

# **SUB-NATIONAL TRANSFERS:NORTH EASTERN REGION ALLOCATION**

**Presentation**

**@**

**Zaranda Hotel, Bauchi, Bauchi State**

**By**

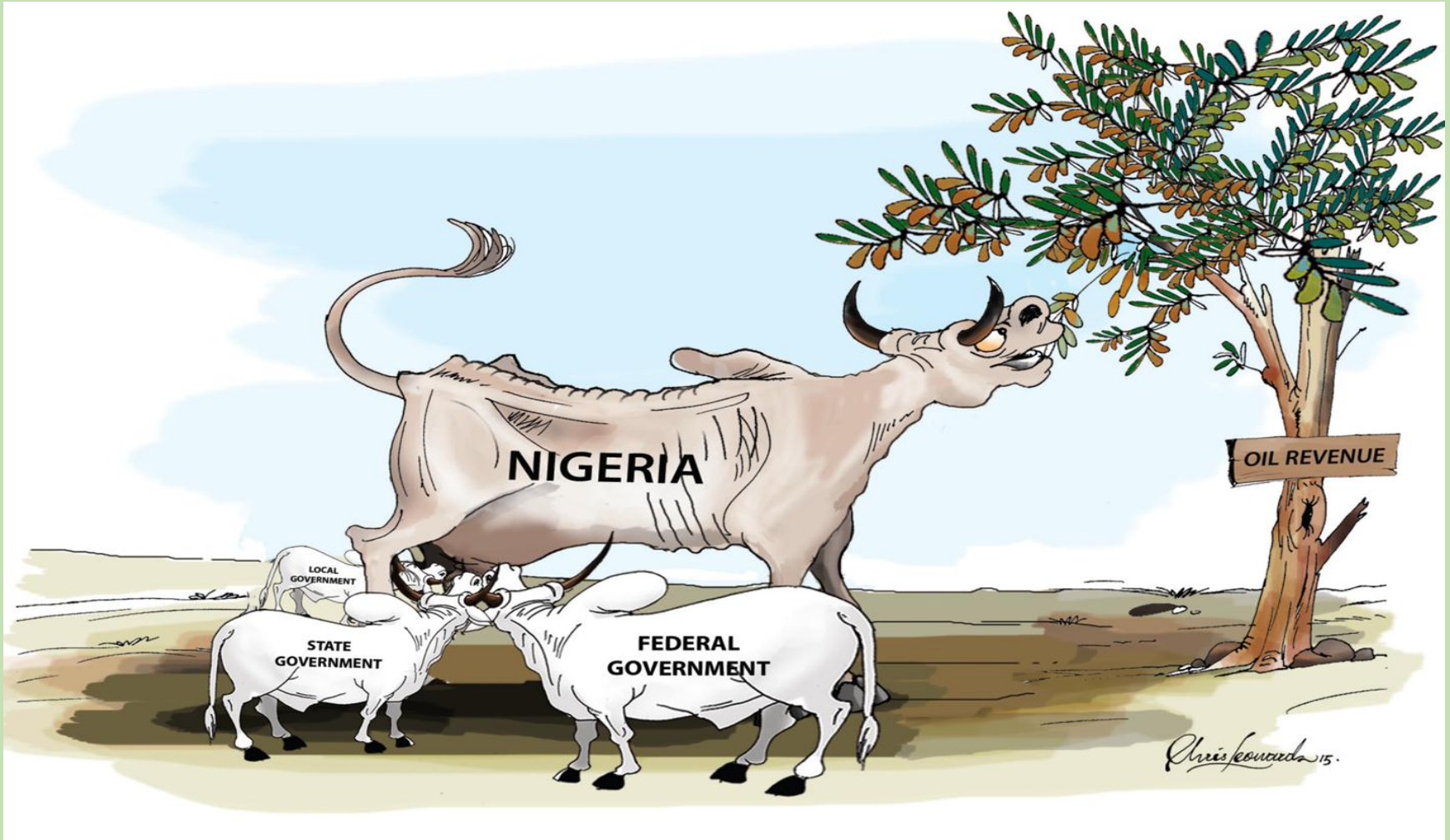
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# NEITI

Nigeria  
Extractive  
Industries  
Transparency  
Initiative



# Where Natural Resources EFFECTIVELY UTILIZED: Saudi Arabia



# Where Natural Resources Work for the People: Norway



# NEITI MANDATE

1 To promote due process & transparency in extractive revenue paid to & received by government as well ensure transparency & accountability in the application of extractive resource revenue

2 NEITI conducts yearly audit of the Oil, Gas & Solid Mineral sectors as well as the Fiscal Allocation and Statutory Disbursement (FASD)

# **VISION**

**A Nigeria whose extractive sector is  
transparent, accountable, and  
beneficial to all Nigerians**

# Extractive Revenues to Federation Account

## Oil & Gas Revenue

- Sales of Crude Oil & Gas
- Petroleum Profit Tax
- Royalty (Oil)
- Royalty (Gas)
- Signature Bonus
- Gas Flaring Penalty
- Concession Rental
- Company income tax
- Value added tax

## Solid Minerals Revenue

- Royalty
- License Fees / Ground Rent & Penalty
- Company Income Tax
- Withholding Tax
- Value Added Tax

# Revenue Allocation

The 1999 constitution made provisions for **revenue allocation** among the components units of the federation

It also provided for centrally-generated revenue to be shared among the three levels of government

Current revenue sharing formula as follows:

- FG 52.68%
- States 26.72 %
- LGA 20.6 %
- 13 % to solid minerals and oil-producing states in accordance with principle of derivation.



# **Fiscal Allocation & Statutory Disbursement Audit**

NEITI Conducts **Fiscal Allocation & Statutory Disbursement with objective** tracking 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.

# The EITI Requirement

- Requirement 3.7: The EITI Report must describe the distribution of revenues from the extractive industries
- Requirement 4.2 (d): Requires the multi-stakeholder group to establish the direct payments and receipts from companies to subnational governments, disclose and reconcile these payments and receipts in the EITI Report”

# NEITI Act 2007 and Resources Application

- NEITI ACT Section:
  - Section 2(d): Empowers NEITI to “ to ensure transparency and accountability by government in the application of resources from payments received from extractive companies”
  - Section 3(j): Expects NEITI to ensure that all fiscal allocations and statutory disbursements due from the Federal Government to statutory recipients are duly made
- In order to satisfy the above mandates, NEITI was able to :
- Conducts FASD 2007 TO 2011 and also commissioned another project covering 2012 to 2016 which is currently on going.
- FAAC Quarterly Report which analyses Federation Account Allocation Committee disbursement to the three tiers of government.

# North East Allocation (States) For The Period 2007 To 2011

S/NO.	STATES	AMOUNT (N)
1	Adamawa	191,165,483,850
2	Bauchi	222,118,456,088
3	Borno	224,193,260,373
4	Gombe	169,462,195,085
5	Taraba	186,135,934,739
6	Yobe	184,760,238,820
7	Total	1,177,835,568,955

*The total allocation received from the federation for the period 2007 to 2011 by the six (6) States in the North East (NE) region was N1,177,835,568,955; with Bauchi and Borno respectively receiving N222.12 billion and N224.19 billion. Gombe State received the lowest amount of N169.46 billion which could be due to the State being the smallest in land mass and relatively low indices in the other criteria of the horizontal sharing formulae.*

# North East Allocation (Local Government Councils) for the Period 2007 to 2011

S/NO	STATES	AMOUNT (N)
1	Adamawa	151,279,864,329
2	Bauchi	171,985,525,434
3	Borno	200,066,604,226
4	Gombe	88,465,004,748
5	Taraba	128,317,217,907
6	Yobe	125,096,512,806
7	Total	865,210,729,451

*The total allocation received from the Federation Account for the period 2007 to 2011 by the LGCs from the six (6) States in the North East (NE) region was N865,210,729,451; with Bauchi and Borno respectively receiving N171.99 billion and N200.07 billion. Gombe State received the lowest amount of N88.47 billion which could be due to the State being the smallest in land mass and relatively low indices in the other criteria of the horizontal sharing formulae*

# North East Allocation States) for the Period 2016 to 2018

S/NO.	STATES	AMOUNT (2016)	AMOUNT (2017)	AMOUNT (2018)*
1	Adamawa	33.48	41.50	21.45
2	Bauchi	39.73	49.23	24.86
3	Borno	40.46	50.10	26.24
4	Gombe	31.41	38.90	19.85
5	Taraba	31.82	39.62	20.45
6	Yobe	32.65	40.54	21.35
7	Total	209.55	259.89	134.20

*From the table above one can see there was an improvement at the Federation Allocations to the region from N209.55 billion in 20016 to N259.89 billion in 2017. Even the five (5) months allocations in 2018 present a positive signal as N134.2 was realized within the period. The trend still continues with Bauchi and Borno States having the highest allocations in the region while Gombe State received the lowest of N31.41 billion, N38.90 billion and N19.85 billion for the period 2016, 2017 and May 2018 respectively.*

# Analysis of 2017 Budget, Federation Allocation, IGR AND Debt Burden to the North Eastern Region.

S/N O.	STATES	BUDGET	FAAC Disb.	FAAC Disb. %	IGR	IGR %	Total Revenue	Total Debt Burden
1	Adamawa	120.1	33.48	27.87	7.59	6.32	41.07	67.93
2	Bauchi	135.31	39.73	29.36	5.39	3.99	45.12	83.78
3	Borno	159.00	40.46	25.44	2.52	1.59	42.98	28.32
4	Gombe	76.80	31.41	40.90	3.57	4.64	34.98	63.89
5	Taraba	100.88	31.82	31.54	4.11	4.07	35.93	33.83
6	Yobe	89.93	32.65	36.31	3.80	4.23	36.88	11.74

The review of 2017 North Eastern region government spending shows that Borno States had the highest budget of N159.00 billion, while Gombe State had the lowest budget of N76.80 billion. Adamawa States realized the highest internally generated revenue of N6.32 billion and Borno recorded the lowest of N2.52 billion in the year 2017. But the debt burden from the States within the region, Borno State registered N28.32 billion and Bauchi State was having N83.78 billion.

# Conclusion

- North – East states need to do more in respect of their internally generated revenue
- Create enabling environment for investment in the extractive resources in their various states.
- Prudent management of available resources
- Ensure citizen focused policies



**THANK YOU FOR LISTENING**



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