to NSUBEB	-	-	288	266	4,593	5,147
Transfer to sinking fund investment	-	-	1,321	1,220	1,220	3,761
Transfer to LG AS ITE EDU BIJO LTD MOF	-	-	8	241	128	377
TOTAL	46,055	45,750	47,531	37,444	39,615	216,395

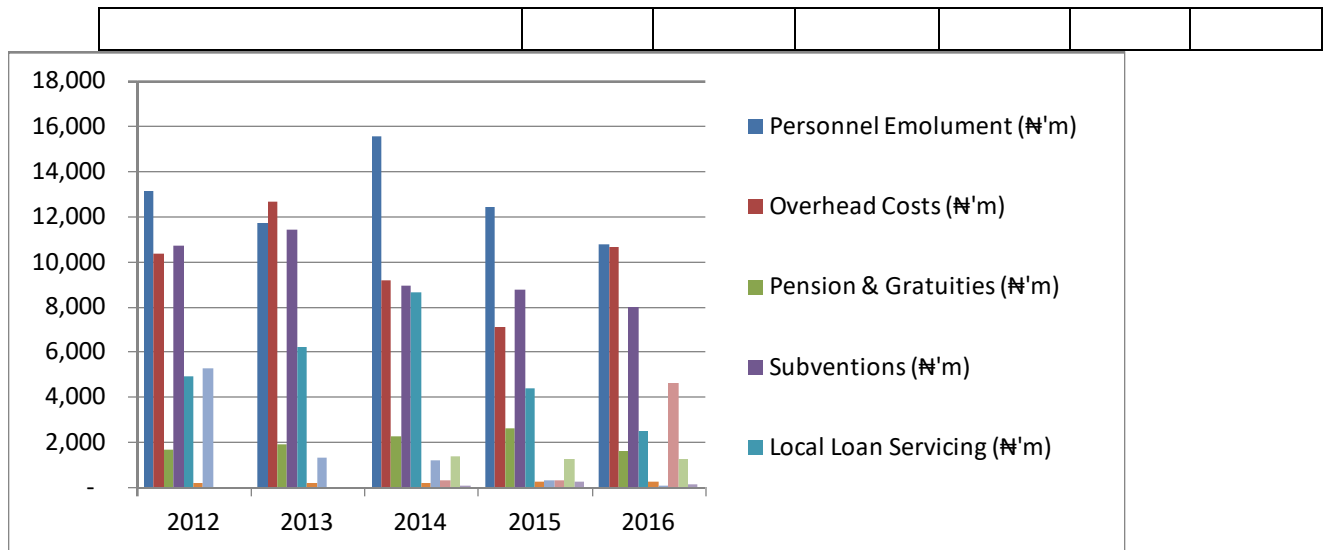


Figure 147: Distribution of Components of Recurrent Expenditure

The chart above shows the proportion of recurrent expenditure incurred during the year. Based on the above graph, it could be deduced that majority of the State's recurrent expenditure was utilized on personnel emoluments, overheads and subventions.

The pie charts below are illustrations of the fact highlighted above.

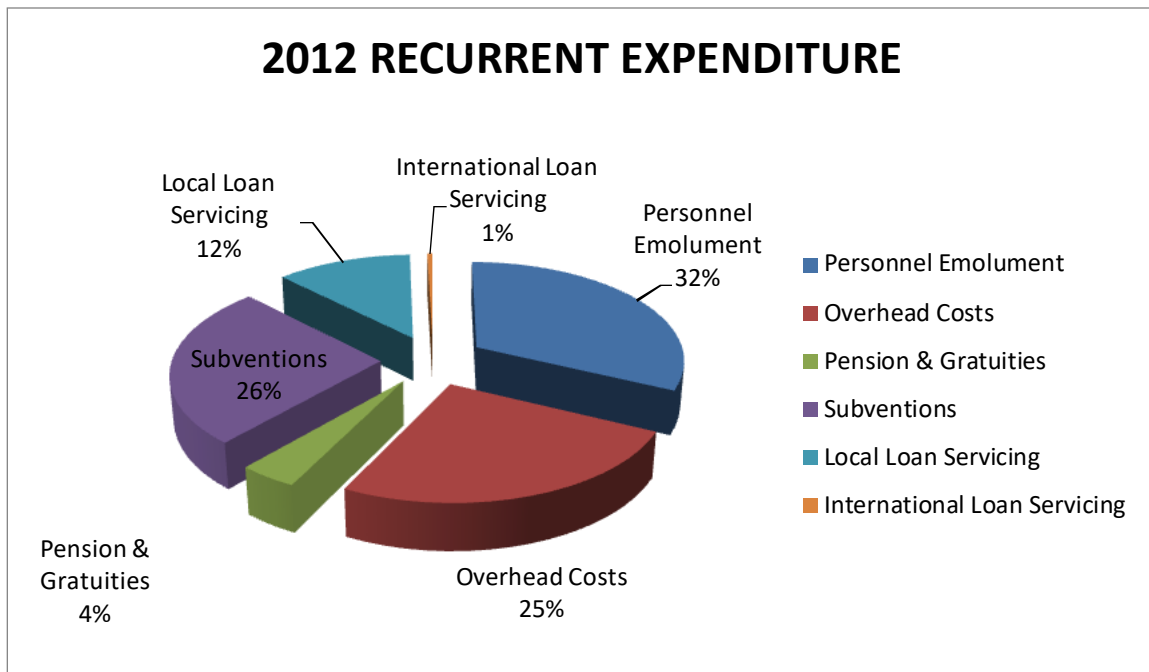


Figure 148: Percentage distribution of recurrent expenditure in 2012

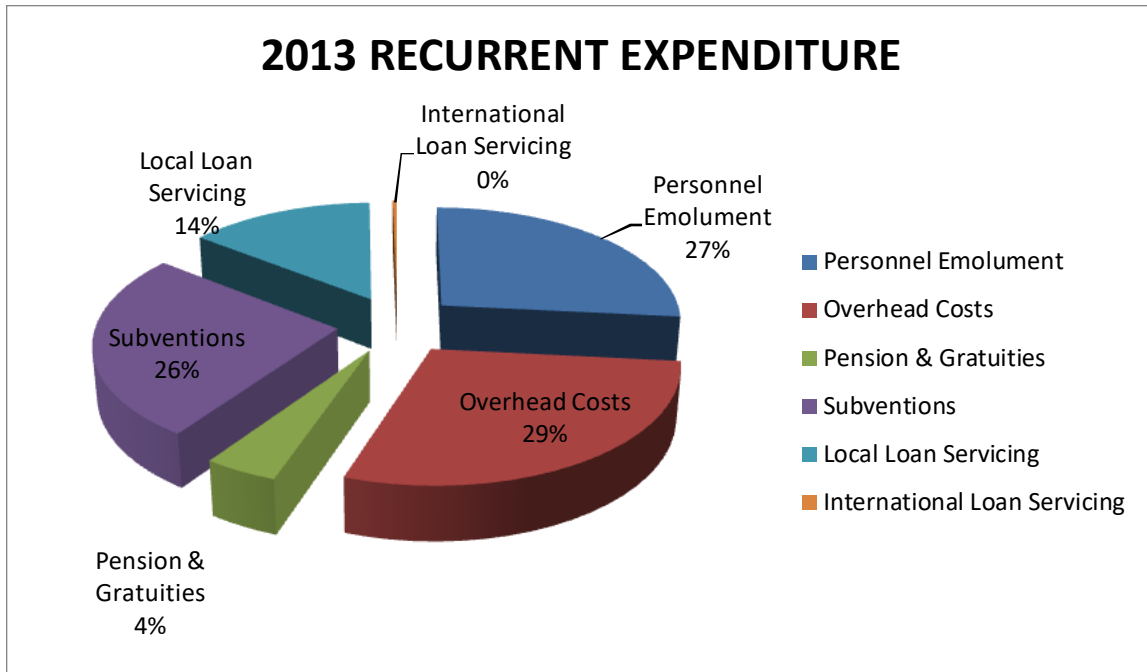


Figure 149: Percentage distribution of recurrent expenditure in 2013

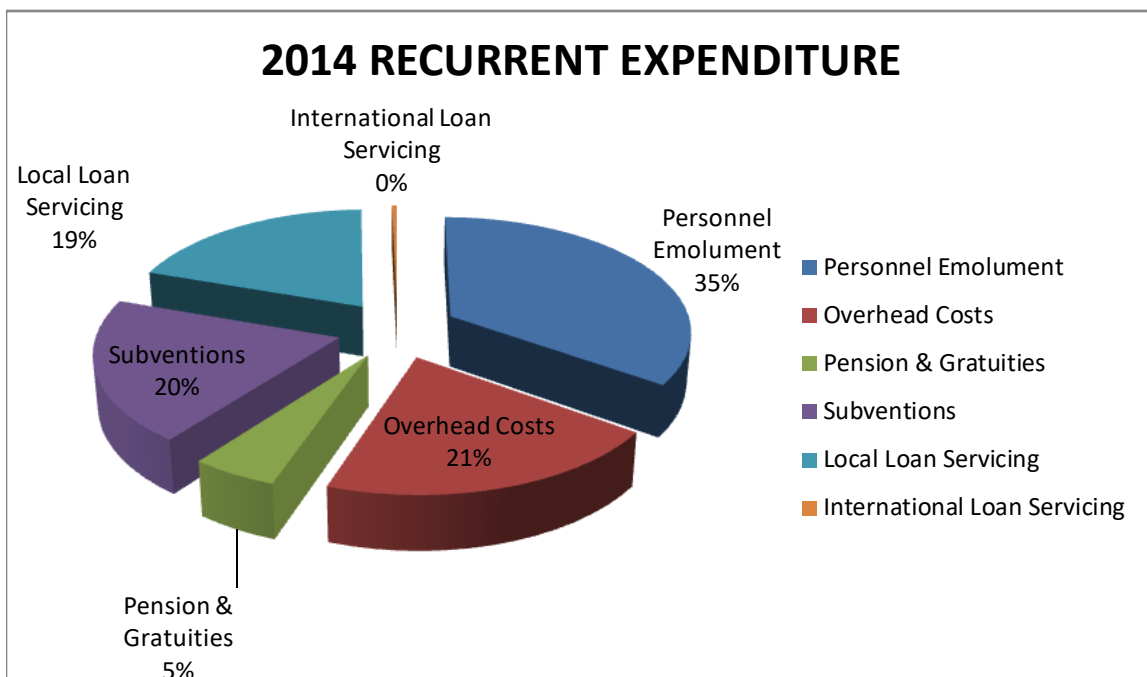


Figure 150: Percentage distribution of recurrent expenditure 2014

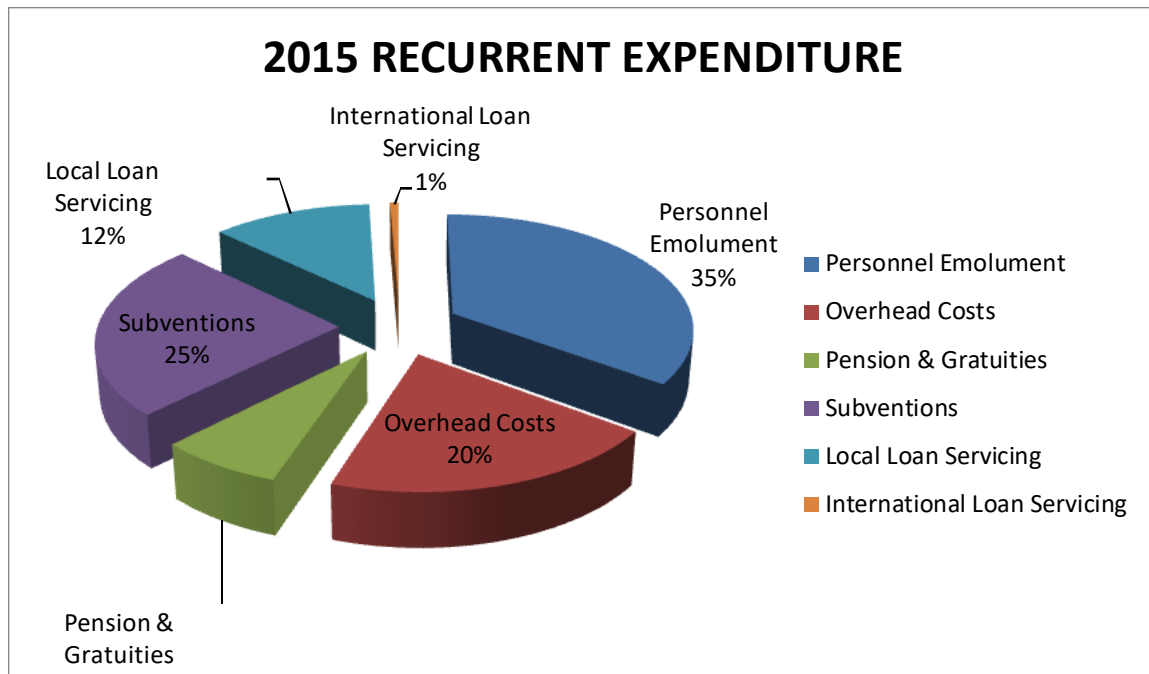


Figure 151: Percentage distribution of recurrent expenditure in 2015

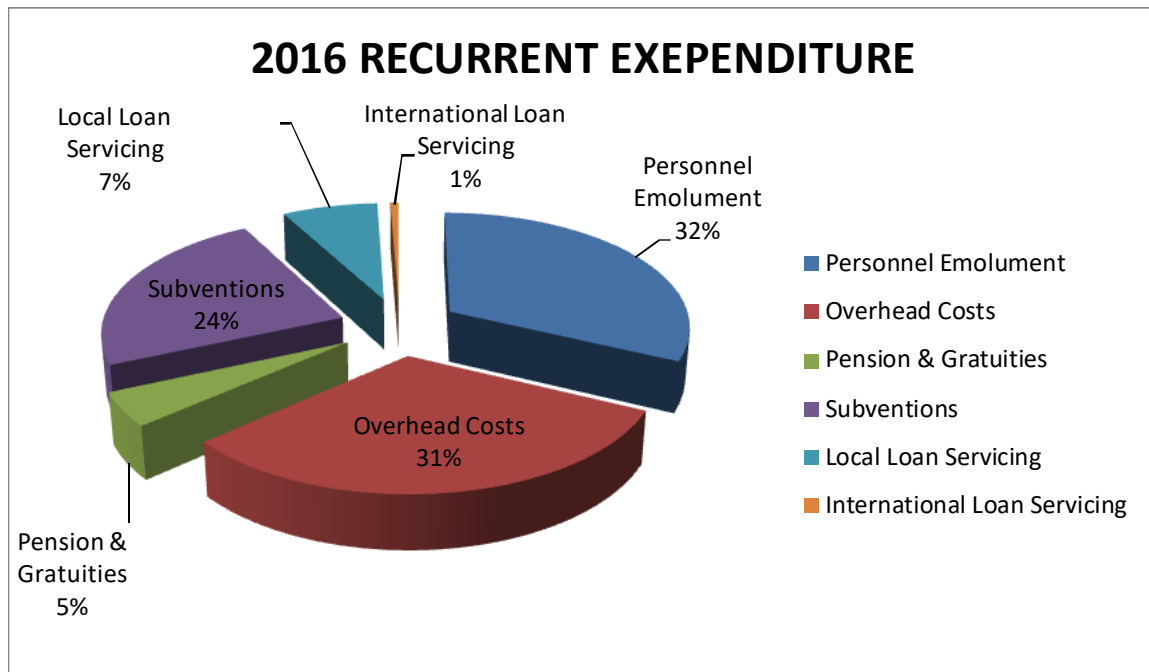


Figure 152: Percentage distribution of recurrent expenditure in 2016

The pie charts above illustrate the percentage of utilization of the government's spending on recurrent expenditure from 2012 to 2016 fiscal years. A large portion of the State's recurrent expenditure was expended on both overhead costs and personnel emoluments as seen in the pie charts of the various years.

5.8.9 CAPITAL EXPENDITURE

Capital Expenditure

Capital expenditure represents the capital outflows used for the improvements and acquisition of assets and other long-term construction for infrastructural development. The table below shows the summary of the total Capital expenditure incurred by Nasarawa State Government from 2012 to 2016.

Table 170: Summary of Total Capital Expenditure from 2012 to 2016

Year	Total Capital Expenditure(₦)
2012	11,217
2013	14,495
2014	14,133
2015	10,437
2016	14,825
Grand Total	65,107

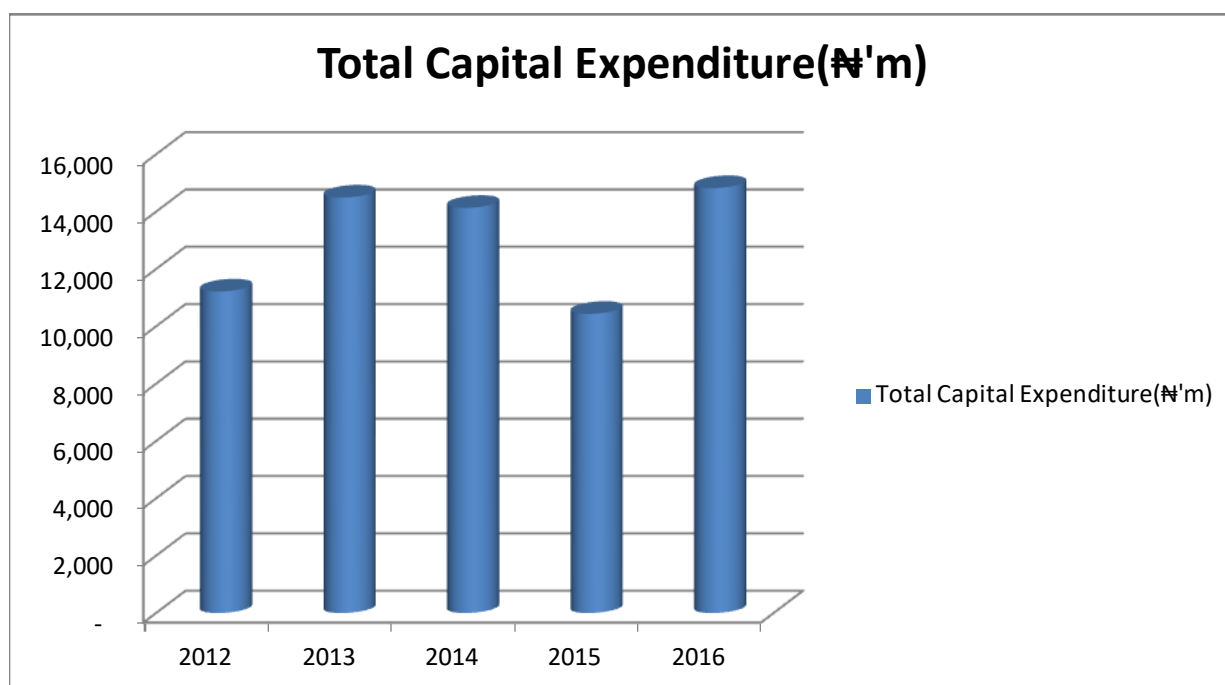


Figure 153: Distribution of Capital Expenditure from 2012 -2016

5.8.10 Sectorial Breakdown of Capital Expenditure

The table below shows the breakdown of various amounts incurred on capital expenditure between 2012 and 2016.

Sector	2012	2013	2014	2015	2016
	(₦'m)	(₦'m)	(₦'m)	(₦'m)	(₦'m)
Agriculture	207	677	276	10	4
Finance	93	1,135	306	0.26	0.17
Commerce & Industries	115	38	1,010	1,337	1,269
Transportation	1,981	3,201	1,908	2,255	4,022
Education	184	217	397	371	1,022
Health	218	298	1,183	440	870
Information & Social Development	641	4,242	6	5	283
Water resources	693	536	521	196	300
Lands, Survey & Housing	2,500	138	-	-	-
Drainages & Sewages	-	16	-	-	-
Social Community Development	2,250	1,944	6,820	5,355	6,943
Security	-	-	-	-	-
Admin Infrastructure	2,335	2,053	1,706	467	112
TOTAL	11,217	14,495	14,133	10,437	14,825

Table 171: Breakdown of Capital Expenditure from 2012 to 2016

The graph below depicts the sectorial distribution of capital expenditure between 2012 to 2016. It is evident that the State committed so much of its capital expenditure on Social community development between the period 2014 to 2016.

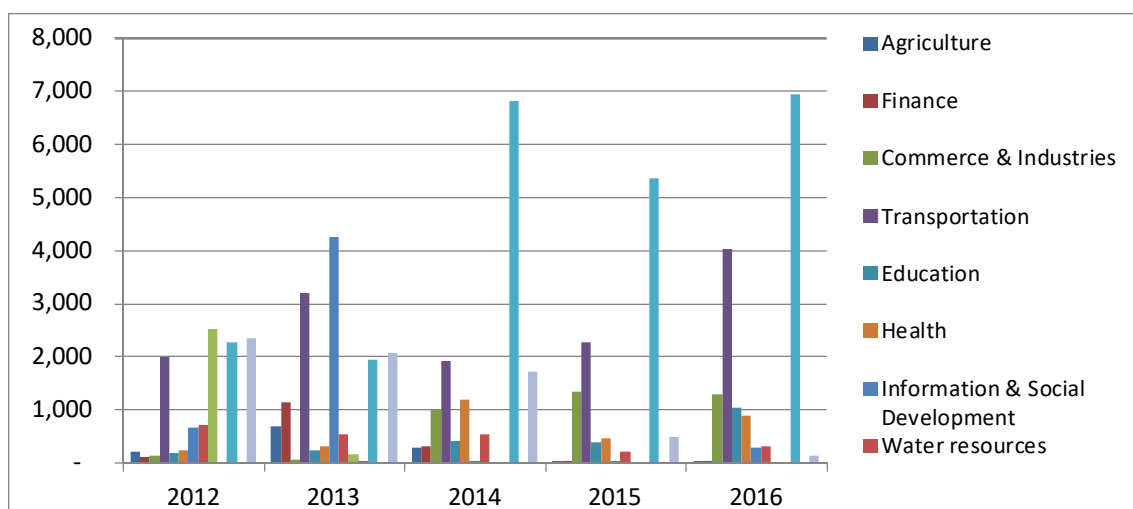


Figure 154: Sectorial Distribution of Capital Expenditure from 2012 to 2016

During the period under review, Nasarawa State expended the sum of N65 billion, on capital expenditure.

- The capital expenditure distribution showed that the expenditure incurred by the State over the period under review grew by N3.3billion or 29% from N11.2 billion in 2012 to N14.5 billion in 2013. The increase was as a result of increased expenditure on the Transportation, Land, Survey and Housing and Social Development Sectors in the year.
- Capital expenditure decreased slightly by 3% or N0.4 billion from N14.5 billion in 2013 to N14.1 billion in 2014. The sum of N6.8 billion was however incurred on Social Community Development.
- Capital expenditure decreased by 26% or N3.7 billion from N14.1billion in 2014 to N10.4 billion in 2015. The decrease was as a result of dwindling resources from the Federal Government as a result of the slump in oil prices.
- Capital expenditure increased by 42% or N4.4 billion from N10.4 billion in 2015 to N14.8 billion in 2016. This was because of increased expenditure on Transportation and Social Community Development sectors during the year.

5.8.11 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Nasarawa State between the years 2012 and 2016.

Table 172: Comparison of Total Revenue to Capital Expenditure from 2012 to 2016

Year	Total Revenue(₦)-A	Total Capital Expenditure(₦)-B	Percentage movement (B/A)
2012	56,540	11,217	20%
2013	67,851	14,495	21%
2014	53,163	14,133	27%
2015	43,376	10,437	24%
2016	56,872	14,825	26%
Grand Total	277,802	65,107	

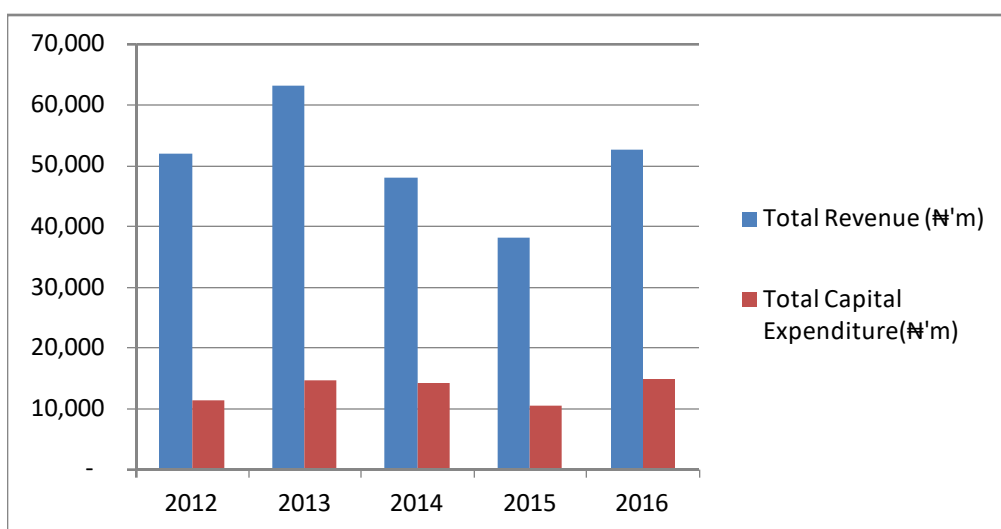


Figure 155: Comparison of Total Revenue with Total Capital Expenditure

Table 173: Analysis of Recurrent and Capital Expenditure

Year	Total Recurrent Expenditure(₦)	Total Capital Expenditure(₦)-B
2012	46,055	11,217
2013	45,749	14,495
2014	47,531	14,133
2015	37,444	10,437
2016	39,615	14,825
Grand Total	216,394	65,107

From the table above, it can be concluded that the State spent the sum of N281 billion as total expenditure from 2012 to 2016, made up of recurrent expenditure of N216 billion and capital expenditure of N65 billion.

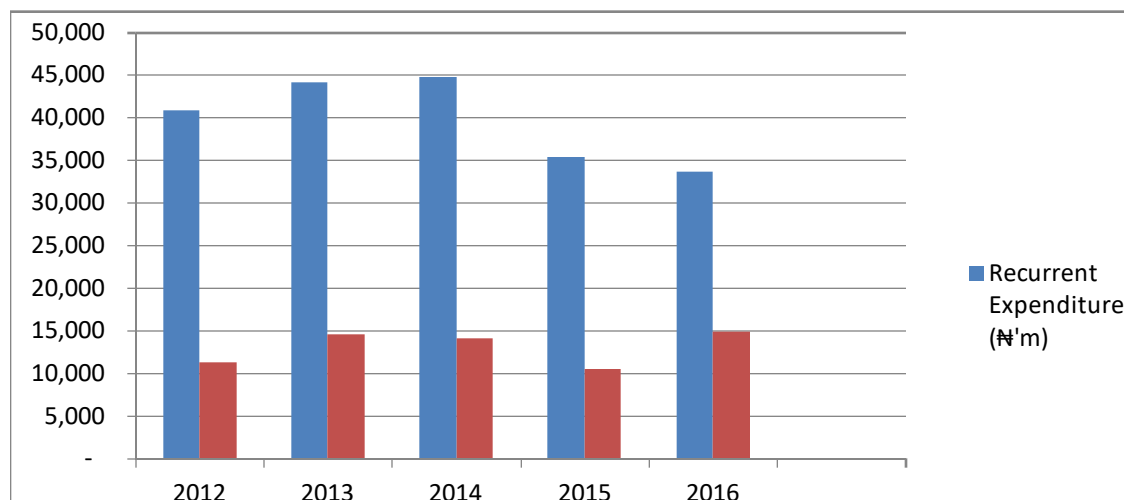


Figure 156: Comparison of Recurrent Expenditure with Capital Expenditure

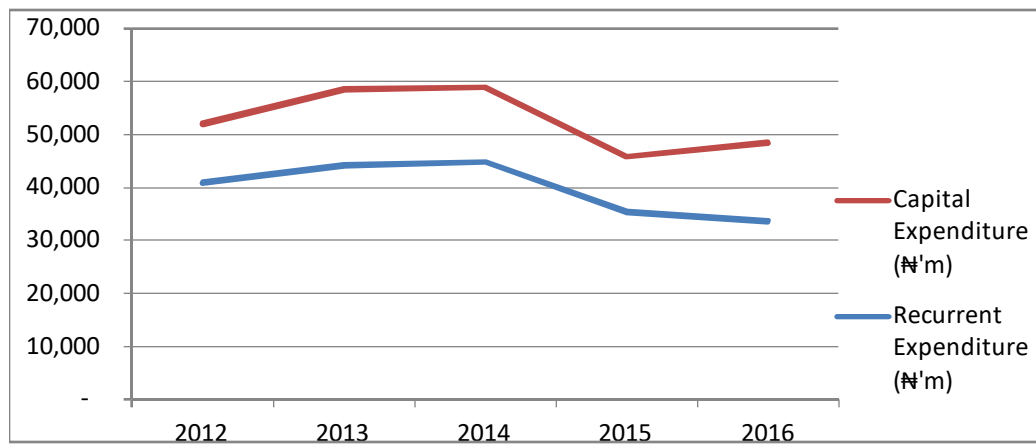


Figure 157: Trend analysis of Recurrent and Capital Expenditure

The above figure shows the trend between recurrent expenditure and capital expenditure of Nasarawa State in the years 2012 to 2016.

5.9 ONDO STATE

5.9.1 Brief History

Generally referred to as the Sunshine State, Ondo State was one of the seven States created on 3 February 1976 by General Murtala Ramat Muhammed who was the Military ruler of Nigeria from July 30, 1975 until his assassination on February 13, 1976. Created out of the old Western State, the State covered the entire area of the former Ondo Province, created in 1915 with Akure as the provincial headquarters.

Location, Land mass and Population

Ondo state is located at 7°05' 35.38"N latitude and 4°50' 7.01" E longitude. It also has a land area of 15820km² and has a total population of about 4 million with a population density of 221/square kilometre. The State has the longest coast line in Nigeria of ninety kilometres (90km) demonstrating a huge potential for beach resort based tourism.

Main Cities and Towns

The State capital is in Akure and its motto is "Sunshine State". The major cities and towns include Ondo, Owo, Ikare, Akure, Idanre, Ilaje, Odigbo, Okitipupa, Oka, Irele, Oke-Igbo, Ese Odo, Ifedore and Ose.

Occupations

Agriculture (including fishing) constitutes the major occupation of the people of the State with large scale production of Cocoa, Palm produce and Rubber. Other crops like Maize, Yam and Cassava are produced in large quantities. Major industries in Ondo State include Nigeria/Romania Wood Industries in Ondo, the Okitipupa Oil Palm Mill, Alpha Industries, Arigidi-Akoko, Catalytic Cocoa Processing Plant, Idanre, Ondo State Asphalt Company, Aponmu, Cassava Foods Company, Ikoya, Tomato Paste Factory, Arigidi, Oluwa Glass Company, IgboKoda and the Premier Metal Industry, Ondo.

Education

In pursuit of academic excellence, the following higher institutions have been established overtime within the State:

- Adekunle Ajasin University, Akungba Akoko.
- Adeyemi University of Education, Ondo
- Achievers University, Owo
- Elizade University, Ilaramokin
- Federal University of Technology, Akure.
- National Open University of Nigeria, Oke Aro Road, Akure
- Rufus Giwa Polytechnic, Owo
- University of Medical Sciences, Ondo
- Wesley University, Ondo

Commerce

Ondo State's economy that is the 13th largest in Nigeria is dominated by Oil & Gas and cash crop production, which jointly account for 90% of its Gross State Product (GSP). Ondo State

has been the largest Cocoa producer within the Country considering its contribution of over 40% of all cocoa export in Nigeria.

Solid Minerals Development

The mineral resources available for commercial exploration and exploitation within Ondo State include: Crude oil, Natural gas, Bitumen, Limestone, Kaolin, Granite, Silica Sand, Ball clay, Salt etc. Ondo State is notably one of the nine (9) oil producing states in Nigeria and it has one of the largest bitumen deposits in the world. Current efforts by the state, in partnership with the Federal Ministry of Mines and Steel Development and private sector investors, have led to the issuance of four bitumen exploration/exploitation licences to the state. Ondo accounts for 12% of national crude oil reserves with potential for oil and gas production, modular refineries and product marketing. Besides having one of the world's largest bitumen deposits and also producing 12% of the country's crude oil, Ondo state also holds pure deposits of Beach Sand Silica considering its ninety kilometre (90km) coastline. The State is willing to collaborate with private investors to utilise its ample natural resources thereby aiding its growth and that of the country.

5.9.2 Summary of Annual Distribution of Total Revenue

The table below shows the total revenue received by Ondo State during the years 2012 to 2016.

Table 174: Summary of Annual Distribution of Total Revenue from 2012 to 2016

Year	Total Revenue(₦'m)
2012	130,444
2013	107,683
2014	104,047
2015	71,885
2016	67,877
Grand Total	<u>481,936</u>

The total revenue received by the State during the years under review is broken down as follows:

Table 175: Components of Total Revenue from 2012 - 2016

	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	TOTAL N'm
Statutory Allocation	31,973	36,053	35,824	26,201	19,437	149,488
VAT	7,697	8,430	8,313	8,234	8,513	41,187
Excess Crude Oil Account	12,869	11,184	2,184	223	3,862	30,322
Exchange gain	801	-	403	2,090	4,552	7,846
Refund from NNPC	1,622	1,778	610	92	-	4,102
SURE P	3,067	4,761	4,771	-	-	12,599
Budget augmentation	-	4,533	66	-	-	4,599
External loan	27,000	7,398	763	2,350	3,609	41,120
Solid Mineral Derivation	<u>20,010</u>	<u>24,251</u>	<u>24,448</u>	<u>14,718</u>	<u>10,856</u>	<u>94,283</u>

FAAC revenue (A)	105,039	98,388	77,382	53,908	50,829	385,546
Internally generated revenue	11,639	7,519	10,033	9,582	8,181	46,954
Internal loan	11,234	-	7,637	8,395	253	27,519
Budget support	-	-	-	-	8,614	8,614
Grant and subventions	1,299	1,000	-	-	-	2,299
Miscellaneous	-	-	8,845	-	-	8,845
Dividend & Interest received	1,233	776	150	-	-	2,159
Other revenue (B)	25,405	9,295	26,665	17,977	17,048	96,390
Total revenue (A+B)	130,444	107,683	104,047	71,885	67,877	481,936

Source: Populated template and audited financial statements (2012 to 2016)

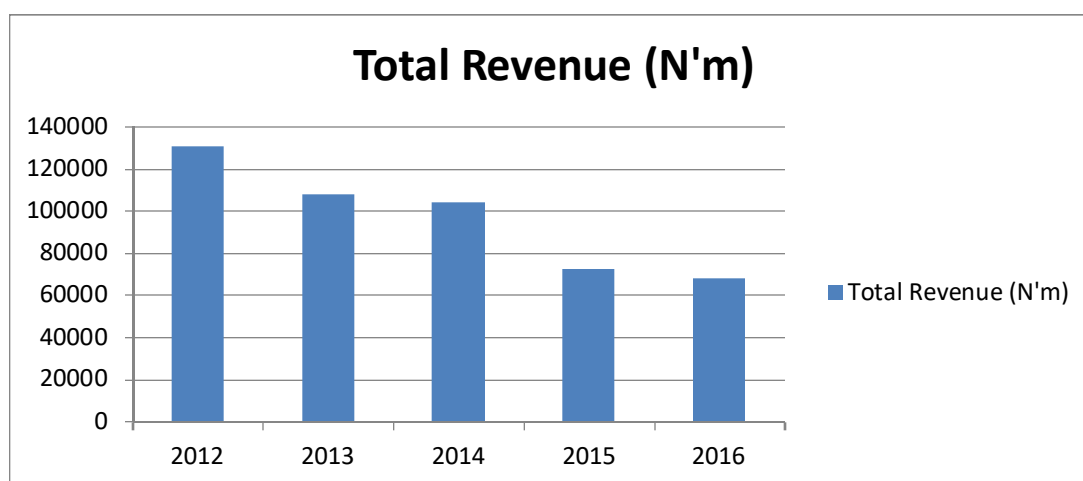


Figure 158: Total Revenue (2012 to 2016)

5.9.3 Analysis of Revenue Distribution by Sources

The total gross receipts from the Federation Account from 2012 to 2016 was N386 billion. Other forms of revenue generated comprise of grants and subventions, internal loans, budget support, dividend and interest received on investments and internally generated revenue amounting to N97 billion in the years under review. The total revenue generated by the State during the years under review amounted to N483 billion.

The pie charts shown below depict the various analysis of revenue generated by the State on a yearly basis from 2012 to 2016:

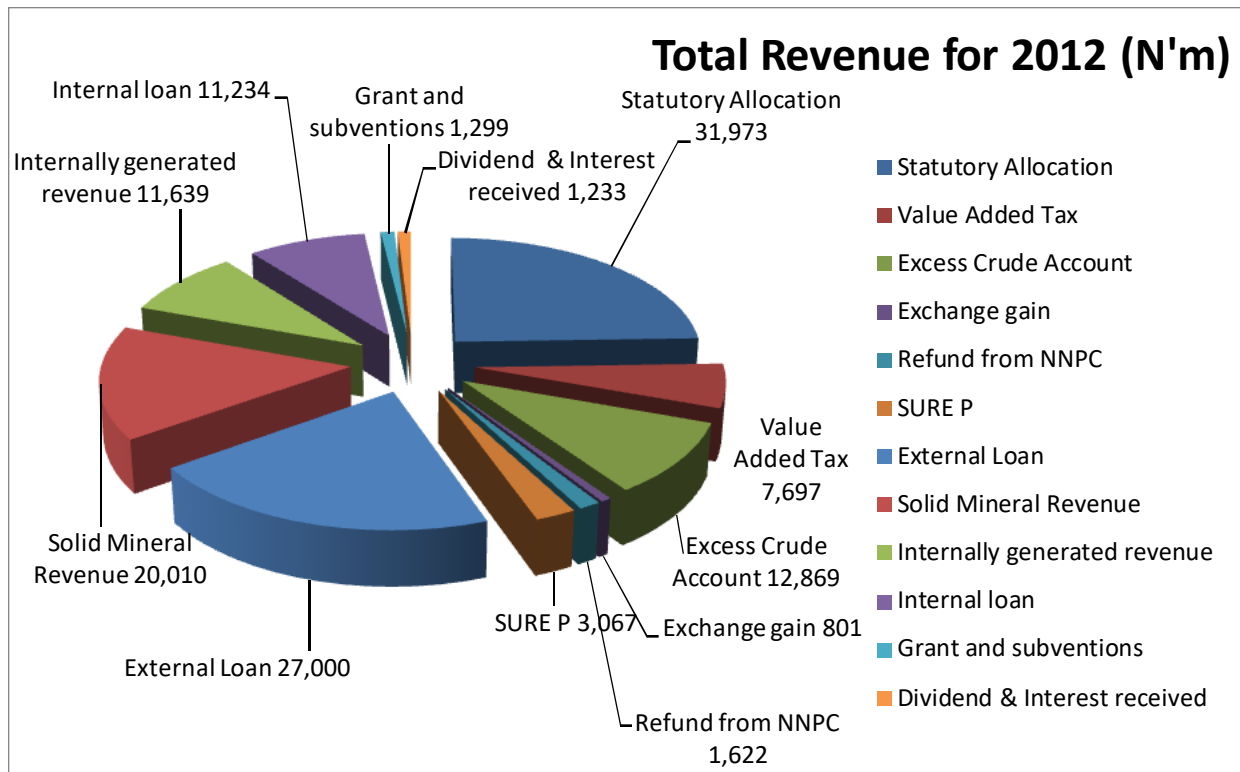


Figure 159: Total Revenue for 2012

The diagram above depicts various revenues earned by the State during the year 2012. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N105 billion or 81% of the total revenue. The State generated internal revenue of N12 billion or 9% of total revenue, while the internal loan received stood at N11 billion or 9% of the total revenue. Grants and subventions received during the year was N1 billion or 1% of the total revenue while dividend, interest received on investments and fixed deposits amounted to N1 billion or 1% of the total revenue. The external loan obtained by the State during the year amounted to N27 billion or 21% of the total revenue.

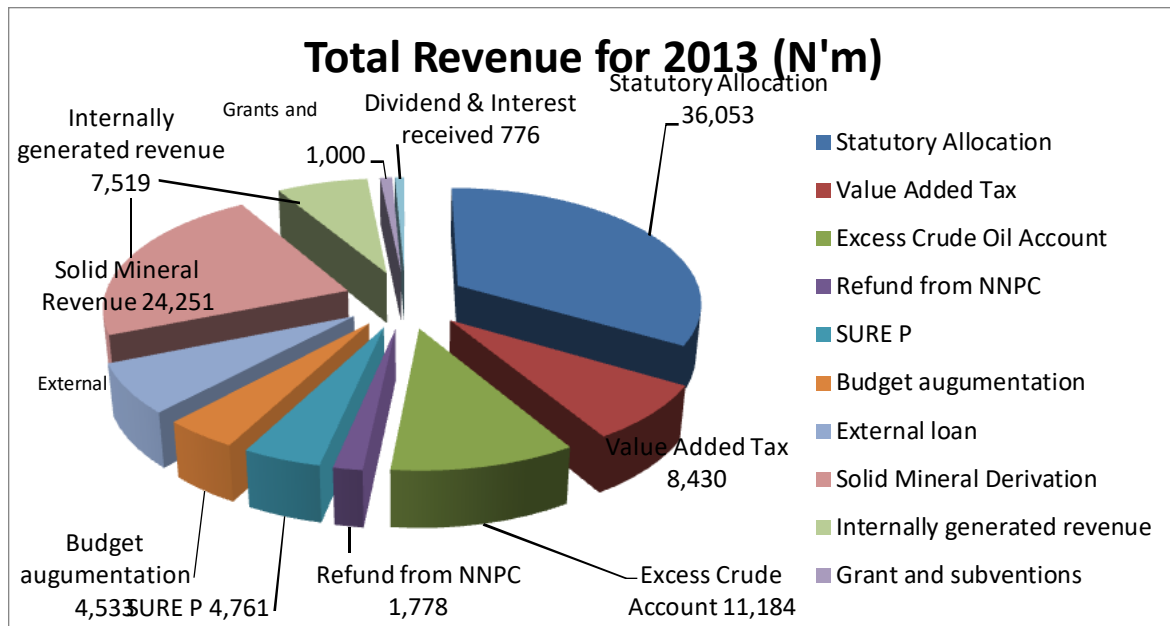


Figure 160: Total Revenue for 2013

The diagram above depicts various revenues earned by the State during the year 2013. The review revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N98 billion or 92% of the total revenue. The State generated internal revenue of N8 billion representing 8% of the total revenue. Dividend and interest received on investments and fixed deposits amounted N776 million representing 1% of the total revenue.

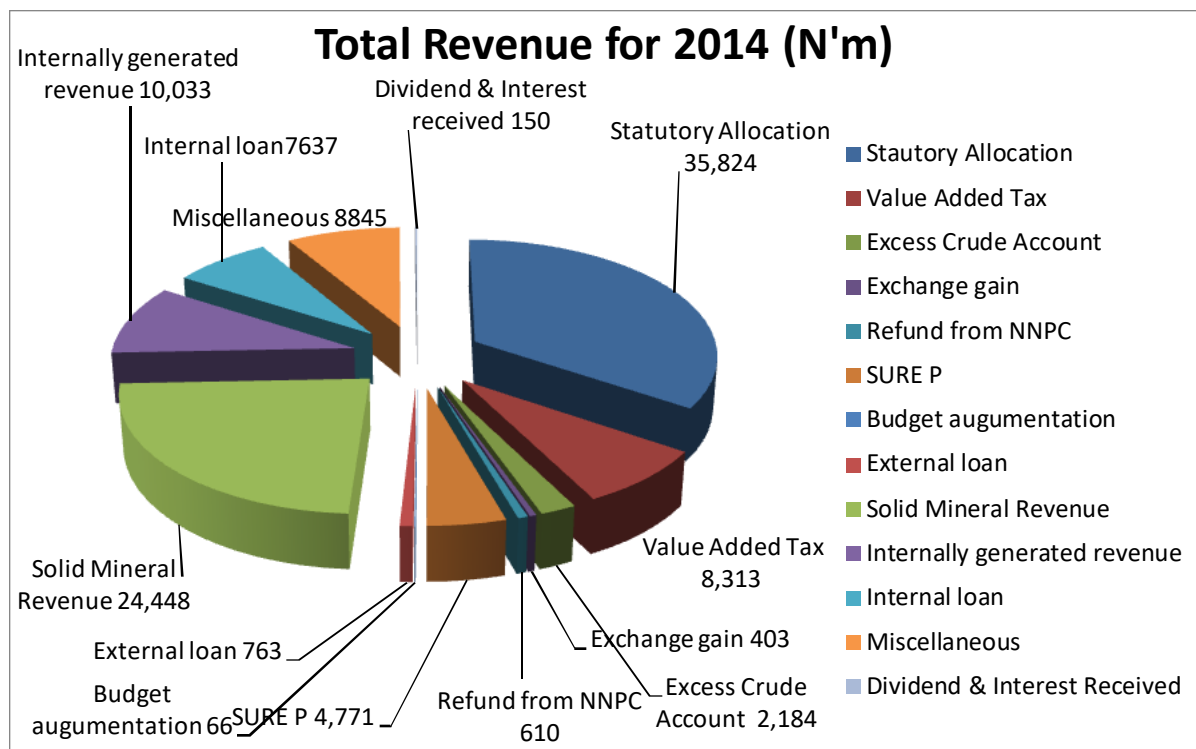


Figure 161: Total Revenue for 2014

The diagram above depicts various revenues earned by the State during the year 2014. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N77 billion or 74% of the total revenue. The State generated internal revenue of N10 billion or 10% of the total revenue, while the internal loans received amounted to N8 billion representing 7% of the total revenue. Revenue earned from various streams of income and other miscellaneous receipts amounted to N9 billion representing 8% of the total revenue for the year.

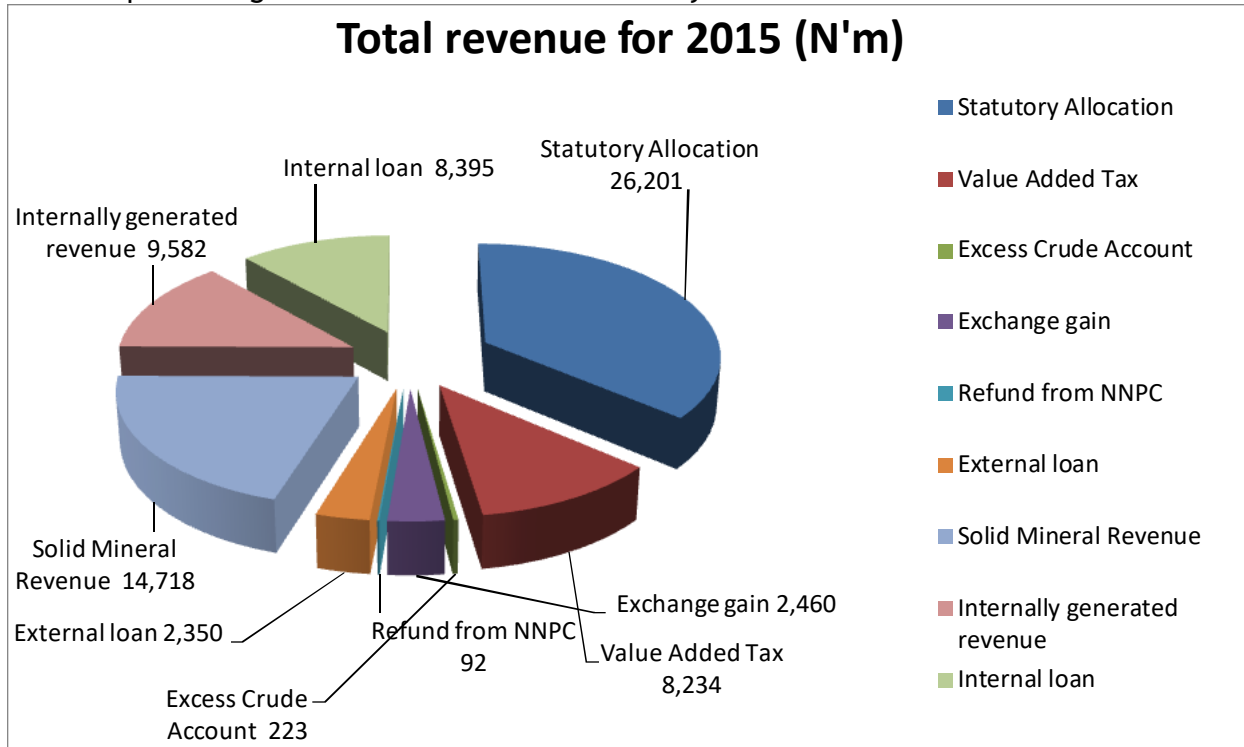


Figure 162: Total Revenue for 2015

The diagram above depicts various revenues earned by the State during the year 2015. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N54 billion or 66% of the total revenue. The State generated internal revenue of N10 billion representing 12% of the total revenue while internal loans amounted to N18 billion or 22% of the total revenue for the year.

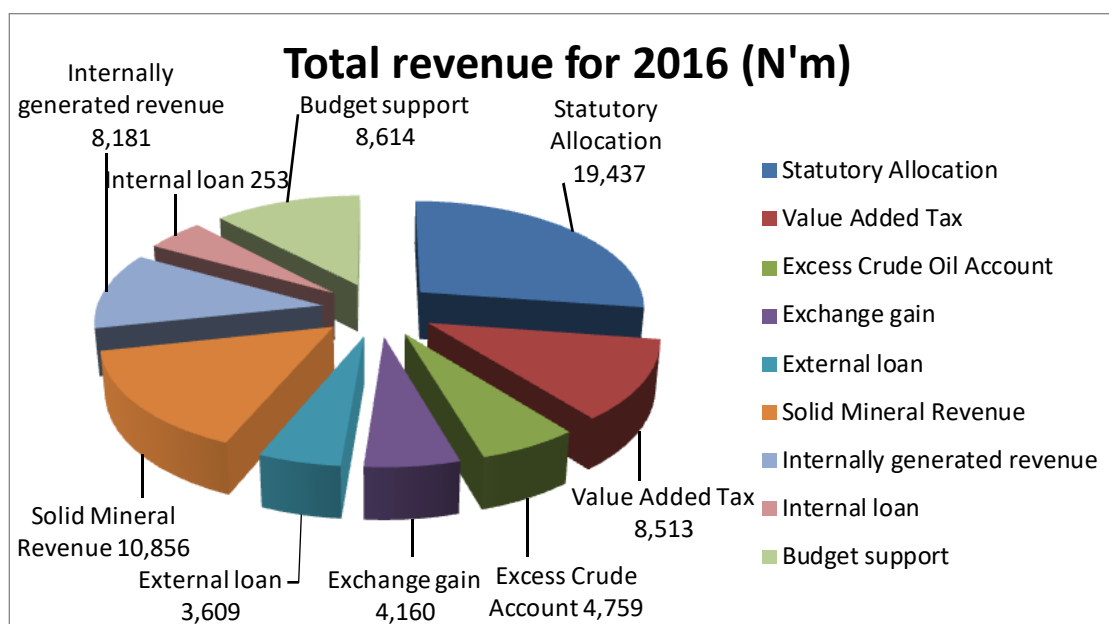


Figure 163: Total Revenue for 2016

The diagram above depicts various revenues earned by the State during the year 2016. It revealed that substantial part of the revenue earned was in respect of Statutory Allocation received from the Federation Account amounting to N51 billion or 72% of the total revenue. The State generated internal revenue of N8 billion representing 11% of the total revenue, while the internal loan received amounted to N3 billion or 5% of the total revenue. Furthermore, Budget support received from the Federal Government amounted to N9 billion or 12% of the total revenue.

Additional comments on the State revenue include the following:

- (i) The Statutory Allocation slightly decreased from N105 billion in 2012 to N98 billion in 2013. This however witnessed a continuous and sharp decline over the years from N98 billion in 2013 to N77 billion in 2014 and from N54 billion in 2015 to N51 billion in 2016. The decline in statutory allocation is because of the decline in oil prices, which dropped from \$109.45 per barrel to \$40.68 per barrel during the period. The State relied heavily on statutory allocation as its main source of revenue.
- (ii) The States' share of Value Added Tax over the period under review remained stable, increasing from N7.7 billion in 2012 to N8.43 billion in 2013 while over N8 billion was earned yearly between 2013 and 2016.
- (iii) Except for the year 2013, the State borrowed significantly to fund its budget during the period.
- (iv) The State's internally generated revenue witnessed fluctuations over the period of review with a decline from N12 billion in 2012 to N8 billion in 2013 and increased to N10 billion in 2014. In 2015, IGR remained stable but declined to N8 billion in 2016.

5.9.4 Summary of Total Recurrent Expenditure from 2012 to 2016

The table below shows the summary of total recurrent expenditure incurred by the State during the years 2012 to 2016.

Table 176: Summary of Total Recurrent Expenditure from 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)
2012	70,798
2013	66,169
2014	77,235
2015	78,146
2016	60,585
Grand Total	352,933

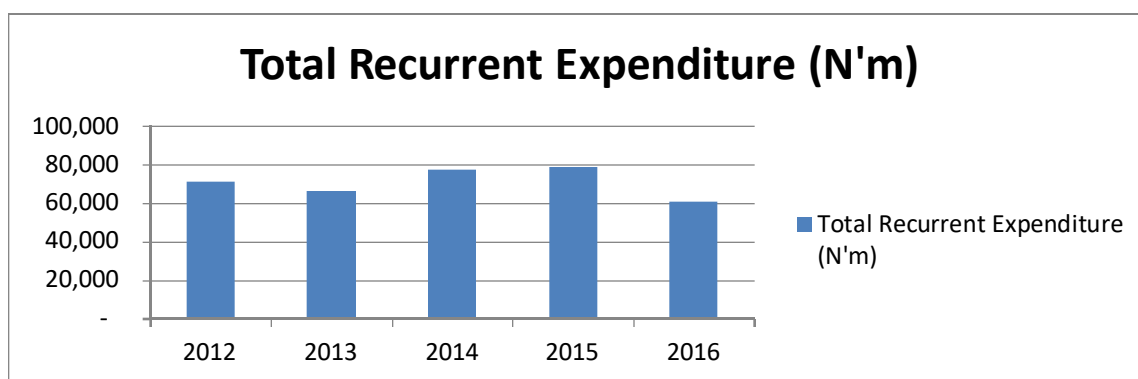


Figure 164: Analysis of Total Recurrent Expenditure (2012 to 2016)

5.9.5 Comparison of Total Revenue to Total Recurrent Expenditure 2012 to 2016

The table below compares total revenue to total recurrent expenditure of Ondo State during the years 2012 to 2016.

Table 177: Comparison of Total Revenue to Total Recurrent Expenditure 2012 to 2016

Year	Total Revenue (₦'m)	Total Recurrent Expenditure(₦'m)	Percentage of Total Recurrent Expenditure to Total Revenue
2012	117,393	70,798	60
2013	99,285	66,169	66
2014	104,690	77,235	74
2015	81,698	78,146	95
2016	71,532	60,585	85
Grand Total	474,598	352,933	74

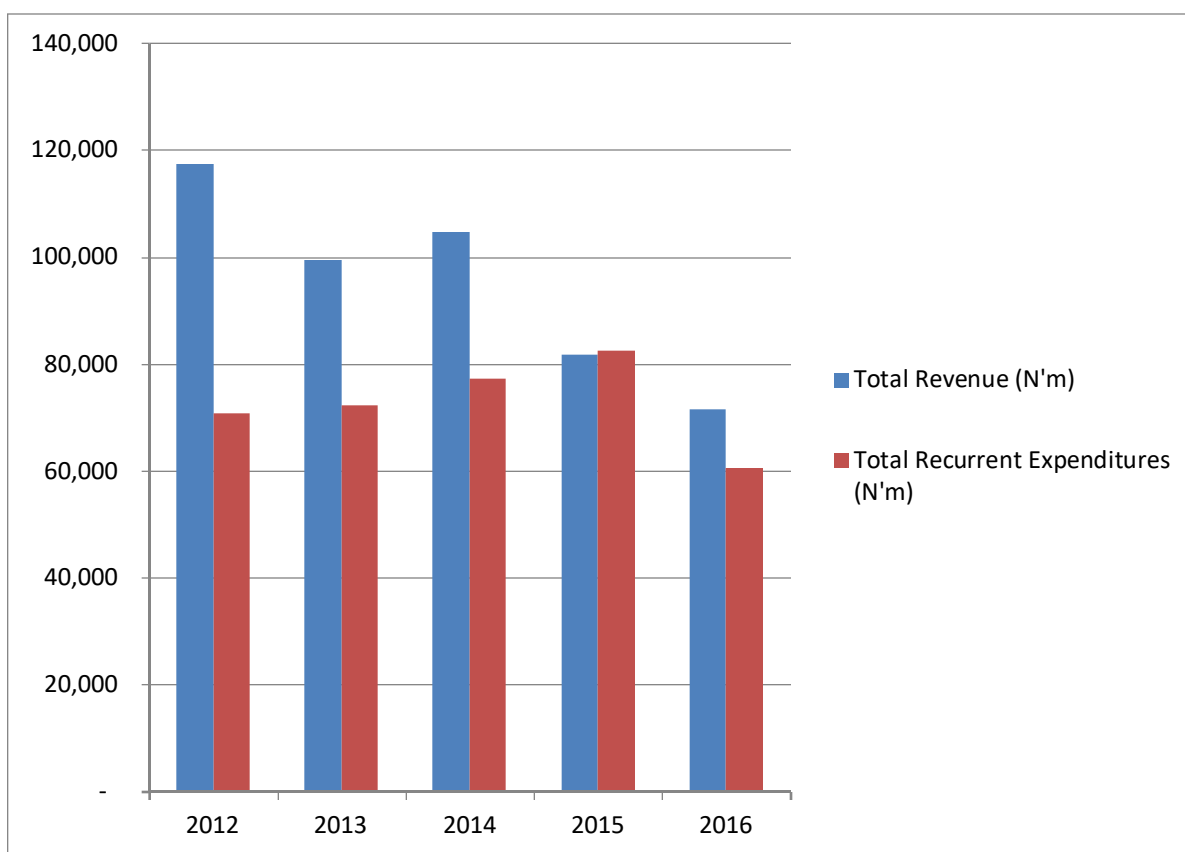


Figure 165: Comparison of Total Revenue with Total Recurrent Expenditure

Table 178: Comparison of Total Revenue with Total Recurrent Expenditure from 2012 to 2016

Year	Total Revenue(N'm) A	Total Recurrent Expenditure(N'm) B	Difference(N'm) (C=A-B)
2012	117,393	70,798	46,595
2013	99,285	66,169	33,116
2014	104,690	77,235	27,455
2015	81,698	78,146	3,552
2016	71,532	60,585	10,947
Grand Total	474,598	352,933	121,665

The above table shows the proportion of the revenue available for capital expenditure after settlement of recurrent expenditure during the respective years.

Table 179: Breakdown Analysis of Recurrent Expenditure for 2012 to 2016

Recurrent Heads	2012 N'm	2013 N'm	2014 N'm	2015 N'm	2016 N'm	Total N'm
Personnel Costs	27,667	32,348	32,553	28,163	25,797	146,528
Overhead Costs	3,783	3,084	3,085	2,773	2,460	15,185
Special Programmes	-	-	9,750	6,828	9,192	25,770
Transfer to other Funds	15,635	11,029	-	-	-	26,664
Consolidated revenue fund charges	4,712	-	6,618	4,567	5,510	21,407
Grant & Subvention	7,871	7,527	6,162	5,287	4,011	30,858
Retained Earnings Expended by Parastatals	-	-	337	-	-	337
Repayment of loans/leases	11,130	12,181	18,730	30,528	13,615	86,184
Total	70,798	66,169	77,235	78,146	60,585	352,933

Source: Populated Template and Audited Financial Statements from 2012 to 2016

5.9.6 Financial Review of Recurrent Expenditure

- The recurrent expenditure distribution showed that the expenditure incurred by the State from 2012-2016 decreased by N4.6 billion or 6% from N70.8 billion in 2012 to N66.2 billion in 2013. This was due to decrease in amount incurred on transfer to other funds and grant & subvention issued to MDAs during the period under review.
- Recurrent expenditure increased by N1 billion or 1.3% from N77 billion in 2014 to N78 billion in 2015 due to huge expenditure on loan repayment in 2015 and this decreased thereafter by N17 billion or 22% to N61 billion in 2016. This was attributable to the decrease in the amount incurred on loan repayments in 2016.

The figure below shows the total recurrent expenditure per each recurrent heads according to how money was disbursed during the year 2012 to 2016 under review.

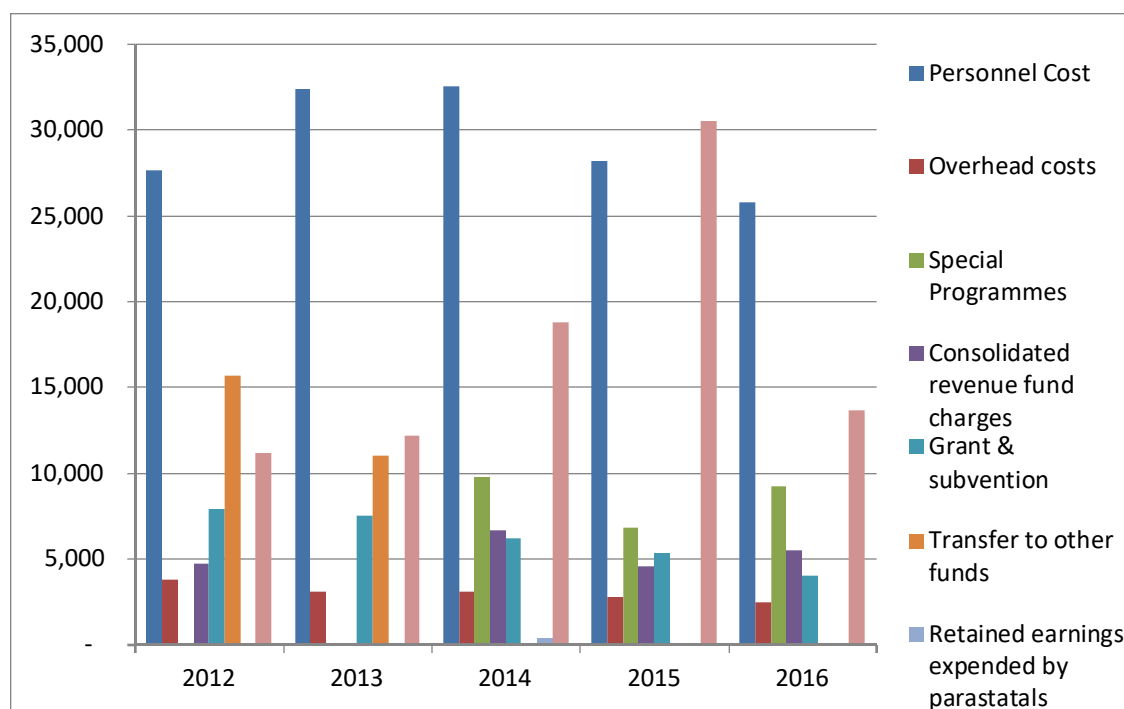


Figure 166: Recurrent Expenditure from 2012 to 2016

5.9.7 Capital Expenditure

Capital expenditure represents the capital outflows used for the improvement and acquisition of assets and other long-term construction for infrastructural development for the benefit of the State. The table and diagram below show the summary of the total Capital expenditure incurred by Ondo State from year 2012 to 2016.

Table 180: Breakdown Analysis of Capital Expenditure from 2012 to 2016

Year	Total Capital Expenditure(₦'m)
2012	43,046
2013	27,538
2014	18,521
2015	30,337
2016	19,226
Grand Total	138,668

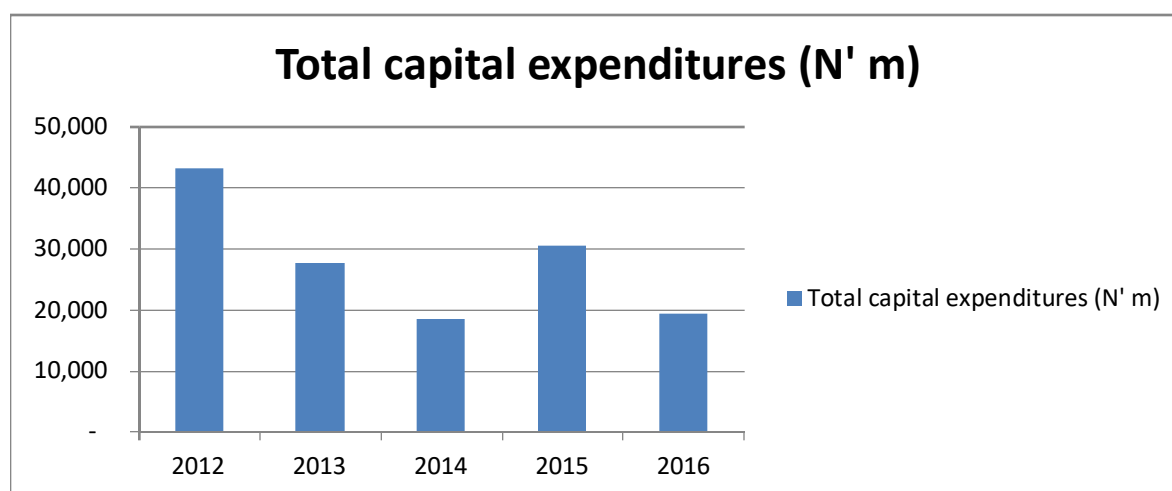


Figure 167: Distribution of Capital Expenditure from 2012 to 2016

Table 181: Breakdown Analysis of Capital Expenditure per Sector from 2012 to 2016

Capital Expenditure Head/ Years	2012 (N'm)	2013 (N'm)	2014 (N'm)	2015 (N'm)	2016 (N'm)	Total (N'm)
Economic Sector	4,878	3,064	6,184	5,736	7,884	27,746
Social Services Sector	24,211	17,210	4,762	6,173	2,647	55,003
Regional development sector	6,313	3,865	6,473	7,044	4,153	27,848
Administrative Sector	7,644	3,399	895	481	536	12,955
Law and Justice	-	-	207	158	144	509
Funded from Aid and Grants	-	-	-	2,350	3,609	5,959
Funded from Internal loans	-	-	-	8,395	253	8,648
Total	43,046	27,538	18,521	30,337	19,226	138,668

During the periods under review, Ondo State disbursed a total of N139billion on capital expenditure.

- The capital expenditure distribution showed that the expenditure incurred by the State decreased by N15billion or 36% from N43billion in 2012 to N28billion in 2013. The decrease was because of reduced expenditure on social services, regional development and the administrative sectors in 2013.
- During the year 2014, the State Government fully commenced and complied with the implementation of reporting of financial statements to IPSAS (International Public Sector Accounting Standards) and this led to some changes in the nomenclature of the sectors.

- Capital expenditure increased by 64% or N11billion from N19billion in 2014 to N30 billion in 2015. This was because of amount incurred through funding capital projects from Funds domiciled in Aids & Grants as well as Internal Loan Portfolio.
- Capital expenditure decreased by 37% or N11billion from N30billion in 2015 to N19 billion in 2016. This was because of decrease in amount incurred on the regional development sector and in the amount incurred on capital projects through funding from internal loans during the year.

The following diagrams below show the actual capital expenditure expended on the various sectors of the State's Economy during the years 2012 to 2016.

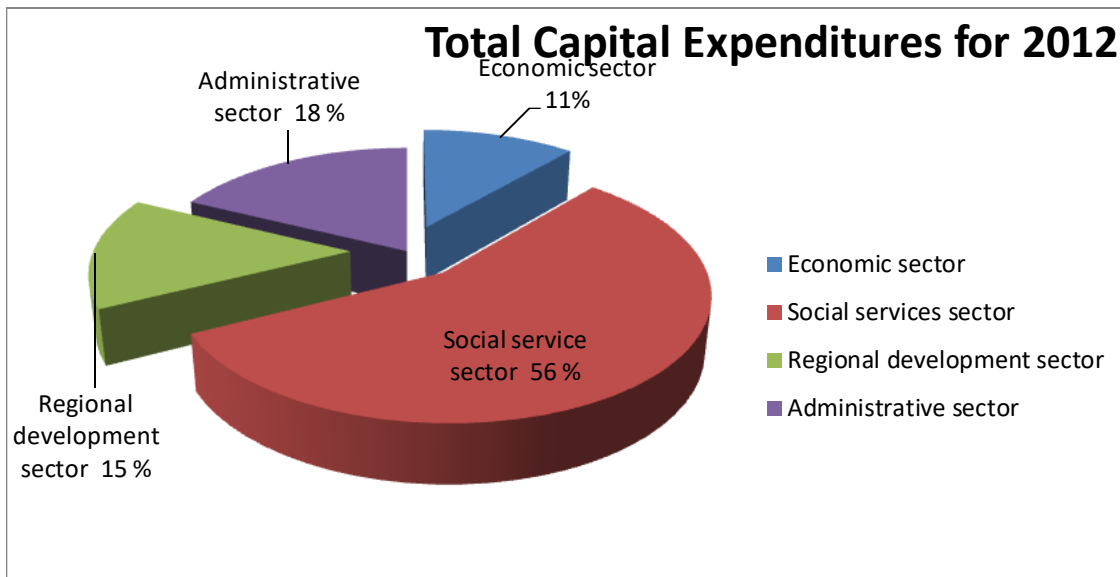


Figure 168: Capital Expenditure for 2012

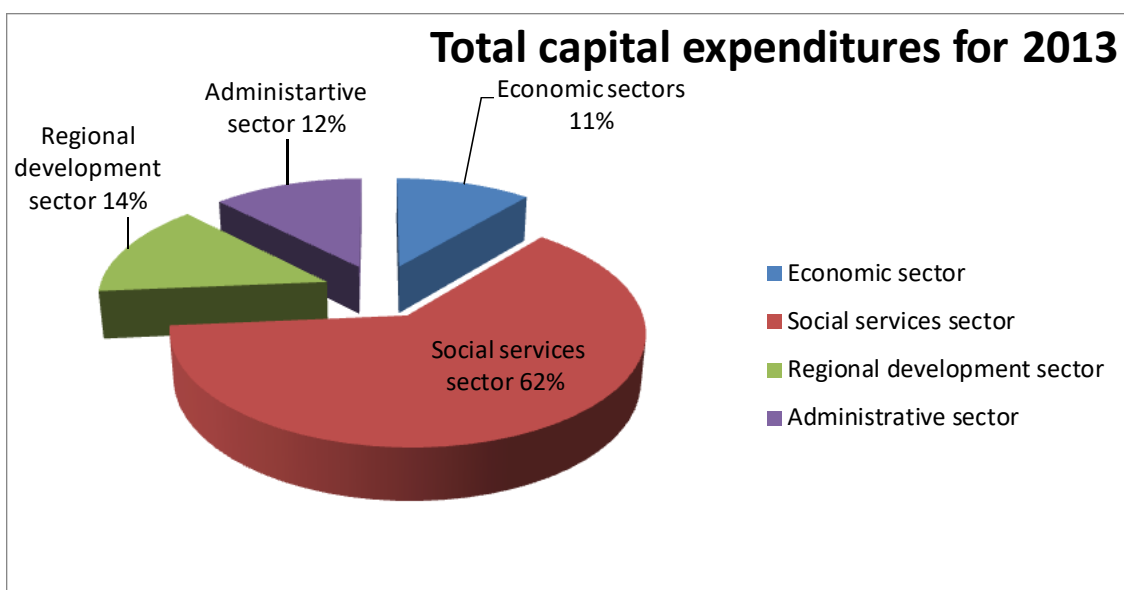


Figure 169: Capital Expenditure for 2013

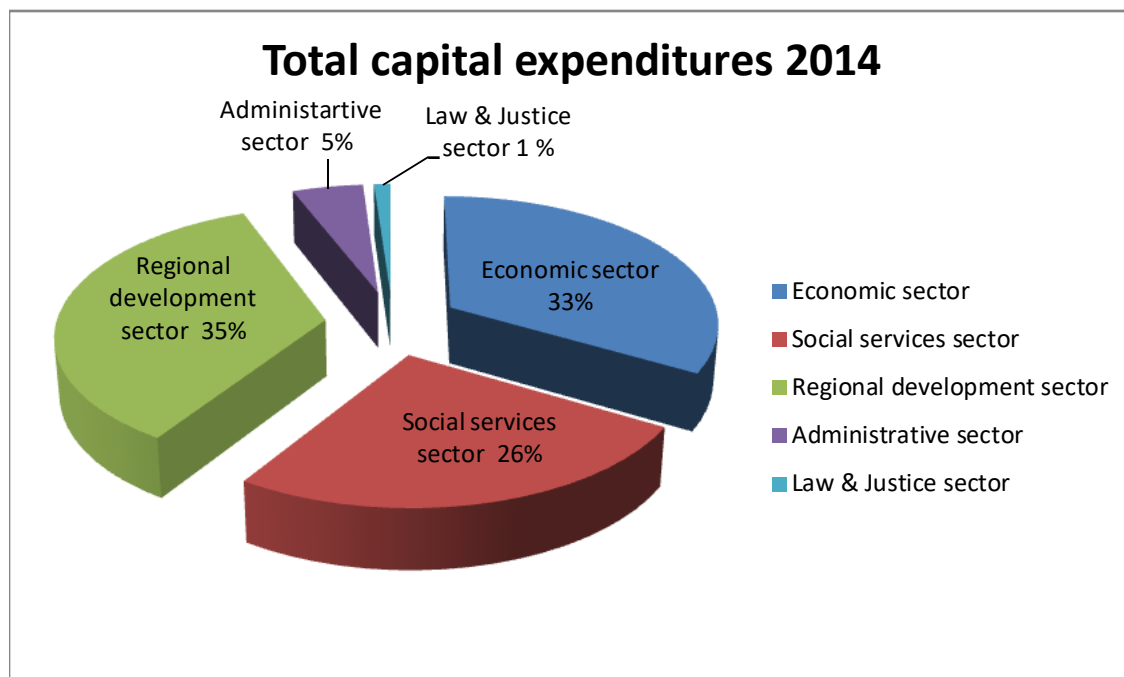


Figure 170: Capital Expenditure for 2014

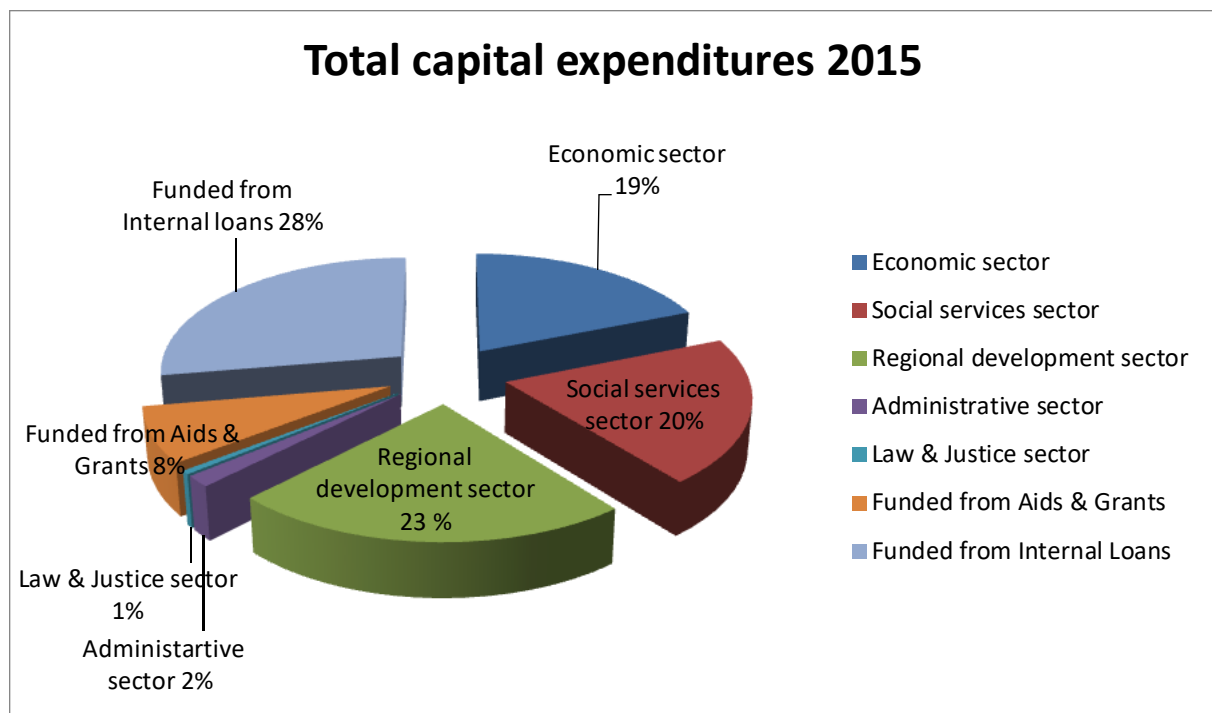


Figure 171: Capital Expenditure for 2015

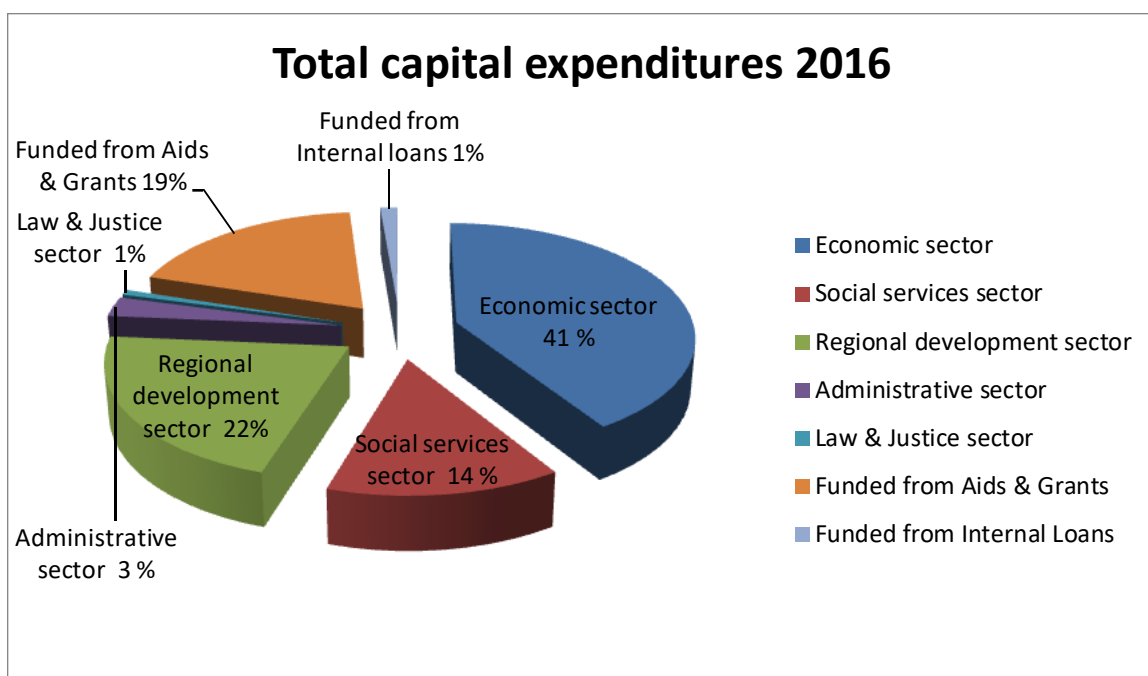


Figure 172: Capital Expenditure for 2016

5.9.8 Comparison of Total Revenue to Total Capital Expenditure 2012-2016

The table below compares total revenue to total capital expenditure of Ondo State during the years 2012 to 2016.

Table 182: Comparison of Total Revenue to Total Capital Expenditure in percentage 2012 to 2016

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Percentage of total capital expenditure to total revenue
2012	117,393	43,046	37
2013	99,285	27,538	28
2014	104,690	18,521	18
2015	94,018	30,337	37
2016	71,532	19,226	27
Grand Total	474,598	138,668	29

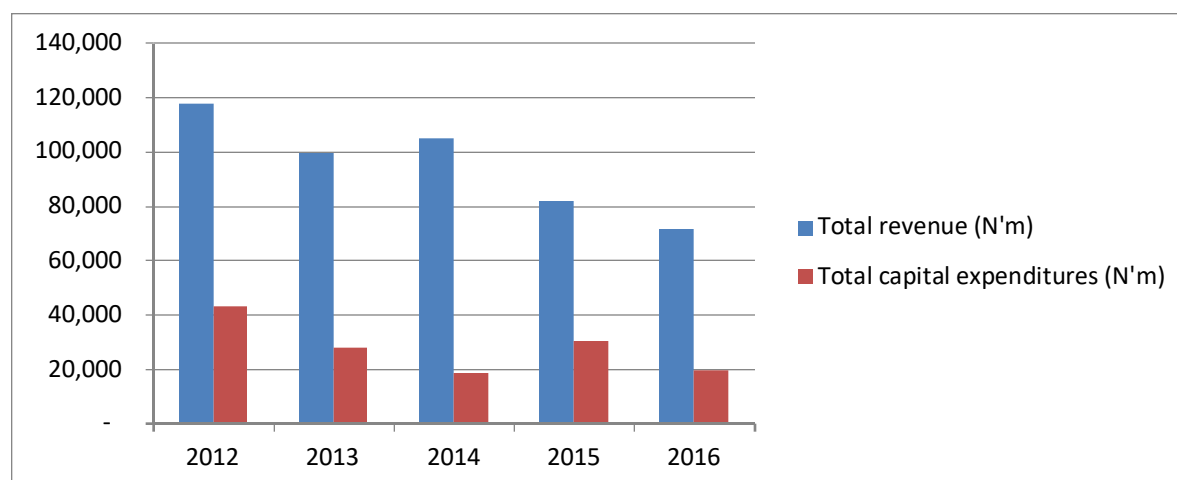


Figure 173: Comparison of Total Revenue with Total Capital Expenditure for 2012 to 2016

From the above chart, it is noted that capital expenditure as a percentage of total expenditure decreased between 2012 and 2014 and increased slightly in 2015 and a slight decrease was also noted in 2016.

Table 183: Comparison of Total Revenue to Total Capital Expenditure in Value 2012 to 2016

Year	Total Revenue(₦'m)	Total Capital Expenditure(₦'m)	Difference (₦'m)
2012	117,393	43,046	74,347
2013	99,285	27,538	71,747
2014	104,690	18,521	86,169
2015	81,698	30,337	51,361
2016	71,532	19,226	52,306
Grand Total	474,598	138,668	335,930

The table above shows the proportion of funds incurred on capital expenditure out of the revenue that accrued to Ondo State during the period under review.

Table 184: Analysis of Recurrent and Capital Expenditure 2012 to 2016

Year	Total Recurrent Expenditure(₦'m)	Total Capital Expenditure(₦'m)	Total Expenditure (₦'m)
2012	70,798	43,046	113,844
2013	66,169	27,538	93,707
2014	77,235	18,521	95,756
2015	78,146	30,337	108,483
2016	60,585	19,226	79,811
Grand Total	352,933	138,668	491,601

From the table above, it can be concluded that the State incurred the total sum of N492

billion as expenditure from 2012 to 2016, made up of recurrent expenditure of N353 billion and capital expenditure of N139 billion.

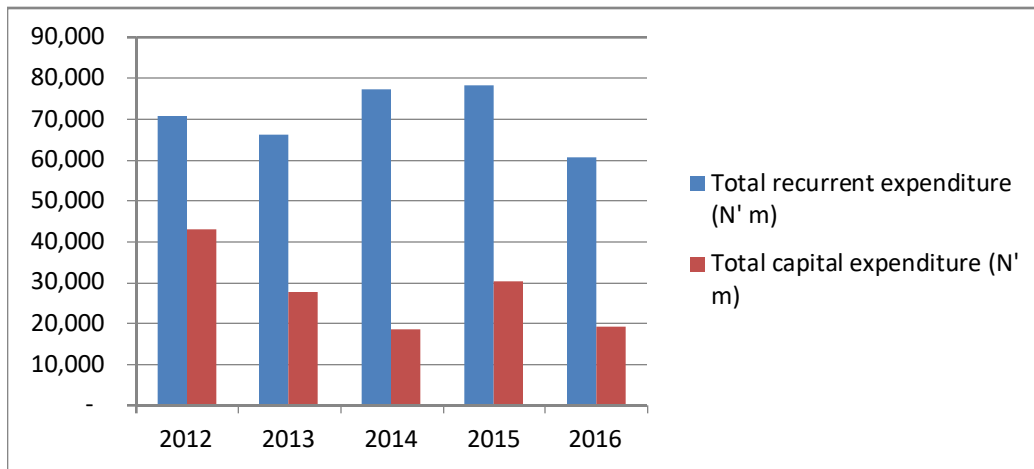


Figure 174: Comparison of Recurrent Expenditure with Capital Expenditure from 2012 to 2016

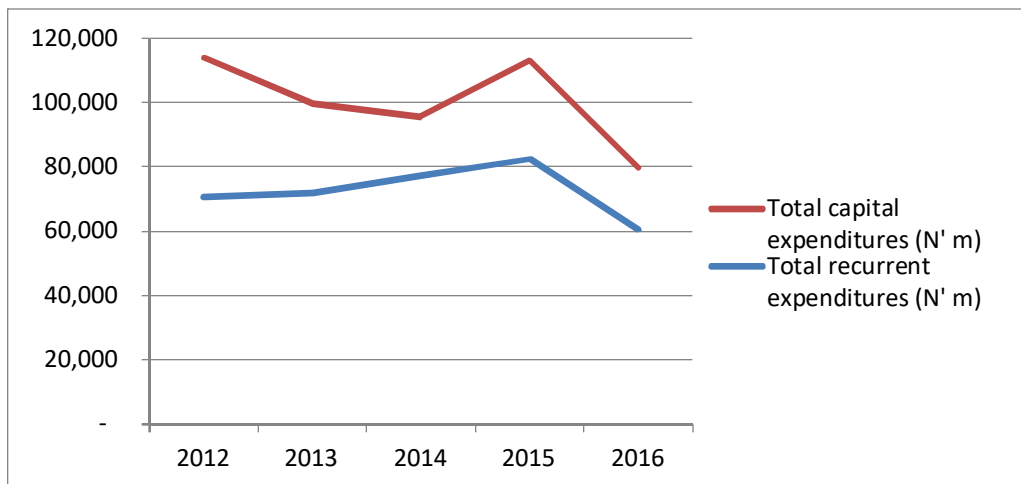


Figure 175: Trend between Recurrent Expenditure and Capital Expenditure from 2012 to 2016

5.0 RIVERS STATE

5.10.1 Brief History

Rivers State was created in May 1967 by the military government of General Yakubu Gowon during the Nigerian civil war period after many years of agitation and clamour for self-determination amongst the ethnic nationalities in the Region.

Location and population

Rivers State covers a total land mass of 11,077 km Rivers and bounded on the South by the Atlantic Ocean, to the North by Imo, Abia and Anambra States, to the East by Akwa Ibom State and to the West by Bayelsa and Delta States. Rivers State was named after the many rivers that border its territory and is home to many ethnic groups: Ikwerre, Igbo, Ijaw, Kalabari, Etche, Ogba, Ogoni and others.

The inland part of Rivers State consists of tropical rainforest; towards the coast the typical Niger Delta environment features many mangrove swamps. The State is endowed with a land mass of 11,077km², a significant portion of which is bounded by the Atlantic Ocean.

As at 2016 fiscal year, the State had an approximate total GDP of US\$33 billion (GDP per capita of \$4,773) representing 11% of total country GDP with a population of 4.5 million people (2006 census). It is estimated that the State should have a population of 5.6 million people now.

Economy

Rivers State is strategically situated, making it an economic hub servicing the South East and South-South regions. The State is the largest on-shore oil producing and Nigerian's largest gas producing State. It is the headquarters of Nigeria's hydrocarbon industry and home of Nigeria's only oil and gas free trade zone as well as several off-shore oil and gas fields. Rivers State hosts multinational oil and gas companies e.g. Bonny NLNG, Shell Petroleum Development Co (SPDC), MOBIL, AGIP, CHEVRON etc. It is the second largest economy in Nigeria after Lagos State.

Education

In 1999, the State had 2,805 Government primary schools and 243 secondary schools. The secondary schools are concentrated mainly in LGA headquarter towns and in Port Harcourt. Tertiary institutions include:

- University of Port Harcourt, Choba, Port Harcourt established by the Federal Government in 1975;
- Rivers State University of Science and Technology, founded in 1980 by the State government;
- School of Health Technology, Port Harcourt, government;
- Federal Polytechnic at Omoku
- Rivers State Polytechnic at Bori
- Rivers State University of Education (Ignatius Ajulu University) at Rumuolumeni, Nkpolu Oroworukwo and Ndele
- School of Nursing and Midwifery at Rumueme, Port Harcourt
- Rivers State College of Arts and Science in Port Harcourt gained Polytechnic status in 2006.

5.10.2 Approach of the review engagement

We obtained the monthly statutory allocation for 2012 to 2016 fiscal years detailing disbursements to the State and we analysed the revenue accruing to the State from the Federation account.

5.10.3 Limitations of the review engagement

The scope of work demands the population of template provided for the State by NEITI and the verification of inflows to the State from the Federation Account and outflows (project expenditures and recurrent expenditures) from those inflows. However, all efforts made to obtain information from the State proved abortive as the State denied access to its records hence, the revenue and expenditures of the State are yet to be validated at the time of writing this report.

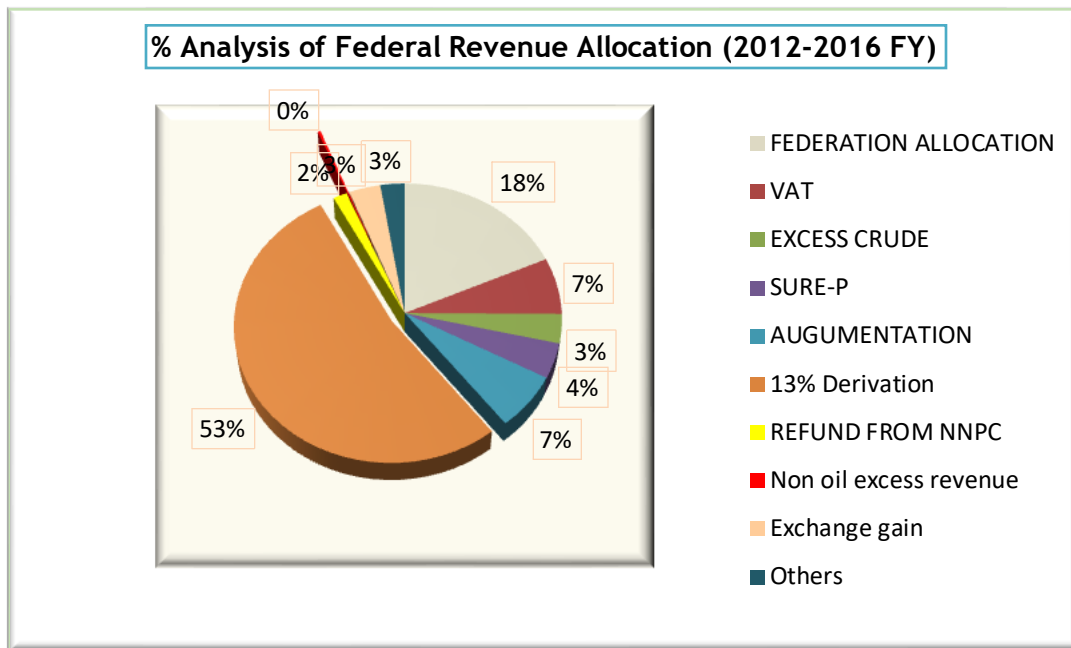
5.10.4 Annual Distribution of Federal Allocation

Rivers State revenue for the five years period commencing from 1 January 2012 to 31 December 2016 is analyzed below:

Table 185: Annual Distribution of Federal Revenue Allocation

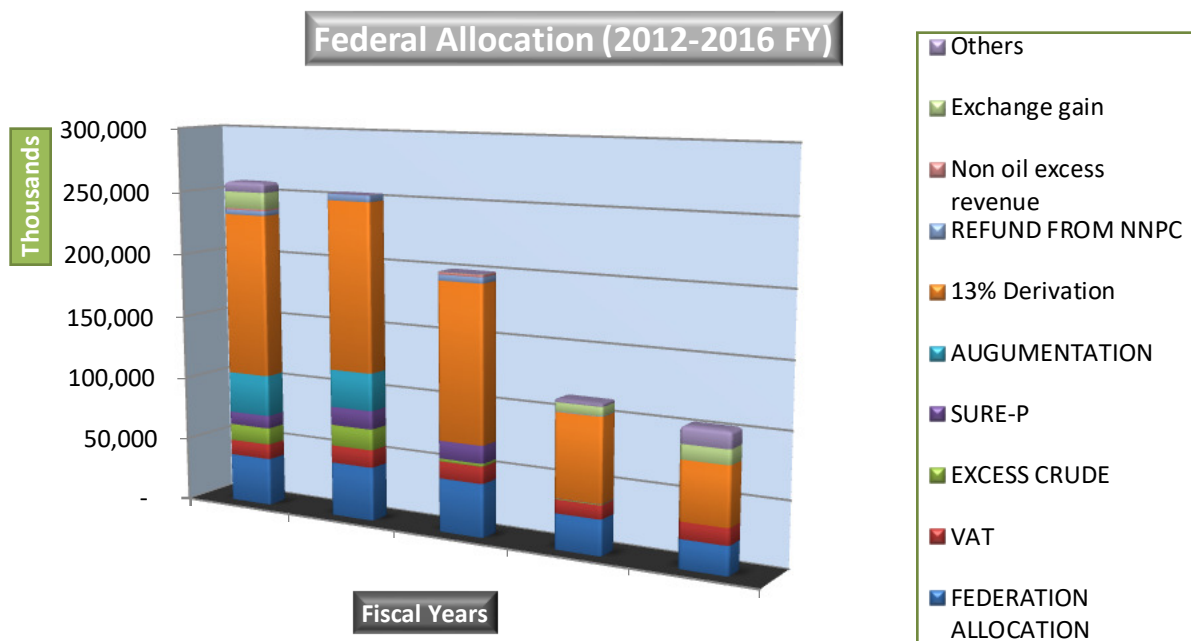
	2012	2013	2014	2015	2016	TOTAL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
FEDERATION ALLOCATION	37,403,700	42,110,886	41,503,089	27,439,370	21,984,634	170,441,679
VAT	11,943,645	13,805,302	13,254,059	10,605,742	12,722,724	62,331,472
EXCESS CRUDE	13,167,036	16,400,106	2,179,796	607,778	-	32,354,716
SURE-P	10,167,792	14,488,423	13,804,393	281,313	-	38,741,921
AUGMENTATION	32,303,859	29,300,287	-	-	-	61,604,146
13% Derivation	127,507,254	131,668,723	121,750,740	64,302,922	44,730,385	489,960,024
REFUND FROM NNPC	3,749,026	5,012,193	4,617,541	462,362	-	13,841,122
Non-oil excess revenue	1,182,501	-	1,753,412	-	-	2,935,913
Exchange gain	13,167,036	-	173,586	6,797,353	11,268,127	31,406,102
Others	8,220,518	-	-	2,621,708	13,271,970	24,114,196
Total	258,812,367	252,785,920	199,036,616	113,118,548	103,977,840	927,731,291

Figure 176: Analysis of Federal Revenue Allocation (2012-2016)



From 2012 to 2016 fiscal years, the State received a total sum of N490 billion on 13 percent derivation from the Federation account representing 53% of total statutory allocation to the State during the period under review. A total of N61 billion was allocated to the State as augmentation during the period representing 7 percent of total statutory allocation to the State.

Figure 177: Federal Allocation (2012-2016)



The State's revenue is mainly categorised into various heads including; Federation allocation, excess crude, VAT, SURE P, augmentation, 13% derivation, exchange gain, non-oil excess revenue etc. The State had a cumulative revenue of N927.7 billion from 2012 to 2016 fiscal years. The revenue progressively declined from N258 billion in 2012 to N103 billion in 2016.

Other receipts: This represents miscellaneous revenue such as distribution from NLNG, excess bank charges recovered, share of solid minerals and excess PPT.

Figure 178: 2012 Federal Allocation

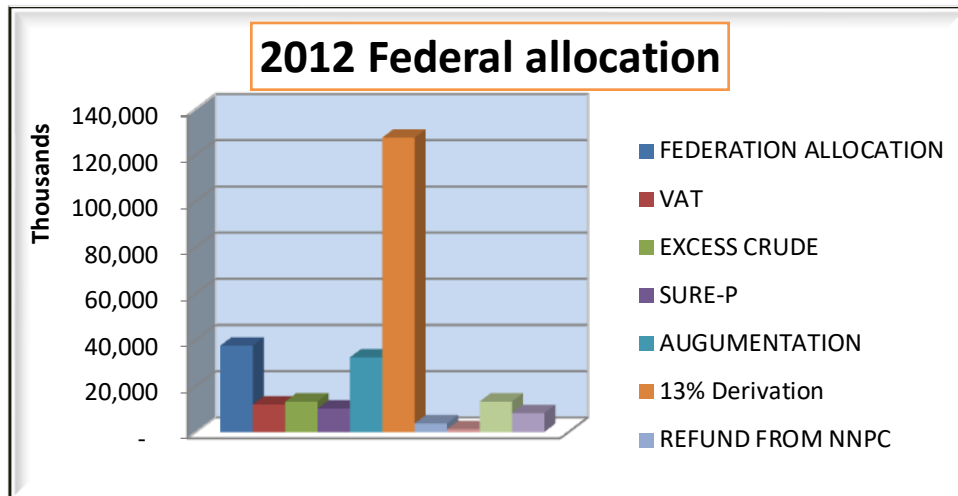
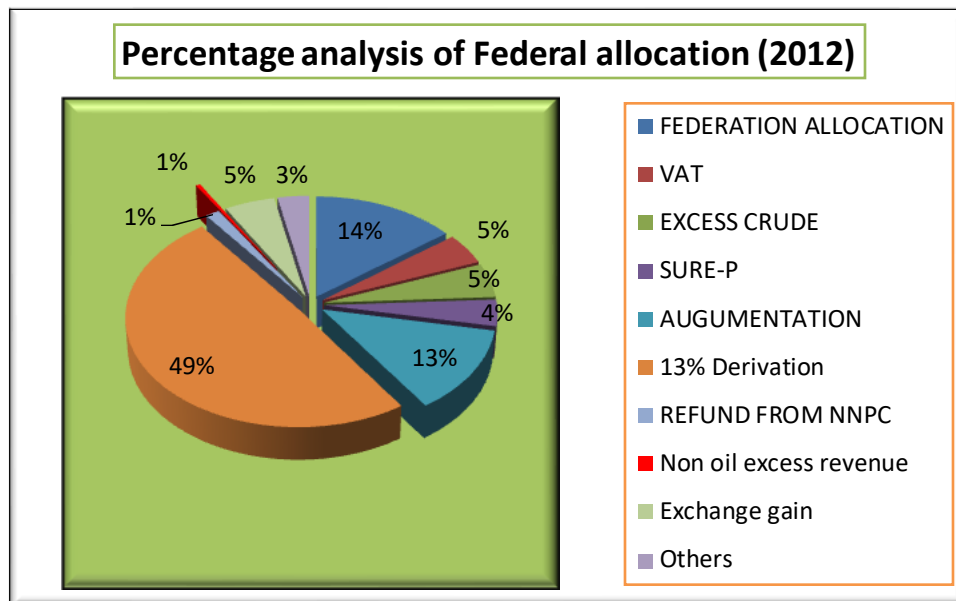


Figure 179: Percentage Analysis of Federal Allocation (2012)



In 2012, 13% mineral derivation received by the State accounted for 49 percent of total FAAC allocation of ₦258 billion; statutory allocation and augmentation accounts for 14% and 12% of the total revenue respectively while VAT allocation accounted for 5% of the total revenue.

Figure 180: 2013 Federal Allocation

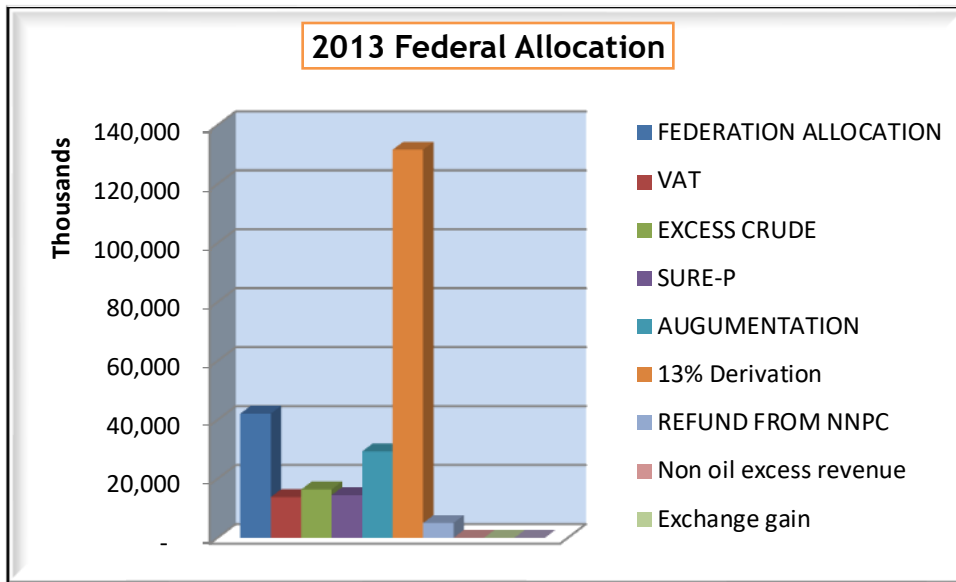
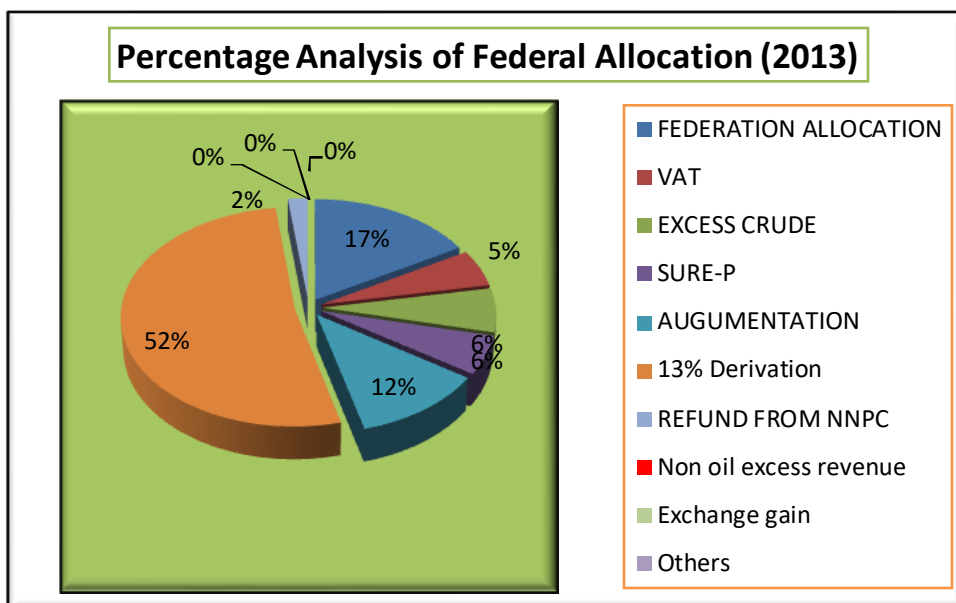


Figure 181: Percentage Analysis of Federal Allocation (2013)



In 2013, 13% mineral derivation received by the State accounted 52 percent of total FAAC allocation of ₦252 billion; statutory allocation and augmentation accounted for 17% and 12% of the total revenue respectively while VAT allocation accounted for 5% of the total revenue.

Figure 182: 2014 Federal Allocation

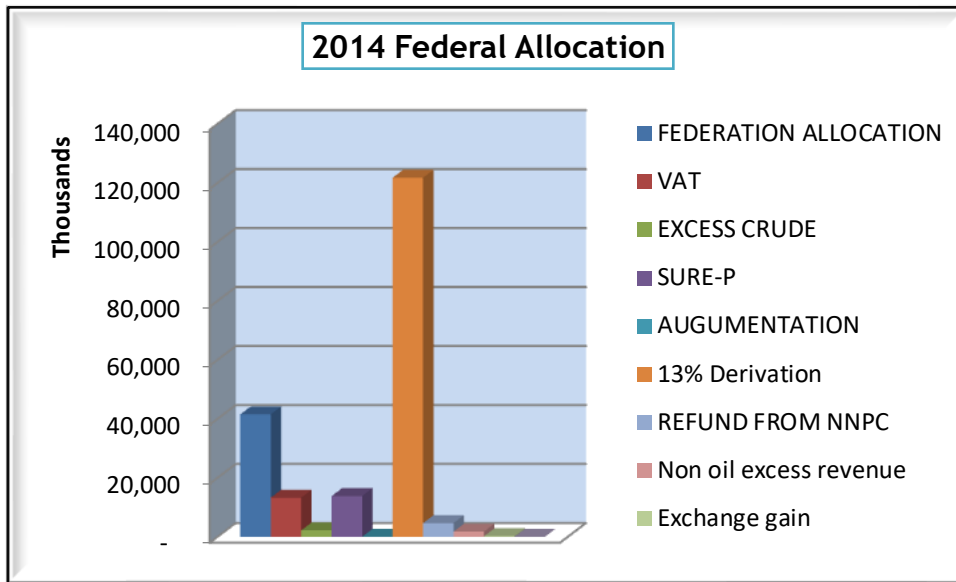
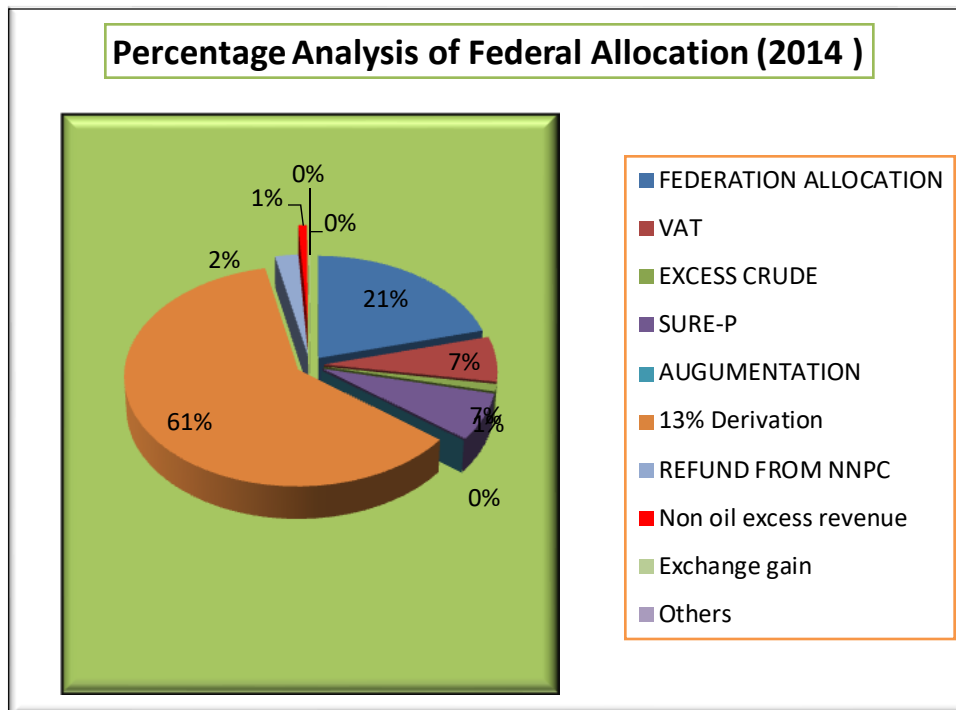


Figure 183: Percentage Analysis of Federal Allocation (2014)



In 2014, 13% derivation received by the State accounted for 61 percent of total FAAC allocation of ₦199 billion; statutory allocation and SURE P accounted for 21% and 7% of the total revenue respectively while VAT allocation accounted for 7% of the total revenue.

Figure 184: 2015 Federal Allocation

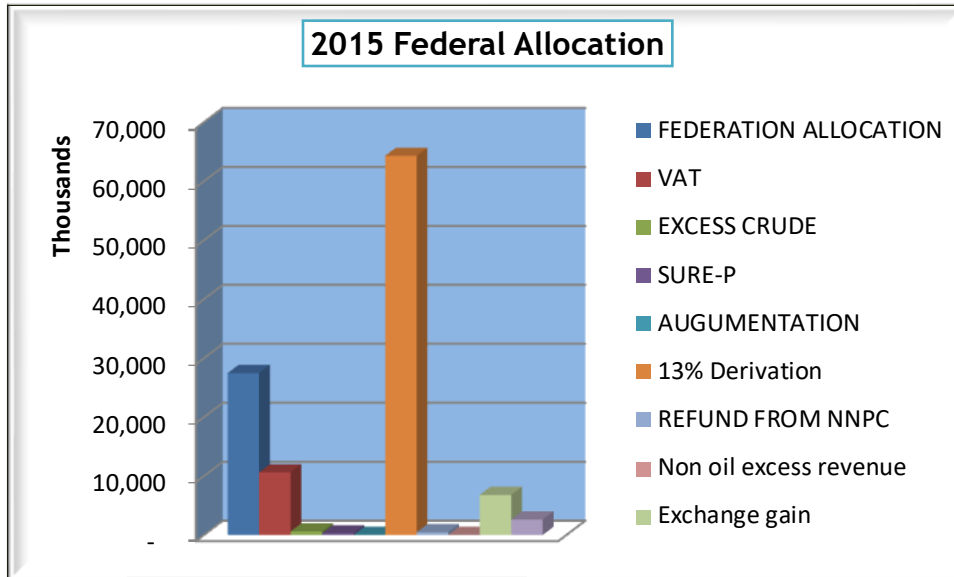
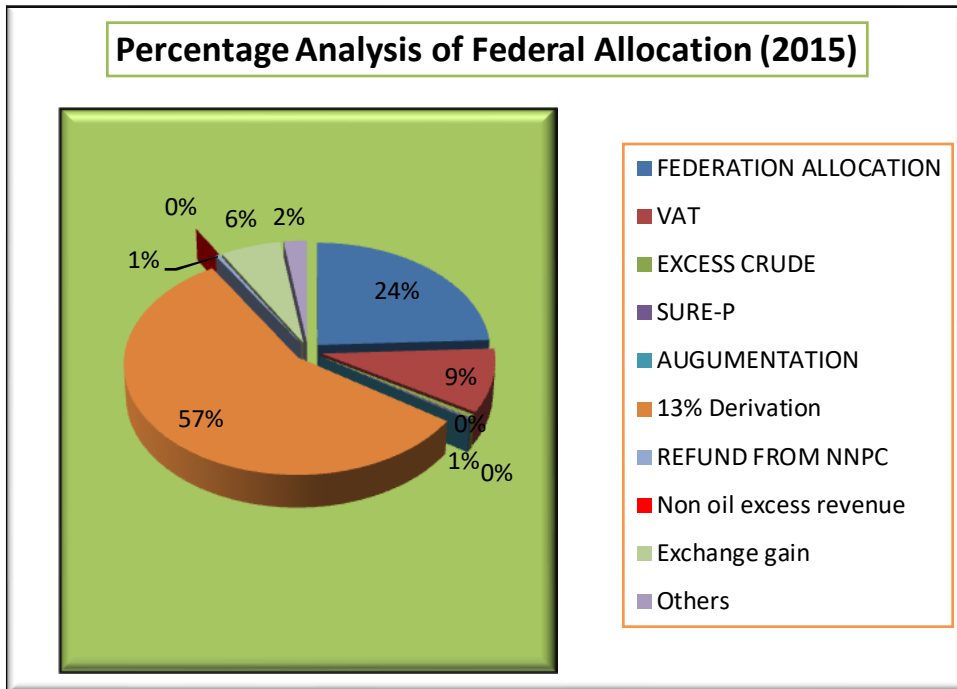


Figure 185: Percentage Analysis of Federal Allocation (2015)



In 2015, 13% mineral derivation received by the State accounted for 57 percent of total FAAC allocation of ₦113 billion; statutory allocation and exchange gain accounted for 24% and 6% of the total revenue respectively while VAT allocation accounted for 9% of the total revenue.

Figure 186: 2016 Federal Allocation

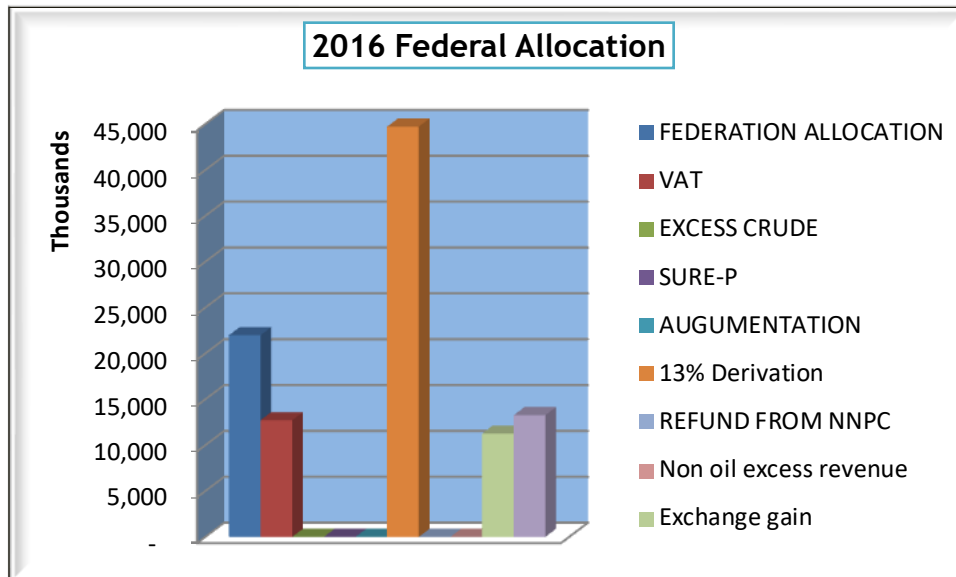
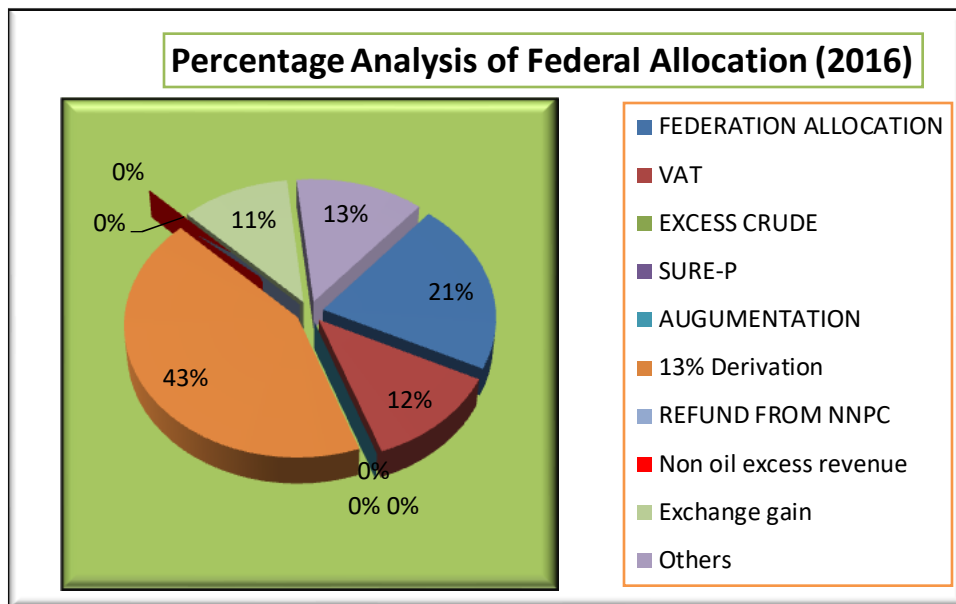


Figure 187: Percentage Analysis of Federal Allocation (2016)



In 2016, 13% mineral derivation received by the State accounted for 43 percent of total FAAC allocation of ₦103 billion; statutory allocation and exchange gain accounted for 21% and 11% of the total revenue respectively while VAT allocation accounted for 12% of the total revenue. Others including distribution of NLNG, excess bank charges recovered, distribution of solid minerals and excess PPT accounted for 13% of total FAAC allocation in 2016 fiscal year.

6.0 CONCLUSION

The objectives of the Fiscal Allocation and Statutory Disbursement Audit 2012 -2016 is to ensure transparency and accountability by creating awareness and understanding within the citizenry on the Federation Revenue Allocation process from collection stage, to distribution, utilization and application of the funds. To instill public confidence in Governance in the country is the ultimate aim of the exercise.

This report has been able to show the processes involved in the realization of the Federation Revenue from the Regulatory and Supervisory Agencies reflecting the entirety of the Federation's revenue streams with emphasis on those originating intrinsically from the oil and gas industry.

This report also shows the disbursement cycle and actual disbursement of the Federation Revenue to the three tiers of government and selected beneficiaries, and the application and utilisation of the funds by selected State governments and beneficiary agencies as presented in the report.

However, one of the selected state governments and some agencies did not grant us access to their records for validation. Their lack of cooperation with the audit exercise needs to be investigated by NEITI and necessary measures put in place to guide against such attitude in the future.

We identified some discrepancies in Revenue as regards Federation Revenue Collection, Remittance, Allocation and Disbursement as reported by the States and beneficiary Agencies due to the following:

- Timing differences in recording and reporting
- Variation in exchange rates used in the conversion of foreign earnings
- Filling of inappropriate figures in the templates due to misinterpretation by the agencies
- Inadequate source documents presented to the Consultant during the validation exercise.

Most of the remedial issues identified during 2007 -2011 audit that required immediate attention are yet to be rectified, all of which are to ensure proper checks and balances to avoid corruption or system weaknesses, particularly those identified with Agencies that managed Federal Government Funds tagged High Level Risk.

The Federal Government needs to look into these Funds in order to remedy the situation and bring sanity to the system to ensure that the utilization of the funds have multiplier effect on the Federation and the economy in general.

Recommendations:

For Federal Government Funds

- NEITI should carry out full audit of these Funds from inception to obtain a complete overview and determine the total outstanding balance from the Federal Government to the Federation account as at December 2011.
- A high-level committee be set up by the Federal Government to recover all unpaid loans from the Funds without further delay.
- The Federal Government should have operational guidelines for the release of funds mainly for development of alternative natural resources in each state of the Federation.

For Federal Government agencies whose responsibility is to utilize a specific fund for the advancement of their mandate.

- **For NDDC: Abandoned contracts or Unutilized projects** - Contractors should be prosecuted to enable the agencies recover advances to them. In addition, the terms of advance payment guarantees (APGs) should be invoked and related funds recovered.
- **Absence of Updated Financial Statements:**
Management of the Agencies concerned should ensure prompt completion of audited financial statements for outstanding years as this will ensure transparency, probity, and accountability with intent to ensure strict adherence to the enabling laws.
- Federal Government should increase its level of supervision on these agencies through legislative oversight for proper monitoring of the agencies activities.
- For **TetFund**, we recommend that the Federal Government carry out the audit of the Fund with immediate effect.

For the State Governments

- The States are recommended to optimize the other natural resources in their domains to boost internally generated revenue;
- The States should reduce their recurrent expenditure to enable them concentrate on capital expenditure that have capacity to boost economic development;
- State Government loans should be reduced drastically as most are used on recurrent expenditures.

Despite these observations and in line with the vision of the EITI, we believe that the primary objectives of the FASD audit 2012 -2016 have been achieved in this report.