

# **Revenues, Deductions, Analysis of Disbursement a Funds by Selected State Governments**

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**SEPTEMBER 2019**

*This report and all appendices relating to it are intended for the use of the National Stakeholder 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.*

## Abstract

This report is to the Nigeria Extractive Industries Transparency Initiative (NEITI) on the review of the Federation's Fiscal Allocation and Statutory Disbursement 2012 - 2016. A second and third report on the Federal Supervisory and Regulatory Agencies and Federal Beneficiary Agencies will follow subsequently.

The report is for the use of the National Stakeholders Working Group (NSWG) of the NEITI in accordance with the global organization's initiative.

Nine States were selected for the FASD 2012 - 2016 Audit based on a combination of criteria from the World Bank related to the consultant through NEITI. This report shows the outcome of the FASD Audit exercise carried out on all these States except Rivers State for which very limited information was made available. It shows the revenue sources and actual revenue from 2012 - 2016 to the nine States. A selection of projects carried out by the States within the same period were verified and presented in this report.

The scope of this report comprises the following:

- Profile of each State government (Demographics, economy, people etc.)
- The States' sources of revenue and actual revenue for the period under review
- The utilisation of their funds, analysed over diverse spectra and;
- Presentation of selected projects carried out by the States

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

This report, however, contains no expression of the consultant's opinion on the information presented herewith. The consultant's observations and recommendations on the position of this project as a whole for the period under review are presented in a separate report sequel to this.

## Transmittal Letter

The Executive Secretary  
Extractive Industries Transparency Initiative  
60 Nelson Mandela Street  
Asokoro  
Abuja  
Nigeria

9 August 2019

Our ref: BDO/OAA/ago

### Report on Revenue, Deductions, Analysis of Disbursement and Utilisation of Funds by Selected State Governments 2012 - 2016

BDO Professional Services (Chartered Accountants) was appointed on 7 February 2018, pursuant to the NEITI Act, by the National Stakeholders Working Group of the Nigeria Extractive Industries Transparency Initiative to undertake a Fiscal Allocation and Statutory Disbursement review of the years 2012 - 2016 and to prepare a report.

Our engagement was undertaken in conformity with the International Standard on Related Services applicable to agreed-upon procedures for special purpose engagements. The procedures performed were those set out in the Terms of Reference appended to this draft report, except where stated otherwise.

The report has been prepared on the basis of work carried out up to 31 July 2019. No further work is expected to be carried out and the report is considered final

Yours faithfully,

**Olugbemiga A. Akibayo**  
Partner  
BDO Professional Services  
(Chartered Accountant)

## 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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## Executive Summary

### 1.1 Background

For NEITI to achieve its broader goal of enhancing better governance and accountability, NEITI's effort would have to transcend beyond the previous audits that have focused on the Government realising the full benefits of its MR from the oil exploratory Companies. The audit of the FASD therefore becomes appropriate as it examines the total amounts accruing to the Federation Account, its disbursement and most importantly, its utilization by the various beneficiaries within the period under review. As Mineral Revenue (MR) accounts for 64% of the total Federation revenue from 2012 - 2016, which is also reflected in the allocation due to the beneficiaries, NEITI is obligated to analyse and disclose the application of these funds by the respective beneficiaries. It is expected that a continued simple and easy to understand presentation of the Governments' expenditure would better educate the civil society on the utilisation of revenue realised by the Government and ultimately boost citizens' confidence in public financial management and general governance as a whole.

Phase I of the project involved a review of the Federation Revenue (with emphases on the Mineral Revenue (MR)), its specific components and the agencies saddled with the responsibility of 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.

Phase II of the project covered the agencies and special funds set up by the Federal Government to address challenges to sustainable development in diverse sectors of the Nigerian economy. The entities evaluated under this phase were collectively referred to as the **Federal Beneficiary Agencies**. The specific revenue flows to the entities, the disbursements from their accounts and their onward utilization of funds were reviewed for the period of 2012 - 2016.

Phase III of the project covered the selected **State Governments**, which involved the review and analysis of the revenue (particularly fiscal allocation) and the expenditure of nine states of the Federation. The selection of the States was primarily based on the World Bank assisted combination of criteria for selection, which includes: (1) States that share in the 13% derivation paid to oil producing States; (2) States that are open, friendly and give account of revenue receipts and utilization; (3) States that are vocal in terms of delivery of programmes; and (4) A fair representation of geopolitical zones as well as score cards of State Governments. This draft report covers phase II.

### 1.2 Purpose

The overall purpose of this assignment is to collate and reconcile data on revenue from mineral extractive industries as obtained from the Regulatory and Supervisory Agencies with the data on disbursements obtained from the Beneficiary agencies and State Governments as well as the application/utilisation of the funds received by the Agencies and report on any material exceptions noted.

The 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 States' 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.

### 1.3 Approach and Methodology

The major source of data for the Fiscal Allocation and Statutory Disbursement review in general was the FAAC files and the templates filled by each of the covered States. The States were requested to provide monthly data to enable the consultants team ascertain the validity of the total inflows and outflows of revenue collected and disbursed.

To further authenticate data filled on the templates by the States, a validation exercise was carried out.

This was executed by Comparism data compiled on the templates with their corresponding source documents.

In accordance with the ISRS 4400 standard, the approach applied 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.
- II. **Re-computation, Comparism and Other Clerical Accuracy Checks** -The templates filled by the agencies were casted and cross casted and an independent computation/schedule of the data given was prepared.
- III. **Observations** - The overall observations from the project are reported in a separate report as agreed with NEITI and stated in the TOR with corresponding recommendations presented against them. However, few key observations were highlighted against each of the covered entity's report.
- IV. **Inspections** - Projects carried out by the covered entities were selected for verification based on a stratified random process.
- V. **Confirmations** - At the end of the validation exercise, during exit meetings with the covered entities, sign-offs from key staff were obtained as a confirmation, authentication and proof of non-misrepresentation of the entities' financial information.

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



## 1.4 Summary of State Reports

### 1.4.1 Overview

#### State Government Revenue Heads

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

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 the 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 is 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 enabling environment for more production of crude oil and gas.

#### Excess Crude Account

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 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 this 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%) government 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 exchange rate.

#### Other Refunds

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

## SURE- P

Subsidy Reinvestment and Empowerment Program (SURE-P) is a program established for reinvesting the Federal Governments' savings from fuel subsidy removal on critical infrastructure projects and other social safety programmes which will have direct positive impacts on the citizens of the Country. The main objectives are to:

- Provide employment for unemployed graduates through internship programmes
- Create database for unemployed youths and reduce social vulnerability.

## 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; and (xi) Miscellaneous revenue (e.g. rent on government property, income from investment, etc.)
- (ii) **Fines, Fees and Rates:** School fees, water rate, etc.
- (iii) **Licenses:** Issuance of licenses of various types.
- (iv) **Earnings from Sales:** Sale of Government vehicles, houses, profit on disposal of Government assets, etc.
- (v) **Rent from Government Properties:** Rent of houses, land etc.
- (vi) **Interest Payment and Repayment of Loan:** By state government employees and Government companies on loans granted to them by the state government.
- (vii) **Re-imbursments:** These are refunds for services rendered to the Federal and Local Governments, public corporations and other statutory bodies owned by the State Government.
- (viii) **Miscellaneous:** Other sources than those mentioned above, e.g. dividend from investment, etc.

## Loans

Loans here are of two types - (i) International or External Loans and (ii) Local or Internal Loans.

International or External loans are multilateral debts deducted at source from FAAC proceeds and sourced from institutions like London Club and other Multilateral organisations such as IDA and IFAD while local or internal loans are sourced from major commercial Banks in Nigeria.

### 1.4.2 Recurrent Expenditure Heads

The Recurrent expenditures of the State Governments comprise mainly the following major components:

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

a. **Personnel emoluments**

This represents the salaries and wages and other personnel costs/expenses incurred by the State Government on the Government workers in various Ministries, Departments, Boards and Parastatals of the State Government.

b. **Overhead Cost**

This is the major item of recurrent expenditure incurred by the States. 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 sums 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)
- iv. Members of House of Assembly Service Commission
- v. Members of Judicial Service Commission

e. **Public Debts 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 Loans Repayment:
  - Banks
  - Revenue Bond
- External Debts Service

### 1.4.3 Capital Expenditure Heads

These are expenditures that are capital intensive in nature and it can further be described as follows:

- 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 each State are mainly classified according to sectors. The sectors are as follows:

- i) Economic Sector
- ii) Social Sector
- iii) Environmental Sector
- iv) General Administration
- v) State Oil Mineral Producing Commission (for oil producing States only)

#### I. Economic Sector

This sector encompasses all commercial activities to create wealth for the State through provision of economic and viable infrastructures. The sub-sectors under it are as follows:

- a. Agriculture & Rural Development
- b. Livestock
- c. Fisheries
- d. Industry
- e. Energy
- f. Commerce and Cooperative and Finance
- g. Transport

#### II. Social Sector

- a. Education
- b. Health
- c. Information
- d. Social Development

#### III. Environmental

- a. Water Resources and Development
- b. Sewage and Drainage
- c. Housing
- d. Urban and Regional Planning
- e. Community Development and Special Areas

#### 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:

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

### 1.4.4 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 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 Accounts Production Department at the State's Accountant General'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 IGR in most States is carried out as follows:

- a) A revenue cashbook is maintained.
- b) A 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 returns to the main cashier, who had issued treasury receipt, the head of accounts will transfer, on monthly basis, all the revenue collected to the sub-treasurer using the appropriate special cash transfer account numbers.

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

#### 1.4.5 Recurrent Expenditure Approval and Disbursement Process

Control over State Governments' expenditure is attained through the use of budgets 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 can be made through warrants. Warrant is an **Authority to Incur Expenditure (AIE)**, which can be categorized into two groups:

- 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 the review of the financial position of the selected States, the audited financial statements and the filled templates were validated and examined in accordance with the subsisting laws relating to the Revenue generation and distribution of the Federation Account and the relevant internal State Financial Laws and Regulations.

#### 1.4.6 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.

##### 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.
- Governor's 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
- Most contractors are paid with the amount stated on the payment voucher through e-payment.
- If the office of the Accountant General is satisfied with the information supplied, payment will be made through e-payment.

## 1.4.7 Sharing Formula

Mineral and non-mineral revenue available and shared to the State governments during the period under review are disbursement using the sharing formula stated below

### MINERAL REVENUE

Federal > 45.83%  
States > 23.25%  
LGCs > 17.92%  
13% Derivation > 13.00%

### NON MINERAL REVENUE

FGN > 52.68%  
STATES > 26.72%  
LGCs > 20.60%

### REDISTRIBUTION OF FGN STATUTORY ALLOCATION

FGN > 48.50%  
FCT > 1.00%  
SHARE OF DERIVATION > 1.00%  
STABILIZATION FUND > 0.50%  
DEVELOPMENT OF NATURAL RESOURCES > 1.68%

### VAT ALLOCATION

FGN > 15%  
STATES > 50%  
LGCs > 35%

## 1.4.8 Summary of Disbursement to the State Government 2012 - 2016

Table 1: Summary of Disbursement to the State Government from 2012 - 2016

| Beneficiaries | 2012               | 2013               | 2014               | 2015               | 2016               | TOTAL                |
|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
|               | ₦                  | ₦                  | ₦                  | ₦                  | ₦                  | ₦                    |
| ABIA          | 53,139,821,733.55  | 63,366,592,664.84  | 56,831,415,147.24  | 43,283,850,616.44  | 34,122,138,406.90  | 250,743,818,568.97   |
| ADAMAWA       | 52,403,842,514.90  | 58,953,864,403.83  | 52,337,548,206.31  | 41,007,285,191.70  | 33,259,050,548.78  | 237,961,590,865.52   |
| AKWA IBOM     | 258,189,908,738.25 | 319,327,329,068.65 | 262,632,132,233.99 | 176,589,949,403.93 | 116,423,803,850.29 | 1,133,163,123,295.11 |
| ANAMBRA       | 53,588,430,378.89  | 60,226,969,219.12  | 53,220,373,230.21  | 41,695,676,982.38  | 34,135,048,267.14  | 242,866,498,077.74   |
| BAUCHI        | 61,164,451,732.03  | 69,088,918,956.49  | 62,436,543,917.85  | 48,806,325,070.44  | 39,470,190,652.01  | 280,966,430,328.82   |
| BAYELSA       | 183,423,221,057.76 | 224,263,386,617.56 | 179,646,375,937.34 | 116,361,135,652.01 | 87,540,726,830.35  | 791,234,846,095.02   |
| BENUE         | 56,950,661,675.33  | 64,146,378,740.69  | 58,694,003,398.62  | 45,860,394,285.48  | 37,350,166,040.78  | 263,001,604,140.90   |
| BORNO         | 61,870,106,153.82  | 70,036,611,862.97  | 63,979,151,950.04  | 49,818,830,570.45  | 40,186,089,785.72  | 285,890,790,323.00   |
| CROSS RIVER   | 52,536,054,619.62  | 56,417,367,688.68  | 52,749,271,848.57  | 41,180,764,040.20  | 33,330,036,192.73  | 236,213,494,389.80   |
| DELTA         | 217,234,934,349.89 | 245,855,627,470.58 | 206,814,372,222.70 | 147,455,012,762.30 | 97,662,494,657.60  | 915,022,441,463.07   |
| EBONYI        | 44,268,221,742.51  | 49,931,245,471.16  | 47,064,940,318.83  | 36,756,675,314.14  | 29,899,101,347.25  | 207,920,184,193.89   |
| EDO           | 65,135,852,440.44  | 75,690,087,368.59  | 68,051,681,154.04  | 51,543,091,836.27  | 37,130,264,397.17  | 297,550,977,196.51   |
| EKITI         | 44,649,286,265.38  | 50,317,242,926.92  | 47,031,252,890.19  | 36,813,543,008.78  | 29,980,293,522.55  | 208,791,618,613.82   |
| ENUGU         | 50,145,620,565.01  | 56,624,741,671.77  | 52,979,867,195.34  | 41,679,937,140.31  | 33,932,406,241.61  | 235,362,572,814.04   |
| GOMBE         | 46,813,813,332.53  | 53,083,053,680.16  | 49,085,663,858.64  | 38,510,162,512.81  | 31,209,270,625.44  | 218,701,964,009.58   |
| IMO           | 61,242,641,214.81  | 69,677,564,833.58  | 61,976,508,617.34  | 47,305,032,870.59  | 37,896,460,703.14  | 278,098,208,239.46   |
| JIGAWA        | 58,178,134,791.09  | 65,612,866,425.92  | 59,131,966,176.91  | 46,115,914,093.22  | 37,294,912,689.45  | 266,333,794,176.59   |
| KADUNA        | 66,759,607,859.61  | 75,239,585,817.36  | 68,838,919,274.56  | 53,825,075,674.06  | 43,869,381,916.56  | 308,532,570,542.15   |
| KANO          | 84,154,111,469.16  | 94,668,117,087.68  | 84,696,579,816.06  | 66,605,808,770.53  | 54,676,162,668.13  | 384,800,779,811.56   |
| KATSINA       | 63,528,698,528.65  | 71,553,012,937.84  | 64,897,914,373.18  | 51,016,280,081.80  | 41,355,065,742.47  | 292,350,971,663.94   |
| KEBBI         | 52,910,822,798.53  | 59,736,700,077.37  | 55,158,878,955.78  | 42,913,345,198.88  | 34,715,566,547.92  | 245,435,313,578.48   |
| KOGI          | 53,003,970,579.06  | 60,073,644,535.52  | 57,215,802,111.25  | 44,628,390,944.52  | 36,314,489,577.28  | 251,236,297,747.63   |
| KWARA         | 45,588,167,306.92  | 51,765,142,124.03  | 45,921,752,290.78  | 36,773,244,726.47  | 29,889,281,038.72  | 209,937,587,486.92   |



| <b>Beneficiaries</b>      | <b>2012</b>                 | <b>2013</b>                 | <b>2014</b>                 | <b>2015</b>                 | <b>2016</b>                 | <b>TOTAL</b>                 |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
|                           | ₦                           | ₦                           | ₦                           | ₦                           | ₦                           | ₦                            |
| LAGOS                     | 126,436,775,706.93          | 130,710,288,654.72          | 132,069,874,778.94          | 116,183,063,668.22          | 109,019,587,118.68          | 614,419,589,927.49           |
| NASSARAWA                 | 45,054,410,847.71           | 51,014,120,685.00           | 47,899,378,921.94           | 37,402,222,192.61           | 30,203,112,392.15           | 211,573,245,039.41           |
| NIGER                     | 60,634,540,410.23           | 68,441,304,762.44           | 61,274,854,735.31           | 47,763,932,162.19           | 39,020,985,876.22           | 277,135,617,946.39           |
| OGUN                      | 51,802,007,609.23           | 57,918,616,142.33           | 49,869,074,910.32           | 39,390,861,623.91           | 32,414,661,575.08           | 231,395,221,860.87           |
| ONDO                      | 77,733,648,229.92           | 91,165,851,871.51           | 77,731,138,889.36           | 55,937,307,998.56           | 47,591,536,857.73           | 350,159,483,847.08           |
| OSUN                      | 49,234,166,814.87           | 55,269,966,859.26           | 48,918,074,520.84           | 38,339,133,243.79           | 31,296,736,193.05           | 223,058,077,631.81           |
| OYO                       | 61,790,288,047.69           | 69,235,298,283.87           | 60,157,862,060.96           | 48,047,942,305.00           | 40,343,201,676.13           | 279,574,592,373.65           |
| PLATEAU                   | 51,918,828,770.06           | 58,678,501,633.28           | 54,856,846,328.87           | 42,766,647,280.00           | 34,632,968,000.27           | 242,853,792,012.48           |
| RIVERS                    | 233,738,769,051.52          | 264,044,786,382.50          | 200,239,237,657.66          | 129,332,777,437.59          | 103,742,376,294.34          | 931,097,946,823.61           |
| SOKOTO                    | 54,996,120,263.57           | 62,120,978,179.84           | 57,668,423,591.84           | 44,846,095,489.82           | 36,303,704,543.46           | 255,935,322,068.53           |
| TARABA                    | 51,107,270,816.83           | 57,502,961,213.52           | 50,073,848,375.80           | 39,151,824,418.56           | 31,606,481,518.67           | 229,442,386,343.38           |
| YOBE                      | 50,894,676,173.04           | 57,498,870,218.48           | 51,448,528,151.87           | 40,104,645,922.18           | 32,437,767,973.32           | 232,384,488,438.89           |
| ZAMFARA                   | 51,679,138,149.47           | 58,322,853,100.16           | 52,239,375,648.91           | 40,938,342,144.99           | 33,248,080,921.06           | 236,427,789,964.59           |
| Soku Disputed Funds       | 81,753,395.31               | 27,251,131.77               | -                           | -                           | -                           | 109,004,527.08               |
| Ona/Asaboro Disputed Fund | 18,885,364.11               | 6,295,121.37                | -                           | -                           | -                           | 25,180,485.48                |
| <b>Grand Total</b>        | <b>2,754,001,661,498.21</b> | <b>3,147,613,995,891.36</b> | <b>2,755,839,433,698.39</b> | <b>2,066,750,522,635.13</b> | <b>1,633,503,603,190.15</b> | <b>12,357,709,216,913.30</b> |

#### 1.4.9 Comparison of Disbursement to State Government

Table 2: Comparison of disbursement to State government 2007 to 2011 and 2012 to 2016

| S/N | GZ | Beneficiaries | LGCs | Allocation in 2007 to 2011 | Allocation in 2012 to 2016 | Percentage Change |
|-----|----|---------------|------|----------------------------|----------------------------|-------------------|
| 1   | SS | RIVERS        | 23   | 1,172,124,928,694          | 931,097,946,823.61         | -20.6%            |
| 2   | SS | AKWA IBOM     | 31   | 972,672,927,257            | 1,133,163,123,295.11       | 16.5%             |
| 3   | SS | DELTA         | 25   | 771,796,175,604            | 915,022,441,463.07         | 18.6%             |
| 4   | SS | BAYELSA       | 8    | 640,654,030,286            | 791,234,846,095.02         | 23.5%             |
| 5   | SW | LAGOS         | 20   | 436,345,646,616            | 614,419,589,927.49         | 40.8%             |
| 6   | SW | ONDO          | 18   | 340,560,246,304            | 350,159,483,847.08         | 2.8%              |
| 7   | NW | KANO          | 44   | 304,765,866,685            | 384,800,779,811.56         | 26.3%             |
| 8   | NW | KADUNA        | 23   | 241,904,830,642            | 308,532,570,542.15         | 27.5%             |
| 9   | SE | IMO           | 27   | 237,635,838,942            | 278,098,208,239.46         | 17%               |
| 10  | NW | KATSINA       | 34   | 230,681,119,521            | 292,350,971,663.94         | 26.7%             |
| 11  | SW | OYO           | 33   | 226,346,250,308            | 279,574,592,373.65         | 23.5%             |
| 12  | NE | BORNO         | 27   | 224,193,260,373            | 285,890,790,323.00         | 27.5%             |
| 13  | NE | BAUCHI        | 20   | 222,118,456,088            | 280,966,430,328.82         | 26.5%             |
| 14  | NC | NIGER         | 25   | 218,565,069,249            | 277,135,617,946.39         | 26.8%             |
| 15  | SS | CROSS RIVER   | 18   | 217,356,652,824            | 236,213,494,389.80         | 8.7%              |
| 16  | SS | EDO           | 18   | 217,111,374,171            | 297,550,977,196.51         | 37%               |
| 17  | NW | JIGAWA        | 27   | 212,186,627,048            | 266,333,794,176.59         | 25.5%             |
| 18  | NC | BENUE         | 23   | 207,269,709,391            | 263,001,604,140.90         | 26.9%             |
| 19  | NW | SOKOTO        | 23   | 200,060,370,196            | 255,935,322,068.53         | 27.9%             |
| 20  | SE | ABIA          | 17   | 198,359,253,572            | 250,743,818,568.97         | 26.4%             |
| 21  | SE | ANAMBRA       | 21   | 195,443,719,938            | 242,866,498,077.74         | 24.3%             |

| S/N | GZ | Beneficiaries                | LGCs | Allocation in 2007 to 2011 | Allocation in 2012 to 2016 | Percentage Change |
|-----|----|------------------------------|------|----------------------------|----------------------------|-------------------|
| 22  | NC | KOGI                         | 21   | 192,870,326,399            | 251,236,297,747.63         | 30.3%             |
| 23  | NW | KEBBI                        | 21   | 191,626,484,159            | 245,435,313,578.48         | 28.1%             |
| 24  | NE | ADAMAWA                      | 21   | 191,165,483,850            | 237,961,590,865.52         | 24.5%             |
| 25  | SW | OGUN                         | 20   | 188,574,285,400            | 231,395,221,860.87         | 22.7%             |
| 26  | NW | ZAMFARA                      | 14   | 187,936,180,069            | 236,427,789,964.59         | 25.8%             |
| 27  | NC | PLATEAU                      | 17   | 186,538,188,788            | 242,853,792,012.48         | 30.2%             |
| 28  | NE | TARABA                       | 16   | 186,135,934,739            | 229,442,386,343.38         | 23.3%             |
| 29  | NE | YOBE                         | 17   | 184,760,238,820            | 232,384,488,438.89         | 25.8%             |
| 30  | SE | ENUGU                        | 17   | 176,850,463,757            | 235,362,572,814.04         | 33.1%             |
| 31  | SW | OSUN                         | 30   | 175,166,496,848            | 223,058,077,631.81         | 27.3%             |
| 32  | NE | GOMBE                        | 11   | 169,462,195,085            | 218,701,964,009.58         | 29.1%             |
| 33  | NC | KWARA                        | 16   | 166,833,026,662            | 209,937,587,486.92         | 25.8%             |
| 34  | NC | NASSARAWA                    | 13   | 163,680,928,728            | 211,573,245,039.41         | 29.3%             |
| 35  | SW | EKITI                        | 16   | 162,200,327,197            | 208,791,618,613.82         | 28.7%             |
| 36  | SE | EBONYI                       | 13   | 161,052,742,398            | 207,920,184,193.89         | 29.1%             |
| 37  | SS | Ona/Asaboro<br>Disputed Fund |      | 5,684,185,662              | 25,180,485.48              | -99.6%            |
| 38  | SS | Soku Disputed<br>Funds       |      | 27,251,132                 | 109,004,527.08             | 300%              |
|     |    | 38                           | 768  | 10,378,717,093,402         | 12,357,709,216,913.30      | 19.1%             |

Source: OAGF - Disbursement to State Schedule

The total amount disbursed to the States between 2012 to 2016 was N12.3trillion as against N10.4trillion disbursed between 2007 to 2011

#### 1.4.10 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.

#### 1.4.11 State Government Revenue

Table 3: MR Components of the Total Revenue to Selected State Governments

|               | 2012       |      | 2013       |      | 2014       |      | 2015       |      | 2016       |      | Total      |      |
|---------------|------------|------|------------|------|------------|------|------------|------|------------|------|------------|------|
|               | N' billion | %    | N' billion | %    | N' billion | %    | N' billion | %    | N' billion | %    | N' billion | %    |
| <b>Delta</b>  |            |      |            |      |            |      |            |      |            |      |            |      |
| 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% |
| <b>Kano</b>   |            |      |            |      |            |      |            |      |            |      |            |      |
| 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% |
| <b>Imo</b>    |            |      |            |      |            |      |            |      |            |      |            |      |
| 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% |
| <b>Ondo</b>   |            |      |            |      |            |      |            |      |            |      |            |      |
| 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 | %    |
| <b>Nasarawa</b>  |            |      |            |      |            |      |            |      |            |      |            |      |
| 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% |
| <b>Gombe</b>     |            |      |            |      |            |      |            |      |            |      |            |      |
| 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% |
| <b>Akwa Ibom</b> |            |      |            |      |            |      |            |      |            |      |            |      |
| 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% |
| <b>Bayelsa</b>   |            |      |            |      |            |      |            |      |            |      |            |      |
| 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% |
| <b>Rivers</b>    |            |      |            |      |            |      |            |      |            |      |            |      |
| 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:

|    |               | <b>Internally Generated<br/>Revenue</b> | <b>Staff Emoluments<br/>including Pension<br/>Liability</b> |
|----|---------------|---|---|
|    | <b>States</b> | <b>₦' billion</b>                       | <b>₦' billion</b>   |
| 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 the States revenue is from mineral resources:

|    | <b>States</b> | <b>%</b> |
|----|---------------|----------|
| 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       |

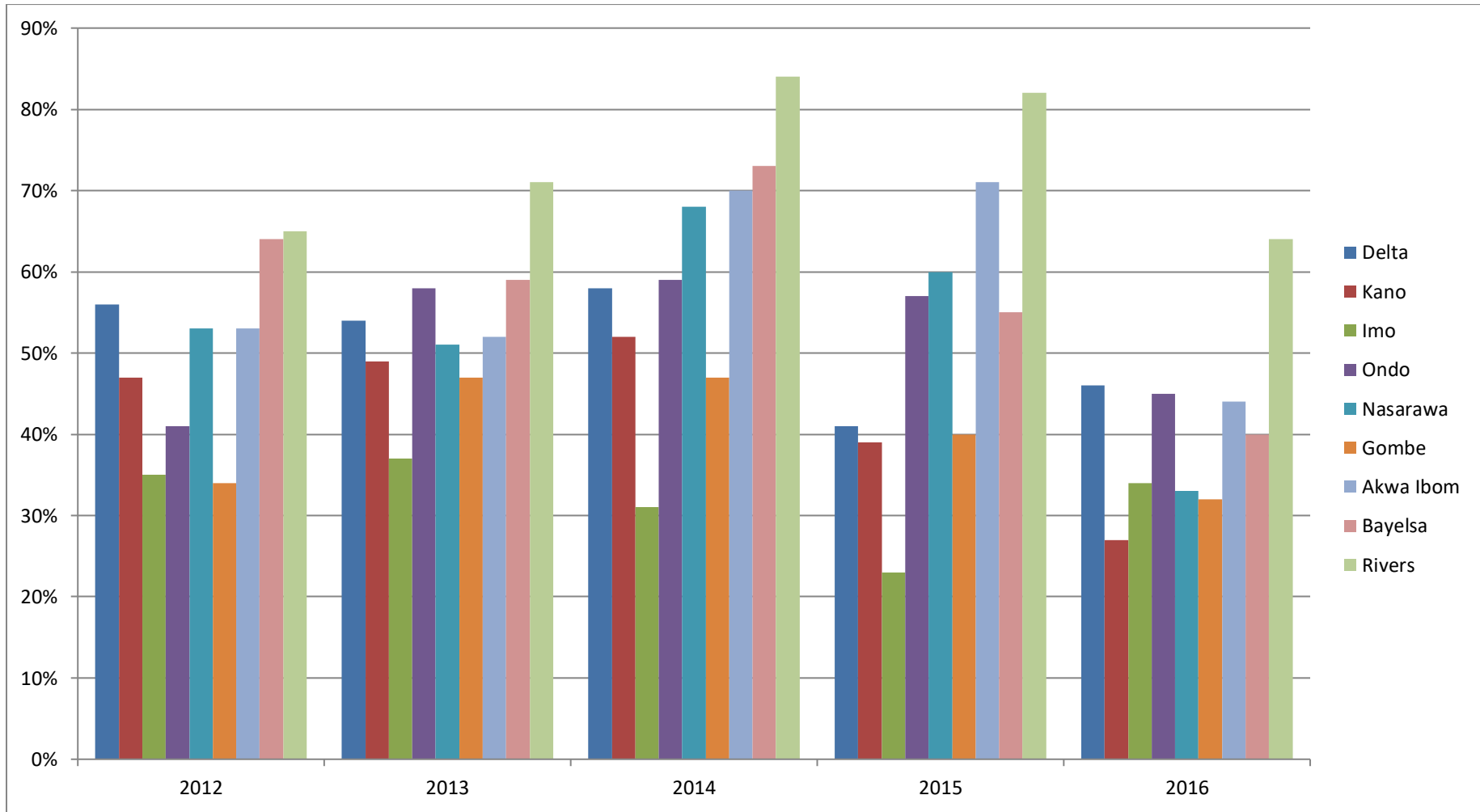


Figure 1: Percentage of MR in the States Government Total Revenue 2012 – 2016

### Observation:

- The trend in the revenue flows to the State 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 State to develop and generate revenue within the State economic prowess;
- 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 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.

### Recommendations:

The State Governments should re-evaluate their revenue profile with an articulated and strategic plan to exploit their full internal economic potentials with the intent to ensure equalization of its social and economic cost-benefits analysis.

#### 1.4.12 Recurrent Expenditure

In the assessment of the recurrent expenditure pattern of the State Governments, the following were observed:

Table 4: 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    | -                                 | -       | -       | -       | -       | -       |



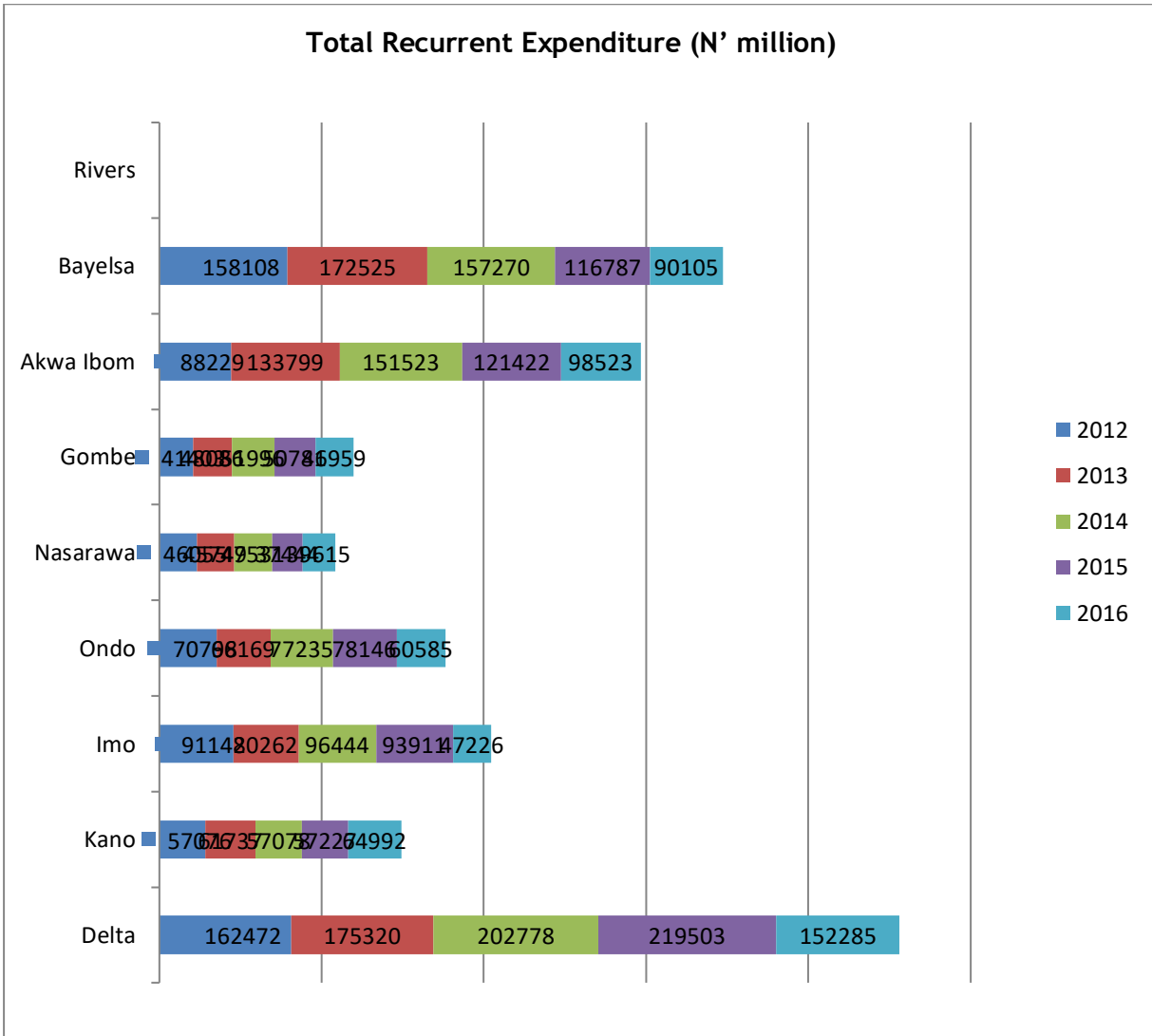


Figure 2: Total Recurrent expenditure for the nine selected states from 2012 - 2016 (N' million)

A Comparison of the Mineral Revenue with current expenditure shows the following:

|           | Mineral revenue<br>₦ billion | Recurrent expenditure<br>₦ billion | Excess/(Deficit)<br>₦ 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 also 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 5: 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%  |

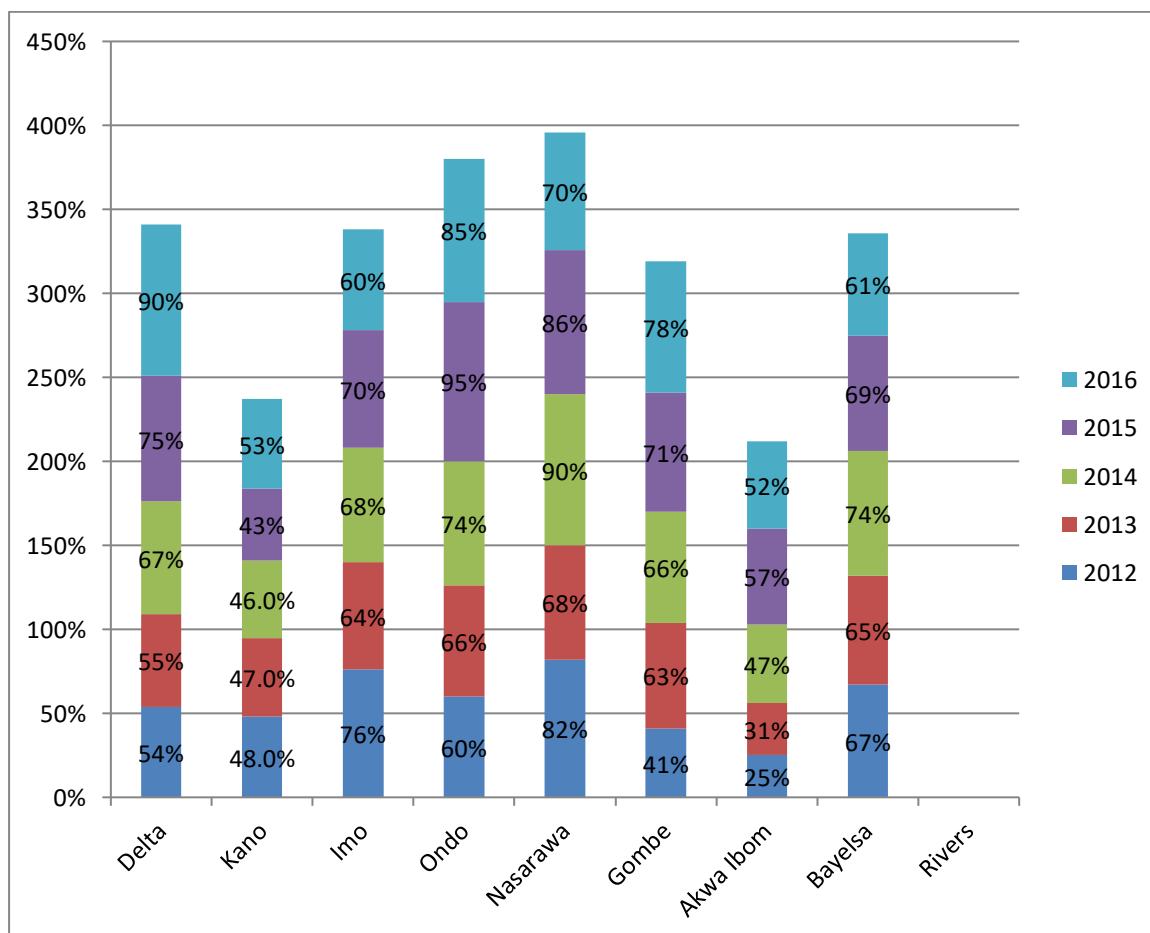


Figure 3: Recurrent Expenditure as a Percentage of Total Revenue

## Observation

Figure 2 and Figure 3 show the annual recurrent expenditure of the States and their corresponding percentage of the states total revenue respectively.

- 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 was expended on recurrent expenditure. Followed by Kano State with 48%, 47%, 46%, 43% and 53% from 2012 to 2016 respectively.
- Delta State expenditure increased year by year from 54%, 55%, 67%, 75% to 90% from 2012 to 2016 respectively.

## Implications:

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.

## Recommendations:

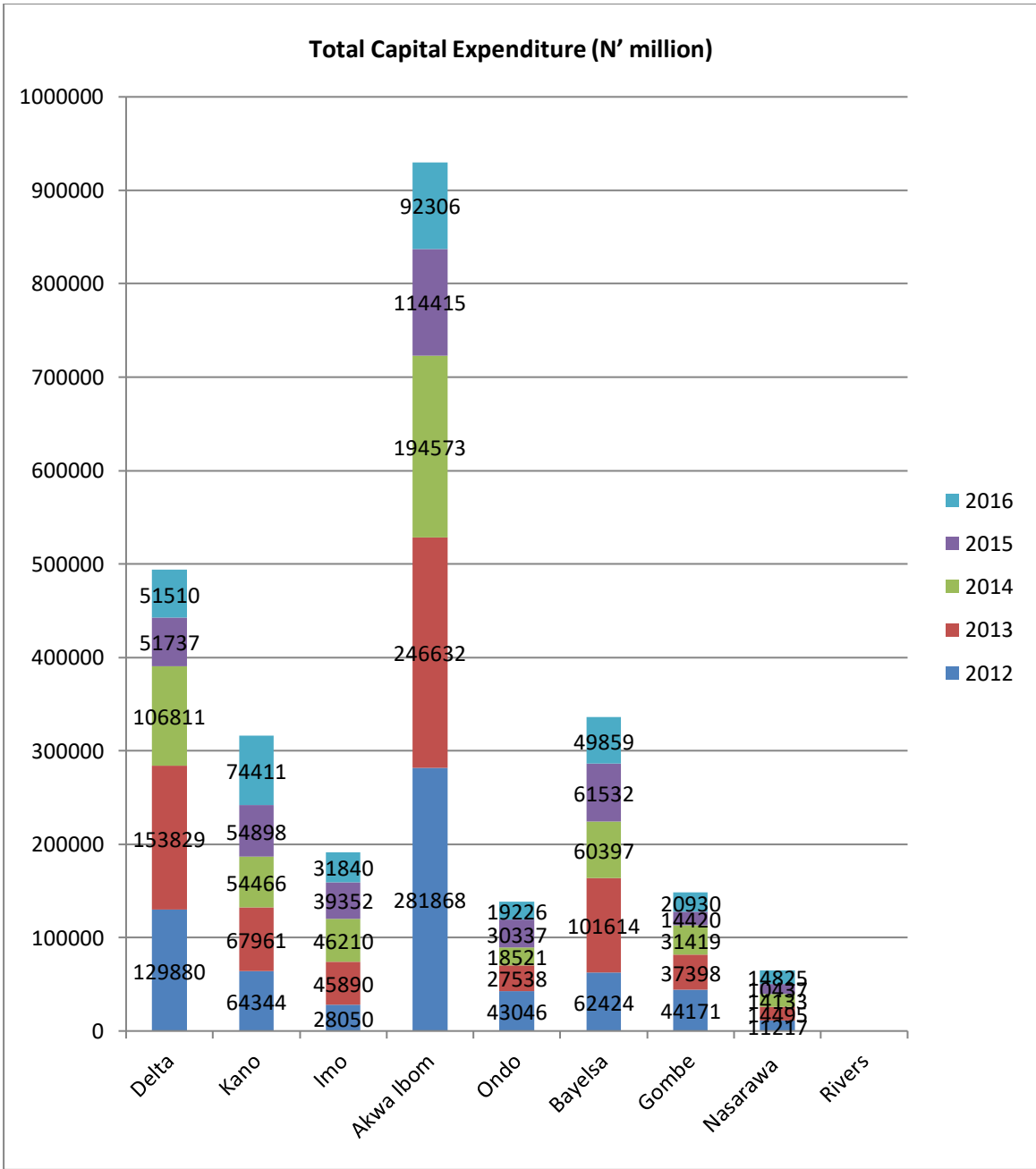
For Nasarawa State and Delta State to have recorded such high recurrent expenditure as against their respective revenue, we recommend a total overhaul of the States' expenditure mechanism and the administrative philosophy of the Governments. With the exception of Akwa Ibom state, all other States reviewed should endeavour to re-evaluate their recurrent expenditure profile, most especially the overhead costs.

### 1.4.13 Capital Expenditure

The States capital expenditure is as follows:

Table 6: States Government Capital Expenditure

| State     | Capital Expenditure (N' million) |         |         |         |        | Total   |
|-----------|----------------------------------|---------|---------|---------|--------|---------|
|           | 2012                             | 2013    | 2014    | 2015    | 2016   |         |
| 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 4: Total Capital expenditure for the nine selected states from 2012 - 2016 (N' million)**

- 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 expended on Capital expenditure while Nasarawa State is the least with committed capital fund of N65.107 billion and followed by Ondo State with N138.668 on capital expenditure.

These expenditures were also expressed with respect to the Total revenue of the States in the period and the outcome is as shown in Figure - below:

Table 7: 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%  |

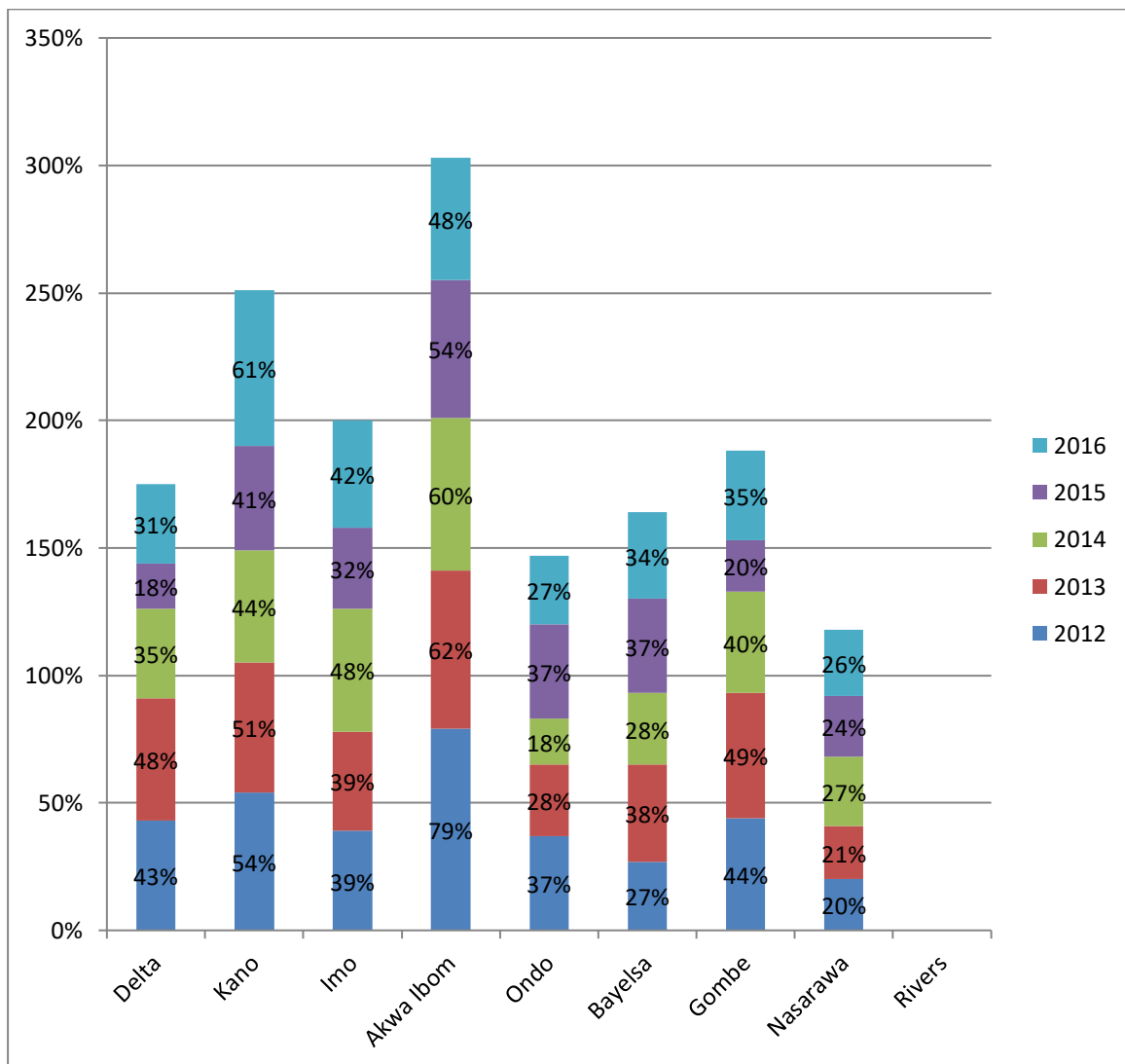


Figure 5: Capital Expenditure as a Percentage of Total Revenue

- 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. Followed by

Kano State with 34%, 51%, 49%, 41% and 61% while the least is Nasarawa State.

The capital Expenditure profile of the States substantially complements 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.

#### **Recommendations:**

The states with low Capital Expenditure investment need a re-orientation for their principals 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' Office 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.

### 1.5.1 Brief History

Akwa Ibom State was created on the 23<sup>rd</sup> of September, 1987 by the then Military head of State, General Ibrahim Badamosi Babangida. The creation of the state brought to fruition years of prolonged struggle by the people that occupied the mainland part of the former Cross River State.

For many, the creation of the State was a mark of justice, having been left out in earlier state creation exercises despite leading in the struggle for state creation in Nigeria, through the Ibibio Union - a foremost Socio-Cultural organization that served as a unifying platform for the people of this part of Nigeria. In 1948, Ibibio Union, formed in 1928, transformed from a mere cultural association to a goal driven institution which promoted and championed the cause of state creation in Nigeria.

However, when in 1967 the 12 state structure was established following the creation of states by the General Yakubu Gowon administration, the Mainland part of Calabar Province in the then Eastern Nigeria was merely part of the then South Eastern State. In 1976, South Eastern State was renamed Cross River State. This change in name did not satisfy the people rather it encouraged to carry on with the struggle for a state of their own.

After the collapse of the 2<sup>nd</sup> Republic in 1983, a memorandum demanding the creation of Akwa Ibom State was submitted to the General Buhari Administration by the Paramount Rulers from the 10 Local Government areas that made up the mainland part of the then Cross River State, even though it did not yield the desired result.

Undaunted, the people waited for another opportunity. The opportunity came when, in 1986, the Administration of General Ibrahim Babangida set up a political Bureau to define the future political direction of the country. The memorandum was re-submitted.

On September 23, 1987, the collective dream of the people was actualized as Akwa Ibom State, the “Land of Promise” was finally created, after about four decades of sustained agitation.

From inception, the State has been administered by ten (10) leaders, six (6) Military regimes and four (4) Civilian Governments. The most recent five leaders are:

- Joseph Adeusi: Military Administrator from 21 August 1996 to 9 August 1998.
- John Ebiye: Military Administrator from 9 August 1998 to 29 May 1999.
- Victor Attah: Civilian Governor (People’s Democratic Party) from 29 May 1999 to 29 May 2007.
- Godswill Akpabio: Civilian Governor (People’s Democratic Party) from 29 May 2007 to 29 May 2015.
- Udom Gabriel Emmanuel: Civilian Governor (People’s Democratic Party) 29 May 2015 till date

Click the following link to access the full report [Akwa Ibom State Report](#)

## 1.6 BAYELSA STATE

### 1.6.1 Brief History

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. Bayelsa state was created on Oct 1, 1996 out of Rivers State by the Federal Military Government of Late General Sanni Abacha and 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). Hence BAYELSA was derived from the letters BA + YEL + SA. 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 was found in 1956, in 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.

From inception, the State has been administered by eleven (11) leaders, four Military regimes and seven Civilian Governments, namely

- Phillip Ayeni: Military Administrator between 7 October 1996 and 27 February 1997.
- Habu Daura: Military Administrator between 28 February 1997 and 27 June 1997.
- Omoniyi Caleb Olubolade: Military Administrator between 27 June 1997 and 9 July 1998.
- Paul Obi: Military Administrator between 9 July 1998 and 29 May 1999.
- Diepreye Alamieyeseigha: Civilian Governor (People’s Democratic Party) between 29 May 1999 and 9 December 2005.
- Goodluck Jonathan: Civilian Governor (People’s Democratic Party) between 9 December 2005 and 29 May 2007.
- Timipre Sylva: Civilian Governor (People’s Democratic Party) between 29 May 2007 and 16 April 2008.
- Werinipre Seibarugo: Acting Civilian Governor (People’s Democratic Party) between 16 April 2008 and 27 May 2008.
- Timipre Sylva: Civilian Governor (People’s Democratic Party) between 27 May 2008 and 27 January 2012.
- Nestor Binabo: Acting Civilian Governor (People’s Democratic Party) between 27 January 2012 and 14 February 2012.
- Seriake Henry Dickson: Civilian Governor (People’s Democratic Party) 14 February 2012 till date

Click the following link to access the full report [Bayelsa State Report](#)



### 1.7.1 Brief History

Delta State ‘The Big Heart of the Nation’ was carved out of the former Bendel State on the 27 August 1991. The State was created following the agitation for the creation of a separate distinct State by the peoples of the old Delta Province; The Urhobos, Itsekiri, Isoko, Ijaw (Ezon), and Ukwani (later joined Anioma). There was yet another state creation movement designated as ‘Niger Delta’ comprising the old Midwestern Igbo-speaking Aboh division of the old Midwest region. This was transformed into ‘Anioma’ following the creation of Niger State from the old North-Western State by the Murtala Muhammed administration in 1976. The then Military President, Gen. Ibrahim Babangida, created the state using the name ‘Delta’ advanced by Niger Delta region and ‘Asaba’ a prominent town within the ‘Anioma’ axis as capital. Asaba was designated as capital of the proposed Anioma State. The proposed capital was a virgin land or ‘Anioma city’ in the heart of the two constituent divisions that had evolved to become the Anioma area. Delta state was once integrated in the Mid- Western state from 1963 to 1976 and later Bendel state, from 1976 to 1991. The name “Bendel” (Ben-Del) coined from the old Benin and Delta Provinces of Western Region-Delta to reflect the integration of Benin and Delta provinces.

From inception, the State has been administered by eleven (10) leaders, seven Military regimes and three Civilian Governments, namely

- Luke Chijiuba Ochulor: Military Administrator between 28 August 1991 and 2 January 1992.
- Felix Ibru: Military Administrator between 2 January 1992 and November 1993.
- Abdul Kadir Shehu: Military Administrator between 17 November 1993 and 10 December 1993.
- Basse Asuquo: Military Administrator between 10 December 1993 and 26 September 1994.
- Ibrahim Kefas: Military Administrator between 26 September 1994 and 22 August 1996.
- John Dungs: Military Administrator between 22 August 1996 and 12 August 1998.
- Walter Feghabo: Military Administrator between 12 August 1998 and 29 May 1999.
- James Ibori: Civilian Governor (People’s Democratic Party) between 29 May 1999 and 29 May 2007.
- Emmanuel Uduaghan: Civilian Governor (People’s Democratic Party) between 29 May 2007 and 29 May 2015.
- Ifeanyi Okowa: Civilian Governor (People’s Democratic Party) 29 May 2015 till date.

Click the following link to access the full report [Delta State Report](#)

**1.8.1 Brief History**

Gombe State ‘the Jewel in the Savannah’ is made up of people of diverse ethnic, cultural and religious backgrounds. Most of the ethnic groups are believed to have originated from Yemen, in Middle East. They migrated to their present locations through the Lake Chad region. The period of migration and final arrival at their present locations however varies among the ethnic groups. But, there is a general agreement that the migration occurred during the turbulent years of the Kanem-Borno empire and completed during the Fulani Jihad of the 19th Century. Gombe State was carved out from defunct Bauchi State on the 1st October 1996 by the former Head of State and Commander-in-Chief of the Armed Forces, Federal Republic of Nigeria, Late General Sanni Abacha, GCFR.

From inception, the State has been administered by five (5) leaders, two Military regimes and three Civilian Governments, namely

- Group Captain Joseph Orji: Military Administrator between 7 October 1996 and August 1998.
- Mohammed Bawa: Military Administrator between August 1998 and May 1999.
- Abubakar Habu Hashidu: Civilian Governor (All People’s Party) between 29 May 1999 and 29 May 2003.
- Mohammed Danjuma Goje: Civilian Governor (People’s Democratic Party) between 29 May 2003 and May 2011.
- Ibrahim Hassan Dankwambo: Civilian Governor (People’s Democratic Party) May 2011 till date

Click the following link to access the full report [Gombe State Report](#)

**1.9.1 Brief History**

Imo State is christened the “Eastern Heartland”. The State was created in 1976 by the Administration of the Federal Military Government during the Obasanjo regime. Imo State was originally part of the East Central state and is named after the Imo River. The State is made up of twenty-seven (27) Local Government Areas which are Aboh Mbaise, Ahiazu Mbaise, Ehime Mbano, Ezinihitte Mbaise, 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.

From inception, the State has been administered by various leaders namely nine Military regimes and five Civilian Governments. Leaders from 1993 till date are:

- James N.J. Aneke: Military Administrator between December 1993 -July 1996
- Tanko Zubairu: Military Administrator between August 1996 - May 1999
- Achike Udenwa: Civilian Governor (People’s Democratic Party) 29 May 1999 - May 2007
- Ikedi G. Ohakim: Civilian Governor (People’s Democratic Party) 29 May 2007 - May 2011
- Owelle Rochas Anayo Okorochoa: Civilian Governor (All Progressive Congress) 29 May 2011 to date

Click the following link to access the full report [Imo State Report](#)

**1.10.1 Brief History of Kano State**

Kano State, created on 27 May 1967 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 19<sup>th</sup> Century led by Fulani Islamic Leader, Usman Dan Fodio leading to the emergence of the Sokoto Caliphate.

After independence, Kano State was created by the Federal Military Government. The first military police commissioner, Audu Bako is credited with building a solid foundation for the progress of a modern society. Most of the social amenities are credited to him. The first civilian Governor was Abubakar Rimi.

Click the following link to access the full report [Kano State Report](#)

**1.11.1 Brief History**

Nasarawa State is christened the “Home of solid minerals” due to the vast mineral deposits available in the State. The State was created in 1996 by the Administration of the then Head of State, Late General Sani Abacha. Nasarawa State was originally part of the Northern region in the three region structure of 1954. In 1967, with the creation of twelve (12) Federal States by General Yakubu Gowon’s military Government it became part of the Benue Plateau State. The 1976 Military Government of General Murtala Muhammed created nineteen (19) States out of the existing 12 Federal States and Nasarawa state was made a component of Plateau state. On October 1<sup>st</sup> 1996, the Head of State, General Sani Abacha divided Plateau state into the present Plateau state and Nasarawa state. 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.

From inception, the State has been administered by five (5) leaders namely two Military regimes and three Civilian Governments.

- Abdullahi Ibrahim: Military Administrator between October 1996 - August 1998
- Bala Mande: Military Administrator between August 1998 - May 1999
- Abdullahi Adamu: Civilian Governor (People’s Democratic Party) 29 May 1999 - May 2007
- Aliyu Akwe Doma: Civilian Governor (People’s Democratic Party) 29 May 2007 - May 2011
- Umaru Tanko Al-Makura: Civilian Governor (All Progressive Congress) 29 May 2011 to date

Click the following link to access the full report [Nasarawa State Report](#)

**1.12.1 Brief History**

Ondo State is generally referred to as the Sunshine State. It was one of the seven States created on 3<sup>rd</sup> 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. It was carved 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. However, on 1st October 1996, Ekiti State was carved out of Ondo State.

From inception, the State has been administered by eighteen (18) leaders, twelve Military regimes and six Civilian Governments. The most recent five leaders are:

- Moses Fasanya: Military Administrator between August 1998 and May 1999.
- Adebayo Adefarati: Civilian Governor between May 1999 and May 2003.
- Olusegun Agagu: Civilian Governor (People’s Democratic Party) between May 2003 and February 2009.
- Olusegun Mimiko: Civilian Governor (Labour Party) between February 2009 and February 2017.
- Oluwarotimi Odunayo Akeredolu: Civilian Governor (All Progressive Congress) February 2017 till date

Click the following link to access the full report [Ondo State Report](#)

## 1.13 RIVERS STATE

### 1.13.1 Brief History

Prior to the creation of Rivers state in May 1967 there was motivations which urged the people to clamour for a Rivers State. The people of the Rivers State (particularly in the riverine areas, such as Bonny and Brass,) had, from the advent of Missionaries and European traders in the 15th century, exhibited the inherent desire for self determination. This was a result of the Akassa raid, and the opposition of King Jaja of Opobo against European intrusion into the trade affairs of the people, as well as the importation of European workers to Bonny by King Pepple of Bonny, under his employment to build up Bonny to become as respectable as England. The people then were compelled to submit to European hegemony by sheer force of superior arms. From this period of smothered resistance, the people became pregnant with a fervent zeal for self determination. The British realising this attitude of mind of the Rivers people, undertook, in the reign of Queen Victoria of Great Britain, in the 19th Century to conclude treaties of friendship and mutual protection with several maritime clans such as Bonny, Kalabari, Brass and Okrika.

Before 1973, Rivers state comprised five administrative Divisions, namely, Ahoada, Brass, Degema, Ogoni and Port Harcourt Divisions. The Andonis, the Opobos and the Western Ijaws, should rightly have come within the ambit of the Rivers State, being purely riverine peoples, and mostly of the Ijaw tribe, but they were excluded for the following reasons:

The Western Ijaws were excluded on the pretext that the Rivers Province including them would prove too unwieldy to administer then. The Opobos, with the Andonis already in the Opobo Division, opted out of the Rivers Province when it was created, for fear of losing prestige as a divisional headquarters

Some of these riverine and coastal chiefs had hoped that with Nigeria's independence, the treaties of protection they signed with Britain would also lapse and thus, they would become independent States. The 1958 constitutional conference which affirmed Nigerian nationhood dashed such hope, but agreed on some measures to allay the fears of the ethnic minorities in this area. However, between 1941 and 1952, an organisation known as the Ijo Rivers People's League had agitated for the creation of a distinct Rivers Province. In 1953, another body called the Council of Rivers Chiefs replaced the League and became the Rivers Chiefs and Peoples' Congress in 1954, and the Rivers Chiefs Peoples Conference in 1956. The leaders of this organisation cooperated with the Calabar Ogoja Rivers (COR) State Movement formed in Uyo in December 1953, but later broke away to press their own case before the Willink Commission.

To allay the fears of the minorities under the dominant ethnic groups within the Nigerian nationhood.

Click the following link to access the full report [Rivers State Report](#)