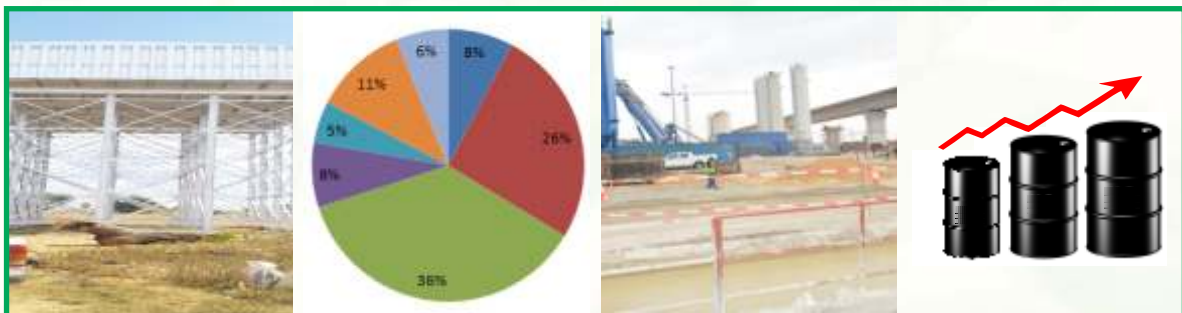




FISCAL RESPONSIBILITY COMMISSION
FEDERAL REPUBLIC OF NIGERIA



2020
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS



VISION, MISSION AND VALUES



Our Vision

A transparent and accountable government financial management framework for Nigeria.



Our Mission

To ensure that revenue-raising policies, resource allocation decisions and debt management decisions are undertaken in a prudent, transparent and timely fashion.



Our Values

Integrity
Truth
Justice
Prudence

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LIST OF ACRONYMS

| | |
|--------|--|
| BPE | Bureau of Public Enterprises |
| CAC | Corporate Affairs Commission |
| CBN | Central Bank of Nigeria |
| CCB | Code of Conduct Bureau |
| CSOs | Civil Society Organizations |
| DFID | Department for International Development |
| DMO | Debt Management Office |
| EFCC | Economic and Financial Crimes Commission |
| DSA | Debt Sustainability Analysis |
| ECA | Excess Crude Account |
| ERGP | Economic Recovery and Growth Plan |
| FAAC | Federation Account Allocation Committee |
| FAAN | Federal Airport Authority of Nigeria |
| FCT | Federal Capital Territory |
| FEC | Federal Executive Council |
| FG | Federal Government |
| FIRS | Federal Inland Revenue Service |
| FGN | Federal Government of Nigeria |
| FMF | Federal Ministry of Finance |
| FOI | Freedom of Information Act |
| FRA | Fiscal Responsibility Act |
| FRC | Fiscal Responsibility Commission |
| GDP | Gross Domestic Product |
| ICPC | Independent Corrupt Practices and Other Related Offences Commission |
| ICT | Information and Communications Technology |
| IGR | Internally Generated Revenue |
| IMF | International Monetary Fund |
| MDAs | Ministries Departments and Agencies |
| MTEF | Medium Term Expenditure Framework |
| NAC | National Automotive Council |
| NAFDAC | National Agency for Food & Drug Administration and Control |
| NAMA | Nigerian Airspace Management Agency |

| | |
|--------|---|
| NASENI | National Agency for Science and Engineering Infrastructure |
| NASS | National Assembly |
| NBS | National Bureau of Statistics |
| NCAA | Nigerian Civil Aviation Authority |
| NCC | Nigerian Communications Commission |
| NCS | Nigeria Customs Service |
| NDIC | Nigeria Deposit Insurance Corporation |
| NIMASA | Nigerian Maritime Administration and Safety Agency |
| NIP | National Implementation Plan |
| NIRP | National Industrial Revolution Plan |
| NIS | Nigeria Immigration Service |
| NITDA | National Information Technology Development Agency |
| NNPC | Nigerian National Petroleum Corporation |
| NPA | Nigerian Ports Authority |
| NPC | National Planning Commission |
| NPS | Nigerian Postal Service |
| NSC | Nigerian Shippers Council |
| NSDC | National Sugar Development Council |
| NSITF | Nigeria Social Insurance Trust Fund |
| NTDC | Nigeria Tourism Development Commission |
| OAGF | Office of the Accountant General for the Federation |
| OPEC | Organization of Petroleum Exporting Countries |
| OSGF | Office of the Secretary to the Government of the Federation |
| RMRDC | Raw Materials Research and Development Council |
| SEC | Securities and Exchange Commission |
| SMEs | Small and Medium Scale Enterprises |

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His Excellency
MUHAMMADU BUHARI, GCFR
President, Commander-in-Chief of the Armed Forces
Federal Republic of Nigeria



His Excellency
PROF. YEMI OSINBAJO, SAN, GCON
Vice President
Federal Republic of Nigeria



SEN. AHMAD LAWAN, PhD, CON
President of the Senate of the
Federal Republic of Nigeria



HON. FEMI GBAJABIAMILA

Honourable Speaker, House of Representatives of the
Federal Republic of Nigeria



ZAINAB SHAMSUNA AHMED

Hon. Minister of Finance, Budget and National Planning
Federal Republic of Nigeria



CHIEF VICTOR C. MURUAKO, ESQ, KSJI
Ag Chairman
Fiscal Responsibility Commission

MANAGEMENT TEAM



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Mr. Alex B. Elikwu
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Head, Legal, Investigation & Enforcement



Alh. Sule Unekwu-Ojo Musa
Head, Finance & Accounts



Mr. Bede O. Anyanwu
Head, Strategic Communication



Alh. Bello Gulmare
Head, Monitoring & Evaluation



CHAIRMAN'S STATEMENT

It is indeed my pleasure to present the 2020 Annual Report and Audited Financial Statements of the Fiscal Responsibility Commission (FRC) for the year ended December 31, 2020.

This is in line with the provisions of Section 10 of the Fiscal Responsibility Act, 2007, which mandates the Commission to produce Annual Report and Audited Financial Statements and submit to the National Assembly of the Federal Republic of Nigeria.



Chief Victor C. Muruako, ESQ. (KSI)
Ag Chairman
Fiscal Responsibility Commission

This Report presents a summary of global and national economic outlook for the year 2020, which was unfortunately hit by the coronavirus pandemic that practically altered all economic predictions and activities all over the world.

The Report also x-rayed the activities of the Directorates of the Commission in 2020. The Commission operates six (6) Directorates namely:

1. Finance and Administration (F&A)
2. Planning, Research and Statistics (PRS)
3. Monitoring and Evaluation (M&E)
4. Legal, Investigation and Enforcement (L.I & E)
5. Policy and Standards (P & S) and
6. Strategic Communications. (SC)

The modest rebound in global economic growth projected for 2020 was contingent on many assumptions. It was hoped that the expected risks do not materialize. The expectations include that Brexit is concluded with a transparent framework for the future relationship between the United Kingdom and the European Union, trade tensions and tariffs do not increase, financial stability remain at bay. However, the unexpected happened – the COVID-19 pandemic with its attendant shutdown of economies further slowed down the global growth in 2020.

Nigeria was not left out in the slowed down economic growth. The projected growth of 1.79% was affected by decline in the oil prices which averaged \$41.96 in 2020. The growth rate remained inadequate to meet the mounting development challenges in Nigeria. The pandemic took a toll on all sectors of the economy from government

revenue, projects and the survival of households. The inflationary pressure, unstable currency among others within the year led to high prices of goods and services which has eroded the purchasing power of the currency.

The total debt stock is rising though using the DMO guidelines, the total debt in Nigeria is still within the 40% threshold allowable. Monetary policies in Nigeria need to strike a delicate balance between promoting growth, limiting the depreciation of the currency and maintaining a manageable level of debt servicing costs.

The impact of the pandemic on the Nigerian economy was negative with the economy declining by 6.1% in the second quarter of 2020. The consequential lockdown measures taken by the Federal Government to stem the spread further reduced economic activities across the country. Generally, the oil sector contracted by 6.5%. The largest contraction after the attack on the country's Trans-facados pipeline in 2016. Except for the agricultural sector, other key non-oil sectors slumped into near record contractions during the year. Furthermore, the manufacturing, trade and construction sectors contracted by 8.8% year on year, 16.6% and 31.8% respectively driven by supply chain disruption, and collapse in purchasing power due to job losses and pay cuts.

However, global economic recovery picked up in the last quarter of 2020 amidst the second wave of the Covid-19 pandemic, albeit at a slow pace across Advanced Economies (AEs) and the Emerging Market and Developing Economies (EMDEs). The growth outcomes were reinforced by stronger financial flows, rising employment and improved business optimism occasioned by easing lockdown restrictions across the globe. Overall, the business outlook remained positive in the United States, United Kingdom, Germany, India, United Arab Emirates and Italy, but was negative for Japan and South Africa (CBN Q4/R, 2020).

In the domestic economy, industrial and business activities witnessed slight improvement over the levels in the preceding quarter due to increased consumer demand and business confidence. I wish to commend the Federal Government for the rapid response to the pandemic and the follow-up activities that timely checked the spread of the virus in the country. Palliatives from the Federal Government also helped to ameliorate the sufferings of the poor who are most hit by the lockdown measures.

It is also important to note that Nigeria exited a second recession in the fourth quarter of 2020 while the GDP grew to 0.11%, despite the decline in oil production to 1.56

barrels per day in the fourth quarter. The economy slid out of recession in the fourth quarter as growth in agriculture and telecommunications offset the decline in oil production.

Security challenges – boko haram, kidnapping and banditry continued in 2020 particularly in the North-East, North-West and North-Central geographical zones of the country. This affected agricultural production leading to a sharp increase in the cost of food items coupled with violent conflicts between farmers and herders. In spite of this myriad of challenges, the Fiscal Responsibility Commission continued to sustain its activities, particularly monitoring the remittance of operating surpluses by revenue generating agencies of the Government. Notably, the Commission caused to be remitted over N2.15 trillion as operating surplus and internally generated revenue remittances to the Consolidated Revenue Fund of the Federal Government.

One of the hallmark of the activities of the Commission in 2020 was the Debt Verification Exercise across the country. The Fiscal Responsibility Act (FRA), 2007 confers on the Commission, the mandate of monitoring the borrowing and indebtedness of all tier of Government in the Federation. Sections 41(1), 42(1), 44(1), 44 (2) (a) and (b) aptly spells out the terms and conditions for borrowing by any government of the federation. The Commission observed from the report of the first debt monitoring exercise, that most of the States visited, did not meet the requirements of the Sections so mentioned. Accordingly, it has become imperative that any State procuring loan, should seek the consent of the Fiscal Responsibility Commission and obtain proof of compliance as encapsulated in FRA, 2007. The exercise will continue in 2021 and beyond.

The Commission also verified capital projects in the year in spite of the covid-19 challenges across the six (6) geo-political zones of the Federation. It is the opinion of the Commission that going forward, only projects that meet the specific needs of a community should be embarked upon and that the Federal Government should undertake fewer projects at a time in order to ensure adequate funding and timely completion.

Furthermore, the Commission will continue to emphasize the need to prepare *Annual Cash Plan* by the Office of the Accountant – General of the Federation as well as the *Disbursement Schedule* by the Minister of Finance as required by Sections 25 & 26 of the Fiscal Responsibility Act, 2007. This will increase efficiency and effectiveness in the management of revenue and expenditure and also reduce prevalent uncertainties in the budget implementation process. The Commission also sustained its collaboration with Civil Society Organizations and International/Donor agencies such as the Centre for Social Justice (CSJ), Civil Society

Legislative Advocacy Centre (CISLAC), OXFAM, and Paradigm Leadership Support Initiative (PLSI).

It is important to commend the Ministry of Finance, Budget and National Planning for the effort at ensuring the submission of the 2021 Budget proposal to the National Assembly in a record time. This has led to early assent to the Appropriation Bill and a reversal to January – December fiscal year. Let me also commend the Office of the Secretary to the Government of the Federation, Office of the Accountant General of the Federation, Office of the Auditor General for the Federation, National Bureau of Statistics, Debt Management Office as well as the Ministry of Finance, National Planning and Budget Office of the Federation for their contribution in putting together this Report.

The Fiscal Responsibility Commission will continue to request citizens' participation in the activities of the Government. May I, therefore, draw the attention of Nigerians that anybody can utilize the provision of *Section 51 FRA, 2007* to inquire about the management of resources of the Federation without showing any special interest. This is one of the ways that will lead to the realization of the objectives of *FRA, 2007*.
Yours in Fiscal Responsibility,

Chief Victor Chinemerem Muruako, Esq.
Ag. Chairman



Some Members of Management and Staff of the Commission



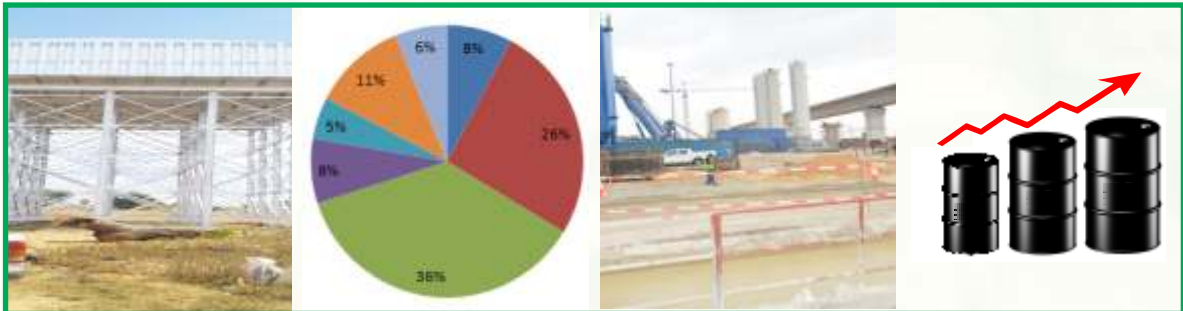
INTRODUCTION

1. The key objective of this Report is to fulfill the provision of Section 10 FRA, 2007, that requires the Commission to submit its yearly activities to the National Assembly. It is organized to show the efforts of the Commission towards actualizing the core mandate of the Commission in 2020.
2. Chapter 1 gives an overview of the mandate of the Fiscal Responsibility Commission.
3. Chapter 2 reports on the monitoring of the budgetary process, which includes the preparation, planning and approval of the Medium Term Expenditure Framework 2018 – 2020 and the 2020 Annual Budget of the Federal Government. It also, covers the implementation and execution of the 2020 Budget; revenue performance, expenditure analysis, savings and assets management.
4. Chapter 3 dwells on debt, indebtedness and borrowing. It examines the level of compliance with Sections 41-47 FRA, 2007 by the Federal government, the States and the FCT.
5. Chapter 4 reviews the compliance with Sections 21-24 FRA, 2007 by Scheduled Corporations through a detailed table showing remittances to the Consolidated Revenue Fund from 2007 to 2020.
6. Chapter 5 discusses Enforcing Fiscal Responsibility. The adoption of rule-based fiscal responsibility practices at the sub-national governments.
7. Chapter 6 deals with Transparency and Accountability.
8. Chapter 7 deals with Communication, Research and the dissemination of standards.
9. Chapter 8 reports on institutional strengthening and capacity building while challenges and prospects are discussed in Chapter 9.
10. The annexure shows the Audited Financial Statements of the Commission as at 31st December, 2020.

CHAPTER
ONE

1

THE MANDATE OF THE
FISCAL RESPONSIBILITY
COMMISSION



CHAPTER ONE

THE MANDATE OF THE FISCAL RESPONSIBILITY COMMISSION

The Fiscal Responsibility Act, 2007, was enacted “to provide for prudent management of the nation's resources; ensure long term macroeconomic stability of the national economy; secure greater accountability and transparency in fiscal operations, within a Medium Term Fiscal Policy Framework; and the establishment of the Fiscal Responsibility Commission to ensure the promotion and enforcement of the nation's economic objectives, and for related matter”.

1.1 FUNCTIONS OF THE COMMISSION

The mandate of the Fiscal Responsibility Commission is encapsulated in Section 3 of the FRA, 2007, which specifies the functions of the Commission thus:

- (1) The Commission shall:
 - (a) *monitor and enforce the provisions of this Act and by so doing, promote the economic objectives contained in Section 16 of the Constitution;*
 - (b) *disseminate standard practices including international good practice that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters;*
 - (c) *undertake fiscal and financial studies, analysis and diagnosis and disseminate the result to the general public;*
 - (d) *make rules for carrying out its functions under the Act; and*
 - (e) *perform any other function consistent with the promotion of the objectives of this Act.*
- (2) The Commission shall be independent in the performance of its functions.

According to the breakdown of the economic objectives contained in Section 16 of the Constitution of the Federal Republic of Nigeria the Commission is expected to promote the following:

- (I) Harness the resources of the nation and promote national prosperity and an efficient, dynamic and self-reliant economy;
- (ii) Control the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity;
- (iii) Manage or operate the major sectors of the economy as well as protect the right of every citizen to engage in any economic activities outside the major sectors of the economy;
- (iv) Promote a planned and balanced economic development; and
- (v) Ensure that the material resources of the nation are harnessed and distributed as best as possible to serve the common good.

For the purpose of performing its functions under Section 2(1) of the Act, the Commission shall have powers to:

- (a) Compel any person or government institution to disclose information relating to public revenues and expenditures; and
- (b) Cause an investigation into whether any person has violated any provision of the Act.

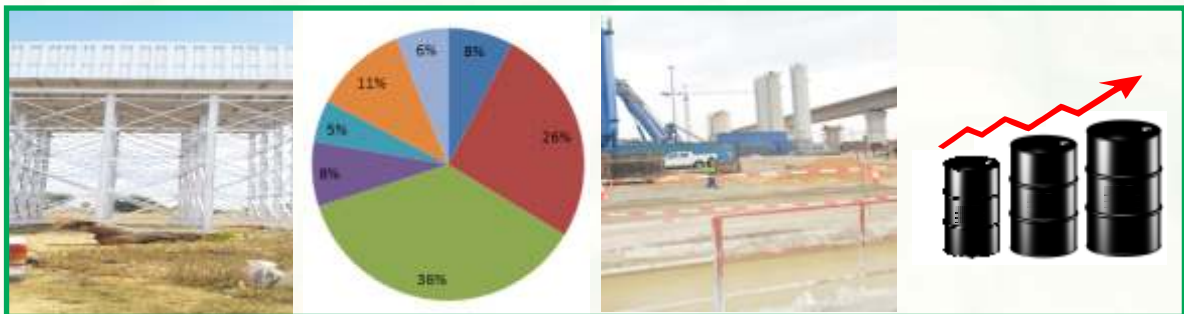
Section 2(2) provides that, if the Commission is satisfied that such a person has committed any punishable offence under the Act or violated any provisions of the Act, the Commission shall forward a report of its investigation to the Attorney-General of the Federation for prosecution.

For the purpose of exercising her investigative powers under FRA, 2007, the Commission is collaborating with other law enforcement agencies in the Federation to enforce the provisions of FRA 2007.

CHAPTER
TWO

2

MONITORING THE
BUDGETARY PROCESS



CHAPTER TWO

MONITORING THE BUDGETARY PROCESS

2.0 INTRODUCTION

In 2020, the Fiscal Responsibility Commission in fulfillment of its mandate sustained its monitoring and evaluating processes leading to the effective implementation of the annual budget.

The Commission monitored revenue generation of Government Owned Enterprises/Scheduled Corporations and other MDAs to ensure compliance with the provisions of FRA, 2007.

The chapter covers the following:

- Preparation and approval of 2020 - 2022 Medium-Term Expenditure Framework (MTEF);
- Preparation and approval of 2020 Annual Budget;
- The 2020 Budget;
- 2020 Budget Assumptions;
- 2020 Key Budget Components;
- Budgetary Execution and Achievement of Targets
- Annual Cash Plan and Disbursement Schedule;
- Budget Implementation Reports;
- 2020 Budget Performance – Highlights;
- Federal Government Revenue Performance;
- Excess Crude Account;
- Federal Government Expenditure;
- Budget Implementation – Capital Expenditure;
- Monitoring Scheduled Corporations under the FRA, 2007;
- Physical Verification of Capital Projects.

2.1 PREPARATION AND APPROVAL OF THE MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF)

The 2020-2022 MTEF was positioned to indicate the direction of government priorities and programs in order to improve economic growth. Government aimed at stimulating the economy to attain sustained inclusive growth through the allocation of resources to strategic priorities.

Monitoring the preparation of the Medium-Term Expenditure Framework (MTEF) is a fundamental function of the Fiscal Responsibility Commission.

In compliance with the provisions of the Fiscal Responsibility Act (FRA) 2007, the Federal Government of Nigeria (FGN) prepared the MTEF/FSP to encapsulate the MTEF policy thrust of revenue and expenditure estimates. The MTEF is designed to translate economic plans into public expenditure programs within a coherent multiyear macroeconomic and fiscal framework; a transparent planning and budget formulation process that will ensure that limited resources are allocated to the highest priority areas in the preparation of the annual budget.

The MTEF is a tool that ensures a linkage between policies on the one hand and planning/budgeting on the other, over the medium-term, on a three-year rolling basis; it signifies the commencement of the budgeting process and forms the basis for the Commission's monitoring and enforcement activities.

Section 14, FRA, 2007 mandates the Minister of Finance, Budget and National Planning to present a draft MTEF to the Federal Executive Council (FEC) for endorsement not later than the second quarter of the year. The endorsed MTEF is presented to the National Assembly for approval not later than four months to the end of the financial year.

Consultations with diverse stakeholders viz States, designated Government Agencies, Organized private sector and Civil Society Organizations forms a fundamental part of the process of preparing the MTEF. Furthermore, documentation of the process and inputs from the consultations should be clearly stated in the MTEF as provided in FRA, 2007.

Section 11(2), FRA, 2007 requires the scrutiny and approval by the National Assembly as it stipulates that *“the framework so laid shall be considered for approval with such modifications if any, as the National Assembly finds appropriate by a resolution of each house of the National Assembly”*.

It is imperative therefore, that the MTEF conforms with the structure and content prescribed by the Act.

The 2020-2022 MTEF/FSP set out the key parameters and assumptions underlying the fiscal policies, as well as the revenue and expenditure profile for the 2020 annual budget.

2.2 PREPARATION AND APPROVAL OF THE ANNUAL BUDGET

Sections 18 and 19 of the Fiscal Responsibility Act, 2007 clearly stipulates that MTEF shall be the foundation for anchoring the annual budget. It further states the procedures for the preparation and approval of the annual budget.

The Commission's key interest in budget monitoring contemplates the intricate nature of the Executive and Legislature relationship in the area of budget monitoring.

Table 2.1: Major Components of 2020 Budget in comparison with 2019

| S/No | ITEM | 2019 Budget | Revised 2020 Budget |
|------|--|---------------------|---------------------|
| 1 | Oil Price Benchmark | USD 60.0 | USD 28.0 |
| 2 | Oil Production | 2.3mbpd | 1.8mbpd |
| 3 | Foreign Exchange Rate | ₦305.0 - 1 USD | ₦360.0 - 1 USD |
| 4 | Gross Oil Revenue | ₦9,326.96 billion | ₦3,033.36 billion |
| 5 | Gross Non-Oil Revenue | ₦4,280.43 billion | ₦5,146.0 billion |
| 6 | Independent Revenue | ₦631.08 billion | ₦932.84 billion |
| 7 | FGN Aggregate Revenue (Excl. GOEs) | ₦6,998.49 billion | ₦5,365.42 billion |
| 8 | FGN Aggregate Expenditure (Excl. GOEs) | ₦8,916.96 billion | ₦9,973.92 billion |
| 9 | Fiscal Deficit (Excl. GOEs) | (₦1,918.48) billion | (₦4,608.24) billion |

Source: BOF, 2020

Table 2.1 above shows, the major budget components for 2019 and 2020 as revised

The presentation and assent to the budget in 2020 was commendable as it broke the disturbing pattern of previous years.

The President formally presented a budget of N10.59 trillion for 2020 (18.8% higher than 2019) to the joint session of the National Assembly on the 8th of October, 2019. The earliest since 1999.

Table 2.2 below shows, the budget submission date and assent by the President from 2016 to 2020.

Table 2.2: Time of Submission and approval of Budgets 2016 - 2020

| Fiscal Year | Date Budget Presented to NASS | Date Budget Signed by the President | Time Between Budget Presentation and Presidential Assent |
|--------------------|--------------------------------------|--|---|
| 2016 | 22 nd December, 2015 | 6 th May, 2016 | 5 Months |
| 2017 | 14 th December, 2016 | 12 th June, 2017 | 6 Months |
| 2018 | 7 th November, 2017 | 20 th June, 2018 | 7Months |
| 2019 | 19 th December, 2018 | 27 th May, 2019 | 5 Months |
| 2020 | 8 th October, 2019 | 17 th Dec, 2019 | 2 Months |
| 2021 | 8 th October, 2020 | 21 st Dec, 2020 | 2 Months |

Source: Compiled by FRC

2.3 THE 2020 BUDGET

The 2020 budget was presented on the 8th of October, 2019, and was signed into law on the 17th of December, 2019. The speedy passage of the budget is commendable as the 9th Assembly kept to the bilateral agreement of an “early submission, early passage” of the 2020 budget in order to revert to a predictable January – December fiscal year.

However, with the challenges of the COVID-19 pandemic, it became necessary to review the budget by adjusting to the new reality. The President signed the 2020 Revised Fiscal Budget into law on the 10th of July, 2020, after several weeks of deliberations with the National Assembly.

On the revenue side, adjustments were made on key parameters underlying the government's revenue projections to reflect the current macro-economic realities.

2.4 2020 Budget Assumptions

The following are the assumptions for the 2020 Budgets, initial and revised:

| | | |
|--------------------------|----------------|----------------|
| Oil Revenue | Initial | Revised |
| Benchmark oil price | US\$57 | US\$28 |
| Oil production | 2.18mbpd | 1.8mbpd |
| Naira/US\$ Exchange rate | N305/\$ | N360/\$ |
| Non-oil Revenue | | |
| Company income tax | 30% | 30% |

| | | |
|---------------|--|------|
| VAT | 7.5% | 7.5% |
| Custom duties | Based on nominal GDP, Companies' profitability ratio and an efficiency factor. | |

The adjustments made on key parameters underlying government revenue projections were oil price from \$57 to \$28 per barrel, oil production from 2.18million barrels per day to 1.8million barrels per day, exchange rate from N305/\$ to N360/\$ in line with the devaluation of the official exchange rate by the Central Bank of Nigeria (CBN). Consequently, the overall fiscal revenue for 2020 was revised by 31% from N8.42 trillion to N5.84 trillion.

Expenditure

The implementation of the 2020 budget of '*sustaining growth and job creation*' was challenging due to the effects of the COVID-19 pandemic worldwide. There was a collapse of the global economy and invariably, an adjustment was imperative.

The total Federal Government expenditure for 2020 according to the *Budget Implementation Report, 2020* was N10,017.26billion which is below the projected amount of N10,810.81billion (including GOEs budget and project tied loans) by N793.55 billion.

Based on the budget assumptions above, the summary highlight of the approved 2020 budget of N10,810.81 billion is presented below.

Table 2.3: Highlight of 2020 Budget and MTEF

| Item | Amended Budget | | MTEF | |
|---|------------------|----------------|------------------|----------------|
| | Nbn | % to aggregate | Nbn | % to aggregate |
| Recurrent (Non-debt) expenditure | 4,942.28 | 45.72 | 4,842.97 | 45.71 |
| Sinking Fund | 272.90 | 2.52 | 272.90 | 2.58 |
| Debt Servicing | 2,678.81 | 24.78 | 2,452.60 | 23.15 |
| Statutory Transfer | 428.03 | 3.96 | 560.47 | 5.29 |
| Capital Expenditure | 2,488.79 | 23.02 | 2,465.42 | 23.27 |
| Aggregate Expenditure (Including Goes Budget and Project tied Loans) | 10,810.81 | 100.00 | 10,594.36 | 100.00 |

Source: BOF and OAGF, 2020

2.5 2020 KEY BUDGET COMPONENTS

The total projected expenditure of the Federal Government in 2020 fiscal year as appropriated was N10,810.81 billion. The component of the budget is compared with 2019 budget in table 2.4 below:

Table 2.4: Components of 2020 budget in comparison with 2019

| S/N | Component | 2020 Budget | % to aggregate | 2019 Budget | % to aggregate |
|-----|--|------------------|----------------|-----------------|----------------|
| | | Nb | % | Nb | % |
| 1 | Personnel Cost (MDAs) | 2,827.65 | | 2,288.58 | |
| | Personnel Cost (GOEs) | 218.81 | | | |
| | CRF Pension | 536.72 | | 528.07 | |
| | SWV Power Sector Reform Programm | - | | 150.40 | |
| | Other Service wide Votes (+Gavi Immunization) | 397.33 | | | |
| | Other Service Wide Votes (+Covid-19 Crisis Intewrvention Fund) | 213.98 | | | |
| | Total Personnel | 4,194.49 | 38.80 | 2,967.05 | 33.27 |
| 2 | Overhead Cost (MDAs) | 243.18 | | 268.13 | |
| | Overhead Cost (GOEs) | 89.61 | | | |
| | Presidential Amnesty | 65.00 | | 65.00 | |
| | Refund to Special Account | - | | - | |
| | Basic Healthcare Fund (1% of CRF) | - | | - | |
| | Other SWV + Pension Redemption | - | | - | |
| | Special Intervention (Recurrent) | 350.00 | | 350.00 | |
| | Total Overheads | 747.79 | 6.92 | 1,098.90 | 12.32 |
| 3 | Debt Service - Domestic | 1,873.34 | | 1,710.22 | |
| | Debt Service - Foreign | 805.47 | | 433.80 | |
| | Total Debt Service | 2,678.81 | 24.78 | 2,144.02 | 24.04 |
| 4 | Sinking Fund | 272.90 | 2.52 | 110.00 | 1.23 |
| 5 | Statutory Transfer | 428.03 | 3.96 | 502.04 | 5.63 |
| 6 | Capital Expenditure | 2,488.79 | 23.02 | 2,094.95 | 23.49 |
| | Aggregate Expenditure | 10,810.81 | 100.00 | 8,916.96 | 100.00 |

Source: BOF and OAGF, 2020

Table 2.4 above, revealed that the total capital expenditure appropriated for 2020 was N2,488.79 billion representing 23.02% of aggregate expenditure which translates to an increase by N393.84 billion (15.82%) over 2019 appropriation of N2094.95 billion. Statutory transfers appropriated to government agencies was N428.03 billion, debt servicing N2,678.81 billion and Sinking Fund N272.90 billion.

2.6 BUDGETARY EXECUTION AND ACHIEVEMENT OF TARGETS

The Nigerian economy faced serious challenges in 2020, with the macroeconomic environment significantly disrupted by the COVID-19 pandemic.

The pandemic affected the global economy and led to economic recessions of historic proportions in several economies.

Furthermore, MDAs conduct towards compliance with FRA, 2007 remained a great challenge in year under review.

Monitoring the implementation of the budget and the achievement of targets as provided in Part V, sections 25 - 30 FRA, 2007 by the Commission could not be expanded due to paucity of funds and the skeletal operations of government agencies.

The instruments to facilitate an effective budgetary process and implementation include the preparation of Annual Cash Plan, Disbursement Schedule and quarterly Budget Implementation Reports.

2.7 ANNUAL CASH PLAN AND DISBURSEMENT SCHEDULE

The annual cash plan as required by Section 25, FRA, 2007 is expected to be prepared in advance by the Accountant-General of the Federation. The document should show projected monthly cash flows for the financial year which may be revised periodically to reflect actual cash flows.

Section 26, FRA, 2007 also requires that a Disbursement Schedule be prepared by the Minister of Finance within 30 days of signing the Appropriation Act and must be derived from the Annual Cash Plan.

The significance of these Sections is to ensure efficient and effective management of revenue and expenditure across all MDAs towards the achievement of budget targets.

The implications of implementing the Appropriation Act without a Cash Plan and Disbursement Schedule in the manner prescribed by FRA 2007 has resulted in underfunding the projects earmarked in the budget over the years leading to low capital budget performance.

2.8 BUDGET IMPLEMENTATION REPORTS

Section (30)(1) and (2) of Fiscal Responsibility Act, 2007 makes it mandatory for the minister of Finance, through the Budget Office of the Federation to prepare and submit quarterly, Budget Implementation Reports to the Fiscal Responsibility Commission and the Joint Finance Committee of the National Assembly not later than 30 days at the end of each quarter. Similarly, Section 50, FRA 2007, requires that a Budget Execution Report be prepared for the entire budget year not later than six months (6) after the end of the fiscal year. These Reports are also to be published in the print and electronic media including the website of the Ministry of Finance for public access.

2.9 2020 BUDGET PERFORMANCE - HIGHLIGHTS

From table 2.5 below, the gross oil revenue was N3,804.96 billion as against the N3,033.36 billion projected for 2020. This reflects an increase by N771.60 billion (25.44%) above the 2020 budget estimate and N799.53 billion (17.36%), lower than the actual gross oil revenue of N4,604.49 billion in 2019.

Furthermore, N3,862.81 billion was collected as gross non-oil revenue for the year as against N5,146.0 billion projected for the year which is a decrease in the projected revenue.

Table 2.5: Performance of 2020 Oil and Non-oil revenue in comparison with 2019

| Revenue Items | 2020 | | | 2019 | | | Actual 2020 v 2019 | |
|--------------------------------|-----------------|-----------------|---------------|-----------------|------------------|--------------|--------------------|----------------|
| | Actual | Budget | % Perf. | Actual | Budget | % Perf. | Variance | |
| | Nbn | Nbn | % | Nbn | Nbn | % | Nbn | % |
| Oil Revenue (Gross) | | | | | | | | |
| Crude Oil Sales | 406.71 | 656.86 | 61.92 | 736.83 | 1,590.45 | 46.33 | (330.12) | (44.80) |
| Gas Sales Income @ 30% CITA | - | - | - | - | 685.64 | - | - | - |
| Concessional Rentals | 4.07 | 6.03 | 67.50 | 0.79 | 1.68 | 47.02 | 3.28 | 415.19 |
| Gas Flared Penalty | 89.85 | 103.51 | 86.80 | 94.09 | 4.73 | 1,989.22 | (4.24) | (4.51) |
| Royalties | 1,290.82 | 945.37 | 136.54 | 1,415.93 | 2,198.06 | 64.42 | (125.11) | (8.84) |
| Incidental Oil Revenue | 128.43 | 604.67 | 21.24 | 236.86 | 90.00 | 263.18 | (108.43) | (45.78) |
| Petroleum Profit Tax (PPT) | 1,651.04 | 710.62 | 232.34 | 2,114.27 | 4,301.18 | 49.16 | (463.23) | (21.91) |
| Miscellaneous (Pipeline Fees) | 14.84 | 6.30 | 235.56 | 5.72 | 5.86 | 97.61 | 9.12 | 159.44 |
| Exchange Gain | 219.19 | - | - | - | 449.36 | - | 219.19 | - |
| Sub-Total | 3,804.95 | 3,033.36 | 125.44 | 4,604.49 | 9,326.96 | 49.37 | (799.54) | (17.36) |
| Non-Oil Revenue (Gross) | | | | | | | | |
| Value Added Tax (VAT) | 1,531.09 | 2,190.62 | 69.89 | 1,188.58 | 1,703.89 | 69.76 | 342.51 | 28.82 |
| Company Income Tax (CIT) | 1,399.13 | 1,798.62 | 77.79 | 1,517.51 | 1,761.53 | 86.15 | (118.38) | (7.80) |
| Customs & Excise Duties | 875.33 | 1,004.24 | 87.16 | 792.06 | 689.21 | 114.92 | 83.27 | 10.51 |
| Special Levies | 56.27 | 152.53 | 36.89 | 50.40 | 123.30 | 40.88 | 5.87 | 11.65 |
| Surcharge on Luxury Items | - | - | - | - | 2.50 | - | - | - |
| Sub-Total | 3,861.82 | 5,146.01 | 75.04 | 3,548.55 | 4,280.43 | 82.90 | 313.27 | 8.83 |
| Grand Total | 7,666.77 | 8,179.37 | 93.73 | 8,153.04 | 13,607.39 | 59.92 | (486.27) | (5.96) |

Source: BOF and OAGF, 2020

A breakdown of the revenue into subheads in table 2.5 above indicates that Petroleum Profit and Gas Taxes was N1,651.04 billion, Royalties (Oil & Gas) was N1,290.82 billion and Miscellaneous (Pipeline fees etc.) was N14.84 billion all surpassed the 2020 projections of N710.62 billion (232.34%), N945.37 billion (136.54%) and N6.30 billion (235.74%) respectively.

While other oil revenue items were below the respective 2020 projections. Crude Oil Sales, N406.71 billion, Concessional Rentals, N4.07 billion, Gas Flared Penalty, N89.85 billion and incidental Oil Revenue (Licenses & Early License Renewal), N128.43 billion were all below the projections of N656.86 billion (61.92%), N6.03 billion (67.50%), N103.51 billion (86.80%) and N604.67 billion (21.24%) respectively for 2020. The exchange rate gain (based on budget) with zero projection cumulatively yielded N219.19 billion as at the end of the year.

The gross non-oil revenue in 2020 was N3,861.82 billion with a shortfall of N1,284.19 billion from the annual estimate of N5,146.01 billion. This resulted in the underperformance of all the non-oil revenue items compared with the corresponding annual budget estimates. The Value Added Tax was N1,531.09 billion, Company Income Tax, N1,399.13 billion, Customs & Excise Duties N875.33

billion and Special Levies, N56.27 billion reduced by N659.53 billion, N399.49 billion, N128.91 billion and N96.27 billion respectively during the period.

Table 2.6: Comparison between Net Distributable Revenue for 2020 and 2019

| Items Description | 2020 | | 2019 | Actual Performance | | 2020 Percentage to distribution Revenue | 2019 Percentage to distribution Revenue |
|---|-----------------|-----------------|-----------------|--------------------|---------------|---|---|
| | Actual | Budget | Actual | % Budget | % Prev Yr | | |
| | N'bn | N'bn | N'bn | % | % | | |
| (Gross) Oil Revenue | 3,804.90 | 3,033.36 | 4,604.49 | 125.44 | 82.63 | | |
| Less: Joint Venture Cash Calls | 1,060.25 | - | - | | | | |
| Other Federally Funded Upstream Project | 427.35 | 424.23 | 1,003.69 | 100.74 | 42.58 | | |
| DPR 4% Cost of Collection | 44.94 | - | 50.85 | - | - | | |
| FIRS 4% cost of collection on Gas | 5.36 | - | - | - | - | | |
| Net Oil Revenue | 2,885.62 | 2,100.74 | 2,831.30 | 137.36 | 101.92 | 44.20 | 45.73 |
| Gross Solid Mineral Revenue | 5.48 | 4.52 | 5.00 | 121.24 | 109.60 | | |
| Less: 13% Derivation | 0.71 | 0.59 | 0.65 | 120.34 | 109.23 | | |
| Total Solid Mineral Revenue | 4.77 | 3.93 | 4.35 | 121.37 | 109.23 | | |
| Net Non-Oil Revenue | 3,579.50 | 4,807.86 | 3,355.80 | 74.45 | 106.67 | 44.20 | 45.73 |
| Balance in Special Account | - | 10.68 | - | - | - | | |
| Distribution Revenue | 6,528.74 | 6,898.74 | 6,191.45 | 94.64 | 105.45 | | |
| Distribution | | | | | | | |
| To Federation Account | 5,074.58 | 4,869.35 | 5,050.41 | 104.21 | 100.48 | | |
| To VAT Pool Account | 1,454.16 | 2,029.39 | 1,141.04 | 71.66 | 127.44 | | |
| Total: | 6,528.74 | 6,898.74 | 6,191.45 | 94.64 | 105.45 | | |

Source: BOF and OAGF, 2020

Net Distributable Revenue

The net distributable revenue is the balance of funds in the Federation Account that is distributed amongst the three tiers of Government after the deduction of all costs. Table 2.6 above, shows that the net revenue available for distribution in 2020 was N5,074.58 billion representing 104.21% of the budget and 100.48% in 2019.

Solid Minerals & Other Mining Revenue recorded a revenue of N5.48 billion indicating an over performance by N0.97 billion which is above the projected sum of N4.52 billion for the year.

2.10 FEDERAL GOVERNMENT REVENUE PERFORMANCE

Federal Government Revenue is made up of the share of revenue from the Federation Account and the independent revenue that is internally generated by the Federal Government and MDAs.

In line with the approved 2020 budget, the total revenue projection for the Federal Government was N5,835.26 billion, which is lower by N701.79 billion or 17.03% than the budget of N6,998.49 billion in 2019.

A summary of FGN revenue performance is shown in Table 2.7 below:

Table 2.7: Federal Government Revenue Performance for 2020 and 2019

| Items Description | 2020 | | % | 2020 | | % | Actual 2020 V 2019 | |
|--|----------|----------|---------|----------|----------|----------|--------------------|----------|
| | Actual | Budget | Perform | Actual | Budget | Perform | Variance | |
| | N'bn | N'bn | % | N'bn | N'bn | % | N'bn | N'bn |
| Share of Oil Revenue | 1,409.23 | 1,013.77 | 139.01 | 1,373.18 | 3,688.28 | 37.23 | 36.05 | 2.63 |
| Share of Dividend (NLNG) | - | 80.38 | - | - | - | - | - | - |
| Share of Solid Mineral Revenue | 2.31 | 1.90 | 121.58 | 2.11 | 1.17 | 180.34 | 0.20 | 9.48 |
| Share of Non Oil Revenue | 1,262.92 | 1,624.93 | 77.72 | 1,582.58 | 1,501.74 | 105.38 | (319.66) | (20.20) |
| Value Added Tax (VAT) | 203.58 | 284.11 | 71.66 | 159.75 | 229.00 | 69.76 | 43.83 | 27.44 |
| Company Income Tax (CIT) | 639.14 | 821.67 | 77.79 | 694.17 | 813.37 | 85.34 | (55.03) | (7.93) |
| Custom & Excise Duties | 394.82 | 450.70 | 87.60 | 357.26 | 310.87 | 114.92 | 37.56 | 10.51 |
| Share of Company / Investment | 25.38 | 68.46 | 37.07 | 22.73 | 55.62 | 40.87 | 2.65 | 11.66 |
| Revenue from GOEs (Top 9 excluding NNPC) | - | 990.00 | - | - | - | - | - | - |
| Independent Revenue | 626.27 | 932.84 | 67.14 | 557.34 | 631.08 | 88.32 | 68.93 | 12.37 |
| Transfer from Special Accounts | - | 345.00 | - | - | - | - | - | - |
| Transfer from Special Levis Accounts | - | 300.00 | - | 549.10 | 12.91 | 4,253.29 | (549.10) | (100.00) |
| FGN Share of Signature Bonus | 117.57 | 350.52 | 33.54 | 348.67 | - | - | - | - |
| FGN Recoveries | - | 237.01 | - | - | - | - | - | - |
| Stamp Duty | - | 200.00 | - | - | - | - | - | - |
| Grants and Donor Funding | - | 42.96 | - | - | - | - | - | - |
| Transfer from Special Accounts fo Covid-19 Interventions across the Federation | - | 186.37 | - | - | - | - | - | - |
| Grant and Donations for Covid-19 Crisis Interventions Funds | - | 50.00 | - | - | - | - | - | - |
| Total Revenue Available | 3,418.30 | 237.01 | 58.58 | 4,120.00 | 6,998.49 | 58.87 | (701.79) | (17.03) |

Source: BOF and OAGF, 2020

Table 2.7 above reveals that the revenue performance of oil revenue, Solid Mineral Revenue, Non-Oil Revenue, VAT, CIT and Customs & Excise Duties were 139.01%, 121.58%, 77.72%, 71.66%, 77.79% and 87.60% respectively. Also, Company/Investment, Independent Revenue and Signature Bonus were 37.07%, 67.14% and 33.54% revenue performance respectively for 2020. While the performance of revenue components were oil revenue, 37.23%, solid minerals, 180.34%, non-oil revenue, 105.3%, VAT, 69.76%, CIT, 85.3% and customs and excise duties, 114.9% respectively for 2019.

2.11 EXCESS CRUDE ACCOUNT

The Excess Crude Account is a stabilization and savings account from oil revenue arising from the difference in the international oil price and the budget benchmark price. The Account is to mainly act as a buffer against volatility of international oil prices. Part VII, Section 35, FRA, 2007 outlines its use and withdrawal prerequisites.

Table 2.8: Summary of Excess Crude Account: Comparison between 2020 and 2019

| Description | 1st Quarter, 2020 | 2nd Quarter, 2020 | 3rd Quarter, 2020 | 4th Quarter, 2020 | Annual 2020 | Annual 2019 |
|--|--------------------------|------------------------|-------------------------|--------------------------|---------------------------|--------------------------|
| Opening Balance | US\$324.97million | US\$72.22million | US\$72.41million | US\$72.412million | US\$324.97million | US\$631.45million |
| Inflows | | | | | | |
| Transfer to Excess Crude Account (ECA) | 0 | 0 | 0 | 0 | 0 | US\$445.69million |
| Accrued Interest on Fund Investment | US\$1.25million | US\$0.19million | US\$0.002million | US\$70.002million | US\$1.444million | US\$4.13million |
| Reconciliation on inflows and outflows | | | | | 0 | US\$10.15million |
| Total Inflow | US\$1.25million | US\$0.19million | US\$0.002million | US\$70.002million | US\$1.444million | US\$459.97million |
| Outflows | | | | | | |
| Consultancy Fee & Litigation Expenses | US\$4.0million | 0 | 0 | 0 | 0 | 0 |
| NSIA Payment for Fertilizer Purchase | 0 | 0 | 0 | 0 | 0 | US\$14.55million |
| Payment of Commission / Exchange Rate Loss on Transfer | 0 | 0 | 0 | 0 | 0 | US\$5.79million |
| Amount Approved by Mr. President as advance Payment for the purchase of Super Tucano Aircraft | 0 | 0 | 0 | 0 | 0 | 0 |
| Amount Approved by Mr. President a for the first batch of procurement of critical equipment for the Nigeria Army, Navy and Defence Intelligence Agency | 0 | 0 | 0 | 0 | 0 | 0 |
| Paris Club Refund to States & FCT | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank Charges | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for Breaking Investment | 0 | 0 | 0 | 0 | 0 | US\$0.30million |
| State Matching Grants to UBEC | 0 | 0 | 0 | 0 | 0 | US\$16.80million |
| Transfer to Nigerian Sovereign Investment Authority for Investment | US\$250.0million | 0 | 0 | 0 | US\$250.0million | 0 |
| Total Outflow | US\$254.0million | 0 | 0 | 0 | US\$254.0million | 0 |
| Paris Club Refund to States & FCT | US\$72.22million | US\$72.41million | US\$72.412million | US\$72.414million | US\$72.414million | US\$324.97million |
| Paris Club Refund to States & FCT | US\$252.75million | US\$0.19million | US\$0.002million | US\$0.002million | US\$252.556million | US\$306.46million |

Source: BOF and OAGF, 2020

Table 2.8 above, shows the Excess Crude Account (ECA) had an opening balance of US\$324.97 million as at January 2020. Total inflow into the Account was US\$1.444 million while total outflow was US\$254 million. The Account had a balance of US\$72.41 million as at 31st December, 2020.

2.12 FEDERAL GOVERNMENT EXPENDITURE

According to the 2020 Budget Implementation Report, the total FGN expenditure appropriated in 2020 was N9,973.92 billion (excluding GOEs Budget & Project-tied Loans), comprising N4,633.85 billion (46.46%) for Recurrent (Non-Debt) Expenditure, N2,951.71 billion (29.59%) for Debt Service, N428.03 billion (4.29%) for Statutory Transfers and Capital expenditure N1,960.32 billion (19.65%).

The total federal expenditure as at 31st March, 2021 (Capital Budget implementation was extended to March 2021) actual was N10,017.26 billion as against the estimate of N9,973.92 billion (Excluding GOEs and project tied loans). While actual expenditure was N8298.82 billion and estimate was N8,916.97 billion in 2019.

A summary of the components of FGN expenditure for 2020 in comparison with 2019 is presented below in Table 2.9.

Table 2.9: Comparison between expenditure for 2020 and 2019

| Expenditure Detail | 2020 | | | 2019 | | | Actual 2020 Vs 2019 | |
|---|-----------|----------|---------|----------|----------|---------|---------------------|----------|
| | Actual | Budget | Preform | Actual | Budget | Preform | Variance | |
| | Nbn | Nbn | % | Nbn | Nbn | % | Nbn | % |
| Recurrent Expenditure | | | | | | | | |
| Personnel Cost (MDAs) | 2,827.65 | 2,827.65 | 100.00 | 2,288.58 | 2,288.58 | 100.00 | 539.07 | 23.55 |
| Personnel Cost (GOEs) | - | - | | - | - | - | - | - |
| CRF Pensions | 359.60 | 536.72 | 67.00 | 307.38 | 528.07 | 58.21 | 52.22 | 16.99 |
| Overhead Cost (MDAs) | 243.18 | 243.18 | 100.00 | 250.24 | 268.13 | 93.33 | (7.06) | (2.82) |
| Overhead Cost (GOEs) | - | - | | - | - | | - | - |
| SWV Power Sector Refore Programme | - | - | | 110.48 | 150.40 | 73.46 | (110.48) | (100.00) |
| Other Service Wide Votes (+Gavi Immunization) | 262.18 | 397.33 | 65.99 | 354.55 | 354.55 | 97.26 | (92.37) | (26.05) |
| Other Service Wide Votes (+Covid-19 Crisis Intervention Fund) | 213.98 | 213.98 | 100.00 | - | - | - | - | - |
| Presidential Amnesty Programme | 65.00 | 65.00 | 100.00 | 65.00 | 65.00 | | - | - |
| Basic Health Care Fund (1% of CRF) | - | - | - | 10.00 | 51.22 | 19.52 | (10.00) | (100.00) |
| Special Intervention (Recurrent) | 303.87 | 350.00 | 86.82 | 340.43 | 350.00 | 97.27 | (36.56) | (10.74) |
| Payment From Special Account | 369.75 | - | | 524.45 | - | | (154.70) | (29.50) |
| Sub-Total (Non-Debt) | 4,645.21 | 4,633.86 | 100.24 | 4,251.11 | 4,065.95 | 104.55 | 394.10 | 9.27 |
| Total Debts Service | 3,342.26 | 2,951.71 | 113.23 | 2,453.74 | 2,254.01 | 108.86 | 888.52 | 36.21 |
| Statutory Transfers | 428.03 | 428.03 | 100.00 | 428.46 | 502.06 | 85.34 | (0.43) | (0.10) |
| Capital Expenditure (Excluding GOEs) | 1,601.76 | 1,960.32 | 81.71 | 1,165.51 | 2,094.95 | 55.63 | 436.25 | 37.43 |
| Aggregate Expenditure (Excluding GOEs) | 10,017.26 | 9,973.92 | 100.43 | 8,298.82 | 8,916.97 | 93.07 | 1,718.44 | 20.71 |

Source: BOF and OAGF, 2020 (Personnel, Overheads and Capital Expenditure Exclude GOEs)

The table 2.9 above, shows the recurrent non-debt expenditure which comprises personnel costs, pension, gratuity and overhead record was N4,465.21 billion or 90.35% of 2020 budget while it was N4,251.11 billion or 104.55% same period in 2019. Personnel cost in 2020 accounted for N2,827.65 billion or 100% of the budget. However, it decreased by N539.07 billion when compared with 2019 figures. Overhead totaled N243.18 billion or 100% of the budget, while debt service in 2020 was N3,342.26 billion compared with N2,453.74 billion in 2019, this increased by N888.52 billion or 36.21%.

On the other hand, Statutory Transfers was N428.03 billion in 2020 and N0.43 billion or 0.10% less than N428.46 billion in the corresponding period in 2019.

The Capital expenditure budget projected in 2020 was N2,685.56 billion and N2,094.95 billion in 2019. However, the actual total capital expenditure for 2020 was N1,601.76 billion which was higher by N436.25 billion (37.43%) in 2019.

2.13 BUDGET IMPLEMENTATION - CAPITAL EXPENDITURE

In 2020, the priority of the Federal Government was directed at structural reforms of sectors of the economy and the provision of critical infrastructure such as roads, power, housing, rail and aviation as well as the provision of physical and food

security. Consequently, a total sum of N1,960.32 billion (excluding capital expenditure for Statutory Transfers and capital expenditure of the top 10 GOEs and project tied loans) was allocated to capital spending in the 2020 budget.

As reported in the Budget Implementation Report, as at 31st March, 2021, the national lock down that was imposed to contain the spread of COVID-19 significantly affected the implementation of capital projects/programmes in the 2020 budget. However, a total sum of N1,949.94 billion was released and cash backed to MDAs for the implementation of 2020 Capital projects/Programmes.

An analysis of forty-four (44) MDAs reported by the Office of the Accountant General of the Federation (OAGF) showed varying levels of utilization. Twenty(20) MDAs had utilization rate above 74.10%, while Twenty-four (24) MDAs had utilization rate less than 74.10%. The utilization grouping of MDAs with above 74.1% and below 74.1% is given below while table 2.10 below shows funds released and utilized by some MDAs.

A) Above 74.10% Utilisation.

- Ministry for Special Duties
- Ministry of Women Affairs
- Defence
- Foreign & Inter-Governmental Affairs
- Information & Culture
- Communication Technology
- Interior
- Police Affairs
- Ministry of Works & Housing
- Ministry of Transportation
- Mines & Steel
- Office of the National Security Adviser
- Fiscal Responsibility Commission
- Infrastructure Concession Regulatory Commission
- National Population Commission
- Code of Conduct Tribunal
- Federal Civil Service Commission
- Police Service Commission
- Federal Character Commission

- Revenue Mobilization and Fiscal Commission
- B) Less than 74.10% Utilisation.**
 - Presidency
 - OSGF
 - Youth & Sport
 - Agriculture
 - Water Resources
 - Office of Auditor General of Federation
 - ICPC
 - Education
 - FCTA
 - Ministry of Finance, Budget & National Planning
 - Industry, Trade and Investment
 - Health
 - OHCSF
 - Justice
 - Labour & Employment
 - Power
 - Science and Technology
 - Aviation
 - Petroleum Resources
 - Salaries & Wages
 - Environment
 - Niger Delta
 - Code of Conduct Bureau
 - Humanitarian Affairs, Disaster Management and Social Development

Table 2.10: Summary of Funds Released and Utilized by MDAs (as at 31st March, 2021)

| MDA | Annual Appropriation | Total Amount Released | Total Amount Cashed Backed | Utilization | | | |
|---|----------------------|-----------------------|----------------------------|-------------------|--------------------------------------|---------------------------|-------------------------|
| | ₦ | ₦ | ₦ | ₦ | As % of Annual Capital Appropriation | As % of Cash Backed Funds | As % of Budget Released |
| Federal Ministry of Work & Housing | 263,868,039,092 | 303,367,585,956 | 303,367,585,956 | 252,134,531,313 | 94.83 | 83.11 | 83.11 |
| Power | 126,005,929,363 | 133,927,354,130 | 133,927,354,130 | 94,004,767,343 | 73.47 | 70.22 | 70.22 |
| Transport | 109,348,029,912 | 109,348,029,912 | 109,348,029,912 | 90,097,733,548 | 82.40 | 82.40 | 82.40 |
| Agriculture | 102,493,492,597 | 132,328,616,212 | 132,328,616,212 | 67,274,448,345 | 65.64 | 50.84 | 50.84 |
| Water Resource | 80,701,177,106 | 87,413,594,706 | 87,413,594,706 | 57,429,191,802 | 71.16 | 65.70 | 65.70 |
| Education | 75,173,387,778 | 79,209,165,358 | 79,209,165,358 | 40,638,412,716 | 54.06 | 51.31 | 51.31 |
| Health | 51,402,884,613 | 96,801,255,986 | 96,801,255,986 | 66,807,010,479 | 129.97 | 69.01 | 69.01 |
| Science & Technology | 45,663,279,672 | 49,491,675,724 | 49,491,675,724 | 23,749,026,894 | 52.01 | 47.99 | 47.99 |
| Trade & Investment | 26,006,447,689 | 80,784,371,103 | 80,784,371,103 | 39,788,386,274 | 152.99 | 49.25 | 49.25 |
| FCTA | 29,657,154,360 | 29,657,154,360 | 29,657,154,360 | 16,304,224,170 | 54.98 | 54.98 | 54.98 |
| Nigeria Delta | 21,712,850,399 | 41,861,762,898 | 41,861,762,898 | 26,099,860,638 | 120.20 | 62.35 | 62.35 |
| Humanitarian Affairs | 59,390,761,295 | 59,704,167,449 | 59,704,167,449 | 8,797,900,399 | 14.81 | 14.74 | 14.74 |
| Defence | 115,873,903,710 | 121,393,883,675 | 121,393,883,675 | 115,246,708,765 | 99.46 | 94.94 | 94.94 |
| ONSA | 25,922,169,323 | 47,854,729,705 | 47,854,729,705 | 47,854,315,400 | 184.61 | 100.00 | 100.00 |
| Police Affairs | 15,556,238,229 | 22,070,895,299 | 22,070,895,299 | 21,967,173,448 | 141.21 | 99.53 | 99.53 |
| Environment | 10,794,666,376 | 10,647,071,772 | 10,647,071,772 | 5,133,176,238 | 47.55 | 48.21 | 48.21 |
| Aviation | 44,272,830,824 | 49,060,164,762 | 49,060,164,762 | 21,158,213,780 | 47.79 | 43.13 | 43.13 |
| Interior | 32,925,118,431 | 37,554,678,953 | 37,554,678,953 | 34,856,246,015 | 105.87 | 92.81 | 92.81 |
| Total Average utilization by all MDAs (Inclusive Capital Supplementation) | 1,960,320,547,535 | 1,949,938,291,232 | 1,949,938,291,232 | 1,444,935,583,183 | 73.17 | 74.10 | 71.10 |

Source: BOF and OAGF, 2020

From table 2.10 above, the cash-backed funds released and the utilization by some key MDAs.

The office of the National Security Adviser, Police Affairs and the Ministry of Defence had the highest releases of 100% - 99.53% and 94.94% respectively. The cash-backed releases indicate the federal government priority spending on security issues which has become a hydra.

The next highest releases were for infrastructure ministries. The releases are for reconstruction and provision of more infrastructures to enhance economic development. The Ministry of Works and Housing, Transport and Power had 83.1%, 82.4% and 70.22% respectively.

2.14 PHYSICAL VERIFICATION OF SELECTED FGN CAPITAL PROJECTS

In accordance with the power vested on the in Sections 2 (1a) and 30 of the Fiscal Responsibility Act, 2007, the Commission embarked on physical verification and inspection of selected Federal Government projects across the six geopolitical zones of the country.

The exercise was carried out by two teams covering each zone. They physically verified selected on-going/completed Federal Government projects as at December, 2020.

The projects were selected from the Ministries of Works, Power, Water Resources, Environment, Health and the Nigerian Police Force.

A full report on the exercise has been published and is available at the Commission's office. However, below is a summary of the exercise.

The exercise took place in December, 2020. The aims and objectives of the exercise include to:

- Confirm the physical existence of the projects.
- Certify "*value-for-money*" by comparing the expenditure made on the project with the value of work on ground.
- Determine reasons for delays/ abandonment of projects.
- Establish the progress of on-going projects vis-a-vis scheduled project time-plans.
- Validate project information and reports from supervising MDAs.
- Sensitize communities on taking ownership of projects located in their communities.
- Ascertain if the procurement process was duly followed as stipulated in Section 38, FRA, 2007.
- Determine the challenges confronting stakeholders in executing projects, viz the perspective of contractors, communities and supervising MDAs.
- Create awareness on the mandate of the Commission.

Constraints

Some of the constraints encountered during the exercise include:

1. Failure to get response on time from supervising Ministries on projects information.
2. Delay in some cases and failure to provide guides that will accompany/introduce teams to the projects sites despite prior meetings before the exercise.
3. Lack of effective coordination amongst guides as the exercise coincided with the National Water Council week (Federal Ministry of Water Resources) and the National Housing Council Week (Federal Ministry of Works and Housing).
4. Failure to have Contractors on ground at the time of visit to the sites for first-hand information and collaboration of information from the MDAs.

The exercise was successfully carried out and observations, findings and recommendations were made. It is hoped that Federal Government will implement the recommendations made. Most crucial of the recommendations is the release of funds for projects the almost completed/on-going projects, which will ensure time value for money.

North Central Zone

1. Reconstruction of Nasarawa-Loko Road, Nasarawa State
2. Construction of 132KV Double Circuit Transmission line from Akwanga to Lafia, Nasarawa State
3. Makurdi – Naka – Adoka – Ankpa Road, Benue State
4. Construction of Transit Camp/Rapid response at Gbajimba, Guma LGA, Benue State.
5. Federal School of Medical Laboratory, Jos
 - a. To complete the determination of baseline studies on nutritional contribution on HIV/Drug interplay with kidney. Liver and the heart in the six geopolitical zone (South-West Zone)
 - b. Hiring external auditor for 4 years
 - c. Completion of one-storey building research lab
6. Duku Lade Irrigation Project, Kwara
7. Completion of Police Intelligence College, Share, Kwara State
8. Dualization of Ilorin – Jebba – Mokwa/Bokani Junction Road Section I: Ilorin – Jebba in Kwara State C/No 6468
9. Dualization of Ilorin – Jebba – Mokwa/Bokani Junction Road Section II: Jebba – Mokwa – Bokani Junction in Kwara and Niger States C/No. 6468
10. Federal College of Wildlife Management, New Bussa.
 - a. Construction of science laboratory/furniture
 - b. Refurbishing of Laboratory and Teaching/Training Facility
 - c. Construction/Re-opening of College Facility
 - d. Agriculture Product export promotion, engagement/empowerment programme for men, women and youth in Ifelodun LGA, Kwara State.



Side view of on-going, two storey research laboratory at the Federal School of Medical Laboratory Technology (Science) Jos



Courtyard of classroom block at Police intelligence School Share, Kwara state.



***Emergency works at Laftagi Bridge on Ilorin – Jebba – Mokwa/Bokani
Junction Road Section II: Jebba – Mokwa, Niger State***

North East Zone

1. Federal Medical Centre, Azare, Bauchi
2. Rehabilitation of Nguru-Gashua-Bayamari Road Section II Phase I.
3. Rehabilitation of Nguru-Gashua-Bayamari Road Section II Phase II
4. Construction of Gadau –Lafia Zigau Earth Dam Project, Bauchi State.
5. Construction and Rehabilitation of Rural Road in Teshena –Ariri, Zaki, Bauchi State.
6. Construction of Township Roads in Gumal-Sandi Galau, Bauchi State.
7. Construction of Akwana Mobile Police Barracks of National Police Force in Taraba/Benue Boarder.
8. Construction of Transit Camp/Rapid Reponse Squard at Kashere,Akko ,Gombe State
9. Construction of Counter Terrorism Unit CTU, Yola, Adamawa State.
10. Construction of Police Secondary School, Kafin Madaki
11. Damaturu-Gashua 132kv Dc Transmission Line (245km)



Construction of road networks, walkways and surroundings at FMC Azare, Bauchi State



Construction of Gadau-Lafia/Zigau Earth Dam, Bauchi

North West Zone

1. Federal Psychiatric Hospital, Kaduna
 - a. Renovation, Facelift of female Ward, Male ward, Pharmacy block and Conveniences
 - b. Construction of General Out Patient Department and Emergency Health block
 - c. Purchased of Motor Vehicle
2. Ahmadu Bello University, Zaria Water Supply Project (Phase II)
3. Renovation/ Fencing and Furnishing of Funtua Police Barracks

- a. Construction of 1 no. Admin block (Dei-Dei type), Construction of 400 linear meter block wall fence and Construction of Sentry and quarter guard.
- b. Construction of 1no.4 Bedrooms SPO's quarters and boys' quarters and
- c. Construction of 1no. block of 4-Man rank and file Quarters (storey type) with concrete facia.
4. 10 Mgw Katsina Wind Farm
5. Rehabilitation of Sokoto-Tambuwal-Jega-Kontagora Road Phase II:
6. Federal Medical Centre, Gusau
 - a. Construction, Furnishing and Equipping of Dialysis centre
 - b. Construction of Drainages, Walkways, Parking space and Landscaping.
7. Usman Danfodio University Teaching Hospital, Sokoto
 - a. Construction of Industrial Bore-hole
 - b. Procurement of Power Generator Sets
 - c. Construction and Furnishing of Oncology, Diagnostics Laboratory and Theatre Equipment



1500 cubic meters Overhead Water Tank at ABU Zaria



Internal Substation room housing the Switch gears for wind farm Feeders at 10mw Katsina Wind Farm- Katsina State

South East Zone

1. Rehabilitation of Old Enugu-Port Harcourt Road (Agbogugu-Abia Border Spur to Mmaku) C/No.6458.
2. Construction of Okpuhute-Mbato Junction-Orie Market-Lomara (Igwebuike) Road in Abia State.
3. Construction of Uzi- Uhabiri Umuchime Orioji Ossah community road of Umuahia North LGA, Abia State Phase I.
4. Construction of Mbaise Ring Road Intersection Owerri Umuahia Road with Drainage.
5. Rehabilitation of Outstanding Section of Onitsha-Enugu Expressway: Amansea-Enugu State Border C/No.6266.
6. Construction of Town Hall at Ezieche Awulu, Awka, Anambra State.
7. Abakaliki- Amasiri 132kv DC Line.
8. Construction of Road with Link Bridge (Onukpaka) between okwu Ikeduru and Ogwuama community Ahiazu Mbaise Imo state.
9. Re-Construction of Elele - Owerri Road.
10. Federal Medical Centre, Owerri, Imo State.
11. Construction of Main Works for the 2nd Niger Bridge Linking Anambra and Delta States C/No.6475.



On-going Magnetic Resonance Imaging (MRI) Building at FMC Owerri, Imo State



Construction of 2nd Niger Bridge at Onitsha Linking Anambra and Delta States

South South Zone

1. Construction of Aleagauma Primary School Road to Olse Street Road, Uzzeba
2. Construction of Police Transit Camp at Agbor-Warri Express Road, Ofie; Ika
3. Federal Medical Centre, Asaba, Delta State:
 - a. Construction of a two-storey Renal Dialysis, ICU Centre

- b. Construction of a two-storey Maternity Complex
 - c. Construction of a two-storey NHIS / Retainership Centre
 - d. Construction of Officers' Quarters
4. Construction of Gbaregolor-Ogriagbene Road in Delta State.
5. Construction and Flood Control of Okoyong-Usang-Abasi City of Liberation road in Cross River State:
- a. Lot 1, Phase I
 - b. Lot 1, Phase II
 - c. Lot 2, Phase I
 - d. Lot 2, Phase II



The two-storey Renal Dialysis, ICU Building at FMC, Asaba



Section of Lot 2 Phase I, with drainage system in Okoyong-Usang –Iso road, Cross River

South West Zone

1. Development of health centre in Oke Agbe (using NBRRI Technology), Ondo State
2. University College Hospital, Ibadan
 - a. Completion of House Officer Residence III (Phase 1)
 - b. Extension of Emergency Clinic (Phase 1)
 - c. First Phase of Establishment of the Bioequivalence Study Centre
 - d. Complete Overhaul of the Entire Sewer, Water Supply Reticulation, Fittings and Installation of Various Buildings.
3. Construction of Agadagba- Akotogbo- Iyasan- Ovia river Bridge. Irele LGA Ondo State Okitipupa/ Irele Federal Constituency, Ondo State
4. Construction of Iju Utility House (Phase II), Ondo
5. Construction of 8No. Abuja Type III Police station at Odo Oba, Otamoku, Okoo, Iwo ate (in Ogo Oluwa LGA) Oloo, Tewere, Iluju and Ahoro in Ogo-oluwa and Orire LGA, Oyo State.
6. Federal College of Forestry, Ibadan
 - a. Proposed Refurbishing of Laboratory/ Equipment
 - b. Supply and installation of Research Meteorological Station Equipment
 - c. Proposed Construction of Computer Laboratory
 - d. Proposed Rehabilitation of Classrooms
7. Erukan-Omotosho 330KV DC TRX LINE, Ogun/Ondo
8. Federal Neuro-Psychiatric Hospital Yaba, Lagos
 - a. Rehabilitation of Wards
 - b. Completion of the first floor of the new emergency/Lab Building Complex
 - c. Construction of Resident Doctor officer quarter, Oshodi



Complete Rehabilitation of Classrooms at Federal School of Forestry, Ibadan



View of the Ovia River Bridge Road Phase 1, Irele LGA, Ondo State

General Observations and Findings

- Delay in the commencement of awarded projects leading to cost and time reviews.
- Payment of compensation to occupants of project sites was a major challenge for some projects.
- Some road projects had no engineering design.
- Some contractors obviously lacked competency in handling some projects.
- Most Agencies do not have MTEF document, thus budgets are made in violation of FRA, 2007.
- Inconsistent budgetary provisions for awarded contracts.
- Security challenges in some areas where projects are sited.
- The COVID-19 pandemic affected the progress of many projects.
- Some project sites have been abandoned because funds have not been released for two to more budget periods.
- The inflation and exchange rates affected cost and subsequent progress of some projects as contractors are awaiting reviews.
- There were suspected cases of contract splitting on some projects.
- Some contract documents could not be sighted by the teams because they were not available on site.

General Recommendations

- At the commencement of projects execution, funding should be adequately provided for in order to avoid reviews, variation and delay in completion.
- The Budget preparation process should be strengthened. The Commission in collaboration with the Ministry of Finance, Budget and Planning should guide MDAs on MTEF preparation.
- Attention should be drawn to government agencies that capital budgeting should be consistent with MTEF.
- Response to requests for information from MDAs is discouraging. The Commission should adopt a more proactive strategy to obtain all required information prior to the exercise.
- Government should review overhead funding for hospitals. The internally generated revenue and its remittance can only be effectively complied with, when hospitals are adequately funded.
- Supervisory Ministries should monitor and supervise projects of Agencies they supervise.
- Proper needs assessment should be carried out before embarking on projects; this will reduce cases of site relocation and variation in contract prices.
- The Federal Ministry of Finance and the Accountant General of the Federation should ensure prompt and timely release of funds so that projects are completed on schedule to avoid abandonment and delays in project completion.
- Some of the projects verified and reported upon should be revisited in order to ensure that the Commission's recommendations are implemented.
- The Management of hospitals should explore other areas of funding for example, local and International agencies/ non-governmental agencies.
- Maintenance of projects should be done as soon as failure is observed to stem dilapidation and extra cost of reconstruction/ replacement.
- Variation should not be granted for any project that the contractor is responsible for the delay in execution. Such contractors should be compelled to complete the projects. Agencies should comply with the provisions of PPA, 2007 to ensure transparency, prudence and accountability.
- Any contractor, who displays flagrant disregard for the terms and conditions of contract, should be blacklisted.
- Going forward, only projects that meet the specific needs of the people should be embarked upon or approval in the budget.
- The Ministries and National Orientation Agency should sensitize communities to document their priority needs.
- The Federal Government should undertake only few projects at a time in order to ensure adequate funding and timely completion.

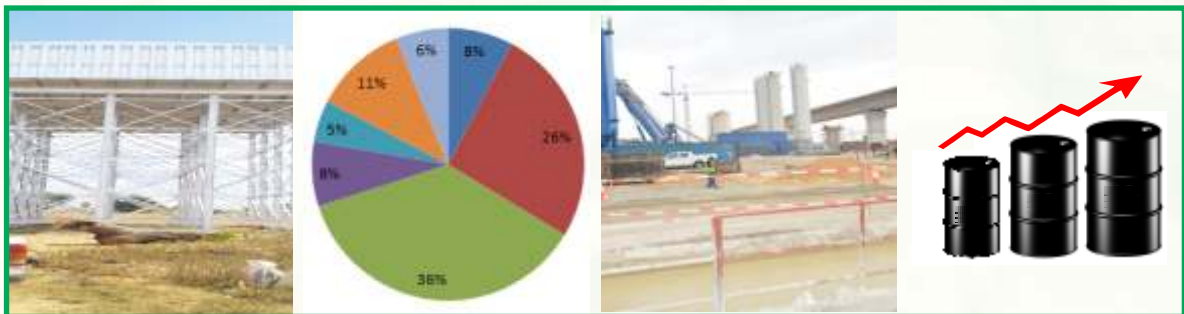
- Documented project briefing should be prepared by the Contractor before the Commission's visit to the sites.

The Commission should ensure Ministries and MDAs get the feedback of the verification exercise. This will improve on the observations, ensure compliance and implementation of recommendations.

CHAPTER
THREE

3

DEBT, INDEBTEDNESS
AND BORROWING



CHAPTER THREE

DEBT, INDEBTEDNESS AND BORROWING

3.1 INTRODUCTION

The framework, rules and conditions for indebtedness and borrowings by any tier of Government in the Federation, are contained in FRA, 2007.

Part IX of the Act, specifically contains the framework and rules governing public debt and indebtedness, while Part X provides the conditions for borrowing by any tier of Government in the Federation.

3.2 DEBT MANAGEMENT FRAMEWORK/LIMITS OF CONSOLIDATED DEBTS OF THE FEDERAL, STATE AND LOCAL GOVERNMENTS

Section 41 of FRA, 2007 provides that government at all levels must borrow for only capital expenditure and human development at concessional terms with low interest rates and long amortisation period. In addition, the intended borrowing shall be approved by the relevant legislative body.

To ensure that borrowing by States in the Federation are for only capital expenditure and human development as specified in Section 41(1)(a) FRA, 2007, the Commission constantly monitors the purpose of intended loans (domestic and external) and the utilisation of such. In 2020, the Commission embarked on the verification of the amounts borrowed in 2015 and 2016 by the following States viz: Delta, Enugu, Gombe, Jigawa, Kwara and Oyo each from the six geo-political zones. The exercise was to ascertain the actual utilisation of the loans and to determine the level of compliance with provisions FRA, 2007. The general observations, findings and recommendations are presented in Section 3.7 of this report.

It is on record that, the overall limits of the consolidated debts of Federal, States and Local Governments are yet to be set since the enactment of FRA, 2007, though the Commission has been engaging the Honourable Minister of Finance severally on the issue.

Section 42(4) FRA, 2007 mandates the Commission to collate and publish, on quarterly basis, a list of States in the Federation that exceed the limits of their respective debts threshold. However, given that the overall limits of the consolidated debts of Federal, States and Local Governments are yet to be set, it is difficult for the Commission to execute this mandate at present.

3.3 ANALYSIS OF PUBLIC DEBT AND SUSTAINABILITY IN 2020

A summary of total debt balances in the Federation in 2020, and total debt balances as percentage of GDP from 2016 – 2020 are presented in tables 3.1 and 3.2 below:

Table 3.1 Summarized Public Debt Balances as at 31st December 2016 – 2020

| Debt Stock | 2016 ₦ million | 2017 ₦ million | 2018 ₦ million | 2019 ₦ million | 2020 ₦ million | % of Total Public Debt (2020) |
|-----------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------------|
| External Debt: FG & States | 3,478,915 | 5,787,512.64 | 7,759,229.99 | 9,022,421.64 | 12,705,618.48 | 38.60% |
| Domestic Debt: FGN | 11,058,204 | 12,589,486.13 | 12,774,405.70 | 14,272,644.79 | 16,023,885.38 | 48.68% |
| External Debt: States & FCT | 2,958,517 | 3,348,774.26 | 3,853,436.05 | 4,106,314.86 | 4,186,010.99 | 12.72% |
| Total Public Debt | 17,495,636 | 21,725,773.03 | 24,387,071.74 | 27,401,381.29 | 32,915,514.85 | 100% |

Source: DMO

Note:

- I. Domestic Debt Stock for Thirty-four (34) States, (Abia, Adamawa, Akwa-Ibom, Anambra, Bauchi, Bayelsa, Benue, Borno, Cross-River, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, Jigawa, Kaduna, Kebbi, Kogi, Kwara, Lagos, Nasarawa, Niger, Ogun, Ondo, Osun Plateau, Sokoto, Taraba, Yobe, Zamfara and the FCT) were as at December 31, 2020.
- ii. Domestic Debt Stock figure for Katsina State was as at September 30, 2020, while Domestic Debt Stock for Rivers State was as at December 31, 2018.

CBN Official Exchange Rate of US\$1 to NGN381 as at December 31, 2020 was used for conversion

Table 3.2 Nigeria's Total Public Debt Balances as percentage of GDP

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------|----------------|----------------|----------------|----------------|----------------|
| GDP NGN Million | 107,533,104.43 | 119,372,379.29 | 127,747,888.63 | 140,767,010.00 | 152,316,126.10 |
| % of GDP | 16.27% | 18.20% | 19.09% | 19.47% | 21.61% |
| US\$ Million | 57,362.74 | 70,999.36 | 79,436.72 | 84,053.32 | 86,392.54 |
| NGN Million | 17,495,636.09 | 21,725,773.03 | 24,387,071.94 | 27,401,381.29 | 32,915,514.85 |
| GDP NGN Million | 107,533,104.43 | 119,372,379.29 | 127,747,888.63 | 140,767,010.00 | 152,316,126.10 |
| % of GDP | 16.27% | 18.20% | 19.09% | 19.47% | 21.61% |

Source: DMO

Note: CBN Exchange Rate used in converting the: US\$ to NGN

2016: 1US\$ to 305NGN

2017: 1US\$ to 306NGN

2018: 1US\$ to 307NGN

2019: 1US\$ to 326NGN

2020: 1US\$ to 381NGN

From Tables 3.1 and 3.2 above, the total public debt stock of the country as at 31st December, 2020 was ₦32,915,514.85 million. It depicts an increase by ₦5,514,133.56 million or 20.12% when compared with ₦27,401,381.29 million debt stock as at 31st December, 2019. The total external debt stock (Federal and States) was ₦12,705,618.48 million and accounted for 38.60% of the nation's total public debt as at 31st December, 2020. It is important to state that the CBN Official Exchange Rate as at December 31, 2020 was used for the conversion of the external debts NGN381 to US\$1.

On the other hand, the total domestic debt stock of the thirty six (36) States and the FCT as at 31st December, 2020 was ₦4,186,010.99 million which is 12.72% of the total public debt stock in the same period. The domestic loan stock of the Federal Government as at 31st December, 2020 was ₦16,023,885.38 million, which represents 48.68% of the nation's total public debt stock.

The proportion of the External debt stock of the country to the nation's total public debt stock as at 31st December, 2020 was 38.60%, while the proportion of the total domestic debt balance to the total public debt of the country was 61.40% as at 31st December, 2020. This shows that the total public debt stock in 2020 was made up of higher domestic debt than external debt. However, given the implications of higher domestic debt to external debt mainly the crowding out of small borrowers, thus transferring risks to banks that issue loans on longer maturity, fixed-interest rate

leading to reduced returns. This poses risks on pensions, annuities, and life insurance policies. There is, therefore, the need for the States to be cautious in procuring domestic debt.

Section 41(1) (b) states that “Government shall ensure that the level of debt as a proportion of national income is held at a sustainable level...” From Table 3.2 above, the total Public Debt/GDP ratio as at 31st December, 2020 was 21.61%, which is less than both the global benchmark of 40% and the 56% threshold for countries in Nigeria's peer group. What can be deduced from the analysis, is that Nigeria's total public debt balance of ₦32,915,514.85 million as at December, 2020 is still sustainable. In effect, the country still has some room for temporary increase in her debt stock without jeopardizing access to markets and the sustainability of its debt. However, there is need for the country to be cautious, as rising public debt is more likely to have enhanced vulnerability than growth. When the debt-to-GDP ratio exceeds a country-specific threshold, it increases the chances of crisis, enhances volatility and lowers growth. On the same note, the higher the fiscal deficits, output is more volatile, leading to lower growth; while the higher the actual public debt-to-GDP ratio for given inflation targets, the lower the sustainable level of debt.

3.4 REVENUE PROFILE OF STATES AND FCT

The revenue profile of the thirty six (36) States and FCT is necessary in order to assess them on the basis of the Debt Management Office (DMO) Revised Guideline on Public Debt Management, 2012. The Guidelines sets out the rules for public debt assessment in Nigeria. Section F(C) of the Guidelines provides that the total amount of loans outstanding at any particular time including the proposed loan shall not exceed 50 per cent of the actual revenue of the State concerned, for the preceding twelve (12) months. Accordingly, in order to determine the proportion of consolidated debt stock and the revenue of each State and FCT in 2020 in Table 3.3 below analyzed the proportion.

Table 3.3 Proportion of States' revenue to total net Revenue 2020

| S/N | State | Total Net Revenue 2020 ₦ | % of Total | Ranking |
|-----|-----------|-----------------------------|---------------|------------------|
| 1 | ABIA | 48,369,064,079.91 | 2.11% | 23 rd |
| 2 | ADAMAWA | 47,943,888,872.23 | 2.09% | 24 th |
| 3 | AKWA IBOM | 146,265,871,270.08 | 6.38% | 2 nd |
| 4 | ANAMBRA | 50,916,565,330.79 | 2.22% | 18 th |

| | | | | |
|----|-------------|--------------------|-------|------------------|
| 5 | BAUCHI | 49,144,349,945.82 | 2.14% | 22 nd |
| 6 | BAYELSA | 116,401,465,403.36 | 5.07% | 4 th |
| 7 | BENUE | 47,213,359,604.06 | 2.06% | 25 th |
| 8 | BORNO | 60,083,280,097.81 | 2.62% | 10 th |
| 9 | CROSS RIVER | 32,892,824,373.94 | 1.43% | 36 th |
| 10 | DELTA | 186,828,313,891.50 | 8.14% | 1 st |
| 11 | EBONYI | 43,963,560,710.12 | 1.92% | 27 th |
| 12 | EDO | 58,405,582,559.71 | 2.55% | 11 th |
| 13 | EKITI | 39,522,983,724.49 | 1.72% | 33 rd |
| 14 | ENUGU | 49,887,509,995.29 | 2.17% | 20 th |
| 15 | GOMBE | 39,923,718,418.04 | 1.74% | 32 nd |
| 16 | IMO | 55,724,444,607.34 | 2.43% | 13 th |
| 17 | JIGAWA | 56,365,310,756.21 | 2.46% | 12 th |
| 18 | KADUNA | 63,126,507,768.37 | 2.75% | 8 th |
| 19 | KANO | 81,265,346,346.96 | 3.54% | 6 th |
| 20 | KATSINA | 61,394,120,973.64 | 2.68% | 9 th |
| 21 | KEBBI | 51,180,577,366.74 | 2.23% | 17 th |
| 22 | KOGI | 49,981,491,072.92 | 2.18% | 19 th |
| 23 | KWARA | 42,095,648,742.86 | 1.84% | 30 th |
| 24 | LAGOS | 115,932,620,456.70 | 5.05% | 5 th |
| 25 | NASARAWA | 43,104,566,838.28 | 1.88% | 29 th |
| 26 | NIGER | 54,567,994,993.76 | 2.38% | 14 th |

| | | | | |
|----|-------------------------------|-----------------------------|----------------|------------------|
| 27 | OGUN | 37,679,432,983.66 | 1.64% | 34 th |
| 28 | ONDO | 46,651,761,688.77 | 2.03% | 26 th |
| 29 | OSUN | 30,627,107,890.15 | 1.34% | 37 th |
| 30 | OYO | 53,664,588,449.84 | 2.34% | 16 th |
| 31 | PLATEAU | 35,644,412,130.67 | 1.55% | 35 th |
| 32 | RIVERS | 141,187,041,344.70 | 6.16% | 3 rd |
| 33 | SOKOTO | 54,118,448,840.44 | 2.36% | 15 th |
| 34 | TARABA | 43,826,280,935.46 | 1.91% | 28 th |
| 35 | YOBE | 49,439,411,823.38 | 2.16% | 21 st |
| 36 | ZAMFARA | 41,446,503,230.12 | 1.81% | 31 st |
| 37 | FCT | 67,064,632,994.32 | 2.92% | 7 th |
| | TOTAL (STATES AND FCT) | 2,293,850,590,512.44 | 100.00% | |

Source: OAG/FRC

From Table 3.3 above, the statistics indicate that the total net revenue of the 36 States and FCT in 2020 was ₦2,293,850,590,512.44.

Delta State received the highest net revenue of ₦186,828,313,891.50 which accounts for 8.14% of the aggregate revenue accruing to the 36 States and FCT in 2020. Akwa-Ibom State was second with ₦146,265,871,270.08 or 6.38% of the total net revenue of the 36 States and FCT; while the third highest benefiting State was Rivers, with receipt of a total net statutory revenue of ₦141,187,041,344.70, representing 6.16% of the total net revenue of the 36 States and FCT in 2020. Bayelsa State received a total net revenue of ₦116,401,465,403.36, accounting for 5.07% of the aggregate net revenue of the 36 States and FCT, was the fourth highest State in 2020. This analysis shows that four States, namely; Delta, Akwa-Ibom, Rivers and Bayelsa with highest revenue are all oil producing States that enjoy the statutory 13% crude oil derivation.

Lagos State was fifth in 2020, with a total net statutory revenue of ₦115,932,620,456.70, translating to 5.05% of the combined total net revenue of the 36 States and FCT.

Osun State accounted for the least total net revenue in 2020, with a total net Statutory Revenue of ₦30,627,107,890.15, which represents 1.34% of the total net revenue of the 36 States and FCT in 2020. The low net revenue of Osun State was as a result of the loan repayment, which is deducted at source on monthly basis.

3.5 DEBT PROFILE OF STATES

In order to properly analyse the debt profile of the States and FCT, it is pertinent to present their respective debt stocks, as indicated in Table 3.4 below:

Table 3.4: Public Debt as at 31st December, 2020

| States and FCT | External Debt | External Debt (N381/US\$) | Domestic Debt | Total Public Debt | % of Grand Total |
|----------------|----------------|---------------------------|--------------------|--------------------|------------------|
| | US\$ | ₦ | ₦ | ₦ | % |
| | (a) | (b) | (c) | (b+c) | |
| Abia | 96,792,227.14 | 36,877,838,540.34 | 89,139,250,722.85 | 126,017,089,263.19 | 0.38% |
| Adamawa | 109,420,356.20 | 41,689,155,712.20 | 98,900,403,446.84 | 140,589,559,159.04 | 0.43% |
| Akwa Ibom | 47,926,202.83 | 18,259,883,278.23 | 230,807,337,366.86 | 249,067,220,645.09 | 0.76% |
| Anambra | 108,086,817.30 | 41,181,077,391.30 | 59,976,318,422.97 | 101,157,395,814.27 | 0.31% |
| Bauchi | 134,910,555.23 | 51,400,921,542.63 | 102,817,667,316.63 | 154,218,588,859.26 | 0.47% |
| Bayelsa | 62,971,785.96 | 23,992,250,450.76 | 144,128,506,240.46 | 168,120,756,691.22 | 0.51% |
| Benue | 32,500,093.87 | 12,382,535,764.47 | 26,125,643,793.76 | 138,508,179,558.23 | 0.42% |
| Borno | 20,806,178.11 | 7,927,153,859.91 | 89,049,423,818.67 | 96,976,577,678.58 | 0.29% |
| Cross River | 192,476,708.61 | 73,333,625,980.41 | 163,162,001,533.98 | 236,495,627,514.39 | 0.72% |
| Delta | 62,056,418.73 | 23,643,495,536.13 | 248,450,746,202.26 | 272,094,241,738.39 | 0.83% |
| Ebonyi | 65,949,828.67 | 25,126,884,723.27 | 44,213,730,467.15 | 69,340,615,190.42 | 0.21% |
| Edo | 280,299,984.40 | 106,794,294,056.40 | 80,788,643,633.19 | 187,582,937,689.59 | 0.57% |
| Ekiti | 103,033,894.97 | 39,255,913,983.57 | 84,723,128,108.48 | 123,979,042,092.05 | 0.38% |
| Enugu | 124,238,597.23 | 47,334,905,544.63 | 68,088,637,239.01 | 115,423,542,783.64 | 0.35% |

| | | | | | |
|----------|------------------|--------------------|--------------------|----------------------|-------|
| Gombe | 192,476,708.61 | 73,333,625,980.41 | 84,968,849,358.76 | 158,302,475,339.17 | 0.48% |
| Imo | 96,116,538.75 | 36,620,401,263.75 | 150,197,089,834.65 | 186,817,491,098.40 | 0.57% |
| Jigawa | 30,918,542.26 | 11,779,964,601.06 | 30,969,503,688.70 | 42,749,468,289.76 | 0.13% |
| Kaduna | 567,484,870.18 | 216,211,735,538.58 | 68,754,361,083.75 | 284,966,096,622.33 | 0.87% |
| Kano | 68,402,315.69 | 26,061,282,277.89 | 116,934,604,599.62 | 142,995,886,877.51 | 0.43% |
| Katsina | 56,176,014.33 | 21,403,061,459.73 | 48,031,272,843.42 | 69,434,334,303.15 | 0.21% |
| Kebbi | 43,608,960.77 | 16,615,014,053.37 | 56,810,548,829.06 | 73,425,562,882.43 | 0.22% |
| Kogi | 30,157,822.27 | 11,490,130,284.87 | 68,092,548,068.84 | 79,582,678,353.71 | 0.24% |
| Kwara | 47,063,330.19 | 17,931,128,802.39 | 63,632,954,679.34 | 81,564,083,481.73 | 0.25% |
| Lagos | 1,406,484,824.30 | 535,870,718,058.30 | 508,778,694,537.59 | 1,044,649,412,595.89 | 3.17% |
| Nasarawa | 58,590,484.12 | 22,322,974,449.72 | 59,390,353,151.52 | 81,713,327,601.24 | 0.25% |
| Niger | 70,950,310.54 | 27,032,068,315.74 | 66,777,350,647.40 | 93,809,418,963.14 | 0.29% |
| Ogun | 103,490,522.67 | 39,429,889,137.27 | 153,490,666,025.15 | 192,920,555,162.42 | 0.59% |
| Ondo | 87,433,982.30 | 33,312,347,256.30 | 74,663,201,245.73 | 107,975,548,502.03 | 0.33% |
| Osun | 107,440,069.62 | 40,934,666,525.22 | 134,110,843,534.87 | 175,045,510,060.09 | 0.53% |
| Oyo | 83,700,232.50 | 31,889,788,582.50 | 94,496,184,529.59 | 126,385,973,112.09 | 0.38% |
| Plateau | 37,923,856.78 | 14,448,989,433.18 | 137,779,659,849.27 | 152,228,649,282.45 | 0.46% |
| Rivers | 96,696,928.15 | 36,841,529,625.15 | 266,936,225,793.65 | 303,777,755,418.80 | 0.92% |
| Sokoto | 37,512,923.17 | 14,292,423,727.77 | 42,363,236,701.97 | 56,655,660,429.74 | 0.17% |
| Taraba | 20,794,912.81 | 7,922,861,780.61 | 106,045,259,062.53 | 113,968,120,843.14 | 0.35% |
| Yobe | 26,553,798.34 | 10,116,997,167.54 | 54,866,197,722.68 | 64,983,194,890.22 | 0.20% |
| Zamfara | 32,084,664.68 | 12,224,257,243.08 | 98,017,526,123.86 | 110,241,783,366.94 | 0.33% |

| | | | | | |
|--------------------------|--------------------------|------------------------------|------------------------------|------------------------------|-------------|
| FCT | 30,099,692.77 | 11,467,982,945.37 | 69,532,417,465.77 | 81,000,400,411.14 | 0.25% |
| Total for States and FCT | 4,773,631,955.05 | 1,818,753,774,874.05 | 4,186,010,987,690.83 | 6,004,764,762,564.88 | 18.24% |
| FGN | 28,574,453,967.84 | 10,886,866,961,747 | 16,023,885,379,753. | 26,910,752,341,500. | 81.76% |
| Grand Total | 33,348,085,922.89 | 12,705,620,736,621.10 | 20,209,896,367,443.80 | 32,915,517,104,064.90 | 100% |

Source: DMO/FRC

Note:

- i. Domestic Debt Stock for Thirty-two (32) States, (Abia, Adamawa, Akwa-Ibom, Anambra, Bauchi, Bayelsa, Benue, Borno, Cross-River, Delta, Ebonyi, Edo, Ekiti, Enugu, Gombe, Imo, Jigawa, Kaduna, Kebbi, Kogi, Kwara, Lagos, Nasarawa, Niger, Ogun, Ondo, Osun Plateau, Sokoto, Taraba, Yobe, Zamfara and the FCT) were as at December 31, 2020.
- ii. Domestic Debt Stock figures for Katsina State was as at September 30, 2020, while Domestic Debt Stock for Rivers State was as at December 31, 2018.
- iii. CBN Official Exchange Rate of US\$1 to NGN381 as at December 31, 2020 was used for conversion.

From Table 3.4 above, the total public debt stock of the country as at 31st December, 2020 was ₦32,915,517,104,064.90. The Federal Government accounted for ₦26,910,752,341,500.00, 81.76% of the total public debt stock. While the 36 States and FCT accounted for the balance of ₦6,004,764,762,564.88 or 18.24% of the total public debt stock.

Lagos State had the largest total debt stock of ₦1,044,649,412,595.89, 3.17% of the total public debt stock as at 31st December, 2020. Rivers State was the second most indebted State, with a total debt stock of ₦303,777,755,418.80 or 0.92% as at 31st December, 2020; while Kaduna State was the third highest indebted State as at 31st December, 2020 with a total debt balance of ₦284,966,096,622.33, 0.87% of the total public debt.

Conversely, Jigawa State had the least debt stock as at 31st December, 2020 with a total debt balance of ₦42,749,468,289.76 or 0.13% of the total public debt stock. The second least indebted State as at 31st December, 2020 was Sokoto State, with a total debt stock

of ₦56,655,660,429.74, 0.17% of the total debt stock as at 31st December, 2020. The State with the third least debt balance as at 31st December, 2020 was Yobe state, with a debt stock of ₦64,983,194,890.22, depicting 0.20% of the total public debt stock as at 31st December, 2020.

3.6 ANALYSIS OF DEBT OF STATE GOVERNMENTS AND FCT AS A PROPORTION OF NET STATUTORY REVENUE IN 2020

Nigeria uses the National Gross Domestic Product (GDP) for analyses as States are yet to have one. Consequently, it is not feasible to determine the Debt Sustainability of States, using Debt-to-GDP ratio. The overall debt limit for the State Governments is yet to be set.

However, States whose percentage of Debt-to-Revenue are above 50% are assumed to have violated Section F(C) of Debt Management Guidelines, 2012. That notwithstanding, it cannot be concluded that such States have over-borrowed. This is because the overall debt limit has not been set.

Table 3.5: Percentage of Total Debt to Net Statutory Revenue of 36 States and FCT in 2020

| State | Total Public Debt | Total Net Revenue | Debt to Total Net Revenue | Excess of the 50% Threshold |
|-------------|--------------------|--------------------|---------------------------|-----------------------------|
| | N | ₦ | % | % |
| Abia | 126,017,089,263.19 | 48,369,064,079.91 | 260.53% | 210.53% |
| Adamawa | 140,589,559,159.04 | 47,943,888,872.23 | 293.24% | 243.24% |
| Akwa Ibom | 249,067,220,645.09 | 146,265,871,270.08 | 170.28% | 120.28% |
| Anambra | 101,157,395,814.27 | 50,916,565,330.79 | 198.67% | 148.67 |
| Bauchi | 154,218,588,859.26 | 49,144,349,945.82 | 313.81% | 263.81% |
| Bayelsa | 168,120,756,691.22 | 116,401,465,403.36 | 144.43% | 94.43% |
| Benue | 138,508,179,558.23 | 47,213,359,604.06 | 293.37% | 243.37% |
| Borno | 96,976,577,678.58 | 60,083,280,097.81 | 161.40% | 111.40% |
| Cross River | 236,495,627,514.39 | 32,892,824,373.94 | 718.99% | 668.99% |
| Delta | 272,094,241,738.39 | 186,828,313,891.50 | 145.64% | 95.64% |

| | | | | |
|----------|----------------------|--------------------|---------|---------|
| Ebonyi | 69,340,615,190.42 | 43,963,560,710.12 | 157.72% | 107.72% |
| Edo | 187,582,937,689.59 | 58,405,582,559.71 | 321.17% | 271.17% |
| Ekiti | 123,979,042,092.05 | 39,522,983,724.49 | 313.69% | 263.69% |
| Enugu | 115,423,542,783.64 | 49,887,509,995.29 | 231.37% | 181.37% |
| Gombe | 158,302,475,339.17 | 39,923,718,418.04 | 396.51% | 346.51% |
| Imo | 186,817,491,098.40 | 55,724,444,607.34 | 335.25% | 285.25% |
| Jigawa | 42,749,468,289.76 | 56,365,310,756.21 | 75.84% | 25.84% |
| Kaduna | 284,966,096,622.33 | 63,126,507,768.37 | 451.42% | 401.42% |
| Kano | 142,995,886,877.51 | 81,265,346,346.96 | 175.96% | 125.96% |
| Katsina | 69,434,334,303.15 | 61,394,120,973.64 | 113.10% | 63.10% |
| Kebbi | 73,425,562,882.43 | 51,180,577,366.74 | 143.46% | 93.46% |
| Kogi | 79,582,678,353.71 | 49,981,491,072.92 | 159.22% | 109.22% |
| Kwara | 81,564,083,481.73 | 42,095,648,742.86 | 193.76% | 143.76% |
| Lagos | 1,044,649,412,595.89 | 115,932,620,456.70 | 901.08% | 851.08% |
| Nasarawa | 81,713,327,601.24 | 43,104,566,838.28 | 189.57% | 139.57% |
| Niger | 93,809,418,963.14 | 54,567,994,993.76 | 171.91% | 121.91% |
| Ogun | 192,920,555,162.42 | 37,679,432,983.66 | 512.00% | 462.00% |
| Ondo | 107,975,548,502.03 | 46,651,761,688.77 | 231.45% | 181.45% |
| Osun | 175,045,510,060.09 | 30,627,107,890.15 | 571.54% | 521.54% |
| Oyo | 126,385,973,112.09 | 53,664,588,449.84 | 235.51% | 185.51% |
| Plateau | 152,228,649,282.45 | 35,644,412,130.67 | 427.08% | 377.08% |
| Rivers | 303,777,755,418.80 | 141,187,041,344.70 | 215.16% | 165.16% |

| | | | | |
|-------------------------------|-----------------------------|-----------------------------|---------|---------|
| Sokoto | 56,655,660,429.74 | 54,118,448,840.44 | 104.69% | 54.69% |
| Taraba | 113,968,120,843.14 | 43,826,280,935.46 | 260.05% | 210.05% |
| Yobe | 64,983,194,890.22 | 49,439,411,823.38 | 131.44% | 81.44% |
| Zamfara | 110,241,783,366.94 | 41,446,503,230.12 | 265.99% | 215.99% |
| FCT | 81,000,400,411.14 | 67,064,632,994.32 | 120.78% | 70.78% |
| Total (States and FCT) | 6,004,764,762,564.88 | 2,293,850,590,512.44 | | |

Note: The Total Net Revenue excludes IGR

The Table 3.5 above, shows that Lagos State has the highest Debt-to-Total Net Revenue in the country as at 31st December, 2020, with 901.08%, while Cross River has the second highest Debt-to-Total Net Revenue of 718.99%. while Osun and Ogun States are third and fourth with 571.54% and 512.00% respectively.

3.7 DEBT VERIFICATION EXERCISE

A vital aspect of the Commission's mandate is to monitor the borrowing and indebtedness of the three tiers of government in the Federation. The aim is to ensure that debt of States remain sustainable.

Sections 41 and 44 FRA, 2007 sets out the rules and conditions for borrowing by any Government in the country. Some of the provisions include that:

- Government at all levels must borrow only for capital expenditure and human capital development.
- Any Government in the Federation that is desirous of borrowing must prepare a cost-benefit analysis, showing the economic and social benefits of the purpose for intended project for which the borrowing will be applied.
- The intended borrowing must be authorised/ approved by a legislative body. In the case of the Federal government, by the National Assembly while for States by the State House of Assembly.
- The intended loan must have been captured in an Appropriation Act (for the Federal, the National Assembly Appropriation Act and for the States, each State Assembly Appropriation Act) for that year.

In order to verify the loan procuring purposes, process and utilization, the Commission embarked on a debt verification from the six geo-political zones of the country.

The loans verified are briefly summarized below:

(A) North-Central

Kwara State

A term loan of **₦300,000,000.00** (Three Hundred Million Naira) procured by Kwara State Government from Sterling Bank Plc in 2016 for the execution of various capital projects in the State.

(B) North-East

Gombe

The procuring purpose(s) and the utilization of the **₦952,297,297.30** (Nine Hundred and Fifty Two Million, Two Hundred and Ninety Seven Thousand, Two Hundred and Ninety Seven Naira, Thirty Kobo) loan obtained by Gombe State from Zenith Bank Plc in 2015 for various capital projects in the State.

(C) North-West

Jigawa State

The procuring purpose(s) and the utilization of the **₦10,000,000,000.00** (Ten Billion Naira) loan procured by Jigawa State Government from Access Bank Plc in 2015 for various capital projects in the State

(D) South-East

Enugu State

The procuring purpose(s) and the utilization of the **₦10,000,000,000.00** (Ten Billion Naira) loan secured by Enugu State Government from Access Bank Plc in 2015 for various capital projects in the State.

(E) South-South

Delta State

The procuring purpose(s) and the utilization of the **₦2,000,000,000.00** (Two Billion Naira) loan taken by the Delta State Government from First City Monument Bank (FCMB) Plc in 2016 for various capital projects in the State:

(F) South-West

Oyo State

The procuring purpose(s) and the utilization of the **₦1,753,513,513.52** and **₦2,084,054,054.00** taken from Access Bank Plc by the Oyo State Government in 2015 and 2016 respectively.

3.7.1: GENERAL OBSERVATIONS AND FINDINGS

The following observations and recommendations were made:

- § The six States visited, none prepared a cost-benefit analysis for the proposed projects before obtaining the loans, as required by Section 44 (1) FRA, 2007
- § The States did not obtain evidence of compliance with the conditions for borrowing, before obtaining the loans from FRC.
- § The six (6) States utilised the proceeds of the loans for the purposes which the loans were obtained
- § Records of the disbursements of the loans were not properly documented by some of the States
- § In some cases, the total cost of the projects exceeded the loan amount. Therefore, augmentation was done from the States' treasury
- § Most of the projects tied to the loans have been completed, and are being put to use
- § Some of the States only relied on the approval of the States' Fiscal Responsibility Agencies (where they exist) to procure the loans
- § The interest rates for most of the loans were above 15%. This is contrary to Section 41(1a) FRA, 2007 which specifies that loans should be at concessional term, interest rate not exceeding 3% by all tiers of government of the federation.

3.7.2: GENERAL RECOMMENDATIONS

- § The Commission should strategize on ways to stem borrowing from Commercial Banks especially without full compliance with FRA, 2007.
- § State Governments should be advised to ensure that a cost-benefit analysis for proposed projects be prepared in line with Section 44(1) FRA, 2007 and submitted to FRC before procuring such loan.
- § State Governments should properly negotiate interest rate to a minimal level, even as the 3% ceiling specified in Section 44 (1a) may not be feasible, given current economic realities.
- § State Governments should always appoint consultants for projects to be executed, to guarantee quality of work.
- § The Commission should organise a seminar for representatives of all the State Governments and the FCT on the need to comply with the conditions and rules for borrowing, when availability of funds permits.

3.8 DONOR SUPPORT AND INTERNATIONAL COOPERATION

There is need to analyse and appraise the contributions of the International Donor Agencies to the Nigerian economy, as well as the cooperation established with the international/development partner by FRC in 2020. To this end, the Commission

liaise with the Honourable Minister of Finance, Budget and National Planning for the details of the various interventions and assistance (Financial and Technical) given to Ministries, Departments and Agencies (MDAs) in Nigeria, by the International Organisations in 2020. However, as at the time of compiling this report, the request has not been responded to.

In a bid to attract technical and financial support, the Commission, in 2020, intensified efforts by making contacts with the following International Organisations, amongst others:

1. The World Bank Group
2. IMF
3. DFID/FOSTER
4. ACBF
5. Oxfam/CISLAC

As a result of the COVID-19 pandemic, the needed collaborations could not crystalize in 2020. However, the Commission was able to enlist a number of its officers for a series of virtual trainings organised by International Monetary Fund (IMF) on "*Managing Fiscal Risks and contingent liabilities*" that took place in the months of September and October, 2020

Also during the year under review, the Commission took active part in the seminar and dialogue on "*Roadmap to Effective Public Finance Management in Nigeria*" organised and coordinated by Civil Society Legislative Advocacy Centre (CISLAC).

CHAPTER
FOUR

4

BUDGETARY PLANNING
OF CORPORATIONS AND
OTHER RELATED AGENCIES



CHAPTER FOUR

BUDGETARY PLANNING OF CORPORATIONS AND OTHER RELATED AGENCIES

Part IV of the Fiscal Responsibility Act, 2007, titled *Budgetary Planning of Corporations and other related agencies* made deliberate accommodation for Government-Owned Enterprises (GOEs) in the planning and preparation of the national budget. The Part runs from Section 21 to Section 24 of the Act. It also articulated a framework for the treatment of the Operating Surpluses and Deficits of the Government-Owned Corporations listed in the Schedule to the Act and any subsequent additions made by the Honourable Minister of Finance.

4.1 SCHEDULED CORPORATIONS

Thirty-one (31) Government-Owned Corporations were listed in the schedule to the Fiscal Responsibility Act 2007, with provisions made for “any other Corporation, Agency or Government-owned company that may be included by the Minister (of Finance) through a local notice.” In 2011, the Minister added 6 more Corporations to the Schedule.

Meanwhile, out of the initial thirty-one (31) corporations listed, seven (7) were privatized or liquidated in the intervening period, subsequently leaving twenty-four (24); an additional six (6) corporations was made by the Minister in 2011 made the number of functional government-owned Corporations listed under the schedule of FRA, 2007 to thirty (30) as at the end of 2014.

The Honourable Minister of Finance further included ninety-two (92) Agencies by the Finance Circular Ref: No. FMF/HMF/2016/1 dated 21st November, 2016. This has brought the listed agencies to one hundred and twenty – two (122) classified as Scheduled Corporations for the purpose of implementing Sections 21 -23 FRA, 2007.

Estimates of Revenue and Expenditure

Section 21, FRA 2007 requires that all Scheduled Corporations prepare and submit annually, a three- year estimate of revenue and expenditure to cover the entire

operations of the Agencies. The preparation of the estimates of revenue and expenditure forms the foundation for the budgeting process. This important document is to be derived from the strategic or corporate plan of the Agency.

An acceptable Estimate of Revenue and Expenditure should contain:

- Analysis and Evaluation of the three preceding financial years
- Underlying assumptions for the next three financial years' projections.
- Medium-term policy thrust that is consistent with the Strategic or Corporate Plan of the Agency.
- Approved Budgets of the Agency.

All Scheduled Corporations are required to submit approved annual budgets. The budgets as stressed are to be derived from the MTEF and should be comprehensive in relation to the financial and accounting structure of the Agency and consistent with the Chart of Accounts.

It is pertinent to emphasize, that a well-structured budget should also indicate projected operating surplus for the year. This will satisfy the requirement for the submission of projected operating surplus.

General Reserve Fund

A separate and distinct General Reserve Fund is to be created in compliance with Section 22, FRA 2007. It is also required that 20% of net operating surplus be transferred annually to the Fund.

Operating Surplus

It is required that from the total surplus from operations, 80% be remitted as Operating Surplus to the Consolidated Revenue Fund in compliance with Section 22, FRA, 2007.

Audited Financial Statements

Section 23, FRA 2007 requires that Audited Financial Statements be prepared and published not later than 90 days after year end.

In light of the above, the following activities were undertaken by the Commission:

- i. Monitored Scheduled Corporations to ensure compliance with FRA 2007, particularly Sections 21-23, especially timely submission of Accounts and Payment of operating surplus (if any) to the Consolidated Revenue Fund.
- ii. Participated in inquiries on revenue generation and remittances by the Committee on Finance of the House of Representatives.
- iii. Studied and prepared status reports for each Scheduled Corporation, raising issues therein.

In line with policy of the current administration to reduce revenue leakages, it is the considered view of the Commission that all government agencies be brought under the Schedule to comply with the Fiscal Responsibility Act. The Commission in the cause of implementing the provisions of the Act, has established that MDAs require closer monitoring to ensure accountability and transparency in public finance management. This will greatly enhance good governance, prudence and shored up revenue to fund the budget.

The current list of Scheduled Corporations and remittances made to the CRF is shown in Table 4.1 below.

REMITTANCE OF OPERATING SURPLUS

Sections 22 and 23 FRA, 2007 stipulate the manner in which Scheduled Corporations should treat its Operating Surplus/deficit. In 2020, the Commission continued to monitor the remittance of the Operating Surpluses of Scheduled Corporations. A Corporation's Annual Audited Accounts and Report are analyzed and Operating Surplus/Deficit is determined for the year succeeding the one being reported on. The Audited Accounts and must be submitted to the Commission by the 31st March of the succeeding year.

It is imperative to note that the sum received by the Federal Government as its share of Operating Surplus from these Corporations in 2020 declined compared with 2019 due to the pandemic that not only affected Nigeria but the whole world. However, the Fiscal Responsibility Commission is optimistic that there will be improvement as a result of the various collaborations.

In order to secure greater compliance with the remittance of operating surplus, the Commission intensified efforts at implementing the calculation of Operating Surplus Template across all Scheduled Corporations.

The full compliance with the TSA by most Scheduled Corporations has greatly enhanced operating surplus remittance. However, some Corporations are still being chased to make remittances. The collaboration with the OAGF and the Finance Committee of the House of Representatives has made great impact in getting Agencies pay up liabilities.

Table 4.1 below shows the current list of all Scheduled Corporations and a summary of Operating Surplus remitted to the Federal Government Consolidated Revenue Fund from 2007 - 2020. The Table reveals that a total of N1.976 trillion has been remitted for all years while only N152 billion was remitted in 2020.

The Agency by Agency remittance is not available as at the time of compiling this report as reconciliations of payments made and outstanding liabilities are on-going.

FISCAL RESPONSIBILITY COMMISSION

AGENCIES LISTED SHOWING OPERATING SURPLUS REMITTANCE 2007 - 2020.

| S/NO | AGENCIES | OPERATING SURPLUS REMITTANCE INTO THE CRF 2007 - 2019 | | | | | 2020 | TOTAL |
|------|--|---|-------------------|-------------------|------------------|-------------------|------|----------------------|
| | | 2007 - 2015 | 2016 | 2017 | 2018 | 2019 | | |
| 1 | ABUJA SECURITIES AND COMMODITY EXCHANGE COMMISSION | - | - | - | - | - | - | - |
| 2 | ADMINISTRATIVE STAFF COLLEGE OF NIGERIA | - | - | - | - | - | - | - |
| 3 | ADVERTISING PRACTITIONERS COUNCIL OF NIGERIA | - | - | - | - | - | - | - |
| 4 | ANAMBRA/IMO RIVER BASIN DEVT. AUTHORITY(RBDA) | - | - | - | - | 20,840,000.00 | - | 20,840,000.00 |
| 5 | BANK OF AGRICULTURE | - | - | - | - | - | - | - |
| 6 | BANK OF INDUSTRY | - | - | - | - | - | - | - |
| 7 | BENIN/OWENA RBDA | - | - | - | - | - | - | - |
| 8 | BUREAU OF PUBLIC ENTERPRISES | 11,595,000,000.00 | 15,922,399,086.00 | - | - | 14,424,283,727.19 | - | 53,536,682,813.19 |
| 9 | CENTRAL BANK OF NIGERIA | 693,510,064,000.00 | 86,891,383,001.30 | 83,944,000,000.00 | - | - | - | 1,557,855,511,001.30 |
| 10 | CENTRE FOR BLACK AFRICAN ARTS AND CIVILIZATION | - | - | - | - | - | - | - |
| 11 | CENTRE FOR MANAGEMENT DEVELOPMENT | - | - | - | - | - | - | - |
| 12 | CEMENT TECHNOLOGY INSTITUTE OF NIGERIA | - | - | - | - | - | - | - |
| 13 | CHAD BASIN NATIONAL PARK | - | - | - | - | - | - | - |
| 14 | CHAD BASIN RBDA | - | - | - | - | - | - | - |
| 15 | CITIZENS AND LEADERSHIP TRAINING CENTRE | - | - | - | - | - | - | - |
| 16 | CONSUMER PROTECTION COUNCIL | - | - | - | - | - | - | - |
| 17 | CORPORATE AFFAIRS COMMISSION | 9,501,813,608.00 | - | - | - | 29,389,077.44 | - | 19,033,016,293.44 |
| 18 | CROSS RIVER NATIONAL PARK | - | - | - | - | - | - | - |
| 19 | CROSS RIVER RBDA | - | - | 1,787,367.50 | - | - | - | 1,787,367.50 |
| 20 | COUNCIL FOR THE REGULATION OF FREIGHT FORWARDING IN NIG. | - | - | - | - | - | - | - |
| 21 | DEPARTMENT OF PETROLEUM RESOURCES | - | - | - | 2,000,000,000.00 | - | - | 2,000,000,000.00 |
| 22 | ENERGY COMMISSION OF NIGERIA | - | - | - | - | 100,000.00 | - | 100,000.00 |
| 23 | FEDERAL AIRPORT AUTHORITY OF NIGERIA | 5,323,296,392.50 | 1,565,736,041.80 | 1,216,916,522.05 | - | 2,608,273,623.64 | - | 16,037,518,972.49 |
| 24 | FEDERAL HOUSING AUTHORITY | - | - | - | - | - | - | - |
| 25 | FEDERAL INLAND REVENUE SERVICE | 24,235,817,000.00 | - | - | - | - | - | 48,471,634,000.00 |
| 26 | FEDERAL RADIO CORPORATION OF NIGERIA | 88,598,118.39 | 101,151,083.00 | - | 115,467,085.00 | 21,435,902.34 | - | 415,250,307.12 |
| 27 | FEDERAL ROAD SAFETY COMMISSION | - | - | - | - | 413,735,159.64 | - | 413,735,159.64 |
| 28 | GASHAKA GUMTI NATIONAL PARK | - | - | - | - | - | - | - |
| 29 | GURARA WATER MANAGEMENT AUTHORITY | - | - | - | - | - | - | - |
| 30 | HADEJIA-JAMAARE RBDA | - | - | - | - | - | - | - |
| 31 | HYDROLOGY AND HYDROGEOLOGY SERVICES | - | - | - | - | - | - | - |
| 32 | INDUSTRIAL TRAINING FUND | - | 987,999,998.95 | - | - | 43,234,291.97 | - | 1,031,234,290.92 |
| 33 | INFRASTRUCTURAL CONCESSIONARY AND REG. COMMISSION | - | - | - | - | - | - | - |

| | | | | | | | | | |
|----|---|------------------|------------------|------------------|--|------------------|------------------|---|------------------|
| 35 | INVESTMENT AND SECURITIES TRIBUNAL | 19,788,858.55 | 63,912,875.64 | | | | 264,000.00 | - | 103,754,592.74 |
| 36 | JOINT ADMISSION AND MATRICULATION BOARD | 50,752,544.00 | - | 5,177,580,297.08 | | | 41,532,570.08 | - | 5,320,617,955.16 |
| 37 | KAINJI NATIONAL PARK | - | - | - | | | - | - | - |
| 38 | KAWUKU NATIONAL PARK | - | - | - | | | 213,359.14 | - | 213,359.14 |
| 39 | LAGOS INTERNATIONAL TRADE FAIR COMPLEX MGT. BOARD | - | - | - | | | 320,000,000.00 | - | 320,000,000.00 |
| 40 | LOWER BENUE RBDA | - | - | - | | | 10,845,969.76 | - | 10,845,969.76 |
| 41 | LOWER NIGER RBDA | - | - | - | | | - | - | - |
| 42 | MARITIME ACADEMY OF NIGERIA ORON | - | - | - | | | 66,096,922.50 | - | 66,096,922.50 |
| 43 | NATIONAL AGENCY FOR SCIENCE AND ENG. INFRASTRUCTURE | 34,797,370.80 | - | - | | 200,500.00 | - | - | 69,795,241.60 |
| 44 | NATIONAL AGENCY FOR FOOD AND DRUG ADMIN. AND CONTROL | 1,777,170,492.21 | 304,926,600.54 | 193,600,916.74 | | | 431,721,616.70 | - | 4,484,590,118.40 |
| 45 | NATIONAL AGRICULTURAL RESEARCH COUNCIL | - | - | - | | | 3,984,319.76 | - | 3,984,319.76 |
| 46 | NATIONAL AUTOMOTIVE COUNCIL | 845,627,219.78 | 204,144,270.00 | - | | | 62,126,352.93 | - | 1,957,525,062.49 |
| 47 | NATIONAL BIO-SAFETY MANAGEMENT AGENCY | - | - | - | | | 2,700,000.00 | - | 2,700,000.00 |
| 48 | NATIONAL BROADCASTING COMMISSION | 40,000,000.00 | - | - | | | 242,381,016.63 | - | 322,381,016.63 |
| 49 | NATIONAL BUSINESS AND TECHNICAL EXAMINATION BOARD | 14,938,000.00 | - | - | | | - | - | 29,876,000.00 |
| 50 | NATIONAL COMMISSION FOR MUSEUMS AND MONUMENTS | - | - | - | | | - | - | - |
| 51 | NATIONAL COUNCIL OF ARTS AND CULTURE | 10,577,630.00 | - | - | | | - | - | 21,155,260.00 |
| 52 | NATIONAL DRUG LAW ENFORCEMENT AGENCY | - | 20,000,000.00 | - | | | 36,769,284.69 | - | 56,769,284.69 |
| 53 | NATIONAL EXAMINATIONS COUNCIL | 48,117,034.35 | - | 161,000,000.00 | | | 1,284,909,573.22 | - | 1,592,143,641.92 |
| 54 | NATIONAL FOOD RESERVE AGENCY | - | - | - | | | - | - | - |
| 55 | NATIONAL FILM AND VIDEO CENSORS BOARD | 6,829,854.51 | 23,073,799.13 | 3,867,010.18 | | | 1,109,502.30 | - | 41,710,020.63 |
| 56 | NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY | - | 1,500,000,000.00 | - | | 1,000,000,000.00 | - | - | 2,500,000,000.00 |
| 57 | NATIONAL INLAND WATERWAYS AUTHORITY | 18,000,000.00 | 925,739,671.40 | - | | 1,404,851,379.14 | - | - | 2,366,591,050.54 |
| 58 | NATIONAL INSTITUTE FOR POLICY AND STRATEGIC STUDIES | - | - | - | | | 18,335,923.42 | - | 18,335,923.42 |
| 59 | NATIONAL INSTITUTE OF HOSPITALITY AND TOURISM DEV STUDIES | - | - | - | | | - | - | - |
| 60 | NATIONAL INSURANCE COMMISSION | 1,671,832,098.00 | 250,000,000.00 | - | | | 1,812,842.50 | - | 3,595,477,038.50 |
| 61 | NATIONAL LOTTERY REGULATORY COMMISSION | 67,962,349.52 | - | - | | | 164,274,292.33 | - | 300,198,991.37 |
| 62 | NATIONAL LOTTERY TRUST FUND | - | - | - | | | 18,861,223.04 | - | 18,861,223.04 |
| 63 | NATIONAL OIL SPILL DETECTION AND RESPONSE AGENCY | 16,476,000.00 | - | - | | | 9,941,332.58 | - | 42,893,332.58 |
| 64 | NATIONAL QUARANTINE SERVICES | - | - | - | | | 24,938,345.07 | - | 24,938,345.07 |
| 65 | NATIONAL SEEDS COUNCIL | - | - | - | | | 36,387,826.06 | - | 36,387,826.06 |
| 66 | NATIONAL SPACE RESEARCH AND DEVELOPMENT AGENCY | - | - | - | | | - | - | - |
| 67 | NATIONAL SPORTS COMMISSION | - | - | 15,172,000.00 | | | 1,930,778.00 | - | 17,102,778.00 |
| 68 | NATIONAL STEEL DEVELOPMENT FUND | - | - | - | | | 450,000.00 | - | 450,000.00 |
| 69 | NATIONAL STEEL RAW MATERIALS DEVELOPMENT AGENCY | - | - | - | | | 3,736,135.10 | - | 3,736,135.10 |
| 70 | NATIONAL SUGAR DEVELOPMENT COUNCIL | 2,057,166,800.73 | 2,818,989,269.33 | 1,811,749,518.00 | | | 1,198,554,067.74 | - | 9,943,626,456.53 |
| 71 | NATIONAL THEATER, IGANMU LAGOS | - | - | - | | | 5,034,531.25 | - | 5,034,531.25 |
| 72 | NATIONAL WATER RESOURCES INSTITUTE | - | - | - | | | - | - | - |
| 73 | NEWS AGENCY OF NIGERIA | 275,258,489.62 | 3,619,324.00 | 9,956,580.43 | | | 2,018,851.85 | - | 566,111,735.52 |
| 74 | NIGERIAN AGRICULTURE INSURANCE CORPORATION | 66,647,317.00 | - | - | | | 1,100,000.00 | - | 134,394,634.00 |
| 75 | NIGERIA AIRSPACE MANAGEMENT AGENCY | 453,946,167.00 | 100,000,000.00 | - | | 200,000,000.00 | 2,726,883.53 | - | 1,210,619,217.53 |
| 76 | NIGERIAN ATOMIC ENERGY COMMISSION | - | - | - | | | 1,000,000.00 | - | 1,000,000.00 |

CHAPTER
FIVE

5

ENFORCING FISCAL
RESPONSIBILITY



CHAPTER FIVE

ENFORCING FISCAL RESPONSIBILITY

The provisions of F.R.A, 2007 are beneficial to the sub-national Governments if enacted in the States especially the aspects of public consultation and participation in fiscal affairs. They will find the areas of MTEF preparation, annual budgets; effective medium and long term fiscal and budgetary planning; transparency and accountability; prudence and value for money in terms of expenditure; efficiency in the conduct of fiscal and financial affairs, a savings culture and control of debt and deficits for the benefit of future generations useful in enhancing fiscal management and control.

5.1 IMPLEMENTING FISCAL RESPONSIBILITY IN THE STATES

Section 54 FRA, 2007 provides that, the Federal government may provide such technical and financial assistance to as many States and Local Governments that show willingness to adopt Fiscal Responsibility Legislation similar to FRA, 2007.

The Commission has continued to provide technical assistance as requested by some States even though the Commission is yet to be in a position to provide financial assistance for reasons of budgetary constraints.

It is noteworthy, that all aspects of FRA, 2007 apply in its entirety to the Federal Government and her agencies. However, it is important to bear in mind that in the areas of public debt, indebtedness, borrowing, banking, currency, savings and assets management, the provisions of FRA, 2007 relating thereto, apply to the three tiers of government as they fall within the exclusive legislative list in the 1999 Constitution of the Federal Republic of Nigeria (as amended).

Some Sections of FRA, 2007 which are intended to persuade States and Local Governments to adopt the principles contained therein are reproduced hereunder for emphasis:

- Section 17: "States and Local Governments that so desire shall be assisted by the Federal Government to manage their fiscal affairs within the Medium Term Expenditure Framework".*
- Section 20: "In preparing their annual budget, States and Local Governments may adopt Part II (Annual Budget) with such modification as may be necessary".*
- Section 31: "In implementing their annual budget, States and Local Governments may adopt the provisions of Part V (Budgetary Execution and Achievement of Targets) with such modifications as may be necessary and appropriate".*
- Section 40: "In incurring public expenditures, States and local Governments may adopt the provisions on Public Expenditure with modification as may be appropriate".*

During the year, the Commission provided technical assistance to Imo State through the Imo State Attorney-General and the Commissioner for Justice. Pursuant to this, a draft Fiscal Responsibility Law for Imo State was produced by the legal officers of the Commission. Furthermore, the Commission has continued to promote and encourage States and Local Governments in the country, through advocacy, to domesticate the regime of fiscal responsibility in order to expand and extend the frontiers of good governance, prudence, transparency and accountability. The Commission has also advocated and offered support for the amendment of some States' Fiscal Responsibility Laws in order to strengthen them for a more effective mandate delivery.

5.2 DEEPENING GOOD GOVERNANCE AT THE SUB-NATIONAL LEVEL

The Commission continued to make knowledge based contributions in workshops, seminars and conferences on corruption prevention, transparency, accountability and good governance organized by various local and international Civil Society Organizations in 2020. The Commission organized a One-Day Zonal Retreat on Policy Framework for Strengthening Fiscal Transparency, Prudence and Accountability at the Sub-National Levels in Port-Harcourt, Rivers State for the South-South Geopolitical Zone with support from the *Civil Society Legislative Advocacy Centre (CISLAC)* and OXFAM. The event offered the Commission a

platform to strongly advocate for the establishment of Fiscal Responsibility Agencies across the States in the three geo-political zones of Southern Nigeria that were represented at the retreat.

The Commission also held an advocacy event at Abakaliki, Ebonyi State which included a visit to the State Governor and Chairman, South-East Governors' Forum, His Excellency, Engr. Dave Nweze Umahi. He was presented an award in recognition of his outstanding strides in the promotion of Fiscal Responsibility Rules in the State and for being the first to adopt a Fiscal Responsibility Legislation in the South-East. The Commission used the occasion to encourage the State Governor to encourage other Governors in the zone to adopt/enact or amend Fiscal Responsibility Laws (F.R.Ls) in their States.

Furthermore, the Commission observed that some of the States F.R.Ls failed to extend the application to the Local Governments in the State thereby creating a gap in the effectiveness and impact of implementing the Laws in such States.

The headwinds of poorly trained, inadequate number of staff, inadequate facility and modern work tools have combined with the dearth of funding to make most existing State F.R.Cs comatose and ineffective. However, the Commission is not relenting in its determination to get more States buy into fiscal responsibility framework by setting/strengthen the Agencies by compliance with the provisions of the laws and funding.

5.3 ENGAGEMENT WITH SCHEDULED CORPORATIONS

The Commission during the year had interactive discussions with Chief Executive Officers/Accounting Officers and top level management officials of Scheduled Corporations, Agencies particularly the batch of ninety two (92) Agencies that were added to the Schedule to the Act by the Hon. Minister of Finance. This has continued to yield positive results awareness and compliance. Part IV, especially Sections 21, 22 and 23 of the Fiscal Responsibility Act (FRA) 2007 were the main focus during the interactions. The Commission is working on strengthening collaboration with the Ministry of Budget Planning and Finance and the Office of the Accountant-General of the Federation to get defaulting Agencies to remit determined Operating Surplus from source to the CRF.

The issues of outstanding/unpaid Operating Surpluses are determined from Audited Financial Statements and the application of the Calculation of Operating Surplus Template developed by the Commission are extensively discussed during interactions with Agencies. The outcome has been very encouraging.

5.4 CITIZENS' PARTICIPATION IN MONITORING & ENFORCING THE ACT

Section 51 FRA, 2007 recognizes the need for citizens to be vigilant and can through deliberate action seek prerogative orders of the Federal High Court for the enforcement of the provisions of the Act. The Commission has been persistent in its advocacy at several events and functions, sensitizing citizens especially stakeholders on the provisions of Section 51 FRA, 2007.

Citizens involvement in the enforcement and implementation of the Fiscal Responsibility Law must however include sanctions/punishment for violators. However, the provisions of FRA, 2007 presently, is bereft of statutory sanctions for infractions which has tempered the Act and the Commission's enforcement efforts. However, the continued use of moral suasion has been the main strategy of the Commission.

The enforcement weakness of the Act, has ignited inter-agency collaborations with EFCC. A Memorandum of Understanding (MOU) between the Commission and the Economic and Financial Crimes Commission (EFCC) has been signed particularly in the area of conducting advanced forensic investigation and enforcement operations in which the proficiency, skills, capabilities, technical competences and facilities of EFCC will be most valuable. In order to actualize the provisions of Section 2 FRA, 2007, similar MOUs have also been signed between the Commission and number of other Agencies and Institutions relevant to the mandate of the Commission.

The Commission during the physical verification of Federal Government Capital Projects across the country, used the opportunity to interact with the communities where the projects were sited. The communities were sensitized on the project timeline(s) and usage, so that they take ownership of the projects. In carrying out the exercise, there was collaboration with Civil Organizations and the Commission is proud to say that Communities are becoming aware of projects and their uses in their domain.

5.5 EFFORTS TOWARDS THE AMENDMENT OF FRA, 2007

Following determined efforts by the Commission to get the Act amended at the National Assembly, the Bill in 2020 has gotten to the 2nd reading stage in the legislative process for the amendment. The Commission hopes that with the support of all relevant stakeholders as well as continued engagement with the leadership of the National Assembly and the relevant Committees of both Chambers, the much desired amendment would be concluded within the current legislative cycle.

5.6 INVESTIGATION OF INFRACTIONS OF FRA, 2007

The work load of the Investigation Unit of the Commission has naturally increased by the inclusion of 92 additional Agencies to the list of Corporations in the Schedule to FRA, 2007. This has made it imperative that the manpower, facilities and capacity of the Commission's investigators are increased and improved especially in the areas of forensic auditing, systems audit and general investigation of violations of the provisions of the Act. To this end, the Commission has taken steps to reorganize and reinforce the investigation personnel and apparatus of the Commission within the limits of her resources, for improved performance. However, there are still gaps in the training needs which through collaboration with other Agencies such as EFCC, and the support of Development Partners, are closing.

In 2020, the Commission did not undertake any fresh investigations largely due to the Covid-19 pandemic and the subsequent lock-downs. The protocols put in place by the government to combat the scourge greatly reduced the activities of the Commission and all Agencies of government. However, the Commission still leveraged on the use of technology to have virtual meetings, strengthen to collaboration with the Office of the Accountant-General of the Federation and the Ministry of Finance and ensure that outstanding revenue due from Scheduled Corporations are paid. The Commission in collaboration with relevant stakeholders ensured that defaulting Agencies were made to comply with their statutory obligations.

CHAPTER
SIX

6

TRANSPARENCY AND
ACCOUNTABILITY



CHAPTER SIX

TRANSPARENCY AND ACCOUNTABILITY

6.1 Sections 48-50 FRA, 2007 provides for transparency and accountability in fiscal transactions.

The section provide that the:

- i. Federal Government shall ensure that its fiscal and financial affairs are conducted in a transparent manner, and accordingly, to ensure full and timely disclosure and wide publication of all its transactions and decisions involving public revenues and expenditures as well as their implications for her finances;
- ii. NASS should ensure transparency during the preparation and discussion on the MTEF, Annual Budget and Appropriation Bill;
- iii. Federal Government shall publish her Audited Accounts not later than six months following the end of the financial year and in the mass media not later than seven months after the end of the financial year;
- iv. Publication of General Standards for the consolidation of public accounts shall be the responsibility of the OAGF;
- v. Federal Government, through the BOF, shall within 30days after the end of each quarter publish a summarized report on budget execution in such form as may be prescribed by FRC;
- vi. Minister of Finance shall publish, not later than six months after the end of the financial year, a Consolidated Budget Execution Report showing implementation against physical and financial targets. The consolidated report shall be submitted to NASS and disseminated to the public.

6.2 The government upheld its commitment to return to January-December budget cycle by signing the 2020 Appropriation Act on 5th December 2019 though capital expenditure was extended to March 31st 2021. Mid-year, the Budget was revised up-ward due to increased expenditure on the Covid-19 pandemic.

During the year under review, the country and the world in general, faced severe economic downturn due to the impact of the COVID-19 global pandemic. The complete lockdown of the country (except for essential services) for months meant very low economic activities were undertaken.

To address the attendant economic and health challenges, the Federal Government approved a Fiscal Stimulus Package. The Government borrowed N850b domestically and \$3.4b (IMF) to finance the 2020 Budget as well as reduce the effects of the pandemic on the economy. A number of interventions were rolled out including the N500b Covid-19 Crisis Intervention Fund, N50b CBN Intervention Fund for households and MSMEs, four months conditional cash transfer of N20,000 to the most vulnerable as well as fertilizer subsidies to farmers. Despite these interventions, the economy slid into recession in the Third Quarter 2020 (Q3). However, the economy bounced back with some significant growth in the Fourth Quarter (Q4).

The Government constituted a Presidential Task Force on COVID-19 in March 2020 to coordinate and oversee Nigeria's multi-sectoral inter-governmental efforts to contain the spread of the virus and mitigate the impact of the COVID-19 pandemic on Nigeria. The Task Force made recommendations for the provision of direct funding, technical support to States and Local governments in order to strengthen their capacity to mobilize human, material and financial resources from within and outside the country for effective national and State-level preparedness.

In response to the economic challenges of the pandemic, the private sector (CACOVID) and the international community also provided support through donations of funds and consumable items. In recognition of the need to ensure transparency and accountability in the management of the funds, a Framework for the Management of Covid-19 Funds was developed by government to guide its spending.

There have been calls from Civil Society Organizations and the international communities for the publication on regular basis all donations and expenses of the Committee.

6.3 Due to the long months of lockdown there was slowdown in government activities which affected the monitoring of the provisions of the Act. The lockdown was partially lifted, yet there was skeletal services across MDAs as only staff on SGL 14 and above were working physically in the office.

Generally, government made some credible strides towards enhanced transparency of her activities through the Financial Transparency Policy and the Open Treasury portal which was launched in December 2019 to provide insight into government expenditures. In addition to annual and quarterly financial statements, monthly fiscal accounts, and monthly budget performance reports, the Transparency Policy requirement include a daily publication of treasury statement and details of all payments made above a threshold of US\$27,700 for the Federal Government and US\$13,850 for MDAs.

During the preparation of the MTEF and the Annual Budget, there were consultations with States and the public. However, due to the challenges in 2020 the Budget Implementation Reports were not published quarterly as espoused by the FRA, 2007.

6.4. The President, during the 2020 Open Government Partnership (OGP) Virtual Leaders' Summit reiterated Nigeria's commitment to the Partnership by elucidating steps that have been taken such as, signing the Beneficial Ownership Registry into Law as part of (CAMA 2020). The country is currently implementing sixteen (16) commitments from the National Action (Plan 2) 2019-2021 which relates to fiscal transparency through enhanced citizens' participation across the entire budget cycle, anti-corruption, extractive transparency, inclusiveness and public service delivery. The Commission as a member of the Inter-Agency Task Team (IATT) on Anti - Corruption participated virtually in the 2020 World International Anti-Corruption day in December 2020.

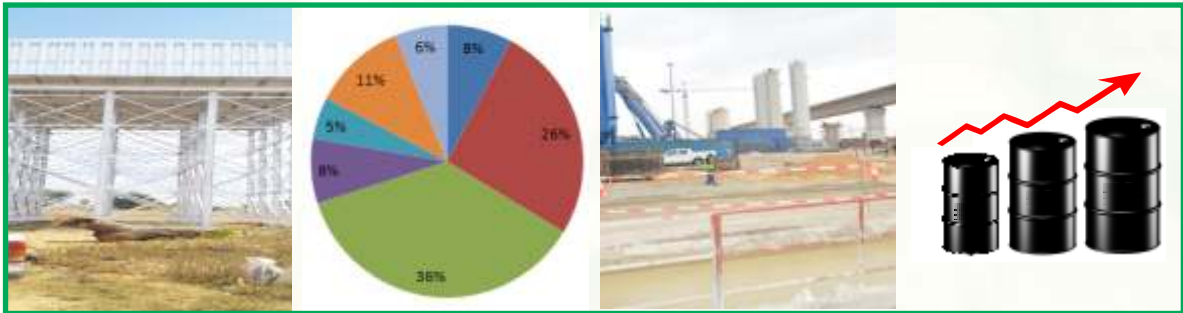
The FRC, as a member of the National Anti-Corruption Strategy (NACS) Monitoring and Evaluation Committee participated in the baseline survey to assess the level of compliance with the NACS in 2020. Twenty-two (22) Anti-Corruption and Regulatory Agencies were surveyed out of the Twenty-nine (29) earmarked in the pilot phase.

The Federal Government intensified its efforts towards strengthening accountability and transparency in public finance management and building on reforms already made.

CHAPTER
SEVEN

7

COMMUNICATION,
RESEARCH AND
DISSEMINATION OF
STANDARDS



CHAPTER SEVEN

COMMUNICATION, RESEARCH AND DISSEMINATION OF STANDARDS

The Commission had successful media outings despite the Covid-19 pandemic and its impact. Some of the activities covered include the following:

- 7.1** The Commission participated in the Nigeria/US Bi-National Commission (BNC) plenary sessions in Washington DC, USA. With the Acting Chairman, Victor Murauko Esq. in attendance. The Memorandum of Understanding, bilateral agreements, treaties, and the repatriation of \$179 million from the Abacha's loot were made possible by this event.



Victor Muruako, Esq. Acting Chairman with National Security Adviser, General Babagana Monguno at the Nigeria/US Bilateral Commission Plenary Session, Washington DC, USA

- 7.2** The Commission organized and conducted series of capacity building workshops for some Scheduled Corporations on the provisions of the Fiscal Responsibility Act, 2007. The seminars/workshops sensitized MDAs on the provisions of FRA, 2007 especially on how to calculate operating surplus to their Agencies. The first in the series was a workshop conducted for the Management and staff of the Nigerian Immigration Service (NIS), at Keffi, Nasarawa State.



Capacity Building for the NIS Management and Staff on the Fiscal Responsibility Act 2007 organized by FRC

- 7.3** The Commission actively participated in the discussions on the 2021-2023 Medium Term Expenditure Framework (MTEF) and the Annual Budget. The Acting Chairman and members of Management were involved in the 5-day Interactive Sessions on Fiscal Strategy Paper (FSP) at the National Assembly.



The Acting Chairman, Victor Muruako, Esq. in a discussion with Sen. Uche Ekwunife and Sen. Matthew Urhohide during the 5-day interactive session on the 2021-2023 MTEF and FSP at the National Assembly.

7.4 The Civil Society Legislative Advocacy Centre (CISLAC) led by its Executive Director, Auwal Musa Rafsanjani visited the Commission to discuss how to collaborate with the Commission on its mandate.



Some Management Staff of FRC with representatives of (CISLAC) at the Commission's headquarter, Abuja

7.5 The Director-General of the Nigerian Law School, Abuja, Prof. Hayatu Chiroma SAN paid a working visit to the Acting Chairman. Issues discussed included the need to maintain ethical standards in legal practice in Nigeria, and the proposed amendment of the Fiscal Responsibility Act, 2007.



The Ag. Chairman, Victor Muruako Esq. presenting publications of the Commission to the Dg, Nigerian Law School Abuja, Prof. Hayatu Chiroma, SAN



The Ag. Chairman with some State Commissioners of Finance during the One-day Retreat on Policy Framework for strengthening Fiscal Transparency, Prudence and Accountability at the Sub-National held in Port-Harcourt, Rivers State.

- 7.6** The Fiscal Responsibility Commission (FRC), with the support of Civil Society Legislative Advocacy Centre (CISLAC) and Oxfam held a one-day retreat titled “Policy Framework for Strengthening Fiscal Transparency, Prudence and Accountability at the Sub-National Levels”. The aim was to address policy and institutional framework issues that are necessary to strengthen fiscal transparency and accountability at the Sub-National levels within the framework of Financing for Development (F4D) project.

The Retreat highlighted gaps and institutional challenges, amongst other issues, that has weakened the effectiveness of the fiscal responsibility initiative at the sub-national levels. Recommendations were made on how to effectively bring about changes in the fiscal management of resources at the sub-national levels.

- 7.7** In 2020, Stakeholders were mobilized and sensitized on the Amendment of FRA, 2007. The event was organized by the Commission in collaboration with Paradigm Leadership Support Initiative (PLSI).



The Acting Chairman, Victor Muruako Esq. with Executive Director, PLSI (R) and other participants at the Mobilization of Stakeholders on the Amendment of FRA,2007

The event included an interactive session with members of press where the Acting Chairman addressed the journalists on the on-going amendment process.

The Paradigm Leadership Support Initiative (PLSI) also supported the Commission in a One-Day Workshop on the Application of the Template for the Calculation of Operating Surplus a way of in ensuring increased revenue as remittances of Scheduled Corporations.

The Workshop was held in December, at Ikeja, Lagos State for Scheduled Corporation in the Southern Zone of the country. This is the first phase before the Northern Zone.



The Acting Chairman with the Chairman, Senate Committee on Finance, Senator Solomon Adiola and other members during a consultative engagement on the amendment of FRA 2007

7.8 RESEARCH AND DISSEMINATION OF STANDARDS

The Commission continued to undertake fiscal and financial studies of annual budgets and financial reports of the thirty-six (36) States of the Federation and FCT. Though, FRA, 2007 was enacted for Federal fiscal management, the fiscal management of the nation's resources cannot be restricted to the federal government revenue and expenditure. This informed the need to examine the internally generated revenue (IGR) of States as they receive approximately 24 percent of all shareable revenue from the Federation Account.

Consequently, a trend analysis of IGR of States is done to have an in-depth understanding of the revenue behaviour and proffer recommendations that will assist States and FCT to be revenue independent.

The Commission has over the years been collecting and collating data from States and FCT. This analysis will utilize IGR of States and FCT from 2014-2018.

The trend analysis of IGR of the thirty-six (36) States and FCT 2014 - 2018 also examined the performance of each geo-political zone during the period 2014 - 2018. The objective of this analysis is to ascertain the trend of IGR and make deductions therefrom.

7.9 TREND ANALYSIS OF INTERNALLY GENERATED REVENUE OF STATES AND FCT 2014-2018

Over 80 percent of the revenue of government comes from petroleum sales and its taxes. However, the volatility of oil prices in the past years has led to a decrease in the availability of funds for distribution. Researchers have reiterated the need for States to generate adequate revenue from internal sources. Current economic realities makes it imperative and urgent. This realities has necessitated States to source for funding from other sources aside of statutory allocation which is dwindling in the face of oil price volatility thus reduced oil revenue. States also have to become more innovative and efficient in the collection of revenue from new and existing sources.

This analysis, provides information on the IGR of the States, its trend and performance. Some States experienced steady increase in IGR while others showed significant reduction in revenue generation in the years under review.

From Table 7.1 that total IGR of States was N707.9 billion in 2014, it reduced to N682.7 billion in 2015 and subsequently rose to N823.2 billion in 2016 and continued to increase to N936.5 billion and N1.10 trillion in 2017 and 2018 respectively. The increases especially in 2017 and 2018 can be explained by improved economic activities as the economy pulled out of recession.

Table 7.1 INTERNALLY GENERATED REVENUE OF STATES 2014-2018

| STATES | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| ABIA | 12,371,194,895.08 | 13,349,444,263.72 | 12,694,839,539.40 | 14,917,141,805.80 | 14,834,904,447.49 |
| ADAMAWA | 4,994,481,880.78 | 4,451,736,117.84 | 5,788,979,592.34 | 6,201,369,567.23 | 6,204,876,665.62 |
| AKWA IBOM | 15,676,502,423.00 | 14,791,175,253.00 | 23,269,750,752.08 | 15,956,354,035.30 | 24,210,810,102.72 |
| ANAMBRA | 10,454,312,316.18 | 14,793,120,188.67 | 15,238,183,785.00 | 17,365,385,830.51 | 19,305,267,646.94 |
| BAUCHI | 4,853,453,184.87 | 5,393,721,996.00 | 8,677,265,878.00 | 4,369,411,450.27 | 9,690,832,177.58 |
| BAYELSA | 10,958,263,688.00 | 8,713,516,526.24 | 7,905,458,280.30 | 12,523,812,450.59 | 13,636,545,716.78 |
| BENUE | 8,284,425,160.72 | 7,631,789,841.37 | 9,556,495,064.33 | 12,399,414,557.79 | 11,215,482,725.16 |
| BORNO | 2,760,773,778.99 | 3,530,261,222.31 | 2,675,723,063.89 | 4,983,331,049.24 | 6,524,300,904.06 |
| CROSS RIVER | 15,738,850,743.95 | 13,567,122,507.38 | 14,776,808,331.83 | 18,104,562,225.62 | 17,552,112,937.09 |
| DELTA | 42,819,209,025.24 | 40,805,656,911.96 | 44,057,915,472.72 | 51,888,005,338.33 | 58,439,598,672.31 |
| EBONYI | 11,032,472,512.00 | - | 2,342,092,225.07 | 5,102,902,366.82 | 6,144,587,065.65 |
| EDO | 17,023,595,231.62 | 19,117,468,369.25 | 23,041,425,599.71 | 25,342,829,212.22 | 28,425,496,842.23 |
| EKITI | 3,462,341,448.32 | 3,297,707,703.96 | 2,991,041,855.48 | 4,967,499,815.79 | 6,465,374,250.65 |
| ENUGU | 19,250,345,593.00 | 18,081,014,527.00 | 14,235,512,227.00 | 22,039,222,902.86 | 22,145,937,216.00 |
| GOMBE | 5,196,460,381.93 | 4,784,605,861.47 | 2,941,438,110.63 | 5,272,273,408.28 | 7,343,549,621.53 |
| IMO | 8,115,751,385.95 | 5,472,581,634.18 | 5,871,026,976.75 | 6,850,796,866.07 | 14,884,271,810.31 |
| JIGAWA | 6,273,310,616.35 | 5,081,424,105.40 | 3,535,349,908.61 | 6,650,200,980.11 | 9,246,250,836.03 |
| KADUNA | 12,782,522,514.51 | 11,536,729,988.59 | 23,024,006,940.00 | 26,530,562,880.89 | 29,446,386,924.74 |
| KANO | 13,661,853,935.85 | 13,611,853,935.85 | 30,959,027,531.92 | 42,418,811,470.64 | 44,107,375,284.25 |
| KATSINA | 6,223,037,599.00 | 5,791,008,741.00 | 5,545,900,833.33 | 6,029,850,857.76 | 6,961,870,329.00 |
| KEBBI | 3,834,143,641.95 | 3,592,406,108.00 | 3,132,343,261.58 | 4,393,773,965.39 | 4,881,961,005.78 |
| KOGI | 6,569,928,653.47 | 6,776,580,756.17 | 9,569,124,487.16 | 11,244,260,974.75 | 11,334,113,743.55 |
| KWARA | 12,460,517,954.55 | 7,178,922,182.76 | 17,253,829,559.51 | 19,637,873,512.22 | 23,046,944,295.60 |
| LAGOS | 276,163,978,675.95 | 268,224,782,435.23 | 302,425,091,964.78 | 333,967,978,880.44 | 382,181,548,627.13 |
| NASARAWA | 4,085,127,585.70 | 4,281,701,806.50 | 3,402,616,062.14 | 6,174,136,952.59 | 7,566,920,656.91 |
| NIGER | 5,737,185,035.88 | 5,975,149,921.86 | 5,881,584,409.47 | 6,517,939,033.07 | 10,432,190,956.63 |
| OGUN | 17,497,620,787.52 | 34,596,446,519.52 | 72,983,120,003.85 | 74,835,979,000.51 | 84,554,199,593.67 |
| ONDO | 11,718,741,502.49 | 10,098,000,000.00 | 8,684,406,578.63 | 10,927,871,479.76 | 24,788,059,725.53 |
| OSUN | 8,513,274,186.67 | 8,072,966,446.00 | 8,884,756,040.35 | 11,731,026,444.38 | 10,381,663,677.98 |
| OYO | 16,307,233,700.20 | 15,663,514,824.73 | 18,879,084,132.00 | 22,448,338,824.61 | 24,635,074,074.49 |
| PLATEAU | 8,284,425,159.92 | 6,937,349,802.70 | 9,191,372,277.87 | 10,788,283,409.45 | 12,726,479,548.41 |

| | | | | | |
|----------------|---------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|
| RIVERS | 89,112,448,347.58 | 82,101,298,408.43 | 85,287,038,971.02 | 89,484,983,409.10 | 112,780,373,912.23 |
| SOKOTO | 5,617,763,260.35 | 6,224,448,122.53 | 4,545,765,527.76 | 9,018,844,307.29 | 18,762,009,020.05 |
| TARABA | 3,799,040,873.48 | 4,155,053,816.15 | 5,895,538,974.32 | 5,764,251,233.85 | 5,968,809,583.11 |
| YOBE | 3,073,780,160.87 | 2,251,330,427.39 | 3,240,867,567.79 | 3,598,131,936.59 | 4,382,259,456.05 |
| ZAMFARA | 3,149,630,553.96 | 2,741,632,541.03 | 4,777,169,537.80 | 6,023,994,930.94 | 8,206,695,592.14 |
| TOTAL | 707,857,998,395.88 | 682,673,523,814.19 | 823,161,951,324.42 | 936,471,407,367.06 | 1,103,415,135,645.40 |

Source: National Bureau of Statistics

During the year under review, Lagos State had the highest IGR throughout the period of review the highest being N382,181,548,627.13 in 2018. Yobe State had the lowest IGR in 2015 with the sum of N2,251,330,427.39; Borno State with N2,675,723,063.89 in 2016, increased to N4.9b and N6.5b in 2017 and 2018 respectively. The increase can be explained by the increased economic activities of reconstruction by the Federal and State governments of the destructions caused by the Boko-Haram insurgency. The top six States with relatively very high IGR viz: Lagos, Delta, Edo, Kano, Ogun and Rivers. Lagos, Kano and Ogun, are all commercial and industrial centers, while Delta, Edo and Rivers are oil producing States. Borno, Yobe, and Ekiti States had the lowest IGR over the years under review.

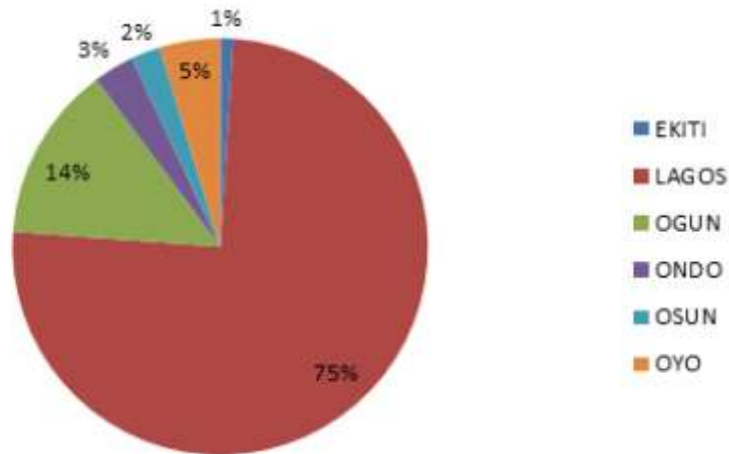
Generally, the IGR of States increased by the sum of N395,557,137,249.52 from 2014 to 2018 showing efforts by some States to improve on IGR sources and collection.

7.10 TOTAL INTERNALLY GENERATED REVENUE FOR THE SIX (6) GEO-POLITICAL ZONES 2014-2018

The charts below, show the IGR performance of each geo-political zone of the Federation from 2014-2018. The South-West recorded the highest IGR (N2.08tn), followed by South-South (N1.03tn), North-West (N39.8bn). South-East (N79.6bn), North-Central (N28.2bn) respectively with the North-East (N14.8bn) having the lowest. The performance of the South-West zone which contributed 48.91% to the total IGR can be attributed to the high contribution of revenue generation from Lagos State which is approximately 36.74% of the South-West geo-political zone IGR for 2014-2018.

However, it should be noted that the sources of revenue vary from State to State depending on the resources available in each State. The poor performance of the IGR of the North-East zone can be attributed to the insecurity bedeviling the zone which has grounded most the economic activities of especially Borno and Yobe States. The States need to develop a strong fiscal policy strategy for the unexpected turn in revenue flow.

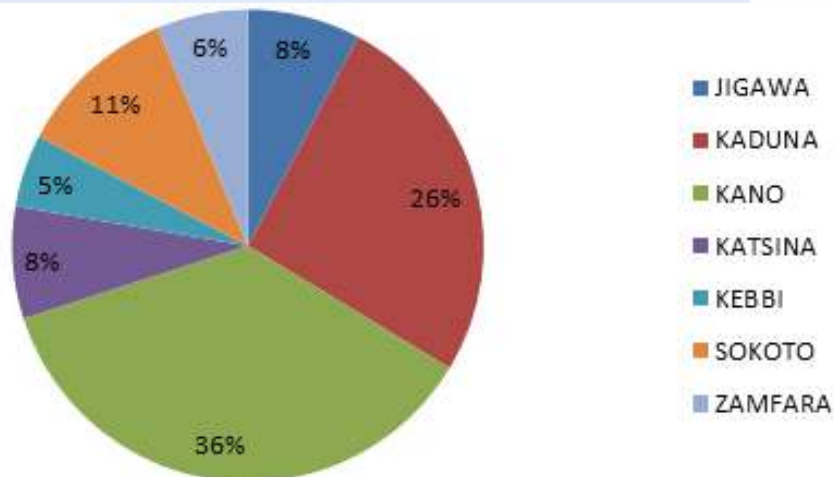
2014-2018 TOTAL IGR SOUTH-WEST ZONE



Data Source: National Bureau of Statistics Compiled by FRC

The result presented in the chart above, shows that Lagos State has the highest internally generated revenue, contributing 75% to the total in the South - West zone from 2014 - 2018, Ogun State contributed 14%, Oyo State (5%), Ondo State (3%), Osun State (2%) while Ekiti State (1%) had the least contribution. Lagos State is the sure leader in the zone and the country with excellent revenue performance while retaining its place as the commercial nerve centre of the country. Osun and Ekiti States contributed 2% and 1% respectively to the total IGR of the zone. The low performance indicates the need for States to attract more economic activities that will boost their revenue generation.

2014-2018 TOTAL IGR NORTH-WEST ZONE

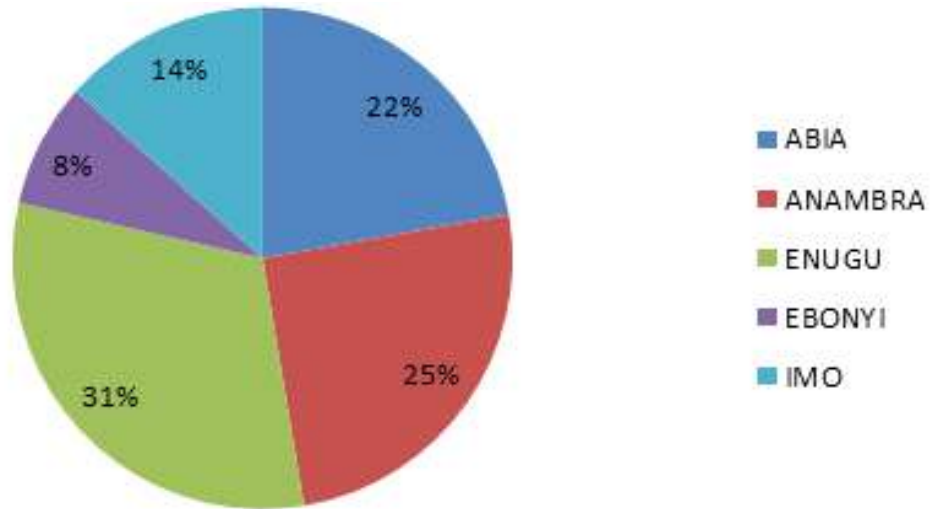


Data Source: National Bureau of Statistics Compiled by FRC

In the North-West zone Kano state contributed 36% to the total revenue of the zone from 2014 - 2018, Kaduna State, Sokoto, Jigawa, Katsina, Zamfara and Kebbi States contributed 11%, 8%, 8%, 6% and 5% respectively. Kebbi recorded the lowest IGR in

the North-West zone from 2014 - 2018. The highest contribution of 36% from Kano is explained by the high commercial and industrial activities as the commercial nerve centre of the North. The low performing States viz: Jigawa, Katsina, Zamfara and Kebbi need to as a matter of urgency, find internal sources of revenue to reduce dependence on statutory revenue for the development of their States.

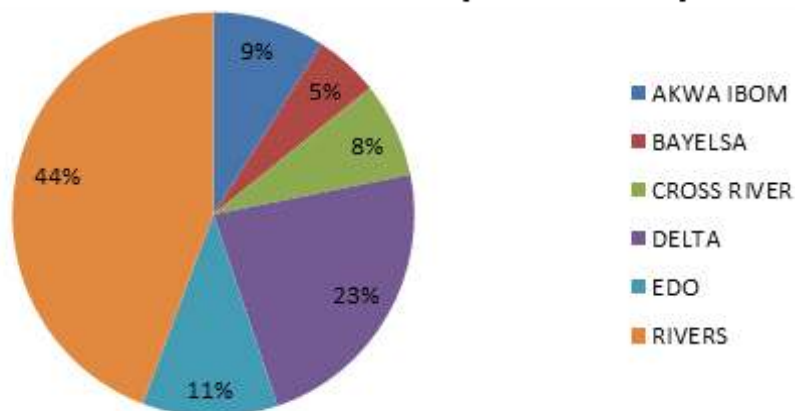
2014-2018 TOTAL IGR SOUTH-EAST ZONE



Data Source: National Bureau of Statistics Compiled by FRC

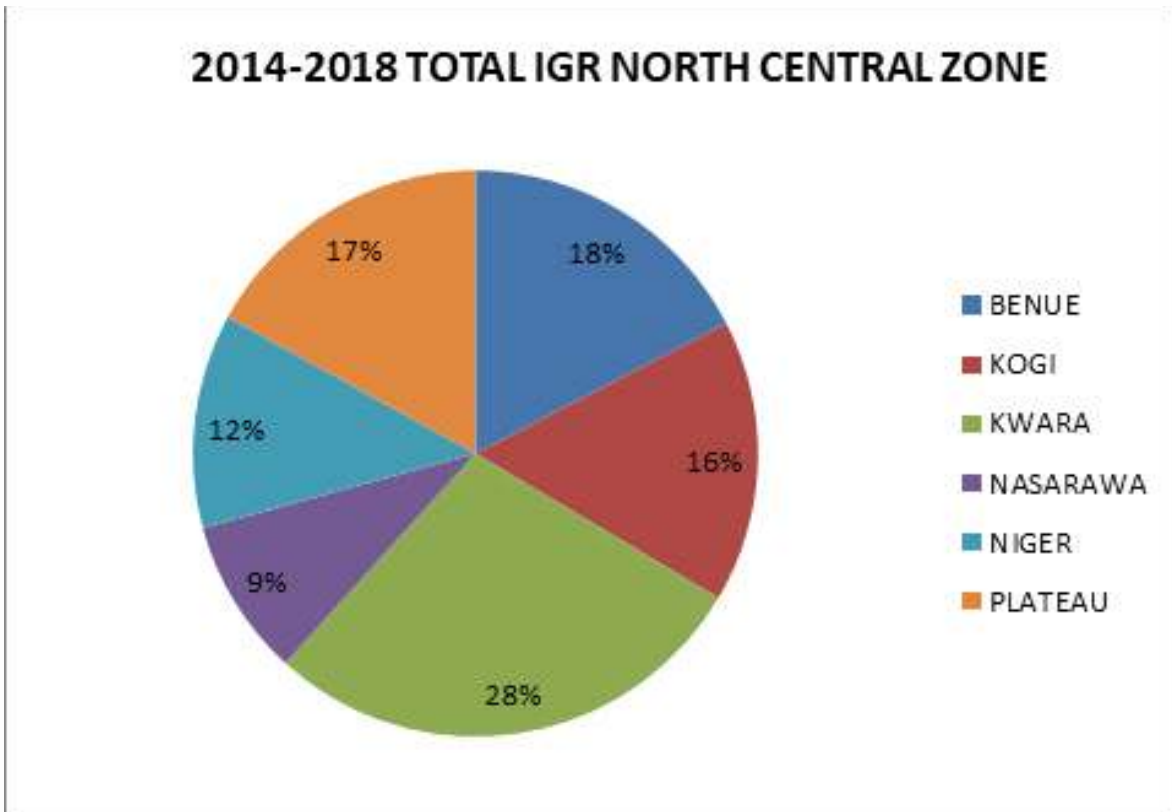
The South-East zone from the chart, shows that Enugu State recorded the highest IGR with 31% contribution to the total from 2014 – 2018. While Anambra State contributed 25%, Abia and Imo States contributed 22% and 14% respectively and they were the lowest in the zone. The economic activities of all the States need to be shored up for improvement to be made in the revenue generation and collection. As it stands, these States depend on statutory allocation to administer the States.

TOTAL IGR SOUTH-SOUTH (2014-2018)



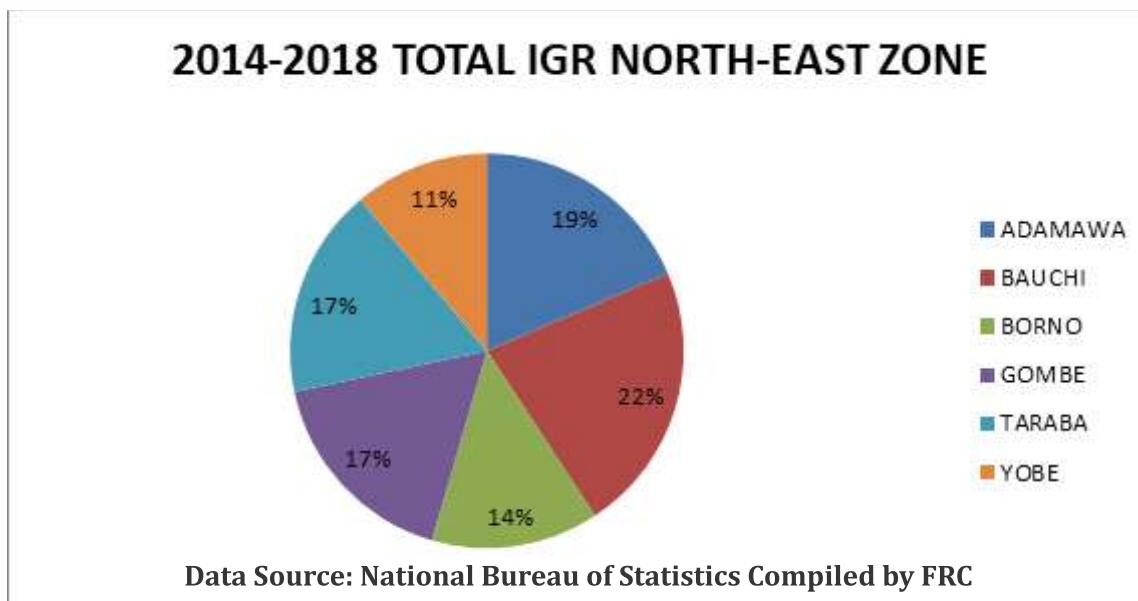
Data Source: National Bureau of Statistics Compiled by FRC

The chart above, shows that Rivers State had the highest IGR by 44% contribution to the total IGR of the South-South zone. Delta State contributed 23%, Edo State 11%, Akwa Ibom 9%, Cross River 8% and Bayelsa 5% and was the lowest IGR in the zone. The performance of the zone is not encouraging as the figures indicate almost sole dependence on statutory allocation and the oil producing States 13% derivation fund. It is expected that these States should be an economic hub for industries and economic activities given the natural endowment of the zone.



Data Source: National Bureau of Statistics Compiled by FRC

The chart above reveals that Kwara State contributed 28% to the total IGR of the zone with the highest percentage in the period 2014 - 2018. Benue State contributed 18%, while Plateau and Kogi States contributed 17% and 16% ; Niger and Nasarawa States contributed 12% and 9% respectively, the lowest in the zone. The zone is blessed with agricultural resources that should lead to the establishment and attraction of agro-allied industries. The States should provide enabling environment that will boost economic activities for revenue generation for the States.



From the chart above, Bauchi State contributed the highest IGR of 22% in the North-East from 2014 - 2018, Adamawa State 19% contribution, Gombe and Taraba States contributed 17% each, while Borno and Yobe States contributed 14% and 11% respectively, the lowest in the zone. The reason for the poor performance during the period is mainly insecurity and the near-war situation in the zone which has disrupted economic and social activities. The Federal Government and the States are working hard to rebuild and reconstruct the destruction in especially Borno and Yobe States.

From the Table below, the States with the lowest and highest IGR in each geo-political zone are shown.

Table 7.2: States with the lowest and highest IGR in each geo-political zone (2014-2018)

| GEO-POLITICAL ZONES | LOWEST IGR (PERCENT) | HIGHEST IGR (PERCENT) |
|----------------------------|-----------------------------|------------------------------|
| SOUTH-WEST | EKITI 1% | LAGOS 75% |
| SOUTH-SOUTH | BAYELSA 5% | RIVERS 44% |
| NORTH-WEST | JIGAWA 5 % | KANO 36% |
| NORTH-EAST | YOBE 11% | BAUCHI 22% |
| SOUTH-EAST | EBONYI 8% | ANAMBRA 25% |
| NORTH-CENTRAL | NASARAWA 9 % | KWARA 28% |

Compiled by FRC

RECOMMENDATIONS

1. There is need to strengthen institutions especially revenue generating/collecting Agencies to work effectively and efficiently.
2. State governments should enhance revenue generation by reviewing comparative advantages of their States and establish such industries that will boost their economies.
3. States should initiate public/private partnership as government alone cannot finance development and the provision of infrastructure.
4. Existing laws should be reviewed to enhance efficient revenue collection.
5. States should use ICT to track eligible tax payers and have data base for ease of administration.
6. More funds should be allocated to the real sector such as agriculture, power, education, health, mining and steel, etc. in order to diversify the economy and generate employment and economic activities in the States.
7. The need to have States Fiscal Management Agencies to ensure a transparent and effective management of government finances.
8. Efficient taxation and its administration will be enhanced by training and retraining of revenue officers.

CONCLUSION

In the light of the foregoing, dwindling revenue in the economy and subsequent reduction in statutory allocation has necessitated States to formulate new strategies to improve revenue generation.

However, it is apt to note that tax policies and tax laws will create the potentials for raising internal revenues. Therefore, the amount of internal revenue that will be generated by States to a large extent depends on the efficiency and effectiveness of the revenue basis, its administration and the institution(s) saddled with the responsibility. Weaknesses in revenue administration especially leakages leads to decrease in budgetary allocations, thus affecting government programmes.

The state of affairs now, calls for pragmatic steps to be taken by States to re-engineer revenue sources, its administration and usage for the development. This will lead to the provision of enabling environment for industries and the spring up of other economic activities.

When these decisive steps are taken, the IGR will increase and the near total dependence on Statutory allocation will reduce.

CHAPTER
EIGHT

8

INSTITUTIONAL
STRENGTHENING AND
CAPACITY BUILDING



CHAPTER EIGHT

INSTITUTIONAL STRENGTHENING AND CAPACITY BUILDING

The activities carried out by the Commission in improving the capacity of staff and the smooth running of the office were as follows:

9.1 STAFF PROMOTION

In the Management's resolve to reward good performance and improve career progression, the Commission carried out the 2020 staff promotion exercise, where 60 senior and 12 junior staff of the Commission were successful.

9.2 HUMAN CAPITAL DEVELOPMENT:

In a bid to continually improve the skills and capacity of the entire workforce and ensure optimal efficiency and enhanced productivity, the Commission had practical training in Project Management and Monitoring and Evaluation.

Consequent upon the above, the Commission engaged the services of the Nigerian Society of Quantity Surveyors (NIQS) and the Society of Project Management who are reputable Professional bodies for a week long training in 2020. The training took place at the Institute of Human Capital Development, Zuba, Niger State with Management and Senior staff in attendance.

The Junior Staff of the Commission were not left out as they also underwent training during the period under review.

Furthermore, a Zoom virtual training was organized in conjunction with Star Sapphire Limited to improve working from home for some Staff of the Commission in October 2020.

In order to ensure Management is working in synergy, a three (3) day 2020 Management Retreat was organized in collaboration with Grow Africa Consulting Ltd. at the Federal Inland Revenue Service (FIRS) Training School

Abuja. The theme of the retreat was Promoting Prudence Accountability and Economic Stability in Post Covid-19 Economy.

The Fiscal Responsibility Commission held a 7-Day capacity building workshop on “Maintaining Best Global Practices in Project Execution in a Post Covid-19 Economy”. The programme was organized to improve staff capacity on the economic challenges posed by the Covid-19 pandemic and to acquire requisite tools to proffer appropriate and effective solutions.

The capacity building workshop was organized in collaboration with the Nigerian Institute of Quantity Surveyors (NIQS) and the Society for Project Management and Development Professionals International.



FRC Staff with the Nigerian Institute of Quantity Surveyors and the International Society of Project Management during the capacity building programme held in Niger State

9.3 STAFF WELFARE

The Commission, despite the obvious difficult financial situation, provided welfare packages to staff at the end of year to alleviate the effect of COVID-19 pandemic

The Welfare Unit routinely liaised with the National Health Insurance Scheme (NHIS), Health Care Providers and enrolled dependents of members of staff.

The Administrative unit also followed up on the Home Renovation Loan, Home Mortgage Loans and National Housing Fund deduction records with the Federal Mortgage Bank.

The Commission provided on a regular basis safety items thus implementing the COVID-19 pandemic protocol.

9.4 RETIREMENT

Two staff of the Commission, Mr. Mashood Ola Tijjani and Mr. Usman Abubakar retired from active service at the attainment of the stipulated age and attaining 35 years of active service respectively as encapsulated in the Public Service Rules.

9.5 NATIONAL YOUTH SERVICE CORPS (NYSC)/STUDENTS INDUSTRIAL WORK EXPERIENCE SCHEME (SIWES)

The Commission engaged a total number of eighteen (18) Youth Corps Members and Students on SIWES to serve their mandatory assignment with the Commission during the year under review.

9.6 TRANSPORT UNIT

The Commission boarded six (6) Toyota Corolla Saloon cars, and a Toyota Hiace Bus, that have become unserviceable due to wear and tear, and the increasing cost of maintenance. The Commission currently has a fleet of nine (9) vehicles, which is inadequate for the various operational activities of the Commission.

The Commission also boarded unserviceable and obsolete items such as furniture and electronic appliances that had outlived their usefulness.

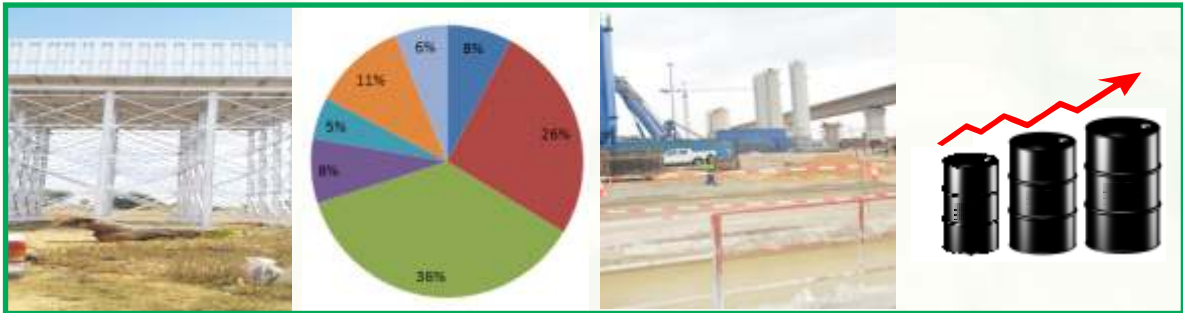
9.7 MAINTENANCE

Maintenance activities remained relatively low due to the extensive renovations carried out in the new office complex in 2019.

CHAPTER
NINE

9

CHALLENGES AND PROSPECTS



CHAPTER NINE

CHALLENGES AND PROSPECTS

The following challenges are highlighted:

- **Funding**
- **Human Capital Development**
- **Equipping the ICT Unit**
- **Setting a Debt Limit**
- **Amendment to FRA, 2007**
- **Late Passage of Budget**

10.1 FUNDING

Inadequate funding has continued to militate against the performance of her Commission's key activities such as revenue monitoring, physical verification of FGN capital projects, monitoring the remittances of operating surplus, monitoring the implementation of MTEF, monitoring debt profile of the Federal, States and Local governments and providing technical support to States on Fiscal Responsibility Laws have been hindered. The attendant economic situation of year under review further aggravated the dwindling resources of the Federal Government hence the Commission.

10.2 HUMAN CAPITAL DEVELOPMENT

Reforms in public finance management system and their implications has increased the need to train and re-train staff of the Commission. The Commission's increased responsibilities and the need to deliver timely reports require proficiency in financial knowledge as well as technical abilities that will enable the identification and tracking of high level illicit financial operations inherent in the system is imperative. As an organization tasked, amongst other things with regulating the financial/economic activities of highly digitalized organizations, there is need to strengthen its human capacity to understand the tools for monitoring such organizations.

10.3 EQUIPPING THE ICT UNIT

There is urgent need for the deployment of ICT infrastructure to monitor and regulate financial activities of Government Agencies. The world as a global village is opening up online opportunities through the web and the Commission needs to keep up with the trend.

10.4 SETTING DEBT LIMITS

Section 42 FRA, 2007 states that:

“The President shall, within 90 days from the commencement of this Act and with advise from the Minister of Finance subject to approval of the National Assembly, set overall limits for the amounts of consolidated debt of the Federal, States and Local Governments pursuant to the provisions of Items 7 and 50 of Part I of the Second Schedule to the Constitution of the Federal Republic of Nigeria 1999 (as amended) and the limits and conditions approved by the National Assembly shall be consistent with the rules set in the Act and with the fiscal policy objectives in the Medium-Term Fiscal Framework”.

Despite various entreaties by the Commission, debt limits have not been set and this has resulted in the abuse of procedure for the procurement of loans by all three tiers of government. The monitoring of excesses and infringements by the various governments is therefore difficult.

10.5 AMENDMENT TO FRA, 2007

The inherent weaknesses in the Fiscal Responsibility Act (FRA), 2007 need to be reviewed and amended in order to strengthen its effectiveness in ensuring the vision of the Act.

The Commission has continued to liaise with the National Assembly in order to amend the Act and there is a positive move to do so.

10.6 LATE PASSAGE OF BUDGET

The present administration has kept to her resolve to return to the January – December budget cycle. The culture of delays in the passage of annual appropriations over the years has become a clog in the wheel of development. This delay has led to low performance of the capital budget, high contract debt and delay in the execution of capital projects and sometimes total abandonment of projects all over the country.

10.7 PROSPECTS

The Commission can report that with the Treasury Single Account (TSA),

collaboration with OAGF, Committee on Finance of National Assembly has greatly improved operating surplus remittance. The stakeholders interactive meetings have exposed more Agencies to the provisions of the Act and implementation.

The Commission is therefore, committed to continued collaboration with Agencies particularly in the area of implementing the template for the Calculation of Operating Surplus.

The Commission is currently working on a template for the Medium Term Expenditure Framework (MTEF). The aim is to improve the budget process. The template is expected to establish a format for the production of MTEF by various MDAs in line with FRA, 2007.

Section 51 of the Act empowers citizens to seek the enforcement of the Act in any court of law without showing any special interest in doing so. Citizens are urged to utilize the provisions of the Section as a veritable platform for citizens' participation in governance.

The proposed amendment of FRA, 2007 will give the Commission enhanced powers for better performance in the fight against corruption and financial recklessness.

Additional number of Agencies to the Schedule of the Act will also boost revenue for the Federal Government.

It is the fervent hope of the Commission that with increased funding for its activities, improved working conditions, enhanced salary and staff welfare packages, the Commission will achieve more.



ANNEXURE



**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST
DECEMBER 2020**



 **Nexia**
Agbo Abel & Co

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Acting Chairman: Victor C. Muruako, Esq.

Management team:

| | | |
|------------------------------|--|----------------------------------|
| Victor C. Muruako, Esq. | - Acting Chairman | |
| Alh. Moshood Ola Tijani | - Director, Monitoring & Evaluation | (Retired wef 25 February 2020) |
| Hajia Maryam Ilyasu Mohammed | - Director, Planning Research & Statistics | |
| Mr. Sule Unekwu-Ojo Musa | - Head, Finance & Accounts | |
| Alh. Muhammed A. Zailani | - Director, Administration | |
| Barr. Charles C. Abana | - Head, Legal Investigation & Enforcement | |
| Mr. Bede O. Anyanwu | - Head, Strategic Communication | |
| Mr. Alex B. Elikwu | - Head, Policy & Standards | |
| Alh. Ibrahim B. Dauda | - Director, Internal Audit | |
| Alh. Aliyu Bello Gulmare | - Head, Monitoring & Evaluation | (Appointed wef 25 February 2020) |

Head office address: Fiscal Responsibility Commission
No . 93 Yakubu Gowon Crescent
Asokoro District
Abuja.

Auditors: Nexia Agbo Abel & Co
43 Anthony Enahoro Street
Utako
Abuja.

Banker: Central Bank of Nigeria

| | 2020 | 2019 | Change |
|-----------------------------------|--------------|-------------|---------|
| <i>Per financial position</i> | ₦ | ₦ | % |
| Total assets | 203,185,626 | 210,418,874 | (3.44) |
| Net assets | 158,338,078 | 174,531,116 | (9.28) |
| Total liabilities | 44,847,548 | 35,887,759 | 24.97 |
| <hr/> | | | |
| <i>Per income and expenditure</i> | | | |
| Income | 271,373,196 | 445,241,362 | (39.05) |
| Expenditure | 347,957,618 | 374,945,371 | (7.20) |
| Deficit for the year | (76,584,422) | 70,295,992 | 208.95 |

The Management Committee presents its report with the financial statements for the year ended 31 December 2020.

1. Legal form

The Commission was established by Fiscal Responsibility Act No. 31 of 2007 as a corporate body to enforce the provisions of the act.

2. Principal activities and operational review

The primary activities of the Fiscal Responsibility Commission (FRC) as provided for in the Act are amongst others to:

- (a) monitor and enforce the provisions of this Act and by so doing, promote the economic objectives contained in section 16 of the Constitution;
- (b) disseminate such standard practices including international best practices that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in fiscal matters;
- (c) undertake fiscal and financial studies, analyse, diagnose and disseminate the result to the general public;
- (d) make rules for carrying out its functions under the Act; and
- (e) perform any other function consistent with the promotion of the objectives of this Act.

In carrying out the above functions, the Commission is empowered by the Act to:

- (a) formulate and provide general policy guidelines for the discharge of the functions of the commission;
- (b) superintend the implementation of the policies of the Commission;
- (c) appoint for the Commission such number of employees as may in the opinion of the Commission be expedient and necessary for the proper and efficient performance of the functions of the Commission;
- (d) determine the terms and conditions of service in the Commission, including disciplinary measures for the employees of the Commission;
- (e) fix the remuneration, allowances and benefits of the employees of the Commission as approved by Salaries and Wages Commission;
- (f) do other things which in its opinion are necessary to ensure the efficient performance of the functions of the Commission;
- (g) regulate its proceedings and make standing orders with respect to the holding of its meetings, notices to be given, the keeping of minutes of its proceedings and such other matters as the Commission may, from time to time, determine.

3. Management committee

The Management Committee as listed on page 2 managed the affairs of the Commission during the year.

4. Board members

There is currently no standing board in the year under review as no Board was appointed. However, the Commission is fully runned by the Management Committee headed by the Acting Chairman of the Commission.

5. Management Committee's responsibilities

The management committee is responsible for the preparation of the financial statements which give a true and fair view of the state of the Commission's affairs at the end of each financial year, and of the income and expenditure for that period and comply with the provisions of Fiscal Responsibility Act No. 31 of 2007. In doing so they ensure that:

- internal control procedures are in place which, as far as it is reasonably possible, safeguard the assets,
 - prevent and detect fraud and other errors ;
 - proper accounting records are maintained;
 - applicable accounting standards are followed;
 - suitable accounting policies are adopted and consistently applied;
- the going concern basis is used unless it is inappropriate to presume that the Commission will continue to exist.

6. Post balance sheet events

There is no post balance sheet event, which could have had material effect on the state of affairs of the Commission as at 31 December 2020 and the surplus/deficit for the year ended on that date which have not been provided for or disclosed in these financial statements.

7. Employment and employees

i. Employment of physically challenged persons

It is the policy of the Commission that there should be no unfair discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

ii. Health and Welfare of Employees

The health, safety and welfare of employees are of primary concern to the Commission. Consequently staff welfare received adequate attention in the year under review.

In compliance with the Reformed Pension Act 2014, the Commission maintains a mandatory contributory pension and gratuity scheme for the benefit of its employees.

iii. Employee involvement and training

The Commission is committed to keeping employees fully informed as much as possible regarding the Commission's performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees.

Management, professional and technical expertise are the Commission's major assets and investment in their further development continues.

The Commission's skills base has been expanded by a range of training provided to enhance the opportunities for career development of its employees.

8. Auditors

Nexia Agbo Abel & Co. have indicated their willingness to continue in office.

By order of the Management Committee

Victor Chinemerem Muruako, Esq.

SCN.022625

Chairman

Fiscal Responsibility Commission

STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Management Committee of Fiscal Responsibility Commission is responsible for the preparation of the Financial Statements, which give a true and fair view of the financial position of the Commission as at 31 December 2020 and the results of its operations, cash flows and changes in net assets for the year ended, in compliance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

In compliance with the provisions of CAMA 2020, the Management Committee must ensure that:

- proper accounting records are maintained.
- applicable accounting standards are followed.
- suitable accounting policies are adopted and consistently applied.
- judgement and estimates made are reasonable and prudent.
- the going concern basis is used, unless it is inappropriate to presume that the Commission will continue in business.
- internal control procedures are instituted, which as far as is reasonably possible, are adequate, safeguard the assets and prevent and detect fraud and other irregularities.

The Management Committee accept responsibility for the preparation of the Financial Statements, which have been prepared in compliance with:

- the provisions of CAMA 2020;
- the provisions of the Financial Reporting Council of Nigeria (FRCN), Act No. 6 of 2011; and
- the published accounting and financial reporting standard issued by the FRCN;

The Management Committee have made an assessment of the Commission's ability to continue as a going concern based on the supporting assumptions stated in the Financial Statements and have every reason to hold that the Commission will remain a going concern in the financial year ahead.

Signed on behalf of the Management Committee on _____ 2021 by:

Victor C. Muruako, Esq.

Chairman

Mr. Sule Unekwu-Ojo Musa

Head, Finance & Accounts

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FISCAL RESPONSIBILITY COMMISSION ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Fiscal Responsibility Commission** which comprise the statement of financial performance, the statement of financial position, Statement of changes in net asset as at 31 December 2020, statement of cash flows, statement of budget performance for the year then ended, a summary of significant accounting policies and other explanatory information set out on pages 9 to 22.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fiscal Responsibility Commission as at 31 December 2020 and the financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards, Fiscal Responsibility Commission Act No. 31 of 2007 and the Financial Reporting Council of Nigeria Act No 6, 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The management is responsible for the other information. The other information comprises the Management's Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regards.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Fiscal Responsibility Commission Act No. 31 of 2007, the Financial Reporting Council of Nigeria Act No 6, 2011, the International Public Sector Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the government either intends to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In compliance with the requirements of the Fifth Schedule of the Companies and Allied Matters Act 2020, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the Company has kept proper books of account, so far as appears from our examination of those books; and
- iii) the statements of financial position and comprehensive income are in agreement with the books of account and returns.

Aliu Yesufu, FRC/2016/ICAN/00000014980

for: Nexia Agbo Abel & Co.

Chartered Accountants

Abuja, Nigeria

.....2021

The significant accounting policies applied in the preparation of these financial statements are set out below:

1. Basis of preparation and key assumptions

The financial statements are prepared in compliance with the International Public Sector Accounting Standards (IPSAS). The financial statements are presented in the functional currency, Nigerian Naira (N) prepared under the historical cost convention in conformity with Generally Accepted Accounting Principles.

The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although, these estimates are based on the best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Key estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both the period of revision and future periods.

2. Fundamental accounting concepts

The following fundamental accounting concepts were taken as the basis of preparation of accounts and were followed by the Commission:

- Accrual basis concept;
- Going concern concept;
- Consistency concept
- Understandability;
- Materiality,
- Relevance;
- Prudence
- Completeness etc..

3. Accounting periods

The accounting year (fiscal year) of the commission runs from 1st January to 31st December. Each accounting year is divided into 12 calendar months (periods) and were set up as such in the accounting system.

4. Notes to the general purpose financial statements (GPFS)

Notes to the GPFS are presented in a systematic manner. The items in the Statements cross reference to any related information in the notes. The format provided in the Standardised General Purpose Financial Statement was followed.

5. Comparative information

The general purpose financial statements disclose all numerical information relating to previous period.

6. Government grants/subventions

Capital and recurrent grants/subventions are recognised only when they are received. Capital grants are credited to Capital Fund Account of the commission, whereas recurrent subventions are credited to income and expenditure account net of amounts returned to the Consolidated Revenue Fund to meet the operating costs of the Commission.

7. Internally generated revenue

Internally generated revenue is recorded when received, or when its realisation in cash is reasonably ascertained. Amounts realised and received at intervals are posted to the Consolidated Revenue Fund.

8. Expenditure

All expenditure are accounted for on a modified cash basis, i.e. all expenses are to be recognised in the period they are incurred or when the related services are enjoyed, irrespective of when the payment is made.

9. Foreign currencies

Transactions in foreign currencies are translated into Naira at the rates ruling on the dates of the transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. All profits and losses on exchange whether realised or unrealised are accounted for in operating results.

10. Employee Entitlements**Pension & Gratuity:**

Provision will be made, where applicable, using an actuarial valuation for retirement gratuities. The actuarial valuation determines the extent of anticipated entitlements payable under employment contracts and brings to account a liability using the present value measurement basis, which discounts expected future cash outflows.

To the extent that it is anticipated that the liability will arise during the following year, the entitlements are recorded as current liabilities. The remainder of the anticipated entitlements are recorded as non-current liabilities.

11. Statement of Cash flow

This statement is prepared using the direct method in accordance with the format provided in the GPFS. The Cashflow statement consists of three (3) sections:

- i. Operating activities include cash received from all income sources of the Commission and record the cash
- ii. Investing activities are those activities relating to the acquisition and disposal of non-current assets.
- iii. Financing activities comprises of the change in equity and debt capital structure of the Commission.

12. Cash and cash equivalents

commission are classified as cash and cash equivalents on the statement of financial position and statements of cash flows.

13. Leases

Finance leases, which effectively transfer to the Commission substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payment. The leased assets and corresponding liabilities are disclosed while the leased assets are depreciated over the period the Commission is expected to benefit from their use.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

14. Financial Instruments

These form part of the Commission's everyday operations. These financial instruments include Bank Accounts, short term deposits, trade and accounts receivable, trade and accounts payable and term borrowings, all of which are recognised in the statement of financial position.

Revenue and expenses in relation to all financial instruments are recognised in the statement of financial performance.

15. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to FRC and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized. All repair and maintenance is charged to the statement of financial performance during the financial period in which it is incurred.

Depreciation on assets is charged on a straight-line basis at rates calculated to allocate the cost or valuation of the asset over its remaining useful life. The rates are as follows:

| | % | Years |
|----------------------|----|-------|
| Furniture & fittings | 20 | 5 |
| Motor vehicles | 20 | 5 |
| Office equipment | 25 | 4 |
| Plant & machinery | 10 | 10 |
| Library books | 10 | 10 |

The full depreciation charge shall be applied to PPE in the months of acquisition and disposal, regardless of the day of the month the transactions. Fully depreciated assets that are still in use are carried in the books at a net book value of N10.00

16. Research studies, capacity building and monitoring of capital projects

Research studies, capacity building and monitoring of capital projects funded from capital grants are capitalised and fully amortised in the period they are incurred.

17. Inventories

Inventories are valued at the lower of cost and net realisable value and they are reported under current assets in the Statement of Financial Position.

18. Account receivables

Accounts receivables are shown at estimated realisable value after providing for bad and doubtful debts.

19. Prepayments

Prepaid expenses can represent payments made early in the year for benefits to be received over the latter part of the year, or payments made in one year for benefits to be received in subsequent years. Prepayments for which the benefits are to be derived in the following 12 months should be classified as Current Assets. Where the benefits are expected to accrue beyond the next 12 months, it should be accounted for as a Long-Term Prepayment and classified as Non-Current Assets. Prepayments that are identifiable with specific future revenue or event, e.g. adverts, should be expensed in the period in which the related event takes place; those that relate to specific time periods, e.g. insurance, rent, leasehold premises, should be recognised as an expense in such periods. Prepayments not exceeding N10, 000 shall be expensed immediately, except there is a possibility of obtaining a refund or credit within the same financial year.

20. Deposits

Deposits are amounts received in advance in respect of goods or services provided. Deposits can represent payments received early in the year for goods/services to be offered over the latter part of the year, or payments received in one year for services to be offered in subsequent years. Deposits for which the services are to be offered in the following 12 months shall be classified as current liabilities. Where the services are expected to span beyond the next 12 months, it shall be accounted for as a non-current deposits and classified as Non-Current Liabilities.

21. Loans & debts

Loans are funds received to be paid back at an agreed period of time. They are classified under liability in the general purpose financial statement and are categorised as either short or long term.

Short-term loans and debts are those repayable within one calendar year, while long-terms loans and debts shall fall due beyond one calendar year.

22. Unremitted deductions

Unremitted deductions are monies owed to third parties such as tax authorities, schemes and associations and other government agencies. These include: tax deductions and other deductions at source. These amounts shall be stated in the GPFS at their repayment value, which shall be treated as Current liabilities in the statement of financial position.

23. Accrued Expenses

These are monies payable to third parties in respect of goods and services received. Accrued expenses for which payment is due in the next 12 months shall be classified as current liabilities. Where the payments are due beyond the next 12 months, it shall be accounted for as non-current liabilities.

24. Current Portion of Borrowings

¶ This is the portion of the long-term loan/ borrowing that is due for repayment within the next 12 months. This portion of the borrowings shall be classified under current liabilities in the statement of financial position.

25. Public Funds

¶ These are balances of Government funds at the end of the financial year. They are classified under the Non-Current Liabilities in the Statement of Financial Position and include: trust funds, revolving funds and other funds created by Government.

26. Reserves

Reserves are classified under equity in the statement of financial position and include: statement of financial performance surpluses/ (deficit) and the revaluation reserve.

27. Contingent Liability

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by uncertain future event(s) or present obligation arising from past events that are not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities shall only be disclosed in the notes to the GPFS.

| | Note | 2020 N | 2019 N |
|---------------------------------------|------|----------------------|----------------------|
| Income | | | |
| Subventions | 1 | 260,718,734 | 445,241,362 |
| Other income | 2 | 10,654,462 | - |
| Total income for the year | | 271,373,196 | 445,241,362 |
| Expenditure | | | |
| Operating expenses | 8 | (322,942,235) | (347,331,235) |
| Depreciation | 9 | (25,015,383) | (27,614,136) |
| Total expenditure for the year | | (347,957,618) | (374,945,371) |
| Deficit for the year | 4 | (76,584,422) | 70,295,992 |

| | Note | 2020 N | 2019 N |
|-------------------------------------|------|--------------------|--------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 69,608,309 | 84,425,765 |
| | | <u>69,608,309</u> | <u>84,425,765</u> |
| Current assets | | | |
| Inventory | 10 | 7,505,415 | 32,428,838 |
| Receivables | 11 | 104,172,060 | 83,611,030 |
| Cash and cash equivalents | 12 | 21,899,842 | 9,953,241 |
| | | <u>133,577,317</u> | <u>125,993,109</u> |
| Total assets | | 203,185,626 | 210,418,874 |
| Equity and liabilities | | | |
| Net assets | | | |
| Capital fund | 3 | 158,338,078 | 174,531,116 |
| | | <u>158,338,078</u> | <u>174,531,116</u> |
| Current liabilities | | | |
| Payables | 13 | 44,847,548 | 35,887,759 |
| | | <u>44,847,548</u> | <u>35,887,759</u> |
| Total equity and liabilities | | 203,185,626 | 210,418,875 |

These financial statements were approved on _____ 2021 and signed on its behalf by:

Victor C. Muruako, Esq.
 SCN 022625
 Acting Chairman
 Fiscal Responsibility Commission

Mr. Sule Unekwu-Ojo Musa
 ICAN/051360
 Head, Finance & Accounts
 Fiscal Responsibility Commission

| | Note | Capital fund N | Income and expenditure N | Accumulated fund N |
|---------------------------------------|------|--------------------|--------------------------------|--------------------------|
| Balance as at 1 January 2019 | | (1,987,642) | - | (1,987,642) |
| Capital appropriation in the year | | 204,779,225 | - | 204,779,225 |
| Amortised cost of non tangible assets | | (98,556,459) | - | (98,556,459) |
| Surplus for the year | | - | 70,295,992 | 70,295,992 |
| Balance as at 31 December 2019 | | 104,235,124 | 70,295,992 | 174,531,115 |
| Balance as at 1 January 2020 | | 104,235,124 | 70,295,992 | 174,531,115 |
| Capital appropriation in the year | | 115,609,986 | - | 115,609,986 |
| Amortised cost of non tangible assets | | (69,653,247) | - | (69,653,247) |
| Prior year adjustment | 3 | - | 14,434,646 | 14,434,646 |
| Deficit for the year | | - | (76,584,422) | (76,584,422) |
| Balance as at 31 December 2020 | | 150,191,863 | 8,146,215 | 158,338,078 |

| | Note | 2020 ₦ | 2019 ₦ |
|---|------|--------------------------|-------------------------|
| Cash flow from operating activities | | | |
| Deficit for the year | 4 | (76,584,422) | 70,295,992 |
| <i>Adjustments:</i> | | | |
| Depreciation | 9 | 25,015,383 | 27,614,136 |
| Gains on disposal | 2 | (1,890,025) | - |
| Provisions written off | 3 | 14,434,646 | - |
| | | <u>(39,024,418)</u> | <u>97,910,128</u> |
| <i>Changes in assets and liabilities:</i> | | | |
| Decrease/(Increase) in inventory | | 24,923,423 | (7,684,762) |
| Increase in receivables | | (20,561,030) | (27,541,150) |
| Increase/(Decrease) in payables | | 8,959,789 | (94,928,801) |
| Net cash used in operating activities | | <u>(25,702,235)</u> | <u>(32,244,586)</u> |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | 9 | (10,197,928) | (73,933,557) |
| Proceeds on disposal of property, plant and equipment | | 1,890,025 | - |
| Net cash used in investing activities | | <u>(8,307,903)</u> | <u>(73,933,557)</u> |
| Cash flow from financing activities | | | |
| Capital grant received | 3 | 115,609,986 | 204,779,225 |
| Non tangible assets incurred | | (69,653,247) | (98,556,459) |
| Net cash generated in investing activities | | <u>45,956,739</u> | <u>106,222,766</u> |
| Net increase in cash and cash equivalent | | 11,946,601 | 44,623 |
| Cash and cash equivalent at 1 January | | <u>9,953,241</u> | <u>9,908,618</u> |
| Cash and cash equivalent at 31 December | 12 | <u><u>21,899,842</u></u> | <u><u>9,953,241</u></u> |

| | Note | Budget | | Actual comparable 2020 N | Favourable/ (Adverse) 2020 N |
|------------------------------------|------|--------------------|--------------------|-----------------------------------|---------------------------------------|
| | | Appropriation | Allocation | | |
| | | 2020 N | 2020 N | | |
| Revenue | | | | | |
| Recurrent - overhead | | 124,367,035 | 110,472,598 | 110,472,598 | (13,894,437) |
| Recurrent - personnel | | 150,246,136 | 150,246,136 | 150,246,136 | - |
| Capital grant | | 115,579,020 | 115,609,986 | 115,609,986 | 30,966 |
| Total revenue (A) | | 390,192,191 | 376,328,720 | 376,328,720 | (13,863,471) |
| Expenditure | | | | | |
| Personnel cost | | 150,246,136 | 150,246,136 | 150,246,136 | - |
| Maintenance cost | | 8,288,908 | 8,288,908 | 20,588,183 | (12,299,275) |
| Local travels and transport | | 13,338,251 | 13,338,251 | 13,723,180 | (384,929) |
| Stationery, printing & consumables | | 7,978,714 | 7,978,714 | 31,955,696 | (23,976,982) |
| Postages, fax & telephone | | 244,717 | 244,717 | 4,175,543 | (3,930,826) |
| Office expenses | | - | - | 20,533,763 | (20,533,763) |
| Subscriptions | | 859,996 | 859,996 | 850,000 | 9,996 |
| Advert and publicity | | 2,352,995 | 2,352,995 | 874,000 | 1,478,995 |
| Rent - office building | | 13,684,180 | 13,684,180 | 29,559,941 | (15,875,761) |
| Staff training and development | | 7,526,299 | 7,526,299 | 6,505,800 | 1,020,499 |
| Revenue remittance by PSEs | | - | - | 2,028,525 | (2,028,525) |
| Refreshment & meals | | 4,789,463 | 4,789,463 | 5,855,500 | (1,066,037) |
| Honorarium and sitting allowance | | 3,064,104 | 3,064,104 | 5,277,593 | (2,213,489) |
| Staff welfare and recreation | | 6,842,090 | 6,842,090 | 6,226,507 | 615,583 |
| Security services | | 8,210,508 | 8,210,508 | 12,248,000 | (4,037,492) |
| Audit fees & expenses | | 3,929,461 | 3,929,461 | 4,612,500 | (683,039) |
| Professional fees | | 8,835,707 | 8,835,707 | 5,081,847 | 3,753,860 |
| Annual budget exp & admin | | - | - | 1,305,000 | (1,305,000) |
| Promotion, Recruit. & App. | | 931,455 | 931,455 | 1,174,521 | (243,066) |
| Insurance premium | | 136,842 | 136,842 | 120,000 | 16,842 |
| Bank charges | | 411,608 | 411,608 | - | 411,608 |
| | | 241,671,434 | 241,671,434 | 322,942,235 | (81,270,801) |
| Capital expenditure | | | | | |
| Purchase of PPE | 9 | 3,990,620 | 3,990,620 | 10,197,928 | (6,207,308) |
| Non tangible assets | | 111,588,400 | 111,619,366 | 69,653,247 | 41,935,153 |
| Total expenses (B) | | 357,250,454 | 357,281,420 | 402,793,410 | (45,542,956) |
| Deficit for the year (A-B) | | | | (26,464,690) | (59,406,427) |

| | 2020 | 2019 |
|--|---------------------|--------------------|
| | N | N |
| 1. Subvention | | |
| Recurrent - overhead | 110,472,598 | 121,178,410 |
| Recurrent - personnel | 150,246,136 | 146,564,952 |
| Recurrent - AIE | - | 177,498,000 |
| | <u>260,718,734</u> | <u>445,241,362</u> |
| 2. Other income | | |
| Proceed from disposal | 1,890,025 | - |
| Presidential Initiative on Continuous Audit (PICA) | 8,764,437 | - |
| | <u>10,654,462</u> | <u>-</u> |
| ***PICA relates to income received in 2019 to offset cleaning and fumigation services accrued for periods between Oct 2018 to April 2019. This was offset in 2019, but omitted from the accounts. | | |
| 3. Accumulated fund | | |
| Capital fund as at 1 January | 174,531,116 | (1,987,642) |
| Received during the year | 115,609,986 | 204,779,225 |
| Amortised cost of non tangible assets | (69,653,247) | (98,556,459) |
| Capital fund as at 31 December | <u>220,487,855</u> | <u>104,235,124</u> |
| Prior year adjustment (Provision written off) | 14,434,646 | - |
| (Deficit)/Surplus | <u>(76,584,422)</u> | <u>70,295,992</u> |
| | <u>158,338,078</u> | <u>174,531,116</u> |
| ***Prior year adjustment represents tax provisions, rent accrued and other accruals written off. The provisions were made in error and have been carried in the books over the years. | | |
| 4. Reconciliation of (Deficit)/Surplus | | |
| The deficit for the year consists of all non cash items which includes, depreciation for the year, net advances and receivables, net accruals and payables, net issues from stores and provisions written off during the year. | | |
| 5. Personnel costs | | |
| Drugs and medical supplies -vaccines | - | - |
| Salaries and allowances | 130,488,874 | 128,617,383 |
| Deductions (Pension and NHIS) | 19,757,262 | 17,947,568 |
| | <u>150,246,136</u> | <u>146,564,952</u> |
| 6. Maintenance costs | | |
| Building | 4,012,600 | 7,557,750 |
| Plant & equipment | 5,125,000 | 9,610,000 |
| Office furniture | 252,500 | 1,850,000 |
| ICT facilities/equipment | 648,199 | 6,297,550 |
| Motor vehicle | 4,693,884 | 5,987,892 |
| Other maintenance services | 1,416,000 | - |
| Motor vehicle fuel & lubricant | 4,440,000 | 5,619,000 |
| | <u>20,588,183</u> | <u>36,922,192</u> |
| 7. Office expenses | | |
| Newspaper and periodicals | 1,456,400 | 1,568,000 |
| Electricity, Water & Rates | 2,790,113 | 3,850,000 |
| Cleaning and Fumigation | 15,987,250 | 25,788,942 |
| Sewage charges | 300,000 | - |
| Other office expenses | - | 150,000 |
| | <u>20,533,763</u> | <u>31,356,942</u> |

| | Note | 2020 N | 2019 N |
|------------------------------------|------|--------------------|--------------------|
| 8. Operating expenses | | | |
| Personnel cost | 4 | 150,246,136 | 146,564,952 |
| Office expenses | 6 | 20,533,763 | 31,356,942 |
| Maintenance cost | 5 | 20,588,183 | 36,922,192 |
| Local travel & transport | | 13,723,180 | 16,952,046 |
| Stationery, printing & consumables | | 31,955,696 | 13,952,485 |
| Postages, fax & periodicals | | 4,175,543 | 270,000 |
| Subscriptions | | 850,000 | 484,400 |
| Adverts & publicity | | 874,000 | 2,921,000 |
| Rent - office building | | 29,559,941 | 59,666,000 |
| Bank charges | | - | 266,369 |
| Insurance premium | | 120,000 | - |
| Staff training & development | | 6,505,800 | 2,654,008 |
| Revenue remittances by PSEs | 17 | 2,028,525 | 580,038 |
| Audit fees & expenses | | 4,612,500 | 3,450,490 |
| Professional fees | | 5,081,847 | - |
| Refreshment & meals | | 5,855,500 | 6,593,450 |
| Honorariums & sitting allowances | | 5,277,593 | 4,002,381 |
| Staff welfare & recreation | | 6,226,507 | 8,292,482 |
| Security services | | 12,248,000 | 12,402,000 |
| Promotion, Recruit. & App. | | 1,174,521 | - |
| Annual budget exp. & admin | | 1,305,000 | - |
| | | 322,942,235 | 347,331,235 |

| 9. Property, plant and equipment | Furniture & fittings N | Motor vehicle N | Office equipment N | Plant & machinery N | Library books N | Total N |
|----------------------------------|---------------------------|--------------------|-----------------------|------------------------|--------------------|--------------------|
| Cost: | | | | | | |
| At 1 January 2020 | 50,441,292 | 215,014,448 | 196,662,980 | 29,912,750 | 4,968,444 | 496,999,914 |
| Movement due to reclassification | 19,620,098 | - | (19,620,098) | - | - | - |
| Addition | 9,217,085 | - | 980,843 | - | - | 10,197,928 |
| At 31 December 2020 | 79,278,475 | 215,014,448 | 178,023,725 | 29,912,750 | 4,968,444 | 507,197,842 |
| Depreciation: | | | | | | |
| At 1 January 2020 | 43,746,996 | 160,339,207 | 181,910,820 | 21,984,375 | 4,592,751 | 412,574,149 |
| Movement due to reclassification | 18,149,243 | - | (18,149,243) | - | - | - |
| Charge for the year | 4,847,337 | 14,819,473 | 4,251,613 | 1,050,000 | 46,961 | 25,015,383 |
| At 31 December 2020 | 66,743,576 | 175,158,680 | 168,013,190 | 23,034,375 | 4,639,712 | 437,589,533 |
| Carrying amount: | | | | | | |
| At 31 December 2020 | 12,534,899 | 39,855,768 | 10,010,535 | 6,878,375 | 328,732 | 69,608,309 |
| At 31 December 2019 | 6,694,296 | 54,675,241 | 14,752,160 | 7,928,375 | 375,693 | 84,425,765 |

| | 2020 | 2019 |
|---|--------------------|-------------------|
| 10. Inventory | ₦ | ₦ |
| Stationery items | 7,505,415 | 32,428,838 |
| | 7,505,415 | 32,428,838 |
| 11. Receivables | | |
| Purchase advances | 73,140,790 | 51,089,760 |
| Salary advances | 4,000,422 | 4,000,422 |
| Advance for office imprest | 4,750,000 | 6,240,000 |
| Motor vehicle advances (<i>ref note 15</i>) | 22,280,848 | 22,280,848 |
| | 104,172,060 | 83,611,030 |
| 12. Cash and bank balances | | |
| Unutilised capital grant | 11,943,263 | 30,966 |
| Unutilised overhead grant | 141,838 | 15,926 |
| Unutilised AIE grant | - | 91,608 |
| CBN Account 1 | 9,814,741 | 9,814,741 |
| | 21,899,842 | 9,953,241 |
| 13. Payables | | |
| Value added tax (VAT) | 656,844 | 2,590,208 |
| With-holding tax (WHT) | 304,284 | 2,485,671 |
| Stamp duty | 82,340 | - |
| Accruals (<i>ref. note 14</i>) | 43,804,080 | 30,811,880 |
| | 44,847,548 | 35,887,759 |
| 14. Accruals | | |
| Rent | 24,000,000 | 6,612,444 |
| Audit fee | 2,462,500 | 4,222,300 |
| Cleaning & fumigation | 12,892,180 | 16,276,813 |
| Security services | 4,171,466 | 954,000 |
| Other goods & services | 277,934 | 2,746,323 |
| | 43,804,080 | 30,811,880 |

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | ₦ | ₦ |
| 15. Motor vehicle advances | | |
| Motor vehicle revolving loan (Debtor) | 7,245,622 | 7,930,716 |
| Receivables from OAGF | 6,960,430 | 6,275,336 |
| Balance with CBN | 8,074,796 | 8,074,796 |
| | <u>22,280,848</u> | <u>22,280,848</u> |
| 16. Non tangible assets | | |
| Amount received during the year | 69,653,247 | 98,556,459 |
| Amount amortised in the year | (69,653,247) | (98,556,459) |
| | <u>-</u> | <u>-</u> |
| 17. CRF Rev. Remittance by PSEs | | |
| Overhead balance mopped up | 15,926 | 111,654 |
| Capital balance mopped up | 30,966 | 8,384 |
| AIE balance mopped up | 91,608 | - |
| Tender fees remittance | - | 460,000 |
| Revenue from sales of government items | 1,890,025 | - |
| | <u>2,028,525</u> | <u>580,038</u> |
| 18. Prior year reclassification | | |
| Certain line items in the prior year has been reclassified for meaningful comparison. | | |
| 19. Contingent liabilities | | |
| There were no contingent liabilities in respect of legal actions against the Commission during the year. | | |
| 20. Events after reporting period | | |
| There were no significant or material adjusting events after the reporting period (31 December 2019- Nil). | | |

| | 2020 | 2019 |
|---|----------------------------|--------------------------|
| | N | N |
| Income | | |
| Subvention | 260,718,734 | 445,241,362 |
| Other Income | 10,654,462 | - |
| | <u>271,373,196</u> | <u>445,241,362</u> |
| Expenditure | | |
| Personnel cost | 150,246,136 | 146,564,952 |
| Maintenance cost | 20,588,183 | 36,922,192 |
| Local travels and transport | 13,723,180 | 16,952,046 |
| Stationery, printing & consumables | 31,955,696 | 13,952,485 |
| Postages, fax & telephone | 4,175,543 | 270,000 |
| Office expenses | 20,533,763 | 31,356,942 |
| Subscriptions | 850,000 | 484,400 |
| Advert and publicity | 874,000 | 2,921,000 |
| Rent - office building | 29,559,941 | 59,666,000 |
| Staff training and development | 6,505,800 | 2,654,008 |
| Revenue remittance by PSEs | 2,028,525 | 580,038 |
| Refreshment & meals | 5,855,500 | 6,593,450 |
| Honorarium and sitting allowance | 5,277,593 | 4,002,381 |
| Staff welfare and recreation | 6,226,507 | 8,292,482 |
| Security services | 12,248,000 | 12,402,000 |
| Depreciation | 25,015,383 | 27,614,136 |
| Audit fees & expenses | 4,612,500 | 3,450,490 |
| Professional fees | 5,081,847 | - |
| Promotion, Recruit. & App. | 1,174,521 | - |
| Annual budget exp & admin | 1,305,000 | - |
| Insurance premium | 120,000 | - |
| Bank charges | - | 266,369 |
| | <u>347,957,618</u> | <u>374,945,371</u> |
| Deficits for the year | (76,584,422) | 70,295,992 |
| Income and expenditure as at 31 December | <u>(76,584,422)</u> | <u>70,295,992</u> |

