



THE PRESIDENCY

FISCAL RESPONSIBILITY COMMISSION

FEDERAL REPUBLIC OF NIGERIA

2018 ANNUAL REPORT AND AUDITED ACCOUNTS





THE PRESIDENCY
FISCAL RESPONSIBILITY COMMISSION
FEDERAL REPUBLIC OF NIGERIA

2018

**ANNUAL REPORT AND
AUDITED ACCOUNTS**



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



TABLE OF CONTENT

VISION, MISSION AND VALUES.....	iii
TABLE OF CONTENT	iv
LIST OF ACRONYMS	vi
LIST OF TABLES.....	viii
CHAIRMAN'S STATEMENT	2
CHAPTER 1: THE MANDATE OF THE FISCAL RESPONSIBILITY COMMISSION.....	8
CHAPTER 2: MONITORING THE BUDGETARY PROCESS.....	12
CHAPTER 3: DEBT, INDEBTEDNESS AND BORROWING	48
CHAPTER 4: BUDGETARY PLANNING OF CORPORATIONS AND OTHER RELATED AGENCIES	70
CHAPTER 5: IMPLEMENTING FISCAL RESPONSIBILITY IN THE STATES	80
CHAPTER 6: TRANSPARENCY AND ACCOUNTABILITY	84
CHAPTER 7: COMMUNICATION, RESEARCH AND DISSEMINATION OF STANDARDS	88
CHAPTER 8: ENFORCING FISCAL RESPONSIBILITY.....	102
CHAPTER 9: INSTITUTIONAL STRENGTHENING & CAPACITY BUILDING	106
CHAPTER 10: CHALLENGES AND PROSPECTS.....	110
ANNEXURE: AUDITED FINANCIAL STATEMENT	114



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 of 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
SME	Small and Medium Scale Enterprises



LIST OF TABLES

Table 2.1	Major Components of Budgets & MTEF	15
Table 2.2:	Time of Submission and approval of Budgets 2011 - 2019	16
Table 2.3	Highlights of 2018 Budget and MTEF	18
Table 2.4	Components of 2018 Budget	19
Table 2.5	Performance of Oil and Non-Oil revenue in 2018.....	23
Table 2.6	Summary of 2018 Net Distributable Revenue	24
Table 2.7	FGN Revenue Performance for 2018.....	25
Table 2.8	Inflow into the Excess Crude Account - 2018.....	26
Table 2.9	Comparison of 2018 and 2017 FGN Expenditure.....	27
Table 2.10	Capital Performance for MDAs as at 31st May, 2019	30
Table 2.10	Capital Performance for MDAs as at 31st May, 2019 Contd.	31
Table 2.11	Capital Budget Releases by MDAs as at 30th June, 2019.....	32
Table 2.12	Quarterly Revenue Returns of MDAs in 2018	35
Table 3.1	Summarised Public Debt Stock as at December 31, from 2014 - 2018.....	52
Table 3.2	Nigeria's Total Public Debt Stock.....	52
Table 3.3	External Debt Stock of FG and States.....	52
Table 3.4	FGN Domestic Debt Stock.....	52
Table 3.5	States and FCT Domestic Debt Stocks	52
Table 3.6	External Debt Stock by Source 2014-2018 (US\$' Million).....	55
Table 3.7	External Debt Service by Source.....	56
Table 3.8	FGN Domestic Debt Stock by Instrument.....	57
Table 3.9	FGN Domestic Debt Service by Instrument.....	58
Table 3.10	Total Net Revenue of the 36 States and FCT in 2018	59
Table 3.11	Analysis of Debts of States and Federal Government as at the end of 2018	61
Table 3.12	Proportion of Total Debt to Net Statutory Revenue of the 36 States and FCT in 2018	64
Table 3.13	Record of FGN Securities issued in the Nigerian capital market in 2018.....	65
Table 3.14	International Bonds issued by the Federal Government in 2018.....	66
Table 4.1	Operating Surplus Remittance into the CRF 2007 - 2018.....	72
Table 7.1	Comparative Analysis of Internally Generated Revenue with Personnel Costs of States.....	92



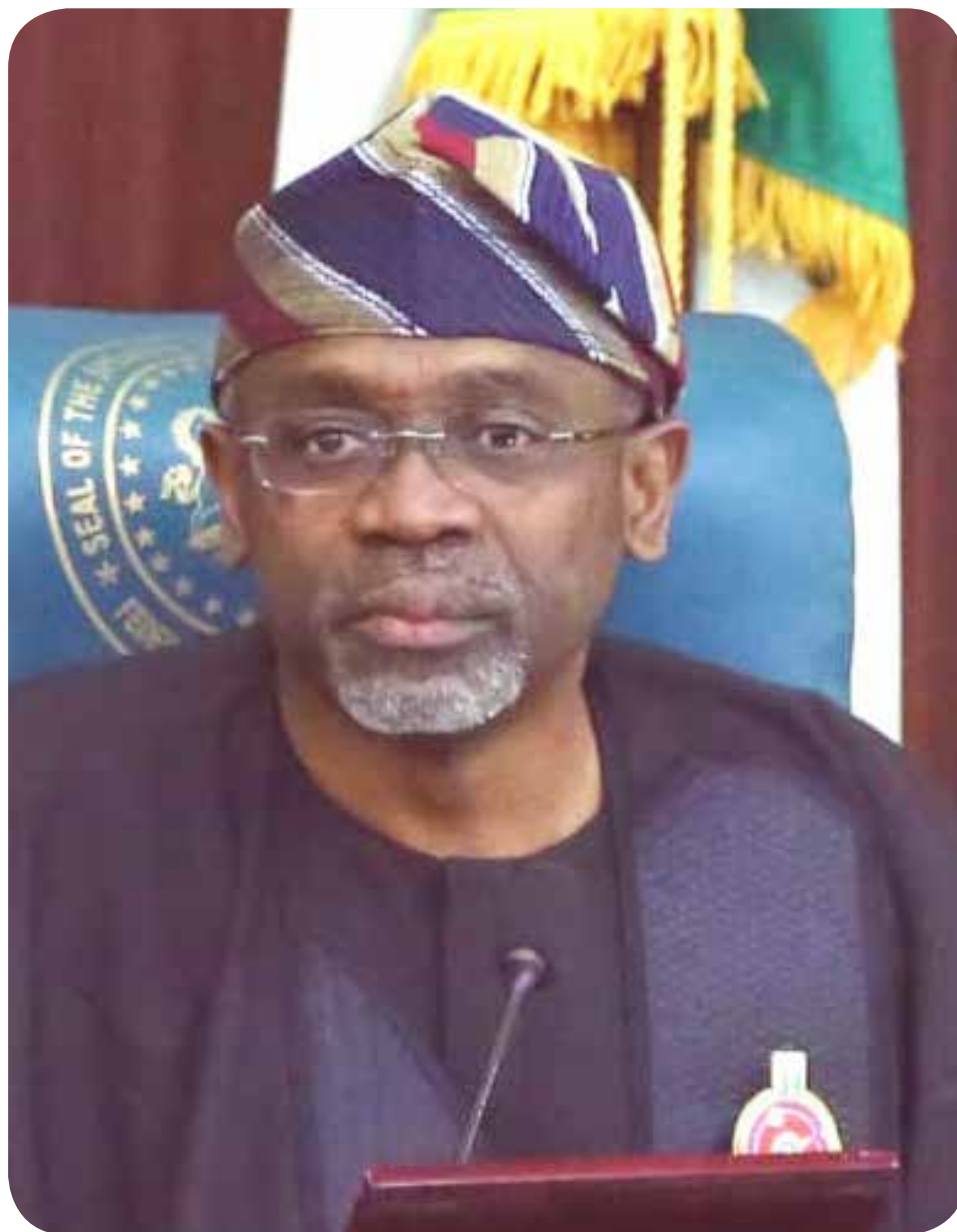
His Excellency
MUHAMMADU BUHARI, GCFR
President, Commander-in-Chief of the Armed Forces
Federal Republic of Nigeria



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



BARR. VICTOR CHINEMEREM MURUAKO, KSJ
Acting Chairman,
Fiscal Responsibility Commission



FRC MANAGEMENT TEAM



Barr. Victor C. Muruako, KES
Ag. Chairman, Fiscal Responsibility Commission



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FRC MANAGEMENT TEAM



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Enforcement



Bede O. Anyanwu
Acting Head, Strategic Communication



CHAIRMAN'S STATEMENT





CHAIRMAN'S STATEMENT

It is with warm pleasure that I present the Annual Report and Audited Accounts of the Fiscal Responsibility Commission for the Year ended 31st December, 2018. The report provides incisive information on the monitoring and enforcement of the Fiscal Responsibility Act 2007, (FRA) by the Commission

2 The publication of this report is in fulfilment of section 10 of FRA which mandates the FRC to prepare and submit to the National Assembly (NASS) in each financial year a report of its activities, including its audited financial statements of accounts for the preceding financial year.

The global economic landscape, the macroeconomic environment and efforts made by the Federal Government in the area of prudent management of its resources made the economy to experience an upswing and a complete recovery from the effects of the recession in the first half of the year. This was sustained by an oil price adjustment, increased oil production and a resultant stabilization of foreign reserves.

3 The global economic growth moderated at 3.7% in 2018, same as in 2017 and this resulted from tension due to trade dispute between the US and China, BREXIT uncertainty and other geopolitical tensions. Advanced economies experienced slight fall in growth to 2.3% from 2.4% in 2017. Also growth in the emerging markets and developing economies declined to 4.6% in 2018 from 4.7% in 2017 due to higher energy prices and slow export growth in the EU. However, growth remained strong at 2.9% in 2018, in sub-Saharan Africa due to higher oil prices and robust global financial scenario. The prices of other commodities however, reduced in 2018, when compared to 2017.

4 For Nigeria, the fiscal policy in 2018, was aimed at consolidating on the achievements of coming out of the recessionary economy that impacted in year 2016 and gradually abated in early 2017. As reported by CBN, "the total federally collected revenue (gross) was ₦9,551.6 billion (7.3% of GDP) in 2018, this is a rise of 28.3%, above the receipt in 2017. The development reflected improvement in both oil and non-oil revenue sources. Overall, oil revenue (gross) was ₦5,545.6 billion or 58.1% of the total (4.3% of GDP), while non-oil revenue (gross) at ₦4,006.0 billion, accounted for 41.9% of total revenue (3.0% of GDP)."



Barr. Victor C. Muruako, KSJ
Ag. Chairman, Fiscal Responsibility Commission



5 Federal Government retained revenue and expenditure were ~~₦4,185.6~~ billion and ~~₦7,813.7~~ billion respectively resulting in an overall deficit of ~~₦3,628.1~~ billion or 2.8% of GDP, compared with ~~₦3,609.4~~ billion or 3.2% of GDP in 2017. The deficit was within the revised West African Monetary Zone (WAMZ) primary convergence criterion and FRA, 2007 Section 12 states a ceiling of not exceeding 3.0% of GDP. The deficit was 29.6% financed from external sources and 70.4% from domestic sources.

6 The Federal Government domestic debt stock stood at ~~₦12,774.41~~ billion as at December, 2018. A breakdown shows that ~~₦9,334.74~~ billion (73.07%) from FGN Bonds, ~~₦2,735.97~~ billion (21.42%) from Nigerian Treasury Bills (NTBs), ~~₦150.99~~ billion (1.18%) from Treasury Bonds, ~~₦10,750.44~~ billion (0.08%) from FGN Savings Bond, ~~₦200.0~~ billion (1.57%) from FGN Sukuk, ~~₦10.69~~ billion (.08 %) from Green Bond and ~~₦331.27~~ billion (2.59%) from Promissory Notes.

7 Nigeria's external debt stock as at 31st December, 2018 stood at US\$25,274.36 million indicating an increase of US\$6,360.92 million (33.63%) above US\$18,913.44 million in 2017. A breakdown of the external debt stock as at 31st December, 2018 shows that Multilateral Debts amounted to US\$11,014.34 million (43.58%) Non-Paris Club Bilateral Debts amounted to US\$3,091.68 million (12.23%) while Commercial (Euro-Bond) accounted for the balance of US\$11,168.35 million (44.19%).

8. In 2018, the economy was on the path to recovery, Crop production, trade, telecommunications and information services were the main drivers of growth. Concerned about the economy operating below its potential, the IMF's Article IV Consultation report on the economy in 2018, suggested a number of policy changes in the fiscal, monetary, foreign exchange and banking spaces to improve private sector supply responses. The economy's medium-term prospects are modest without an increase in domestic productivity. Concerned about the passage of the budget bill by the National Assembly in the first quarter combined with a soft global economy heightened fiscal vulnerability in 2018.

9. Nigeria's ranking on the World Bank's 'Doing Business' Report fell one notch from the 145th position in 2017 to 146th in 2018. According to the World Bank, among the reforms embarked upon, "Nigeria made business start-up easier by introducing an online platform for stamp duty payment".

10 The Fiscal Responsibility Commission (FRC) was established by the Fiscal Responsibility Act (FRA) 2007. The FRC is mandated to monitor and enforce the provisions of the FRA, 2007 whose objectives are:

- (i) To provide for prudent management of the nation's resources.
- (ii) To ensure long term macroeconomic stability of the nation economy



- (iii) To secure greater accountability and transparency in Fiscal Operations within a Medium Term Fiscal Policy Framework
- (iv) The establishment of the Fiscal Responsibility Commission to ensure the promotion and enforcement of the nation's economic objectives. Set out in the 1999 Constitution. According to the FRA, 2007, the FRC is also mandated to:
 - (a) Disseminate such standard practices, including international good practices that will result in greater efficiency in the allocation and management of public expenditure, revenue collection, debt control and transparency in Fiscal matters, and
 - (b) Undertake Fiscal and Financial Studies, analysis and diagnosis and disseminate results to the general public.

11. Relevant government agencies are required to make remittances into Federation Account for federally collectible revenue while the Federal Government (FG) independent revenue is remitted into FGN Consolidated Revenue Fund. The FGN independent revenue especially Operating Surplus payable by schedule Corporations is covered by Sections 21 to 23 of FRA, 2007. The Act empowers FRC to monitor compliance by the Schedule Corporations.

12. Amongst other contentious issue is the budget process which is spelt out in the Act. Over the years, the Commission has been in the forefront of ensuring that this important process is strictly adhered to. Unfortunately, compliance with the Act has been more in the breach as the timeline is not being followed.

13. The need for synergy among the various arms of Government and relevant agencies of government like the National Assembly, Federal Ministry of Finance, The Budget Office of the Federation, Office of the Accountant General of the Federation and the Fiscal Responsibility Commission cannot be overemphasized. Such synergy will enhance compliance with FRA, 2007, especially as it relates to revenue generation/monitoring, budgeting and expenditure control.

14. The Fiscal Responsibility Commission aligns itself with the disposition of this administration to tackle the challenges of corruption and we will continue to interrogate and collaborate with respective schedule corporations to ensure greater compliance with Fiscal Responsibility Framework by all relevant functionaries of government.

15. I acknowledge with gratitude, the very commendable support we have continued to receive from some important Agencies and Institutions in the compilation of this Report, especially the Ministry of Finance, the Ministry of Budget



and National Planning, the Office of the Accountant General of the Federation, the National Bureau of Statistics, the National Assembly Committees on Finance, the Debt Management Office, the Central Bank of Nigeria as well as many others.

16. It is our ultimate expectation and hope that the issues and challenges highlighted in this Report will receive the desired and necessary attention from all concerned in order to redress the negative curve in the nation's economic indicator and firmly set the economy on the path of long term stability and inclusive growth.

17. I wish to note the need for vigilance and citizen's participation in the enforcement of the Fiscal Responsibility Act, 2007 by virtue of the provision of Section 51 thereof cannot be over-stressed. I therefore call on all readers of this Report, as critical stakeholders, to join the Commission in ensuring that the noble aims and objectives of the Act are realized for the greater good of all.

Thank you.

Yours in Fiscal Responsibility

Victor Chinemerem Muruako Esq.
Acting Chairman



Management Team of the Commission



INTRODUCTION

1. A key objective of this Report is to fulfil Section 10 of the FRA 2007, which requires that a report of the Commission's activities be prepared and submitted to the National Assembly every year. Accordingly, it is organized in a way that shows clearly the efforts of the Commission towards the actualization of the core mandates of the Commission in 2018.
2. Chapter 1 states the Mandate of the Fiscal Responsibility Commission and its functions under the enabling law, the Fiscal Responsibility Act, 2007.
3. Chapter 2 reports on the monitoring of the budgetary process, which covers the preparation, planning and approval of the Medium Term Expenditure Framework for 2018 – 2020 and the 2018 Annual Budget of the Federal Government. It also, covers the execution and implementation of the 2018 budget; revenue performance, expenditure analysis, savings and assets management.
4. Chapter 3 dwells on the important areas of debt, indebtedness and borrowing outlined in Section 41 – 47 FRA, 2007.
5. Chapter 4 reviews Schedule Corporations compliance with the requirements of Section 21 – 24 of the FRA, 2007 through a detailed table showing remittances to the Consolidated Revenue Fund since the Commission came to being to date.
6. The adoption of rule-based fiscal responsibility practices and the provision of legal technical assistance for sub-national governments are discussed in chapter 5 while the important issues on transparency and accountability in fiscal affairs are covered in chapter 6.
7. Chapter 7 deals with Communication Research and the Dissemination of Standards while chapter 8 summarises the investigation activities of the Commission towards enforcing FRA, 2007.
8. Chapter 9 reports on Institutional strengthening and capacity building while challenges and prospects are discussed in chapter 10.
9. The annexure shows the financial statement of the Commission as at 31st December, 2018.



CHAPTER 1

THE MANDATE OF THE FISCAL RESPONSIBILITY COMMISSION





CHAPTER 1

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 FRC 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

A breakdown of the economic objectives contained in Section 16 of the Constitution of the Federal Republic of Nigeria which the Commission is expected to promote are as follows:

- (i) To harness the resources of the nation and promote national prosperity



and an efficient, dynamic and self-reliant economy;

- (ii) To 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) To 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) To promote a planned and balanced economic development; and
- (v) To 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 this Act or violated any provisions of this Act, the Commission shall forward a report of its investigation to the Attorney-General of the Federation for possible prosecution.

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



Ag chairman on a working visit to the Nigeria immigration service headquarters Abuja



The Ag. Chairman and other participants at the round table discussion organized by Financial Nigeria outfit



CHAPTER 2

MONITORING THE BUDGETARY PROCESS





CHAPTER 2

MONITORING THE BUDGETARY PROCESS

Introduction

The Fiscal responsibility Commission as in previous years and in line with its mandate in section 30 (1) of the Fiscal Responsibility Act, 2007 continued to monitor and evaluate the processes leading to the implementation of the annual budget as well as ensure the attainment of fiscal targets.

The following topics are covered in this chapter:

- Preparation and approval of the Medium-Term Expenditure Framework (MTEF);
- Preparation and approval of the Annual Budget (Appropriation Act);
- The 2018 Budget;
- 2018 Budget Assumptions;
- 2018 Key Budget Components;
- Budgetary Execution and Achievement of Targets;
- Annual Cash Plan and Disbursement Schedule;
- Budget Implementation Reports;
- Highlights of 2018 Budget Performance;
- Federal Government Revenue Performance;
- Excess Crude Account;
- Federal Government Expenditure;
- Capital Expenditure and Budget Implementation;
- Revenue Monitoring and
- Physical Verification of Capital Projects.

2.1 MTEF PREPARATION AND APPROVAL

The Medium-Term Expenditure Framework (MTEF) is an important feature of the Fiscal Responsibility Act, 2007. It is the foundation for the preparation of the Annual Federal budget. The MTEF signifies the commencement of the budgeting process. The FRA 2007 accordingly sets out in sections 11 – 14 extensive guidelines for the preparation and approval of the MTEF which form the basis for the Commission's monitoring and enforcement.

The Federal Government is commended for preparing the MTEF over the years in



spite of challenges that resulted in recurrent delays in the entire budgeting process. It is hoped that reforms being introduced through the launching of the Economic Recovery and Growth Plan (ERGP) will ameliorate the system.

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

The above-mentioned has undesirable inferences for the presentation and passage of the annual budget. Delays in the presentation and approval of the MTEF and annual budget have been the bane of the Federal Government budgeting process.

The Federal budget in the last eight years has never been passed earlier than the end of the financial year. These delays obviously result in poor budget implementation which needs to be seriously addressed.

The continuous request by the Executive and subsequent approval by the Legislature for the extension of the financial year and the implementation of the capital components of the budget to the following year, has become the norm rather than the exception. The trend clearly goes against the Financial Year Act which defines the financial year as a period of twelve months commencing from 1st January and terminating 31st December of every year.

The resolution of the NASS in granting and subsequently approving the request due to the late passage of the budget is illegal. This is predicated on the legal position that an extant law cannot be amended by a resolution of NASS. This act of extending the Appropriation Act from one calendar year from the date of assent by the President distorts other fiscal activities within the financial year.

There is no available information in the MTEF about the preparation of the Medium-Term Sector Strategies (MTSS) by MDAs. MTSS preparation should precede the MTEF and all relevant stake-holders should contribute during the preparatory process.

Consultations with diverse stakeholders such as States, designated Government Agencies, Organized Private Sector and Civil Society Organizations should be an important aspect of MTEF preparation. For such consultations to be meaningful it



should be at the data gathering stage and not after presentation of a draft MTEF to the Federal Executive Council as it is the practice now. Documentation of the process and inputs from the consultations should be clearly stated in the MTEF as provided in the FRA 2007.

The economic policy document as contained in the ERGP should anchor all sectorial activities, introduce coherence and convergence into sector policies that should be fully implemented with adjustment where and when necessary. It is of great importance that the MTEF consistently conforms in format and content with the elements identified in FRA, 2007.

2.2 PREPARATION AND APPROVAL OF THE ANNUAL BUDGET

Sections 18 & 19 FRA, 2007 clearly spell out guidelines for the preparation and approval of the annual budget and categorically stipulates that MTEF shall be the foundation for the annual budget.

The alignment of the budget with the MTEF considering the intricate nature of the relationship of the Executive and Legislature is the focal point of the Commission's interest in the area of budget monitoring. Lack of synergy between the two arms of government usually results in delay of the approval of the framework for the annual budget.

The major components of 2019 Budget were in line with parameters approved in the MTEF 2018 – 2020 after the harmonization of the benchmark price of oil which is usually the high point of the MTEF.

Table 2.1 below shows the major MTEF and Budget components for 2018 and 2019.



Table 2.1 Major Components of Budgets & MTEF

S/N	Item	2018 Budget & MTEF	2019 BUDGET & MTEF
1	Oil Benchmark Price	USD47.0	USD50.0
2	Oil Production	2.3 mbpd	2.40 mbpd
3	Foreign Exchange Rate	₦305 - USD1	₦305 - USD1
4	Oil revenue	₦2.442 Trillion	₦3.241 Trillion
5	Non - Oil Revenue	₦1.385 Trillion	₦1.557 Trillion
6	Independent Revenue	₦847.9 billion	₦890.1 Billion
7	FGN Aggregate Revenue	₦5.646 Trillion	₦6.327 Trillion
8	Other FGN Revenue	₦971.1 Billion	₦602.1 Billion
9	FGN Aggregate Expenditure	₦8.612 Trillion	₦9.988 Trillion
10	Fiscal Deficit	₦2.005 Trillion	₦2.652 Trillion
11	Gross Domestic Product	₦113.089 Trillion	₦124.438Trillion
12	Fiscal Deficit as % of GDP	1.77%	2.13%

The parameters for the 2019 budget clearly recognized the improvement in the international price of oil from the oil slump which characterized budget implementation from 2015 fiscal year.

The process for the approval of the 2018 budget was not different from previous years as the MTEF 2018 - 2020 which was to signal the commencement of the process was submitted late to the National Assembly. This has created a ripple effect in subsequent budgetary processes.

The presentation and assent to the budget over the years continued to follow a disturbing pattern which government has expressed commitment at correcting in order to allow for prudent and effective management of the economy in tandem with the FRA, 2007.

The President formally presented a budget of ₦8.83 trillion for 2019 to the joint session of the National Assembly on 19th December, 2018. The budget is about 2.3% higher than the ₦8.6 trillion appropriated in 2018.

Table 2.2 below shows the budget submission time and assent by the President from 2011 to date.



Table 2.2: Time of Submission and approval of Budgets 2011 - 2019

Fiscal Year	Date Budget Presented to NASS	Date Budget Signed by the President	Time Lag Between Budget Presentation and Presidential Assent
2011	15 December, 2010	26 May, 2011	5 Months
2012	13 December, 2011	13 April, 2012	4 Months
2013	10 October, 2012	26 Feb, 2013	5 Months
2014	19 December, 2013	21 May, 2014	5 Months
2015	17 December, 2014	07 May, 2015	5 Months
2016	22 December, 2015	06 May, 2016	5 Months
2017	14 December, 2016	12 June, 2017	6 Months
2018	07 November, 2017	20 June, 2018	7 Months
2019	19 December, 2018	June 2019	6 Months

The 2019 budget which was raised from the initial N8.6 trillion to N9.12 trillion by the NASS was returned to the President in May, 2019, 6 months after it was presented to the NASS. The effect of this perennial delay is quite obvious and manifests negatively in the poor implementation of the budget. There has been an average of 5 months between the time of presentation to the NASS and the time of assent by the President since 2011.

Though the Fiscal Responsibility Act, 2007 does not specify a time-limit for the submission and passage of the annual budget into law, it stands to reason that the budget instrument should be ready for execution from the beginning of the fiscal year. The situation where budgets are awaited months into the fiscal year owing to late passage, interferes with budget tracking and contributes especially to poor implementation of capital budget thereby stifling national development.

There is therefore, a need for a strict budget timetable to be incorporated in FRA, 2007. This way, relevant agencies will be committed to specific tasks, timelines and deadlines which if enforced will go a long way towards solving the perennial problem of late preparation and passage of annual budgets as well as the uncertainty in delimiting the budget cycle.



It is pertinent to reiterate the Commission earlier recommendations that the Federal budget cycle should begin in July, immediately after the endorsed MTEF by FEC. By this, the Appropriation Bill could be signed into law not later than 31st December.

The Appropriation Bill would therefore need to be presented to NASS in September each year and approved early in December to enable the President sign the budget the same month.

2.3 THE 2018 BUDGET

The 2018 Budget was collated using a web-based application that allowed MDAs upload their budget proposals to the portal, making the preparation process more efficient and transparent.

President Buhari presented the draft 2018 Budget proposal to the Joint Session of the National Assembly on November 7, 2017. The National Assembly passed the 2018 Appropriation Act five months later on May 11, 2018.

The Acting president on 20 June 2018 assented after so many pertinent issues that characterized the process were resolved.

The budget was intended to expand Public Private Partnerships and developmental capital, to leverage and catalyze resources for growth.

• Budget 2018 Assumptions

The following are the basic assumptions for the 2018 budget which were in line with the MTEF 2018-2020:

Oil Revenue

Benchmark oil price	US\$47
Oil production	2.3mbpd
Naira/US\$ Exchange rate	₦305

Non-oil Revenue

Company income tax	30%
VAT	5%
Custom duties	based on CIF value of imports



Expenditure

Government continued to prioritize capital expenditure over recurrent non-debt expenditure in the face of persistent revenue constraint. The strategic initiatives of Government aimed at reducing recurrent costs were vigorously pursued during the period. These include increased enrollment of more MDAs on the Integrated Payroll and Personnel Information System (IPPIS), the activation of more modules under the GIFMIS platform as well as the enforcement of the Treasury Single Account (TSA).

The above effort had also assisted government in halting further increase in overhead cost while boosting capital expenditure as observed from 2016 - 2018 fiscal years.

Based on the budget assumptions above, the summary highlight of the approved 2018 Budget of ₦9.12 trillion is presented in table 2.3 below with the MTEF projections:

Table 2.3 Highlights of 2018 Budget and MTEF

Item	Budget		MTEF	
	₦bn	% to aggregate	₦bn	% to aggregate
Recurrent (non-debt) expenditure	3516.48	38.56	3,169	36.87
Debt servicing	2203.84	24.16	2,028	23.69
Statutory transfer	530.42	5.82	451.56	5.25
Capital expenditure	2869.60	31.46	2,377.18	27.65
Aggregate expenditure	9,120.34	100.00	8,595	100.00

Source: BOF and OAGF

• 2018 Key Budget Components

The total projected expenditure of the Federal Government in 2018 fiscal year as appropriated amounted to ₦9,120 billion.

The component of the 2018 Budget is compared with 2017 budget in Table 2.4 below:



Table 2.4 Components of 2018 Budget

S/N	Component	2018 Budget N b	% of Aggregate %	2017 Budget N b	% of Aggregate %
1	Personnel	2,118.27		1,884.07	
	CRF pension	198.95			
	SWV Pension + special intervention for 2016 only)	43.00		281.61	
	Total Personnel	2360.22	25.90	2,165.68	29.10
2	Overheads	246.49		569.84	
	Presidential Amnesty	65.00		215.40	
	Refund to Special Acc	-		40.00	
	SWV PSR program	193.34			
	Other SWV + Pension Redemption	301.44			
	Special Intervention (Recurrent)	350.00			
	Total Overheads	1160.27	12.72	825.24	11.09
3	Debt Service – Domestic	1,759.76		1,488.00	
	Foreign	254.08		175.88	
	Total Debt service	2013.84	22.08	1,663.88	22.36
4	Sinking Fund	190.00	2.08	177.46	2.38
5	Statutory Transfer	530.42	5.81	434.41	5.84
6	Capital Expenditure	2869.60	31.46	2,174.50	29.22
7	Aggregate Expenditure	9120.34	100.00	7,441.18	100.00

Source: BOF and OAGF

Table 2.4 above, revealed that the total capital expenditure appropriated for 2018 amounted to ₦2,869.60 billion representing 31.46% of aggregate expenditure which translates to 24.22% increase by ₦695.1billion over 2017 appropriation of ₦2,174.50 billion.

The 2018 fiscal framework projected a quarterly deficit of ₦488.62 billion. This deficit was expected to be financed through privatization proceeds of ₦76.50 billion, foreign borrowing of ₦212.42 billion, Domestic borrowing (FGN Bond) of ₦198.45 billion and non-oil assets sales of ₦1.25 billion.

Statutory transfers to government agencies appropriated was ₦530.42 billion. ₦2,013.84 billion for debt service, ₦190.00 billion for sinking fund while total



recurrent non-debt expenditure stood at ₦3,515.59 billion.

However, a total of ₦456.46 billion was spent as statutory transfers in 2018, this represents 86.05% of appropriated amount in the budget. It is important to note that quarterly releases to beneficiaries under this subhead are made on request and are also subject to budgetary provisions and availability of funds. This explains the differences in amount captured in the quarterly budget implementation reports.

Total expenditure in the Appropriation Act was ₦9,120.34 billion while ₦7,511.19 billion was the actual expended, thereby leaving an annual deficit of ₦1,609.14 billion or 17.64 % of the projected amount. While total expected revenue was ₦7,165.87 billion, projected deficit was ₦1,954.47 billion, to be financed largely through borrowing. This amounted to 2.85% of the 2018 GDP which is within the 3% limit provided for by FRA, 2007. The deficit was to be partly financed through earnings from privatisation proceeds; however, there was no successful privatisation in the 2018 fiscal year.

2.4 BUDGETARY EXECUTION AND ACHIEVEMENT OF TARGETS

The monitoring and enforcement of the implementation of FRA 2007 remained challenging during the year. This is obviously due to the continued apathetic behaviour of MDAs towards compliance with FRA 2007. Monitoring the implementation of the budget and achievement of targets are provided in Part V, sections 25 – 30 of FRA, 2007. The Commission on its part could not expand its monitoring and enforcement capacity due to paucity of funds.

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

2.5 ANNUAL CASH PLAN AND DISBURSEMENT SCHEDULE

It is required by section 25 that an annual cash plan be prepared in advance by the Accountant General of the Federation showing projected monthly cash flows for the financial year. The plan is to be revised periodically to reflect actual cash flows.

On the other hand, Section 26 requires that a Disbursement Schedule shall be prepared by the Finance Minister within 30 days of the enactment of the Appropriation Act and must be derived from the Annual Cash Plan.



Sections 25 and 26 are significant in that they underscore the need to ensure efficient and effective management of revenue and expenditure across all MDAs towards the achievement of budget targets.

It is pertinent to state here that the implications of operating the Appropriation Act without a Cash Plan and Disbursement schedule in the manner prescribed by FRA 2007 invariably results in uncertainty in the execution of the budget as continuously witnessed over the years.

2.6 BUDGET IMPLEMENTATION REPORTS

The provisions of section 30(1) & (2) of the Fiscal Responsibility Act, 2007 make it pertinent that quarterly Budget Implementation Reports shall be prepared and submitted to the Fiscal Responsibility Commission and the Joint Finance Committee of the National Assembly not later than 30 days after the end of each quarter. Likewise, a Consolidated Budget Execution Report is expected to be prepared by the Federal Government through the Budget Office of the Federation for the entire year not later than six months after the fiscal year end as required by section 50 of the FRA, 2007.

These reports are nevertheless also required to be published in the print and electronic media as well as the website of the Ministry of Finance so that the general public can have easy access.

The first, second and third quarter budget implementation reports have been produced by the budget office and are available on its website. However, the fourth quarter report due on January 31 2019 was submitted late.

It has constantly been echoed in previous reports, where the BOF is repeatedly charged to observe the requirements of sections 30 and 50 of FRA 2007 and specifically the following:

- i. The reports of each quarter should be prepared independently
- ii. Details of the Annual Cash Plan and Disbursement Schedule should be contained in the BIR for each quarter.
- iii. Annual Consolidated Budget Execution Reports should be prepared separately and independent of the 4th Quarter BIR.
- iv. BIR should be published and circulated in the media in addition to being uploaded on BOF website.



2.7 HIGHLIGHTS OF 2018 BUDGET PERFORMANCE

Revenue Performance

The average oil produced in 2018 was 1.93mbpd & 1.90mbpd and 1.96mbpd & 1.85mbpd in the fourth quarter of 2018 respectively. There was a shortfall of 0.37mbpd (16.09%) below the 2.3mbpd projected for the 2018 budget. Also, the volume of oil production in the fourth quarter was 0.02mbpd and 0.1mbpd above the 1.94mbpd and 1.95mbpd reported in the third quarter of 2018 and fourth quarter of 2018 respectively. This shortfall in the quantity of Oil production as against the budget benchmark figure could be ascribed to issues of crude oil theft, bunkering and pipeline vandalism and the non-commissioning of some oil wells during the period.

The average crude oil price at the international market was US\$71.05 per barrel in 2018. This indicates a US\$20.05 (39.31%) per barrel increase above the US\$51.0 per barrel oil benchmark for the 2018 budget.

The 2018 Fiscal framework projected a gross Federally Collectible Revenue of ₦12,117.12 billion, comprising ₦7,618.07 billion oil revenue, and ₦4,499.05 billion non-oil revenue.

The summary of the performance of oil and non-oil revenue for the year ended 31st December, 2018 is presented in table 2.5 below.



Table 2.5 Performance of Oil and Non-Oil revenue in 2018

DESCRIPTION	2018		Budget Performanc	2017		Budget Performan	ACTUAL 2018 VS 2017	
	ACTUAL	BUDGET		ACTUAL	BUDGET		VARIANCE	
	Nbn	Nbn		Nbn	Nbn		Nbn	%
OIL REVENUE: (GROSS)								
Crude Oil Sales	1,396.65	1,222.76	114.22	2,025.49	1,683.29	120.33	(628.84)	-0.31
Gas Sales	413.27	252.09	163.94	240.34	544.47	44.14	172.93	0.72
Royalties:Oil	1,235.20	1,932.12	63.93	595.82	899.82	66.22	639.38	1.07
Rents	0.68	1.68	40.48	0.31	1.68	18.45	0.37	1.19
Gas Flared Penalty	4.50	4.73	95.14	3.81	4.73	80.55	0.69	0.18
Petroleum Profit tax (PPT)	2,490.89	3,583.86	69.50	1,205.56	1,248.83	96.54	1,285.33	1.07
Licenses & Early License Renewal	-	395.00	-	-	945.78	0.00	-	
Exchange Gain	-	219.97	-	-			-	
Other Oil & Gas Revenue	5.42	5.86	92.49	13.02	5.89	221.05	(7.60)	-0.58
Sub-Total	5,546.61	7,618.07	72.81	4,084.35	5,334.49	76.56	1,462.26	0.36
DIVIDENDS OF COY/INVEST- FUNDED BY FAAC	-	64.43	-					
SOLID MINERALS & OTHER MINING								
NON-OIL REVENUE (GROSS):	0	2.78						
Value Added Tax (VAT)	1,090.16	1,544.00	70.61	957.27	1,800.00	53.18	132.89	0.14
Tax amnesty	-	305.00						
Surcharge on luxury items	-	2.50						
Company Income Tax (CIT)	1,429.93	1,731.81	82.57	1,206.29	1,742.05	69.25	223.64	0.19
Custom & Exercise Duties	657.88	720.23	91.34	579.56	615.37	94.18	78.32	0.14
Special Levies	47.57	128.30	37.08	48.47	101.77	47.63	(0.90)	-0.02
Sub-Total	3,225.54	4,431.84	72.78	2,791.59	4,259.19	65.54	433.95	0.16
Total	8,772.15	12,117.12	72.39	6,875.94	9,593.68	71.67	1,896.21	0.28

Source: BOF and OAGF

Gross Oil Revenue of ~~N~~5,546.61 billion was collected in the year as against ~~N~~7,618.07 billion projected for the 2018 budget. This reflected a decline by ~~N~~2,071.46 billion (27.20%) below the budget estimate, but ~~N~~1,462.26 billion (35.78%) above the gross oil revenue of ~~N~~4,084.35 billion realized in 2017.

The performance of the various oil revenue sub-heads revealed crude oil sales ~~N~~1,395.65 billion (114.22%), Gas sales ~~N~~413.27 billion (163.94%), Petroleum profit & Gas taxes ~~N~~2,490.89 billion (69.5%), Royalties ~~N~~1,235.2 billion (63.93%), Rent ~~N~~0.68 billion (40.48%), Gas Flare Penalty ~~N~~4.50 billion (95.14%), and other Oil & Gas Revenues of ~~N~~5.42 billion (92.49%).



Table 2.6 Summary of 2018 Net Distributable Revenue

DESCRIPTION	2018		2017	Actual Performance	
	ACTUAL	BUDGET	ACTUAL	BUDGET	Prev. Year
	Nbn	Nbn	Nbn	%	%
OIL REVENUE (Gross)	5,546.62	7,618.06	4,084.36	0.73	1.36
Less: Joint Venture Cash calls	(539.00)	-	(1,236.98)		0.44
National Domestic Gas Development	-	-	-		
Gas Infrastructure Development & Other Gas Consumption	-	(297.71)	-		
Crude-Oil Pre-Export Inspection Agency expense	-	-	-		
DPR Cost of Collection	(49.86)	-	(29.32)		1.70
Transfer of Lagos State 13% Derivation	(0.13)	-	(0.20)		0.65
Transfer to Excess Crude on PPT From Oil	(309.50)	-	(151.54)		2.04
Transfer to Excess Crude on Royalty Proceeds Acct.	-	-			
13% Derivation	(604.13)	(920.69)	(346.62)	0.66	1.74
Net Oil Revenue	4,044.00	6,161.56	2,319.70	0.66	1.74
Net Solid Mineral Revenue	-	2.41	-	-	
Federation/Investment Funded by FAAC					
Net Non-Oil Revenue	3,063.72	4,205.20	2,624.38	0.73	1.17
Balance in Special Acct b/f	-	19.17	-	-	
Distributable Revenue	7,106.71	10,452.76	4,944.09	0.68	1.44
Distribution:					
To Federation Account	6,060.17	8,675.23	4,024.02	0.70	1.51
To VAT Pool Acct	1,046.55	1,482.24	920.07	0.71	1.14

Source: BOF and OAGF

Table 2.6 above, revealed that total net oil revenue contributed 57% to the net distributable revenue in 2018 as against 47% in 2017. While the Non-Oil revenue contributed 43% in 2018 as against 50% in 2017.

2.8 FEDERAL GOVERNMENT REVENUE PERFORMANCE

The total available revenue to the Federal Government in 2018 was ₦3,866.49 billion which represents 53.96% of the ₦7,165.87 billion budgeted for the year.



This is 45.48% over what was obtained in the previous year.

The highlights of FGN revenue for the year 2018 is presented in table 2.7 below:

Table 2.7 FGN Revenue Performance for 2018

REVENUE CATEGORY	2018		%	2017		%	ACTUAL 2018 V 2017	
	ACTUAL	BUDGET	Perform.	ACTUAL	BUDGET	Perform.	Variance	
	Nbn	Nbn	%	Nbn	Nbn	%	Nbn	%
Share of Oil Revenue	1,960.85	2,988.35	65.62	1,125.05	2,122.18	53.01	835.80	74.29
Share of Non-Oil Revenue	1,124.84	1,630.00	69.01	956.67	1,410.51	67.82	168.17	17.58
Value Added Tax (VAT)	146.52	207.51	70.61	130.05	241.92	53.76	16.47	12.66
Company Income Tax (CIT)	660.13	794.69	83.07	543.34	807.82	67.26	116.79	21.49
Customs & Excise Duties	296.74	324.86	91.34	261.41	277.56	94.18	35.33	13.52
Share of Company/ Investment					29.59	-	-	
Share of Special Levies	21.46	57.87	37.08	21.86	45.90	47.63	(0.40)	(1.83)
Share of Balance in Special Acct		27.21	0.00		6.64	-	-	
Share of Solid Mineral Revenue		1.17	0.00		1.06	-	-	
Independent Revenue	395.21	847.95	46.61	295.29	807.57	36.57	99.92	33.84
FGN Balance of Special Acct		9.30	0.00		14.79	-	-	
FGN Recoveries					565.06	-	-	
Unspent Balance from Previous Fiscal Year		250.00	0.00		50.00	-	-	
Bonus					114.30	-	-	
Other Financial Sources	385.59	-		280.66	-		104.93	37.39
Total Revenue Available	3,866.49	7,165.87	53.96	2,657.67	5,084.41	52.27	1,208.82	45.48

Source: BOF and OAGF

Revenue performance reveals 65.62%, 69.01%, 70.61%, 83.07% and 91.34% for Oil revenue, Non-Oil revenue, VAT, CIT and Customs & Excise Duties respectively. Also, Special Levies and Independent Revenue show 37.08% & 46.61% revenue performance respectively.

Excess Crude Account

The Excess Crude Account (ECA) was set up to serve as a stabilization and Savings Account for oil revenue arising from the difference in the international oil price and the budget benchmark price. The Account is to mainly act as a stabilization buffer against volatility in international oil prices.

The ECA had an opening balance of US\$2,468.27 million as at 1st October, 2018.



Improvement in the price of oil in the world market caused a total of US\$526.15 million to be transferred to the ECA while the sum of US\$11.87 million accrued interest on the fund invested from August to November was received into the account in the fourth quarter of 2018. The closing balance stood at US\$631.45 million as at 31st December 2018 following the withdrawal of US\$2,374.84 million.

Table 2.8 below, shows the inflow into the ECA in 2018

Table 2.8 Inflow into the Excess Crude Account - 2018

Description	1st Qtr.	2nd Qtr.	3rd Qtr	4th Qtr	2018	2017	
Inflows							
Transfers to Excess Crude account (ECA)			US\$541.21 million	US\$526.15 million	US\$1067.36 million		
Accrued Interest on Fund Investment			US\$10.31 million	US\$11.87 million	US\$22.18 million		
Total Inflow			US\$551.52 million	US\$538.02 million	US\$1089.54 million		
Outflows:							
Payments for petroleum Product Subsidy							
Augmentation: Distribution among tiers of Govt. Transfer for Special Intervention							
Fund							
Transfer Int. trf-SWF							
Transfer to Nigeria Sovereign Investment authority						US\$250.0 million	
Amount approved by Mr President as advance payment for the purchase of Super Tucano Aircraft	US\$496.37 million				US\$496.37 million		
Bank Charges		US\$122.23			US\$122.23		
Amount approved by Mr president for the first batch of procurement of critical equipment for the Nigerian army, Navy and Defence Intelligence Agency				US\$380.51 million	US\$380.51 million		
Paris Club Refund to states				US\$1,761.03 million	US\$1,761.03 million		
States Matching Grants to UBEC				US\$233.29 million	US\$233.29 million		
Total Outflow	US\$496.37 million	US\$122.23		US\$2374.83 million	US\$2,871.20 million	US\$250.0 million	
Net Excess crude Account	US\$496.37 million	US\$122.23 million	US\$551.52 million	US\$1836.81 million			

Source: BOF and OAGF



2.9 FEDERAL GOVERNMENT EXPENDITURE

The total FGN expenditure for 2018 was ₦7,511.19 billion as against ₦9,120.34 billion projected expenditure for the year and ₦6,463.61 billion expended in the previous year.

Table 2.9 below is a summary of the components of the FGN expenditure:

Table 2.9 Comparison of 2018 and 2017 FGN Expenditure

Expenditure Detail	2018		Perform.	2017		Perform.	Actual 2018 Vs 2017	
	Actual	Budget		Actual	Budget		Variance	
	Nbn	Nbn		Nbn	Nbn		Nbn	%
Recurrent expenditure								
Personnel	2,090.29	2,118.27	98.68	1,865.62	1,884.07	99.02	224.67	1.12
Pension & Gratuity (CRF)	197.77	198.05	99.86	191.46	231.41	82.74	6.31	1.03
SWV Pensions(+ special Interventions for 2016 only)	-	43.00	-	-	-	-	-	-
Other SWV (+ Pension Redemption)	237.60	301.44	78.82	568.20	615.60	92.30	(330.60)	0.42
Overheads	177.02	246.49	71.82	140.05	219.84	63.71	36.97	1.26
SWV Power Sector Reform Programme	27.62	193.34	14.29	-	-	-	27.62	-
Presidential Amnesty Programme	59.64	65.00	91.75	-	-	-	59.64	-
Special Intervention (Recurrent)	144.21	350.00	41.20	-	-	-	144.21	-
Payments from Special accounts	303.95	-	-	-	40.00	-	303.95	-
Total Recurrent (Non-Debt)	3,238.10	3,515.59	92.11	2,765.33	2,990.92	92.46	472.77	1.17
Debt Service	2,161.37	2,203.84	98.07	1,823.89	1,841.35	99.05	337.48	1.19
Statutory Transfers	456.46	530.42	86.06	434.41	434.41	100.00	22.05	1.05
Capital expenditure	1,655.27	2,869.60	57.68	1,439.97	2,174.50	66.22	215.30	1.15
Aggregate Expenditure	7,511.20	9,119.45	82.36	6,463.60	7,441.18	86.86	1,047.60	1.16

Source: BOF and OAGF

The recurrent Non-Debt Expenditure which comprise personnel cost, Pensions & Gratuities, Overheads, Service Wide Vote Pension, Special Interventions, etc. was ₦3,238.10 billion or 92.11% of 2018 budget, compared with ₦2,765.33 billion or 92.46% achieved in 2017. Personnel cost, Pension & Gratuities and Overheads amounted to ₦2,090.29 billion or 98.86%, ₦197.77 billion or 99.86%, and ₦177.02 billion or 71.82% respectively, they increased by ₦224.67 billion, ₦6.31 billion, and



~~₦~~36.97 billion respectively. However, other Service Wide Vote plus Pensions that amounted to ~~₦~~237.60 billion or 78.82% recorded a ~~₦~~330.6 billion reduction from the 2017 actual expenditure.

The total expenditure on debt Service was ~~₦~~2,161.37 billion achieved 98.07% performance in 2018, This is less by ~~₦~~337.48 billion from the ~~₦~~1,832.89 billion expended in 2017.

Total Statutory Transfers was ~~₦~~456.46 billion, representing 86.06% of the budget, which indicates a decrease by ~~₦~~22.05 billion from ~~₦~~434.41 billion expended in 2017.

Actual Capital Expenditure for 2018 was ~~₦~~1,655.27 billion representing 57.68% of the ~~₦~~2,869.60 billion Capital budget for the year. However, actual capital expenditure for 2017 was ~~₦~~1,439.97 billion.

2.10 CAPITAL EXPENDITURE AND BUDGET IMPLEMENTATION

A total of ~~₦~~2,869.60 billion was allocated to capital spending in the 2018 budget to cater for economic structural reforms through the provision of critical infrastructure such as roads, power, housing, rail and aviation sectors.

The major constraints that affected the implementation of the 2018 capital budget include the late passage of the 2018 appropriation Bill, shortfall in expected revenue and the increasing non-discretionary expenditure of government. In addition to these, the usual general releases of quarterly Capital Development Warrants and AIEs to MDAs were not followed. Instead, funds were released to MDAs in batches based on the availability of resources and government priorities.

The analysis of the data as reported in the BIR from the budget office, on 2018 capital performance for MDAs as at 30th June 2019, showed that a total of ~~₦~~1,862.22 billion was released and cash backed to MDAs for 2018 capital projects and programs. The sum of ~~₦~~1,446.57 billion was released while ~~₦~~328.54 billion was released as capital supplementation and ~~₦~~43.56 billion as Sukuk Proceeds. The first release for the year was ~~₦~~343.88 billion, the second release was ~~₦~~423.45 billion with an additional release of ~~₦~~36.33 billion, the third release was ~~₦~~185.59 billion while ~~₦~~10.91 billion was third additional release. The online Authority to Income Expenditure (AIES) was ~~₦~~472.10 billion while Manual AIES was ~~₦~~389.99 billion

The data also revealed that ~~₦~~1,656.26 billion (88.89%) of the total amount released



and cash backed was utilized by MDAs as at 30th June 2019.

Table 2.10 below, shows the funds released to and utilized by MDAs during the period. A breakdown of the forty MDAs reported upon by the office of the Accountant General of the Federation (OAGF) indicate different levels of utilization among the MDAs. Twenty (or 50%) of the MDAs utilized more than the overall average utilization rate of 88.89 per cent of the amount cash backed. Only three MDAs had 100% utilization of their cash backed funds while twenty-nine (or 72.5%) had above 80% utilization rate. The utilization report also revealed that 34 MDAs (or 85%) utilized above 70% of their cash backed funds. On the other hand, 6 MDAs (or 15%) utilization rates of below 70%. Also, table 2.11 below, is an extract from table 2.10 highlighting the utilization rates of 14 MDAs considered to be key to the actualization of the Federal Government's objectives.



Table 2.10 Capital Performance for MDAs as at 31st May, 2019

S/N	MINISTRY	2018 APPROPRIATION	1ST RELEASES =N=	2ND RELEASES =N=	ADDITIONAL 2ND RELEASES =N=	3RD RELEASES =N=	ADDITIONAL RELEASES =N=	ONLINE AIES =N=	MANUEL AIES =N=	TOTAL RELEASES =N=	CASH BACKED =N=	MDAS BALANCE @ 31ST MAY, 2019 =N=	UTILISATION =N=	RELEASES	CASHBACK
1	PRESIDENCY	27,779,999,975	2,067,097,893	8,979,370,701	2,054,630,891	3,633,376,889	124,740,000	112,460,998,831	500,000,000	28,605,274,505	28,605,274,505	8,047,299,874	20,558,054,630	7187	7187
2	SECRETARY TO GOVT. OF THE FEDERATION (SGF)	52,837,434,968	5,852,946,751	7,278,461,247	23,814,000	6,932,936,572	598,409,657	7,395,063,565	1,043,383,350	38,325,005,442	38,325,005,442	10,946,769,064	27,378,236,078	7129	7129
3	YOUTH DEVELOPMENT	5,408,619,777	1,122,274,338	494,856,089	-	149,356,996	500,000,000	2,223,631,612	-	4,480,024,94	4,480,024,94	59,590,874	3,980,433,260	88.4	88.4
4	WOMEN AFFAIRS	5,752,800,400	1,275,216,040	1,370,822,220	1,734,700,000	65,772,043	5,810,000	-	-	4,471,683,303	4,471,683,303	6,849,941	4,454,833,362	99.62	99.62
5	AGRICULTURE	149,888,339,037	30,209,020,750	13,345,646,458	-	40,435,952,64	127,800,000	61,000,810,000	-	145,194,430,371	145,194,430,371	9,955,656,645	135,553,773,726	93.13	93.13
6	WATER RESOURCES	147,895,614,645	25,000,000,000	36,009,842,981	3,769,526,016	10,789,355,024	-	487,266,805	-	75,455,960,926	75,455,960,926	3,945,459,892	71,510,510,034	94.77	94.77
7	AUDITOR-GEN.	290,509,896	99,050,992	81,458,836	-	-	-	-	-	290,509,896	290,509,896	50,800,000	239,709,896	82.51	82.51
8	DEFENCE	6,777,643,613	28,993,097,744	2,952,392,738	-	9,996,173,988	-	65,252,159,535	6,572,765,512	12,768,537,897	12,768,537,897	6,900,707,965	126,87,829,931	95.03	95.03
9	ICPC	167,865,970	311,786,577	467,679,776	-	108,396,966	-	-	-	887,863,259	887,863,259	49,192,072	395,935,87	44.59	44.59
10	EDUCATION	89,085,777,855	13,189,603,911	17,668,407,402	17,704,876,656	11,432,740,722	88,244,800	3,009,793,76	-	63,022,665,887	63,022,665,887	16,504,644,339	46,518,021,748	73.81	73.81
11	FCTA	32,286,22,872	3,229,872,287	6,459,624,574	-	-	-	4,810,600,999	-	14,500,037,860	14,500,037,860	4,810,600,999	9,689,436,862	66.82	66.82
12	FOREIGN & INTER GOVT.	8,865,144,968	988,904,411	2,049,16,585	2,256,875,022	2,299,464,911	-	5,516,875,366	-	10,10,233,876	10,10,233,876	1,68,826,445	11,951,407,731	91.16	91.16
13	FINANCE	2,965,210,224	279,061,023	1,300,432,000	-	359,083,327	-	197,960,800	55,18,245	3,973,295,494	3,973,295,494	92,177,500	3,051,577,994	76.8	76.8
14	HEALTH	86,485,848,188	13,889,619,252	22,047,456,026	3,109,528,045	9,810,028,206	7,419,987,570	7,955,518,897	-	63,481,134,996	63,481,134,996	10,493,631,516	52,987,503,480	83.47	83.47
15	TRADE & INVESTMENT	105,156,176,854	115,567,67,685	29,598,565,363	-	10,162,571,573	1,052,237,920	3,444,615,514	100,000,000	55,977,291,055	55,977,291,055	27,361,268,001	28,616,023,055	51.2	51.2
16	INFORMATION COMMUNICATION TECHNOLOGY	14,755,947,821	2,489,773,315	3,201,909,062	5,068,062,990	2,023,083,818	-	4,339,968,890	-	17,222,874,454	17,222,874,454	2,069,036,545	15,063,500,890	87.97	87.97
17	INTERIOR	8,049,569,142	804,955,914	2,447,747,748	-	1,344,205,577	500,000,000	4,500,000,000	-	9,563,873,239	9,563,873,239	3,645,727,054	5,918,146,184	61.88	61.88
18	HEAD OF SERVICE	75,098,144,455	11,014,277,810	8,971,824,824	-	3,527,530,604	-	50,103,230,029	34,725,441,253	108,342,244,520	108,342,244,520	14,871,255,643	93,470,988,876	86.27	86.27
19	JUSTICE	5,533,691,629	821,694,563	1,540,326,364	239,528,000	460,487,448	-	2,392,000,000	89,804,217	4,061,727,430	4,061,727,430	13,026,746	3,928,700,683	96.72	96.72
20	LABOUR & PRODUCTIVITY	9,685,448,390	2,285,391,838	570,812,996	45,000,000	1,262,425,042	70,855,225	16,150,000	-	9,535,965,02	9,535,965,02	1,782,396,494	7,753,568,607	81.31	81.31
21	POWER	682,959,550,242	19,000,000,000	108,076,754,999	34,034,000	2,190,070,475	-	15,546,333,005	17,708,178,862	382,217,370,741	382,217,370,741	52,437,289,938	329,780,070,804	86.28	86.28
22	SCIENCE AND TECH	68,556,569,020	12,256,314,509	15,787,519,889	772,330,375	7,802,760,355	238,333,811	6,888,576,425	-	43,745,834,734	43,745,834,734	7,42,208,263	36,603,626,471	83.67	83.67
23	TRANSPORT	251,420,000,000	38,004,900,718	69,978,361,088	-	1,703,770,041	-	11,597,735,365	-	19,284,767,211	19,284,767,211	10,375,143,254	12,909,623,957	92.55	92.55
24	PETROLEUM	5,406,095,671	540,609,567	1,621,828,701	-	362,206,410	-	-	-	2,524,646,678	2,524,646,678	990,865,687	1,533,780,992	60.75	60.75
25	MINES & STEEL	1,536,150,000	1,536,150,000	3,581,474,843	-	822,860,500	-	70,250,998	-	6,010,736,341	6,010,736,341	422,868,930	5,587,867,411	92.96	92.96
26	NATIONAL WAGES & SALARIES	263,121,916	263,121,916	78,936,575	-	43,341,360	-	-	-	149,800,26	149,800,26	2,147,900	147,055,336	98.57	98.57
27	ENVIRONMENT	17,492,955,633	2,349,295,583	4,732,363,993	93,750,000	3,215,509,924	-	2,300,000,000	-	12,690,560,501	12,690,560,501	5,308,709,540	7,381,850,961	58.17	58.17
28	BUDGET AND NATIONAL PLANNING	4,367,867,027	1,048,716,870	1,617,427,740	-	618,576,701	-	3,102,694,255	-	6,387,694,566	6,387,694,566	122,923,361	6,265,161,205	98.08	98.08
29	OFFICE OF NATIONAL SECURITY ADVISER	46,656,125,631	5,915,612,563	5,976,857,599	-	17,42,035,268	-	29,888,186,420	22,440,492,535	65,964,184,185	65,964,184,185	18,496	65,964,184,185	100.00	100.00
30	NIGER DELTA	53,892,500,002	5,808,250,000	16,005,575,000	-	5,000,000,000	-	-	-	28,810,825,001	28,810,825,001	5,546,139,130	23,264,685,870	80.75	80.75
31	FISCAL RESPONSIBILITY COMMISSION	200,855,392	20,016,539	60,046,618	-	33,425,950	-	-	-	119,488,107	119,488,107	7,749	119,488,107	99.99	99.99



Table 2.10 Capital Performance for MDAs as at 31st May, 2019 Contd.

33	ICRC	53,430,245	53,430,025	260,293,074	-	35,798,766	-	-	349,522,884	349,522,884	23,495,664	326,032,220	93.3	93.3
34	NATIONAL POPULATION COMMISSION	4,736,308,554	800,000,000	10,400,000,000	-	-	1,000,000,000	-	2,840,000,000	2,840,000,000	3,052	2,839,996,948	100.00	100.00
35	CODE OF CONDUCT BUREAU	694,854,364	19,485,426	79,228,455	-	46,555,242	-	-	345,288,223	345,288,223	84,703,853	260,584,370	75.47	75.47
36	CODE OF CONDUCT TRIBUNAL	53,616,706	51,361,671	54,085,012	-	85,773,990	-	-	29,122,016,72	29,122,016,72	7,108	29,121,956,4	100.00	100.00
37	PUBLIC COMPLAINTS COMMISSION	230,000,000	-	-	-	-	60,000,000	-	60,000,000	60,000,000	2,240	49,997,760	-	-
38	REV. MOB. ALLOCATION	329,083,337	12,909,334	12,909,334	-	22,049,254	60,000,000	-	287,867,921	287,867,921	59,295	287,808,626	99.98	99.98
39	FCSC	46,718,226	24,617,83	383,816,013	21,554,644	-	-	-	429,989,940	429,989,940	3,310,040	426,679,800	99.23	99.23
40	POLICE SERVICE COMMISSION	758,900,000	75,890,000	75,890,000	-	-	-	-	35,1780,000	35,1780,000	3,020,699	348,759,301	99.14	99.14
41	FED. CHARACTER COMMISSION	593,080,989	59,208,089	306,819,931	-	39,736,426	56,300,000	-	461,476,456	461,476,456	0,875,477	450,600,979	97.64	97.64
42	CAPITAL SUPPLEMENTATION	694,519,791,292	-	-	-	-	66,008,438,783	2,625,331,973,443	328,538,636,226	328,538,636,226	-	328,538,636,226	100.00	100.00
43	GRAND TOTAL	2,845,761,472,793	343,875,941,754	423,446,912,44	36,332,200,619	185,568,351,378	472,097,982,869	346,436,115,517	18,866,722,034	18,866,722,034	206,966,237,216	161,689,934,908	88.62	88.62
44	SUKUK PROCEEDS	-	-	-	-	-	-	43,556,816,30	43,556,816,30	43,556,816,30	-	43,556,816,30	-	-
45	GREEN BONDS	-	-	-	-	-	-	-	-	-	-	-	-	-
46	GRAND TOTAL	2,845,761,472,793	343,875,941,754	423,446,912,44	36,332,200,619	185,568,351,378	472,097,982,869	389,992,287,448	186,222,353,664	186,222,353,664	206,966,237,216	165,526,16,538	89	89

Source: BOF and OAGF



Table 2.11 Capital Budget Releases by MDAs as at 30th June, 2019

MDA	Annual Appropriation	Total Amount Released	Total Amount Cash Backed	Utilization			
	₦	₦	₦	As % of Annual Capital Appropriation	As % of Budgetary Releases	As % of Cash-backed Funds	
Federal Ministry of Works, Power & Housing	682,959,550,242	382,217,370,741	382,217,370,741	48.29	86.28	86.28	
Transportation	251,420,000,000	139,284,767,211	139,284,767,211	51.27	92.55	92.55	
Agriculture	149,198,139,037	145,119,430,371	145,119,430,371	90.59	93.13	93.13	
Water Resources	147,199,614,645	75,455,990,926	75,455,990,926	48.58	94.77	94.77	
Education	102,907,290,833	63,022,665,887	63,022,665,887	45.20	73.81	73.81	
Health	86,485,848,198	63,481,134,996	63,481,134,996	61.27	83.47	83.47	
Science & Technology	68,556,569,020	43,745,834,734	43,745,834,734	53.39	83.67	83.67	
Niger Delta	53,892,500,002	28,813,825,001	28,813,825,001	43.17	80.75	80.75	
FCTA	32,298,122,872	14,500,037,860	14,500,037,860	30.00	66.82	66.82	
Defence	157,715,439,613	132,768,537,897	132,768,537,897	80.00	95.03	95.03	
ONSA	46,656,125,631	65,964,164,185	65,964,164,185	141.38	100.00	100.00	
Interior	75,098,144,455	108,342,244,520	108,342,244,520	124.47	86.27	86.27	
Presidency	27,779,999,975	28,605,274,505	28,605,274,505	74.00	71.87	71.87	
Secretary to Government of the Federation	52,937,424,968	38,125,005,142	38,125,005,142	51.34	71.29	71.29	
Total Average Utilization by All MDAs (Inclusive of Capital Supplementation)	2,870,916,138,506	1,862,222,353,664	1,862,222,353,664	57.66	88.89	88.89	

Source: BOF and OAGF



Section 30 of the Fiscal Responsibility Act 2007, mandates the Budget Office of the Federation to monitor and evaluate MDAs annual budgets, assess the attainment of fiscal targets and report thereon to the Joint Finance Committee of the National Assembly (NASS) and the Fiscal Responsibility Commission. In fulfilment of this, the Ministry for Budget and National Planning conducted physical inspection of selected capital projects. The exercise was conducted across the six geo-political zones of the country. Key observations and recommendations of the exercise are given below:

2.11 OBSERVATIONS

- i. The implementation of MDAs capital projects/programs was marred by the late approval of the budget by the National Assembly. This resulted in the late release of funds which came almost at the tail end of the third quarter of the fiscal year.
- ii. The submission of financial transcript by some MDAs and that of contractors often showed discrepancies in figures that gives room for suspicion. This was noticeable in many agencies particularly, Power, Works & Housing, Niger Delta Affairs, Water Resources and Aviation Ministries.
- iii. Adjustments of projects and programs of MDAs by the National Assembly without conceptualization and design often distorts the implementation of MDAs' budgets as most of these projects are outside their core mandate.
- iv. Seasonal weather conditions have negative effects on the capital budget implementation. Often, releases do not factor in the seasonal periods resulting in poor performance of the budget cycle.
- v. Some MDAs engage in the procurement of items that are left to be vandalized at the project site. This practice leads to waste of government resources.
- vi. The major challenges faced by MDAs revolves around inadequate funding for the budget. This has caused a lot of setbacks in the implementation of capital projects and programs.



2.12 RECOMMENDATIONS

Drawing from the above observations and the urgent need to correct these negative project management practices, the following recommendations were proffered:

- i. The effort by the Government to return the nation to a predictable January – December fiscal year should be sustained. This will improve effective budget implementation by MDAs.
- ii. There is need to reconcile financial transcripts of Contractors with the Supervising Ministries to ensure uniformity in submitted figures for transparency and accountability.
- iii. MDAs should be encouraged to submit realistic number of projects during the budget preparation considering that paucity of funds is usually a challenge.
- iv. There is need to set aside Fund for the maintenance of completed projects to ensure longevity.
- v. Government should take into cognizance the weather conditions (dry and rainy season) vis-a-vis priority sectors in the release of funds for the execution of capital projects in a budget cycle. This is important to achieve value for money and an improved budget performance.
- vi. Government should ensure that all procurement made by MDAs are properly secured and put to use or redirected to other uses as deemed appropriate. This will ensure prudence in the utilization of government funds.
- vii. Government should continue to explore other project financing windows such as PPP and BOT in order to enhance project funding and completion in the country.

2.13 REVENUE MONITORING

The Commission as in previous years sent out requests and reminders to MDAs that generate internal revenue to submit revenue returns on a quarterly basis in order to assess their level of compliance with the provisions of the FRA, 2007.

Available data from the revenue returns in the previous years revealed that MDAs have been defaulting in the remittance of internally generated revenue to the CRF.



A total sum of ₦7,971,211,645.29 independent revenue was remitted to the treasury by 15 MDAs in 2018, compared with ₦11,524,142,531.16 remitted by 21 MDAs for corresponding period in 2017.

It is of note that, the submission rate by MDAs is disappointing despite the many requests and reminders for revenue submissions. Only 13 MDAs out of 40 contacted completed their 2018 submission as compared to 19 in 2017. The rate of compliance dropped from 47.5% to 32.5%.

As part of the efforts to improve the response rate, the Commission is carrying out system audit of selected MDAs. This will enhance compliance rates by MDAs, thus increase revenue remittances to the CRF in the years ahead.

Table 2.12 below, gives details of the MDAs' revenue returns received in 2018 on quarterly basis.

Table 2.12 Quarterly Revenue Returns of MDAs in 2018

S/NO	MDA'S	REVENUE RETURNS FROM MDAs FOR 2018				
		FIRST QTR (₦)	SECOND QTR (₦)	THIRD QTR (₦)	FOURTH QTR (₦)	TOTAL (₦)
1	Court of Appeal	37,343,872.50	12,451,100.00	8,136,000.00	12,855,205.50	70,786,178.00
2	Federal Road Safety Corps	425,706,573.82	460,593,785.53	437,207,500.00	488,987,779.27	1,812,495,638.62
3	Federal Ministry of Environment	1,100,449,600.00	477,990,000.00	235,450,000.00	92,338,308.30	1,906,227,908.30
4	Fed. Ministry of Information	7,155,929.50	1,502,377.72	5,601,262.71	1,322,144.43	15,581,714.36
5	Federal Ministry of Health	2,682,114.09	2,732,380.00	80,300.00	3,005,878.88	8,500,672.97
6	Office of the Secretary to federal Government	500,000.00	4,926,139.06	4,351,750.00	9,758,918.00	19,536,807.06
7	Federal Ministry of Justice	645,000.00	2,756,462.37	3,292,328.47	20,806,897.16	27,500,688.00
8	Fed. Ministry of Mines and Solid Mineral Devt.	792,684,471.29	882,398,207.25	1,005,809,374.82	1,050,698,971.00	3,731,591,024.36
9	Federal Ministry of Youth Urban Devt.	300,000.00		3,280,000.00	10,973,550.00	14,553,550.00
10	Federal Ministry Of Labour and Productivity	-	27,241,000.00	25,581,000.00	26,134,172.30	78,956,172.30
11	National Youth Service Corps	4,762,303.68	3,768,994.96	4,187,617.89	3,292,396.73	16,011,313.26
12	Off. of the Auditor-Gen. of the Federation	8,460,284.00	9,590,000.00	6,067,000.00	2,880,362.50	26,997,646.50
13	Teachers Registration Council	36,402,713.19	62,211,553.60	40,775,974.77	67,237,953.19	206,628,194.75
14	National Sports Commission	617,000.00	27,722,750.00	2,743,750.00		31,083,500.00
15	National Judicial Council	1,931,804.00	2,828,832.81			4,760,636.81
	TOTAL	2,419,641,666.07	1,978,713,583.30	1,782,563,858.66	1,790,292,537.26	7,971,211,645.29

Source: FRC



2.14 PHYSICAL VERIFICATION OF SELECTED FGN CAPITAL PROJECTS

A full report of the Physical Verification of the Implementation of Capital Projects is available on the FRC website and a published hardcover is available at the Fiscal Responsibility Commission offices.

The Fiscal Responsibility Commission in line with its mandate of promoting prudent and transparent Fiscal Management in Nigeria as spelt out in the FRA 2007, commissioned 12 teams of officers to conduct physical verification visits to projects located in the six (6) Geo political zones of the country. Projects inspected were selected at random from Appropriation Bills of 2016 to 2018.

The purpose of the exercise was to evaluate and ensure strict compliance with Sections 30 and 50 of the FRA, 2007 in the execution of Capital projects.

It was observed that the present administration made deliberate efforts at directing funding to on-going projects and many of the previously abandoned projects were resuscitated. It is hoped that their completion will remain the priority of the administration in order to enjoy full benefits and value for money spent.

The 2018 Physical Verification took place from April to May, 2019 due to paucity of funding in 2018.

Details of projects according to their zones are enumerated below:

North Central Zone

1. Construction of Ughene - Ehaje Small Earth Dam, Ohimini, Benue State
2. Construction of Command Complex, (Nigerian Immigration Services) Lafia, Nasarawa State
3. Construction of Command Complex, (Nigerian Immigration Services) Jos, Plateau State
4. BarikinLadi Irrigation Project, Plateau State
5. Construction of Mangu Dam, Plateau State
6. Construction of Inland River Port and Supply of Cargo handling Equipment at Jamata, Lokoja, Kogi State
7. Dualisation of Suleija-Minna Road in Niger State Phase II (Km 40+000-km101+000)

8. Construction of Auna (Kontagora) Earth Dam, Niger State
9. Tada Shonga Irrigation Project, Kwara State
10. University of Ilorin Teaching Hospital, Kwara State



Front view of the NIS Command Complex Lafia, Nasarawa State under construction



Overview of the Service Spillway at Auna Dam in Kontagora

North East Zone

1. Federal Neuro-Psychiatric Hospital, Maiduguri.
2. Construction of Prison in Maiduguri.
3. Federal University, Kashere.
4. Construction of Nigeria Immigration Service new command complex, Gombe.
5. Construction of NSCDC Administrative complex with in- built cells and armory for Gombe state command.
6. Rehabilitation of Yola -Hong -Mubi road -in Adamawa State
7. Federal Medical Centre, Nguru
8. Construction of Damaturu Prison
9. National Obstetric Fistula Hospital, Ningi, Bauchi State
10. Construction of Tudun Wuss-Wandi-Baraza-Durr-Zumbal road in Bauchi State.
11. Construction of Burga-Dull-Mbatt II-Tadnum-Gobiyya Badagari-Gwarangah-Sum.
12. Federal University, Wukari, Taraba State.



River Bridge of The Burga-Mbatt II-Tandum-Gobbiya-Badagari-Gwarangar-Sum Road in Bauchi State

North West Zone

1. Ahmadu Bello University, Zaria
2. Kaduna Polytechnic, Kaduna
3. Aminu Kano Teaching Hospital, Kano
4. National Orthopaedic Hospital, Dala, Kano State
5. Construction of Modern Prison, Kano State
6. Gari Irrigation Project, Jigawa State
7. Federal University, Dutsin-Ma, Katsina State
8. Construction of Immigration Complex, Sokoto
9. NSCDC, Kebbi State Command, Kebbi State
10. Middle Rima Valley Irrigation Project, Sokoto
11. National Obstetric Fistula Centre, B/Ruga, Katsina



Rehabilitated hostel electrical & mechanical works, at ABU Zaria, Kongo Campus

South East Zone

1. Alex Ekwueme Federal University, Ndufu-Alike, Ebonyi State
2. NSCDC project in Ebonyi State
3. Federal Teaching Hospital, Abakaliki, Ebonyi State
4. Rehabilitation of Akpasa – Obijior – Amodu road in Nkanu West L.G.A, Enugu State.

5. Rehabilitation of Enugu - Portharcourt Expressway Section iii: Enugu-Lokpanta in Enugu State
6. Construction of new Command Complex for the Nigeria Immigration Service (NIS) in Enugu State.
7. Rehabilitation of Adani Rice Irrigation Project and Access Road in Enugu State
8. Construction of Office Complex and in-built cells for NSCDC in Anambra State
9. Rehabilitation of Lower Anambra Irrigation Project and access road in Anambra State
10. Construction of Owerri Urban Water Scheme, Imo State
11. Federal University of Technology, Ihiagwa, Owerri, Imo state
12. Construction of New Command Complex for the Nigeria Immigration Service (NIS), Owerri, Imo State
13. Reconstruction of 2 no. 2 bedroom semi-detached female hostel and renovation of male hostel/ admin block for the Nigeria Immigration Training School, Orlu, Imo State.



The Installed standard Infant Warmer at the Federal Teaching Hospital, Abakaliki, Ebonyi

South-South Zone

1. Rehabilitation of Alesi-Ugep Road in Cross River State (Iyamoyung-Ugep-Ikot Okpora Junction).
2. Dualisation of Odukpani – Itu (Spur At Ididep Itam)- Ikot Ekpene Road In Cross River State And Akwa Ibom State.
3. Construction of Mbak-Atai-Ikot-Ntu-Mkpeti-Okuiboku Road In Akwa-Ibom State.
4. Construction of A Dual-Carriage Road From Obehie – Azumini – Ukanafun (Sections I And Ii) in Abia State And Akwa-Ibom State.
5. Rehabilitation of Enugu-Port Harcourt Dual Carriageway, Section Iv: (Aba-Port Harcourt) Contract No. 6252.
6. Construction of Alode-Onne (Oil And Gas Free Zone) – Afam-Oyigbo-Imo River Road in Rivers State.
7. Construction of Emakalakala – Akipelai Road & Bridges in Ogbia L. G. A Bayelsa – State
8. Construction of Gbaregolor Ogriagbene Road in Bomadi Local Government Area, Delta State.
9. Construction of Ofagbe-Orie-Idheze-Ozoro Road in Isoko North/South of Delta-State.
10. Construction of Onicha Olona / Ezi Water Supply Project in Aniocha North L.G.A, Delta – State.
11. Construction of Administrative Complex With In-Built Cell And Armoury for Delta State Command of NSCDC.
12. Federal Neuro Psychiatric Hospital Benin City, Edo-State



Soil-cement Sub base compartment on-going on the Enugu-Umuahia-Aba-Port Harcourt Express-way

South West Zone

1. Federal University, Oye-Ekiti, Ekiti State
2. Construction of new Command Complex of Nigeria Immigration Service, Ekiti State Command in Ado-Ekiti
3. Construction of Ogbese Multi-Purpose Dam, Ekiti State
4. Construction of Ojutu Bridge at Ilobu, Osun State
5. Design and Construction of Tewure-Ajinapa 6 km Road at Ori-Ire LGA, Oyo State.
6. University College Hospital (UCH), Ibadan:
7. Middle Ogun Irrigation Project at Odo-Ogun near Iseyin, Oyo State
8. Construction of Access Road to NNPC Depot, Mosimi
9. Construction of Otun-Igboro Road in Saki West LGA, Oyo State
10. Construction of NSCDC'S Administrative Complex with in-built Cells and Armoury, Abeokuta in Ogun State
11. Lagos-Ibadan Railway Modernization Project with Extension to Lagos Port Complex, Apapa.



Front View of the Expansion of Accident and Emergency Complex at the University College Hospital, Ibadan



2.15 GENERAL OBSERVATIONS AND FINDINGS

The following General Observations and Findings were made in the course of the exercise:

- Most noteworthy is the fact that the present administration is funding on-going projects and resuscitating abandoned ones.
- Most Institutions did not have a Medium-Term Expenditure Framework to guide their budgets.
- Documentation of procurement Processes was very poor in most institutions.
- Projects are delayed by inadequate funds giving rise to abandonment.
- Some projects have no consultants to monitor the progress and quality of work.
- Access roads to especially dam/irrigation projects were mostly inaccessible.
- Proper feasibility studies are not done on the project sites before project execution thereby leading to variations and revision of contract sums.
- Contractors were unavailable on site despite being informed of the Commission's visit.
- Most projects have exceeded expected completion dates.
- Some health institutions and universities had so many projects running simultaneously, mostly funded from IGR and not the budget.
- Most Contract documents could not be sighted at the sites as documents are domiciled at the headquarters of the MDAs. Zonal offices are unaware of the projects designs and implementation. Supervision is done from the headquarters in Abuja while the team at the time of visit on the site were requested to seek for all documentary information from the Headquarters.
- Some Contractors performed beyond the payments made.
- Some projects are poorly supervised especially those without Consultants.
- There were no sign posts to identify some projects.
- Some of the Contracts had serious security challenges.



2.16 GENERAL RECOMMENDATIONS

From the physical verification of all the projects visited, the interactions with the relevant stakeholders, the following recommendations were proposed:

- There should be proper planning, design and surveys before projects are awarded.
- Government should intensify efforts at adequately funding projects to ensure completion within the contract period in order to obtain value for money.
- Projects should commence as soon as possible after design in order to avoid unnecessary reviews that lead to variations and delays in the completion of projects.
- Competency and track records of Contractors should be ensured before awards are made.
- Agencies should be sensitized on the need to comply with section 21 to 23 of the FRA 2007 to ensure that contract budgeting is consistent with the MTEF and Annual Budget. This is to avoid funding challenges for projects that may result in abandoned projects littering the entire country.
- Some of the projects verified and reported upon should be revisited in order to ensure that the Commission's recommendations are implemented.
- Some projects where work has stopped due to contractor's ineptitude should be noted for investigation in line with Sections 38 and 39 of the FRA, 2007.
- The Budget preparation process should be strengthened through sensitization of MDAs by the Commission in collaboration with the Ministry of Budget and Planning on the preparation/implementation of MTEF. Agencies do not seem to understand the essence of the document as a basis for budget preparation.
- Government must have a funding strategy for running its hospitals and educational institutions (universities and Polytechnics). The



generation of revenue and its remittance can only be complied with when hospitals are properly funded. Compliance with IGR remittance and TSA policy will also be easier.

- On-going projects should always be appropriated for in the budget and funds released appropriately until the projects are completed to avoid abandonment or cost reviews.
- The Federal Ministry of Water Resources should adequately fund state offices to ensure strict and effective supervision of projects under their purview.
- The projects that are to be taken over by various Ministries, should be done properly to avail citizens the opportunity of enjoying intended benefits of the projects.
- The Ministry should always engage the services of competent and technically sound staff or consultants to supervise projects in order to ensure good quality work.
- The State offices of the Federal Ministry of Works should be properly funded to ensure strict supervision of projects without compromising the quality of work.
- Projects that are moribund should not be funded anymore by Government. This will free up resources for more productive projects.
- Contracts and other documents should be duplicated and made available to State offices. This will enable State offices monitor and supervise progress of projects in the various states of the Federation far away from the nation's capital, Abuja.
- A schedule for the maintenance of roads should be drawn up as soon as projects are taken over to stem dilapidation/ early failure which will require early cost to reconstruct.
- Institutions should ensure that BPP requirements and standards are strictly adhered to in the award of contracts.
- The envelope system of budget where a bulk amount is appropriated to an institution or agency for discretionary allocation to competing



projects, should be abolished. In any fiscal year, specific provisions should be made for the respective projects being executed by an institution or agency.

- The Federal Government and its agencies should undertake only few manageable projects at any point in time in order to ensure their timely completion.
- The Federal Government should engage in more collaborations with bilateral agencies for bilateral funding in the execution of projects in the country, to guarantee constant funding.
- A Consultant should be appointed for every project to monitor the progress and ensure adherence to the designs and quality as well as confirm the certificates presented by a contractor before payment can be processed.
- In order to encourage outstanding performance, a contractor who completes and delivers a project ahead of deadline should be officially commended while contractors who fail to keep to the terms of contract should be sanctioned accordingly.
- Road designs must be properly carried out prior to contract award to ensure that all required works are captured. This will eliminate redesigning at site, save scarce resources and ensure timely completion.

The project verification exercise was worthwhile as it afforded FRC the opportunity to assess the quality of completed and on- going projects. The assignment further provided an insight into the peculiar challenges confronting each project. It was obvious that inadequate funding is the dominant bane of most projects monitored.

Consequently, the Federal Government should ensure that funds are made available to guarantee timely execution of projects, to avoid price variation and undue delays in completion.

The exercise should be sustained as this will put the various stakeholders in project execution on check as well as improve fiscal transparency and accountability in line with the provisions of the FRA, 2007.



CHAPTER 3

DEBT, INDEBTEDNESS AND BORROWING





CHAPTER 3

DEBT, INDEBTEDNESS AND BORROWING

Introduction

Parts IX and X of the Fiscal Responsibility Act, FRA, 2007 exclusively deal with issues relating to Indebtedness and borrowing. Part IX of the Act specifically contains the rules governing the framework for debt management in a fiscal year. On the other hand, Part X provides the conditions for borrowing by States of the federation.

The highlights of this chapter are:

- Debt Management Framework
- Limits on consolidated debt of the Federal, State and Local Governments
- Public debt sustainability
- Analysis of public debts in 2018
- External Debt Stock by source
- External Debt Service
- Domestic Debt Stock of the Federal Government
- Domestic Debt service of the Federal Government
- Revenue profile of the Federal and State governments
- Debt profile of States
- Public Debt sustainability analysis
- Federal Government's transactions in the Nigerian capital market in 2018
- Federal Government's transactions in the International capital market in 2018
- Transactions of State Governments in the capital market in 2018
- International Donor Support

As provided by the Fiscal Responsibility Act, 2007, the rules and conditions for contracting loans by Governments in the Federation are as follows:

3.1 DEBT MANAGEMENT FRAMEWORK

- In accordance with Section 41 of FRA, 2007, government at all levels are permitted to borrow for capital expenditure and human development only. Such borrowings must also be at concessional terms with low



interest rates and long amortisation period. The proposed borrowing is also subject to the approval of the appropriate legislative body. Furthermore, government should ensure that the proportion of public debt to national income is always held at a sustainable level as prescribed by the National Assembly on the recommendation of the Minister of Finance. The global threshold for debt sustainability is 40% while it is 56% for countries in Nigeria's peer group.

- Within 90 days from the commencement of the FRA, 2007 (i.e. from 30th July 2007), the President shall, with advice from the Minister of Finance and subject to the approval of the National Assembly, set overall limits for the consolidated debts of Federal, States and Local governments and the limits shall be consistent with the rules set out in FRA, 2007.
- For the purpose of verifying compliance with the debt limits, the Fiscal Responsibility Commission (FRC) shall, at end of each quarter, determine the consolidated debt of each tier of Government.
- The Commission shall publish, on a quarterly basis, a list of the Governments in the Federation which have exceeded the limits of their respective consolidated debts, indicating the amounts by which such limits were exceeded.
- Where at any quarter, the consolidated debt of a State, Local government or the Federal government exceeds its limit, it shall be brought to its limit not later than the end of the next three subsequent quarters.
- Where non-compliance with the time limit persists, the affected government shall be barred from contracting further loans as well as receiving grants from any other government in the federation.
- The cost of servicing federal government guaranteed loans shall be deducted at source from the statutory revenue allocation of the debtor government.
- Any Government in the Federation or its agencies and corporations seeking loans must specify the purpose of the intended loan, present a cost-benefit analysis indicating the economic and social benefits of



the purpose to which the proposed borrowing is to be utilised.

- All banks and other Financial Institutions must seek and obtain compliance with the above conditions before lending to any Government in the country. Granting loan to any Government in contravention of this provision shall be unlawful.
- There must also be in place prior authorisation in the Appropriation or any other Act or Law before a loan can be contracted.
- The Debt Management Office (DMO) shall maintain a comprehensive, reliable and current electronic database of domestic and external public debts to which the general public shall have access.
- The Commission is mandated to verify, on a quarterly basis, compliance with the limits and conditions for borrowing by each Government in the Federation.
- The Central Bank of Nigeria (CBN) is prohibited from purchasing fresh issues of Government securities on the date of its primary issue. However, the apex bank may underwrite securities issued by the Federal Government, which are rolled over to refinance maturing securities.
- Subject to the approval of the Federal Executive Council, the Minister of Finance may give loan guarantee on behalf any government in the Federation. However, there must be a counter guarantee by the Government seeking such loan. Furthermore, the repayment of the loan shall be deducted at source from the statutory revenue due to the debtor Government.
- In the case of foreign currency borrowing, Federal Government guarantee is a pre-condition. However, any guarantee given in excess of the debt limit of any government shall be an offence.

3.2 LIMITS ON THE CONSOLIDATED DEBT OF THE FEDERAL, STATE AND LOCAL GOVERNMENTS

Section 42(1) of the Fiscal Responsibility Act, 2007 provides that

“The President shall, within 90 days from the commencement of the Act and with advice from the Minister of Finance



subject to approval of National Assembly, set overall limits for the amounts of consolidated debt of the three tiers of Government''.

However, it is noted that since the enactment of the Fiscal Responsibility Act, 2007, the overall limits of the consolidated debts of Federal, States and Local Governments are yet to be set by any President.

The Commission, in a bid to ensure that this all-important requirement of the Act is fulfilled, has engaged the Honourable Minister of Finance through memos and reminders, yet, the situation remains unchanged.

As provided in Section 42(4) of FRA, 2007, the Commission is mandated to compile and publish, on quarterly basis, a list of the governments in the Federation which have exceeded the limits of their respective debts by indicating the amount by which the limits were exceeded. It should be noted that, as the debt limits have not been set, it becomes difficult for the Commission to execute this mandate.

Nonetheless, to ensure that borrowings by the governments in the federation are for capital expenditure and human development as specified in section 41(1)(a) of FRA, 2007, the Commission constantly monitors through the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) the purpose of borrowings by governments from banks and the capital market as the case may be. Any infraction noticed is taken up with the institution that granted such borrowing.

3.3 PUBLIC DEBT SUSTAINABILITY

Section 41(1)(b) of FRA, 2007 provides that, on the advice of the Minister of Finance and with the prescription of the National Assembly from time to time, the Government shall ensure that the level of public debt as a proportion of national income is held at a sustainable level.

Notwithstanding the fact that the overall debt limits of each government in the federation is yet to be set, a benchmark of 56%, being the threshold for countries in Nigeria's peer group is used to assess the sustainability of the nation's public debt.

3.4 ANALYSIS OF PUBLIC DEBT IN 2018

The highlights of borrowings and indebtedness of the governments in the Federation in 2018 are presented in the table below. A trend analysis from 2014 – 2018 is also presented.



Table 3.1 Summarised Public Debt Stock as at December 31, from 2014 - 2018

Debt Stock	2014 ₦ million	2015 ₦ million	2016 ₦ million	2017 ₦ million	2018 ₦ million	% of Total Public Debt
External Debt: FG & States	1,631,524	2,111,531	3,478,915	5,787,512.64	7,759,229.99	31.82%
Domestic Debt: FGN	7,904,025	8,836,996	11,058,204	12,589,486.13	12,774,405.70	52.38%
Domestic Debt: States & FCT	1,707,571	1,655,179	2,958,517	3,348,774.26	3,853,436.05	15.80%
Total Public Debt	11,243,120	12,603,705	17,495,636	21,725,773.03	24,387,071.74	100%

Source: DMO

Table 3.2 Nigeria's Total Public Debt Stock

	2014	2015	2016	2017	2018
US\$ Million	67,726.28	65,428.53	57,362.74	70,999.36	79,436.72
NGN Million	11,243,120.22	12,603,705.28	17,495,636.09	21,725,773.03	24,387,071.94
% of GDP	12.65%	13.02%	16.27%	18.20%	19.09%

Source: DxMO

Note: CBN Exchange Rate: \$1/ N307

Table 3.3 External Debt Stock of FG and States

	2014	2015	2016	2017	2018
US\$ Million	9,711.45	10,718.43	11,406.28	18,913.44	25,274.36
NGN Million	1,631,523.60	2,111,530.71	3,478,914.36	5,787,512.64	7,759,229.99
% of Total Public Debt	14.34%	16.38%	19.88%	26.64%	31.82%

Source: DMO

Note: CBN Exchange Rate: \$1/ N307

Table 3.4 FGN Domestic Debt Stock

	2014	2015	2016	2017	2018
NGN Million	7,904,025.47	8,836,995.86	11,058,204.30	12,589,486.13	12,774,405.70
% of Total Public Debt	69.47%	68.56%	63.21%	57.95%	52.38%

Source: DMO

Table 3.5 States and FCT Domestic Debt Stocks

	2014	2015	2016	2017	2018
NGN Million	1,707,571.14	1,655,178.71	2,958,517.43	3,348,774.26	3,853,436.25
% of Total Public Debt	16.19%	15.06%	16.91%	15.41%	15.80%

Source: DMO



Tables 3.1 and 3.2 above, indicate that the nation's total public debt stock as at 31st December, 2018 was US\$79,436.72 million or ₦24,387,071.74 million compared with US\$70,999.36 million or ₦21,725,773.03 million as at 31st December, 2017. It translates to an increase by ₦2,661,298.71 million or 12.25%. The external debt stock (Federal and States) amounted to ₦7,759,229.99 million, accounting for 31.82% of the country's total public debt as at the end of 2018. The total domestic debt stock of the 36 States and FCT amounted to ₦3,853,436.25 million and it represents 15.80% of the total public debt stock of the nation at the end of 2018.

On the other hand, the domestic loan stock of the Federal Government as at the end of 2018 was ₦12,774,405.70 million and it shows 52.38% of the country's total public debt stock.

According to DMO, the domestic debt stock figures for nine (9) States viz Akwa Ibom, Borno, Kaduna, Kano, Lagos, Nasarawa, Ondo, Rivers, Taraba and FCT were as at September 30, 2018; the domestic debt stock figure for Katsina State was as at December 31, 2017 while the Domestic Debt Stock figures for the remaining 26 States were as at 31st December, 2018. Also, CBN Official Exchange Rate of US\$1 to NGN307 as at December 31, 2018 was used in converting the domestic debts to US Dollar.

Accordingly, the country's external debt balance of ₦7,759,229.99 million as at the end of 2018 represents a meagre 31.82% of the total public debt of the country as against 68.18% of domestic debt balance. Section 41 of FRA, 2007 was violated. The section provides that public loans should be contracted at low interest rates and with long amortisation period. External creditors, particularly official creditors (Bilateral and Multilateral) offer loans at concessional low interest rate of less than 3% with long amortisation period. It is, therefore, worthy of note that the domestic loan stock was more than twice that of the external loan balance as at the end of 2018.

The domestic loan balance of the Federal Government accounted for 52.38% of the total public debt of the country as at the end of 2018. Although, from table 3.1 above, the external debt stock accounted for only 31.82% of the total public debt of the nation as at the end of December, 2018 while there was a proportional increase by 5.18% in comparison with the 26.64% recorded in 2017. The implication of this statistics is that the nation borrowed more from external sources in 2018 than in 2017.



The data obtained indicates that the loans were contracted to finance capital projects, budget deficit and to re-finance maturing obligations.

In particular, the foreign loans were obtained to refinance treasury bills as a result of the short tenor of the bills. This decision is in tandem with the spirit of FRA, 2007, particularly Section 41(1)(a) of the Act which stipulates that loans should be contracted for only capital projects and human development, as well as; at low interest rate and long amortisation period.

As a way of cushioning the public debt burden, government at all levels should repay a significant proportion of the domestic debts while obtaining more foreign loans, especially from the official sources (bilateral and multilateral).

Section 41(1)(b) provides, “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, 2018 was 19.09% which is less than the 56% threshold for countries in Nigeria’s peer group and the global benchmark of 40%. The implication is that Nigeria’s total public debt stock of ₦24,387,071.74m as at the end of 2018 is still sustainable.

3.5 EXTERNAL DEBT STOCK BY SOURCES

From table 3.6 above, the external debt balance of the country as at the end of December, 2018 was US\$25,274.37 million compared with US\$18,913.44 million as at the end of December, 2017. It shows an increase of US\$6,360.93 million or 33.63%.

An appraisal of the total external debt balance of US\$25,274.37 million in 2018 indicates that the official sources accounted for US\$14,106.02 million or 55.81% of the total external loan stock of the country in the year under review. This is in line with FRA, 2007.

A further breakdown of the external debt stock of the official sources as at the end of 2018 shows that the bilateral creditors accounted for US\$3,091.68 million or 12.23% of the total external debt stock while multilateral creditors accounted for US\$11,014.34 million or 43.58% of the external loan stock was for the multilateral creditors. On the other hand, the commercial sources accounted for US\$11,168.35 million or 44.19% of the total external debt stock as at the end of 2018.

Similarly, the Eurobonds constituted US\$10,868.35 million or 43% of the entire



external loan stock of the country as at the end of 2018 while the outstanding balance for other commercial creditors of US\$300 million represents 1.19% of the total external debt stock of the country as at the end of 2018.

A breakdown of the respective loan stocks of the external debt sources is provided below:

Table 3.6 External Debt Stock by Source 2014-2018 (US\$' Million)

Official Sources

	2014	% of Total	2015	% of Total	2016	% of Total	2017	% of Total	2018	% of Total
Bilateral	1,412.07	14.54%	1,658.00	15.47%	1,918.05	16.82%	2,372.00	12.54%	3,091.68	12.23%
Multilateral	6,799.36	70.01%	7,560.43	70.54%	7,988.22	70.03%	10,241.44	54.15%	11,014.34	43.58%
Sub-Total	8,211.43	84.55%	9,218.43	86.01%	9,906.27	86.85%	12,613.44	66.69%	14,106.02	55.81%

Private Sources

	2014	% of Total	2015	% of Total	2016	% of Total	2017	% of Total	2018	% of Total
Eurobonds	1,500	15.45%	1,500	13.99%	1,500	13.15%	6,000	31.72%	10,868.35	43.00%
Other Commercials	0	0.00%	0	0.00%	0	0.00%	300	1.59%	300	1.19%
Sub-Total (Commercial)	1,500	15.45%	1,500	13.99%	1,500	13.15%	6,300	33.31%	11,168.35	44.19%
Grand Total	9,711.43	100%	10,718.43	100%	11,406.27	100%	18,913.44	100%	25,274.37	100%

Source: DMO/FRC

3.6 EXTERNAL DEBT SERVICE

Section 43 of FRA, 2007 provides that servicing of external loans shall be the direct responsibility of the government that incurred the debt. It also stipulates that the cost of servicing Federal Government Guaranteed loans shall be deducted at source from the debtor government's share of statutory revenue.

A Summary of the external debt service by sources is shown below:



Table 3.7 External Debt Service by Source

Year	2017		2018		Variance 2018 v 2017	
Official Creditors:	US\$ M	% of Total	US\$ M	% of Total	US\$ M	%
Bilateral Creditors	71.83	15.48%	150.36	10.21%	78.53	109.32%
Multilateral Creditors	191.72	41.32%	249.06	16.92%	57.34	29.91%
Sub-Total: Official	263.55	56.79%	399.42	27.13%	135.87	51.55%
Commercial Creditors:						
Eurobonds	150.32	32.39%	1,014.00	68.88%	863.68	574.56%
Diaspora Bonds	8.43	1.82%	16.88	1.15%	8.45	100.24%
Others	41.74	8.99%	41.75	2.84%	0.01	0.02%
Sub-Total: Commercial	200.49	43.21%	1,072.63	72.87%	872.14	435.00%
Grand Total	464.04	100%	1,472.05	100%	1,008.01	217.22%

Source: DMO/FRC

Table 3.7 above, shows that the total external loan servicing in 2018 was US\$1,472.05 million. If compared with US\$464.04 million used to service external debt in 2017, it represents an increase by US\$1,008.01 million or 217.22%. The official creditors (Bilateral and Multilateral) received a total of US\$399.42 million in 2018 as against US\$263.55 million in 2017, depicting an increase by US\$135.87 million or 51.55%. The US\$399.42 million for servicing the official creditors was 27.13% of the total external debt servicing in 2018.

On the other hand, the servicing of Commercial Creditors amounted to US\$1,072.63 million in 2018 and it constituted 72.87% of the total external debt servicing in the year under review. It was also an increase by US\$872.14 million or 435% over the US\$200.49 million employed to service Commercial Creditors in 2017.

The servicing of commercial loans far outweighed the Official credits in 2018 which was a wise decision as it would reduce the overall public debt burden. The Official creditors (Bilateral and Commercial) normally charge concessional interest rates of less than 3% on loans while the Commercial creditors such as Eurobonds charge interest at above 3%. Accordingly, the government should continue to repay more commercial credit facilities to reduce the burden of that class of debt while more official loans should be taken.



3.7 FGN DOMESTIC DEBT STOCK BY INSTRUMENT

As stated earlier, the outstanding Federal Government's domestic debt stock as at the end of 2018 was ₦12,774.41 billion. Compared with the balance of ₦12,589.49 billion as at the end of December, 2017, there was a marginal increase of ₦184.92 billion or 1.47%. The details of FGN Domestic Stock by instruments, is shown in Table 3.8 below:

Table 3.8 FGN Domestic Debt Stock by Instrument

Creditors	2017		2018	
	₦ Billion	% of Total	₦ Billion	% of Total
FGN Bonds	8,715.81	69.23%	9,334.74	73.07%
Nigerian Treasury Bills	3,579.80	28.44%	2,735.97	21.43%
Treasury Bonds + Accrued Interest	175.99	1.40%	150.99	1.18%
FGN Savings Bond	7.20	0.06%	10.75	0.08%
FGN Sukuk	100.00	0.79%	200.00	1.57%
Green Bond	10.69	0.08%	10.69	0.08%
Promissory Notes	-	-	331.27	2.59%
Grand Total	12,589.49	100%	12,774.41	100%

Source: FRC/DMO

A breakdown of the FGN domestic debt balance as at the end of 2018 from Table 3.8 above, shows that the FGN bonds had the largest share of the FGN Domestic debt stock of ₦9,334.74 billion or 73.07% of the total. This is followed by the Nigerian Treasury Bills (NTB) which accounted for ₦2,735.97 billion or 21.43% of the total domestic debt stock as at the end of 2018. Promissory Notes which was non-existent in 2017 had a balance of ₦331.27 billion as at the end of 2018, accounting for 2.59% of the total domestic loan balance of the Federal Government as at the end of 2018. This was closely followed by the Sukuk Bond which had a balance of ₦200.00 billion or 1.57% of the total FGN domestic loan balance as at the end of 2018. The balance on Treasury Bonds as at the end of 2018 was ₦150.99 billion which represents 1.18% of the total FGN Domestic Debt stock as at the end of 2018.

FGN Savings Bond had a balance of ₦10.75 billion as at the end of December, 2018, accounting for only 0.08% of the total domestic debt stock as at the end of 2018. The Green Bond had the least balance of ₦10.69 billion or 0.08% of the total domestic stock as at the end of 2018.



3.8 FGN DOMESTIC DEBT SERVICE

A total sum of ₦1,797.90 billion was used to service the FGN domestic debt in 2018, depicting an increase by ₦321.68 billion or 21.79% over the total sum of ₦1,476.22 billion paid in 2017. More foreign loans were taken in 2018 to refinance maturing domestic loans, particularly treasury bills and FGN Bonds with high interest rates. A further breakdown of the domestic debt service in 2018 by instruments shows that ₦1,116.21 billion was for FGN Bonds and it represents 62.08% of the total domestic debt service in 2018. The sum of ₦640.68 billion was expended in servicing the Nigerian Treasury Bills (NTB) and it accounted for 35.64% of the FGN total domestic loan servicing in 2018 while the repayment of Treasury Bonds amounted to ₦22.00 billion or 1.22% of the total FGN total domestic debt service in 2018. The repayment of the FGN Sukuk Bonds in 2018 amounted to ₦16.48 billion which depicts 0.92% of the total domestic loan repayments in 2018 while the repayment of the Green Bonds amounted to ₦1.44 billion, signifying 0.08% of the total domestic loan repayment of the Federal Government in 2018. The FGN Savings Bond received the least repayment of ₦1.09 billion, accounting for only 0.06% of the total repayment of the FGN domestic debt in 2018.

The details of the FGN domestic debt service payment is shown in Table 3.9 below:

Table 3.9 FGN Domestic Debt Service by Instrument

Instrument	2017		2018	
	₦ Billion	% of Total	₦ Billion	% of Total
FGN Bonds	982.66	66.57%	1,116.21	62.08%
Nigerian Treasury Bills	445.13	30.15%	640.68	35.64%
Treasury Bonds + Accrued Interest	47.99	3.25%	22.00	1.22%
FGN Savings Bond	0.44	0.03%	1.09	0.06%
FGN Sukuk Bond	-	-	16.48	0.92%
Green Bonds	-	-	1.44	0.08%
Total	1,476.22	100%	1,797.90	100%

Source: DMO

3.9 REVENUE PROFILE OF STATES

An analysis of revenue accruing to the respective State governments is required to ascertain the States with relative high funds for developmental purpose and those with comparative low total net revenue in 2018. The revenue profile of the States is necessary for comparison with their respective debt balances to determine their sustainability.



Accordingly, information on the net total revenue of the States in 2018 is presented below:

Table 3.10 Total Net Revenue of the 36 States and FCT in 2018

S/N	STATE	TOTAL NET REVENUE IN 2018	% of Total	Ranking
		₦		
1	ABIA	55,326,313,520.15	2.16%	17TH
2	ADAMAWA	49,510,206,574.39	1.93%	26TH
3	AKWA IBOM	202,365,072,519.99	7.88%	2ND
4	ANAMBRA	55,249,945,897.31	2.15%	18TH
5	BAUCHI	54,020,849,574.37	2.10%	22ND
6	BAYELSA	153,104,866,273.55	5.96%	4TH
7	BENUE	55,441,078,188.72	2.16%	16TH
8	BORNO	63,271,702,953.51	2.46%	11TH
9	CROSS RIVER	36,954,686,823.13	1.44%	36TH
10	DELTA	213,634,192,630.29	8.32%	1ST
11	EBONYI	44,955,009,442.29	1.75%	29TH
12	EDO	69,169,646,683.36	2.69%	8TH
13	EKITI	39,325,661,893.63	1.53%	35TH
14	ENUGU	53,104,455,149.92	2.07%	24TH
15	GOMBE	43,808,127,576.80	1.71%	32ND
16	IMO	54,181,645,137.52	2.11%	21ST
17	JIGAWA	60,327,926,310.65	2.35%	13TH
18	KADUNA	68,849,941,237.76	2.68%	9TH
19	KANO	84,205,898,067.21	3.28%	6TH
20	KATSINA	61,651,483,460.57	2.40%	12TH
21	KEBBI	54,580,176,454.58	2.13%	19TH
22	KOGI	53,376,978,657.33	2.08%	23RD
23	KWARA	44,573,231,265.18	1.74%	30TH
24	LAGOS	119,024,027,795.54	4.64%	5TH
25	NASARAWA	47,550,214,527.97	1.85%	28TH
26	NIGER	57,521,609,575.96	2.24%	15TH
27	OGUN	39,644,151,088.39	1.54%	34TH
28	ONDO	64,686,727,822.91	2.52%	10TH
29	OSUN	22,837,305,434.54	0.89%	37TH
30	OYO	59,289,159,988.50	2.31%	14TH
31	PLATEAU	43,885,148,418.59	1.71%	31ST
32	RIVERS	172,627,019,316.69	6.72%	3RD
33	SOKOTO	54,460,056,835.47	2.12%	20TH
34	TARABA	47,877,801,462.16	1.86%	27TH
35	YOBE	52,874,949,262.92	2.06%	25TH
36	ZAMFARA	40,831,825,094.60	1.59%	33RD
37	FCT	73,169,929,940.52	2.85%	7TH
	TOTAL NET REVENUE	2,567,269,022,856.97	100%	

Source: OAG/FRC



It is instructive that the information in Table 3.10 excludes the IGR of the States. From table 3.10 above, the total net revenue of the 36 states and FCT was ~~₦~~2,567,269,022,856.97 in 2018. Delta State had the highest total net revenue of ~~₦~~213,634,192,630.29 and it accounted for 8.32% of the total net revenue of the 36 States and FCT in the year under review.

Akwa-Ibom State is second with ~~₦~~202,365,072,519.99 and accounted for 7.88% of the total net revenue of the 36 States and FCT while Rivers State was third with a total net revenue of ~~₦~~172,627,019,316.69 or 6.72% of the total net revenue of the 36 States and FCT in 2018. Bayelsa State which raked in a total net revenue of ~~₦~~153,104,866,273.55, representing 5.96% of the total net revenue of the 36 States and FCT in the year under review is fourth on the list.

The foregoing analysis shows that Delta, Akwa-Ibom, Rivers and Bayelsa which recorded the highest total net revenue in 2018 are all oil producing States that enjoy the statutory 13% crude oil derivation. Obviously, this must have contributed to their respective total net revenue in relation to the other States.

Lagos State accounted for the 5th largest total net revenue in 2018 with ~~₦~~119,024,027,795.54, representing 4.64% of the total net revenue of the 36 States and FCT in 2018. The high revenue level of Lagos State in 2018 is accounted for by VAT revenue.

Conversely, Osun State recorded the least total net revenue of ~~₦~~22,837,305,434.54 which is 0.89% of the total net revenue for the 36 States and FCT in 2018. The low net revenue of Osun State is explained by the loan deduction at source from her gross statutory revenue.

3.10 DEBT PROFILE OF STATES

In a bid to assess the level of obligation of the State Governments, it is necessary to present and analyse their respective indebtedness (comprising domestic and external debts) as presented on Table 3.11 below:



Table 3.11 Analysis of Debts of States and Federal Government as at the end of 2018

States and FCT	External Debt	External Debt	Domestic Debt	Total Debt	% of
		(N307/US\$)			
	US\$	₦	₦	₦	Total
	(a)	(b)	(c)	(b+c)	%
Abia	98,582,798.91	30,264,919,265.37	67,017,185,656.92	97,282,104,922.29	0.40%
Adamawa	97,790,423.73	30,021,660,085.11	89,659,119,455.46	119,680,779,540.57	0.49%
Akwa Ibom	45,657,647.14	14,016,897,671.98	198,663,229,326.07	212,680,126,998.05	0.87%
Anambra	107,041,487.48	32,861,736,656.36	33,490,668,536.72	66,352,405,193.08	0.27%
Bauchi	133,930,757.08	41,116,742,423.56	92,367,170,606.61	133,483,913,030.17	0.55%
Bayelsa	56,623,178.71	17,383,315,863.97	130,043,473,800.97	147,426,789,664.94	0.60%
Benue	39,610,851.64	12,160,531,453.48	97,347,605,190.14	109,508,136,643.62	0.45%
Borno	21,618,240.11	6,636,799,713.77	68,381,705,608.58	75,018,505,322.35	0.31%
Cross River	188,773,736.81	57,953,537,200.67	167,955,848,722.32	225,909,385,922.99	0.93%
Delta	63,286,948.43	19,429,093,168.01	228,805,996,159.83	248,235,089,327.84	1.02%
Ebonyi	66,653,026.12	20,462,479,018.84	55,597,352,310.28	76,059,831,329.12	0.31%
Edo	276,253,922.96	84,809,954,348.72	86,820,254,212.61	171,630,208,561.33	0.70%
Ekiti	106,208,598.19	32,606,039,644.33	118,011,414,814.34	150,617,454,458.67	0.62%
Enugu	126,177,662.23	38,736,542,304.61	55,032,067,848.83	93,768,610,153.44	0.38%
Gombe	37,406,069.57	11,483,663,357.99	63,337,930,142.60	74,821,593,500.59	0.31%
Imo	59,515,586.62	18,271,285,092.34	98,782,494,271.48	117,053,779,363.82	0.48%
Jigawa	32,008,444.77	9,826,592,544.39	35,163,169,800.26	44,989,762,344.65	0.18%
Kaduna	227,252,685.58	69,766,574,473.06	84,637,112,775.54	154,403,687,248.60	0.63%
Kano	63,409,069.74	19,466,584,410.18	117,082,317,490.54	136,548,901,900.72	0.56%
Katsina	62,133,706.90	19,075,048,018.30	30,852,661,159.10	49,927,709,177.40	0.20%
Kebbi	45,605,534.73	14,000,899,162.11	67,442,333,186.56	81,443,232,348.67	0.33%
Kogi	31,584,158.36	9,696,336,616.52	84,922,376,449.78	94,618,713,066.30	0.39%
Kwara	48,599,040.43	14,919,905,412.01	59,135,900,168.96	74,055,805,580.97	0.30%
Lagos	1,426,428,935.47	437,913,683,189.29	530,243,773,934.40	968,157,457,123.69	3.97%
Nassarawa	59,183,665.51	18,169,385,311.57	85,363,486,609.87	103,532,871,921.44	0.42%
Niger	61,345,344.97	18,833,020,905.79	41,831,488,692.26	60,664,509,598.05	0.25%
Ogun	103,256,042.18	31,699,604,949.26	98,716,941,494.10	130,416,546,443.36	0.53%
Ondo	79,854,005.14	24,515,179,577.98	49,123,506,028.25	73,638,685,606.23	0.30%
Osun	99,085,406.37	30,419,219,755.59	148,101,237,664.94	178,520,457,420.53	0.73%
Oyo	104,997,383.47	32,234,196,725.29	91,515,756,366.15	123,749,953,091.44	0.51%
Plateau	28,874,208.63	8,864,382,049.41	100,366,504,576.83	109,230,886,626.24	0.45%
Rivers	78,278,786.10	24,031,587,332.70	225,592,469,150.22	249,624,056,482.92	1.02%
Sokoto	39,218,901.04	12,040,202,619.28	38,604,705,528.74	50,644,908,148.02	0.21%
Taraba	21,611,262.68	6,634,657,642.76	61,508,573,011.13	68,143,230,653.89	0.28%
Yobe	27,486,482.07	8,438,349,995.49	27,772,599,253.39	36,210,949,248.88	0.15%
Zamfara	33,524,208.01	10,291,931,859.07	59,900,241,661.65	70,192,173,520.72	0.29%
FCT	31,848,844.12	9,777,595,144.84	164,245,377,802.60	174,022,972,947.44	0.71%
Sub-Total	4,230,717,052.00	1,298,830,134,964.00	3,853,436,049,469.03	5,152,266,184,433.03	21.13%
FGN	21,043,647,747.98	6,460,399,858,629.86	12,774,405,701,997.00	19,234,805,560,626.90	78.87%
Total Public Debt	25,274,364,799.98	7,759,229,993,593.86	16,627,841,751,466.00	24,387,071,745,059.90	100.00%

Source: DMO/FRC

Note

- Domestic Debt Stock figures for 9 States (Akwa Ibom, Borno, Kaduna, Kano, Lagos, Nasarawa, Ondo, Rivers, Taraba) and FCT are as at September 30, 2018.
- Domestic Debt Stock figure for Katsina State is as at December 31, 2017.
- Domestic Debt Stock figures for the rest of the 26 States are as at December 31, 2018.
- CBN Official Exchange Rate of US\$1 to NGN307 as at December 31, 2018 was used in converting the Domestic Debts to US Dollar.



From Table 3.11 above, the total external debt stock of the country as at the end of 2018 was US\$25,274,364,799.98. Compared with the balance of US\$18,913,433,970 as at the end of 2017, it increased by the sum of US\$6,360,930,829.98 or 33.63%.

The combined external debt stock of the 36 States and FCT was US\$4,230,717,052.00 depicting a 16.74% of the total external debt stock of the country at the end of 2018. The Federal Government had external debt stock of US\$21,043,647,747.98 or 83.26% of the total external debt stock of the nation as at the end of 2018.

Lagos had the largest external debt balance of US\$1,426,428,935.47 which translates to 33.72% of the total external debt stock of US\$4,230,717,052.00 for the 36 States and FCT as at the end of 2018. It also accounted for 5.64% of the nation's total external debt stock as at the end of 2018. On the other hand, the external debt stock of US\$21,611,262.68 for Taraba State was the least, accounting for only 0.51% of the total external debt stock of the 36 States and FCT as at 31st December, 2018. It also contributed infinitesimal 0.086% to the country's total external debt stock of US\$25,274,364,799.98 as at the end of 2018.

Although contracting external loan is encouraged in view of its low interest rate and long amortization period, there is need to investigate the purpose for which the Lagos State government obtained the external loans that resulted in a balance of US\$1,426,428,935.47 as at the end of 2018. It also accounted for 33.72% of the total external debt stock of US\$4,230,717,052.00 for the 36 States and FCT,

The total domestic public debt of the nation as at the end of 2018 was ₦16,627,841,751,466.00 while the 36 States and FCT had a combined domestic debt stock of ₦3,853,436,049,469.03. This represents 23.17% of the total domestic debt of the country as at the end of 2018.

Conversely, the domestic debt balance of the Federal Government alone, as at the end of 2018 was ₦12,774,405,701,997.00 representing 76.83% of the total domestic public debt balance of the country as at the end of 2018.

Lagos also accounted for the lion share of domestic debt stock at ₦530,243,773,934.40, accounting for 13.76% of the total domestic stocks of the 36 States and FCT at end of 2018. It also represented 3.19% of the total domestic public debt stock of the nation as at the end of December, 2018. What can be deduced from the foregoing analysis is that out of the 36 States and FCT, Lagos accounted for the highest share of both the external and the domestic loan stocks as at the end of 2018.



A further analysis of Table 3.11 above, shows that Katsina State had the least domestic debt stock of ₦30,852,661,159.10, accounting for only 0.80% of the total domestic debt stock of the 36 States and FCT as at the end of 2018.

3.11 DEBT SUSTAINABILITY ANALYSIS OF STATE GOVERNMENTS

States are yet to have Gross Domestic Product (GDP). Nigeria, therefore, has just a national GDP. Consequently, it is not practicable to determine the Debt Sustainability of sub-national Governments on the basis of the proportion of Debt-to-GDP. Moreso, the overall debt limits for national and subnational governments in the Federation have not been set.

Nonetheless, the Debt Management Office (DMO) Revised Guidelines on Public Debt Management, 2012 provides the rubrics for public debt and borrowings in the country. Section F(c) of the Guidelines provides, *“The total amount of loans outstanding at any particular time including the proposed loan shall not exceed 50% of the actual revenue of the body concerned for the preceding 12 months”*.

Consequently, States which have their proportion of Debt-to-Revenue above 50% are presumed to have contravened Section F(C) of Debt Management Guidelines, 2012. Yet, it will be unlawful to conclude that such States have over-borrowed without setting debt limits.

The proportion of the consolidated debt of the States and FCT to total net revenue in 2018 is presented in Table 3.12 below:



Table 3.12 Proportion of Total Debt to Net Statutory Revenue of the 36 States and FCT in 2018

State	Total Public Debt	Total Net Revenue	Debt to Total Net Revenue	Excess of 50%
	₦	₦	%	%
Abia	97,282,104,922.29	55,326,313,520.15	175.83%	125.83%
Adamawa	119,680,779,540.57	49,510,206,574.39	241.73%	191.73%
Akwa Ibom	212,680,126,998.05	202,365,072,519.99	105.10%	55.10%
Anambra	66,352,405,193.08	55,249,945,897.31	120.09%	70.09%
Bauchi	133,483,913,030.17	54,020,849,574.37	247.10%	197.10%
Bayelsa	147,426,789,664.94	153,104,866,273.55	96.29%	46.29%
Benue	109,508,136,643.62	55,441,078,188.72	197.52%	147.52%
Borno	75,018,505,322.35	63,271,702,953.51	118.57%	68.57%
Cross River	225,909,385,922.99	36,954,686,823.13	611.31%	561.31%
Delta	248,235,089,327.84	213,634,192,630.29	116.20%	66.20%
Ebonyi	76,059,831,329.12	44,955,009,442.29	169.19%	119.19%
Edo	171,630,208,561.33	69,169,646,683.36	248.13%	198.13%
Ekiti	150,617,454,458.67	39,325,661,893.63	383.00%	333.00%
Enugu	93,768,610,153.44	53,104,455,149.92	176.57%	126.57%
Gombe	74,821,593,500.59	43,808,127,576.80	170.79%	120.79%
Imo	117,053,779,363.82	54,181,645,137.52	216.04%	166.04%
Jigawa	44,989,762,344.65	60,327,926,310.65	74.58%	24.58%
Kaduna	154,403,687,248.60	68,849,941,237.76	224.26%	174.26%
Kano	136,548,901,900.72	84,205,898,067.21	162.16%	112.16%
Katsina	49,927,709,177.40	61,651,483,460.57	80.98%	30.98%
Kebbi	81,443,232,348.67	54,580,176,454.58	149.22%	99.22%
Kogi	94,618,713,066.30	53,376,978,657.33	177.27%	127.27%
Kwara	74,055,805,580.97	44,573,231,265.18	166.14%	116.14%
Lagos	968,157,457,123.69	119,024,027,795.54	813.41%	763.41%
Nasarawa	103,532,871,921.44	47,550,214,527.97	217.73%	167.73%
Niger	60,664,509,598.05	57,521,609,575.96	105.46%	55.46%
Ogun	130,416,546,443.36	39,644,151,088.39	328.97%	278.97%
Ondo	73,638,685,606.23	64,686,727,822.91	113.84%	63.84%
Osun	178,520,457,420.53	22,837,305,434.54	781.71%	731.71%
Oyo	123,749,953,091.44	59,289,159,988.50	208.72%	158.72%
Plateau	109,230,886,626.24	43,885,148,418.59	248.90%	198.90%
Rivers	249,624,056,482.92	172,627,019,316.69	144.60%	94.60%
Sokoto	50,644,908,148.02	54,460,056,835.47	92.99%	42.99%
Taraba	68,143,230,653.89	47,877,801,462.16	142.33%	92.33%
Yobe	36,210,949,248.88	52,874,949,262.92	68.48%	18.48%
Zamfara	70,192,173,520.72	40,831,825,094.60	171.91%	121.91%
FCT	174,022,972,947.44	73,169,929,940.52	237.83%	187.83%
Grand Total	5,152,266,184,433.03	2,567,269,022,856.97	200.69%	150.69%

Source: DMO/FRC

Note: The Total Net Revenue excludes IGR



From Table 3.12 above, Lagos State accounted for the highest Debt-to-Total Net Revenue out of the 36 States and FCT as at the end of 2018 with 813.41%. It is closely followed by Osun State with a Debt-to-Total Net Revenue of 781.71%. Cross River and Ekiti States are third and fourth with 611.31% and 383% respectively.

Conversely, Yobe State had the least Debt-to-Total Net Revenue of 68.48%, followed by Jigawa and Katsina States with 74.58% and 80.98% respectively.

However, from Table 3.12 above, all the 36 States and FCT exceeded the DMO threshold of 50%.

3.12 TRANSACTIONS IN THE DOMESTIC CAPITAL MARKET BY THE FEDERAL GOVERNMENT IN 2018

The data obtained from the Debt Management Office (DMO) and the Securities and Exchange Commission (SEC) indicates that, only the Federal Government was active in the domestic capital market in 2018.

Table 3.13 Record of FGN Securities issued in the Nigerian capital market in 2018

Instrument	₦ m	Percentage of Total
FGN Bonds	1,119,469.82	72.02%
Promissory Notes	331,271.74	21.32%
Sukuk	100,000.00	6.43%
FGN Savings Bond	3,553.11	0.23%
Total	1,554,294.67	100%

Source: DMO/FRC

From Table 3.13 above, the Federal Government issued bonds worth the total sum of ₦1,554,294.67m in the domestic capital market in 2018. It was lower than ₦1,668,351m of 2017 by ₦114,056.38m or 6.84%. Out of the total ₦1,554,294.67m borrowed by the Federal Government from the domestic capital market in 2018, FGN Bond amounted to ₦1,119,469.82m representing 72.02% of the total. This implies that out of every N100 accessed from the capital market by the FGN in 2018, ₦72 was raised through the FGN Bond. The Promissory Notes came second, accounting for ₦331,271.74m and representing 21.32% of the total fund borrowed from domestic capital market by the Federal Government in 2018. A total of ₦100,000m was raised by the Federal Government through the Sukuk Bond in 2018, representing 6.43% of the Federal Government's total borrowing from the domestic capital market in 2018.



The FGN Savings Bond of ₦3,553.11m was the least amount raised by the Federal Government from the capital market in 2018, representing 0.23% of the total for the same year.

The capital market borrowing was for the augmentation of the 2018 Budget for developmental purposes.

3.13 TRANSACTIONS IN THE INTERNATIONAL CAPITAL MARKET BY THE FEDERAL GOVERNMENT IN 2018

The Federal Government issued two Eurobonds in February, 2018, totalling US\$5.368 billion. The first one was a double tranche of US\$2.50 billion issued on 23rd February, 2018 for the purpose of refinancing FGN maturing securities. The transactions were in line with the provisions of Section 41 of the FRA, 2007 as the Eurobonds attract much lower coupon rates than domestic bonds and also carry long amortisation periods for repayment.

The detail of Eurobonds issued by the Federal Government in 2018 is given in Table 3.14 below:

Table 3.14 International Bonds issued by the Federal Government in 2018

S/No.	Instrument	Amount (US\$ Bn)	Date of Issue	Purpose
1	Dual Tranche Eurobond	2.50	23/02/2018	To finance matured FGN Domestic Securities
2	Triple Tranche Eurobond	2.868	23/02/2018	To fund the 2018 Budget
	Total	5.368		

Source: DMO/FRC

3.14 TRANSACTIONS BY STATE GOVERNMENTS IN THE CAPITAL MARKET IN 2018

No State Government borrowed from the capital in 2018. Apparently, all the States procured loans in 2018 from banks which are more expensive than the capital market borrowing. Bank credit also attracts shorter tenor than bonds. Therefore, States should be encouraged to borrow more from the capital market rather than from the commercial banks.

3.15 INTERNATIONAL DONOR SUPPORT

In a bid to appraise the extent of assistance and intervention of the International Donor Agencies in the Nigerian economy, the Commission wrote to the Hon.

Minister of Finance on 11th March, 2019, asking for details of the various supports (Financial and Technical) given to Ministries, Departments and Agencies (MDAs) by the International Donor Agencies in 2018. However, the Minister is yet to provide the requested information.

In line with Section 4(1&2) of FRA, 2007, efforts were made in 2018 to follow up with the earlier contacts established with International Donor Organisations in a bid to attract technical and financial assistance to the Commission. The Commission is also desirous of collaborating with these Agencies to carry out technical and financial studies in different areas of the Nigerian economy as enshrined in Section 3(1) of FRA, 2007.

With more effort, it is believed that some of the International Donor Agencies will ultimately offer the necessary support and collaboration that will lead to greater achievement of the Commission's mandate.



Working visit by IMF to the Commission



CHAPTER 4

BUDGETARY PLANNING OF CORPORATIONS AND OTHER RELATED AGENCIES





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BUDGETARY PLANNING OF CORPORATIONS AND OTHER RELATED AGENCIES

BUDGETARY PLANNING OF CORPORATIONS AND OTHER RELATED AGENCIES as stated in Part IV of the Fiscal Responsibility Act, 2007, made deliberate accommodation for Government-Owned Enterprises (GOEs) in the planning and preparation of the National budget. The said Part IV which runs from Section 21 to Section 24 of the Act 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 subsequent additions made by the Honourable Minister of Finance.

4.1 SCHEDULE CORPORATIONS

Thirty-one (31) Government-Owned Corporations are listed in the schedule to the Fiscal Responsibility Act 2007, with provision wisely 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 six (6) more corporations to the Schedule.

Of the originally listed thirty-one (31) corporations, seven (7) were privatized or liquidated in the intervening period, effectively leaving twenty-four (24); the addition of six (6) Corporations to the schedule by the Minister through the 2011 notice brought the number of functional government-owned corporations under the cover of Section IV of the Fiscal Responsibility Act, 2007 to thirty (30) as at the end of 2014.

The Honourable Minister of Finance further added ninety-two (92) additional agencies by Finance Circular Ref: No. FMF/HMF/2016/1 dated 21st November, 2016. By this, there are now a total of one hundred and twenty-two (122) agencies classified as Schedule Corporations for the purpose of sections 21 -23 of FRA 2007 that come under the purview of the Commission.

In line with the policy of the current administration to block revenue leakages, it is the considered view of the Commission that all Government Agencies should be brought under the schedule to comply with the Fiscal Responsibility Act. Experience has shown that, operations of the MDAs need close monitoring to ensure proper accountability and transparency in public finance management.



This will greatly enhance good governance, prudence and additional revenue to fund the Appropriation Act. The current list of Schedule Corporations and remittances to the CRF is shown in Table 4.1.

4.2 REMITTANCE OF OPERATING SURPLUS

Sections 22 and 23 of FRA 2007 stipulate the manner in which a Schedule Corporation should treat its Operating Surplus/deficit. In 2018, the Commission continued its monitoring of the remittance of the Operating Surplus of these Schedule Corporations. As usual a Corporation's Annual Audited Account and report from which Operating Surplus/Deficit is determined is prepared in the year succeeding the one being reported on and must be submitted to the Commission at the end of March 31st of the succeeding year.

It is instructive that the sum received by the Federal Government as its share of Operating Surplus from these corporations has recorded year-on-year increases since 2007 - 2016. It is not in doubt that this improvement in returns to the Federal Government was engendered by the interventions of the Fiscal Responsibility Commission. However, the sum accruing to the CRF has been on a relative decline since 2017 as a result of lackadaisical attitudes of scheduled corporations to compliance on remittance as at when due because their audited financial statements are not ready.

In order to secure greater compliance especially in the remittance of Operating Surplus, the Commission intensified efforts at implementing its Operating Surplus Template for the Calculation of Operating Surplus liabilities across schedule corporations and agencies.

The full compliance with the TSA by most Schedule Corporations has greatly enhanced Operating Surplus remittance as the treasury now has direct access to the funds available to every agency. As opposed to chasing corporations for remittance to the CRF, the Commission in collaboration with the OAGF now calculate and agree on what to recover from Corporations.

Table 4.1 shows a combined current list of all Schedule Corporations and a summary of Operating Surplus remitted to the Federal Government Consolidated Revenue Fund from 2007 – 2018. The table reveals that a total of **₦1.551 trillion** has so far been remitted into the CRF by the sheer efforts of the Commission despite dwindling budgetary allocations.



Table 4.1 Operating Surplus Remittance into the CRF 2007 - 2018

S/N	AGENCIES	2007 - 2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
1	NIGERIAN NATIONAL PETROLEUM CORPORATION	-	-	-	-	-	-	-	-	-	-
2	NIGERIAN DEPOSIT INSURANCE CORPORATION	10,334,155,000.00	4,443,452,000.00	6,948,591,000.00	9,134,070,000.00	15,398,877,759.50	-	33,676,709,533.44	21,155,787,286.49	38,557,024,370.51	139,648,666,949.94
3	BUREAU OF PUBLIC ENTERPRISES	-	-	10,505,000,000.00	-	1,090,000,000.00	-	15,922,399,086.00	-	-	27,517,399,086.00
4	NATIONAL AGENCY FOR SCIENCE AND ENGINEERING INFRASTRUCTURE	26,700,000.00	4,352,000.00	3,524,000.00	-	-	221,370.80	-	-	200,500.00	34,997,870.80
5	NIGERIAN SOCIAL INSURANCE TRUST FUND	-	-	-	-	-	-	-	-	-	-
6	CORPORATE AFFAIRS COMMISSION	5,422,567,000.00	3,079,246,608.00	-	100,000,000.00	500,000,000.00	400,000,000.00	-	-	-	9,501,813,608.00
7	NIGERIA AIRSPACE MANAGEMENT AGENCY	68,633,000.00	51,141,000.00	63,429,488.00	60,000,000.00	160,742,679.00	50,000,000.00	100,000,000.00	-	200,000,000.00	753,946,167.00
8	NIGERIA SHIPPERS COUNCIL	155,859,000.00	22,000,000.00	146,522,878.01	20,000,000.00	-	23,088,028.00	19,314,815,596.85	606,644,892.00	200,000,000.00	20,488,930,394.86
9	NATIONAL MARITIME ADMINISTRATION AND SAFETY AGENCY	601,220,000.00	-	6,441,383,587.45	13,833,431,883.00	18,034,636,748.78	2,096,223,226.08	11,975,000,000.00	-	-	52,981,895,445.31
10	RAW MATERIAL AND RESEARCH AND DEVT. COUNCIL	71,837,000.00	-	19,067,127.00	17,353,848.00	1,459,800.00	-	225,468,800.56	-	2,828,685.92	338,015,261.48
11	NIGERIAN CIVIL AVIATION AUTHORITY	510,872,000.00	-	80,000,000.00	160,000,000.00	9,130,000,000.00	-	2,000,000,000.00	-	3,215,820,000.04	15,096,692,000.04
12	NATIONAL SUGAR DEVELOPMENT COUNCIL	-	11,597,862.40	2,598,600.00	968,534,207.13	618,759,635.68	455,676,495.52	2,818,989,269.33	1,811,749,518.00	-	6,687,905,588.06
13	NIGERIAN POSTAL SERVICE	166,993,000.00	44,000,000.00	244,198,610.00	-	30,000,000.00	-	17,773,631.58	80,386,004.50	-	583,351,246.08
14	NIGERIAN PORTS AUTHORITY	-	-	17,833,186,000.00	14,878,148,000.00	36,968,280,314.49	26,588,770,492.38	19,314,815,596.85	6,219,699,340.79	35,716,022,934.75	157,518,922,679.26
15	FEDERAL AIRPORT AUTHORITY OF NIGERIA	-	-	-	-	3,877,137,997.13	1,446,158,395.37	1,565,736,041.80	1,216,916,522.05	-	8,105,948,956.35
16	SECURITIES AND EXCHANGE COMMISSION	1,929,651,000.00	-	-	-	-	-	-	-	30,000,000.00	1,959,651,000.00
17	NIGERIAN TELECOMMUNICATION	-	-	-	-	-	-	-	-	-	-



S/N	AGENCIES	2007 - 2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
18	NATIONAL AUTOMOTIVE COUNCIL	77,838,000.00	52,013,864.00	-	161,289,931.25	247,485,424.53	307,000,000.00	204,144,270.00	-	-	1,049,771,489.78
19	NIGERIAN TOURISM DEVELOPMENT CORPORATION	-	254,300.00	-	-	-	-	-	-	-	254,300.00
20	NIGERIA COMMUNICATION COMMISSION	1,600,000,000.00	4,000,000,000.00	8,646,760,369.00	9,289,237,000.00	5,800,000,000.00	30,369,743,582.00	51,517,136,076.00	20,521,322,000.00	49,792,870,113.00	181,537,069,140.00
21	NATIONAL AGENCY FOR FOOD AND DRUG ADMINISTRATION AND CONTROL	262,606,000.00	60,000,000.00	253,612,000.00	408,283,386.10	522,373,015.02	270,296,091.09	304,926,600.54	193,600,916.74	-	2,275,698,009.49
22	NIGERIAN CUSTOMS SERVICE	-	-	-	-	-	-	-	-	-	-
23	FEDERAL INLAND REVENUE SERVICE	22,800,818,000.00	1,265,813,000.00	-	169,186,000.00	-	-	-	-	-	24,235,817,000.00
24	CENTRAL BANK OF NIGERIA	103,201,064,000.00	-	80,309,000,000.00	100,000,000,000.00	150,000,000,000.00	260,000,000,000.00	86,891,383,001.30	83,944,000,000.00	-	864,345,447,001.30
25	NIGERIAN IMMIGRATION SERVICE	4,714,201,000.00	649,607,000.00	56,441,000.00	2,666,479,000.00	-	-	-	-	253,889,234.00	8,340,617,234.00
26	NIGERIAN BROADCASTING COMMISSION	-	40,000,000.00	-	-	-	-	-	-	-	40,000,000.00
27	NIGERIA ENVIRONMENTAL STANDARDS & REGULATION ENFORCEMENT AGENCY	-	-	-	-	-	49,579,024.78	-	-	-	49,579,024.78
28	NIGERIAN ELECTRICITY REGULATORY COMMISSION	-	-	-	-	-	-	-	-	-	-
29	NATIONAL OIL SPILL DETECTION AND RESPONSE AGENCY	-	163,000.00	16,313,000.00	-	-	-	-	-	-	16,476,000.00
30	NATIONAL BUSINESS AND TECHNICAL EXAMINATION BOARD	-	-	-	14,938,000.00	-	-	-	-	-	14,938,000.00
31	ABUJA SECURITIES AND COMMODITY EXCHANGE COMMISSION	-	-	-	-	-	-	-	-	-	-
32	ADMINISTRATIVE STAFF COLLEGE OF NIGERIA	-	-	-	-	-	-	-	-	-	-
33	ADVERTISING PRACTITIONERS COUNCIL OF NIGERIA	-	-	-	-	-	-	-	-	-	-



S/N	AGENCIES	2007 - 2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
34	ANAMBRA/IMO RIVER BASIN DEVT. AUTHORITY(RBDA)	-	-	-	-	-	-	-	-	-	-
35	BANK OF AGRICULTURE	-	-	-	-	-	-	-	-	-	-
36	BANK OF INDUSTRY	-	-	-	-	-	-	-	-	-	-
37	BENIN/OWENA RBDA	-	-	-	-	-	-	-	-	-	-
38	CEMENT TECHNOLOGY INSTITUTE OF NIGERIA	-	-	-	-	-	-	-	-	-	-
39	CENTRE FOR BLACK AFRICAN ARTS AND CIVILIZATION	-	-	-	-	-	-	-	-	-	-
40	CENTRE FOR MANAGEMENT DEVELOPMENT	-	-	-	-	-	-	-	-	-	-
41	CHAD BASIN NATIONAL PARK	-	-	-	-	-	-	-	-	-	-
42	CHAD BASIN RBDA	-	-	-	-	-	-	-	-	-	-
43	CITIZENS AND LEADERSHIP TRAINING CENTRE	-	-	-	-	-	-	-	-	-	-
44	CONSUMER PROTECTION COUNCIL	-	-	-	-	-	-	-	-	-	-
45	COUNCIL FOR THE REGULATION OF FREIGHT FORWARDING IN NIGERIA	-	-	-	-	-	-	-	-	-	-
46	CROSS RIVER NATIONAL PARK	-	-	-	-	-	-	-	-	-	-
47	CROSS RIVER RBDA	-	-	-	-	-	-	-	1,787,367.50	-	1,787,367.50
48	DEPARTMENT OF PETROLEUM RESOURCES	-	-	-	-	-	-	-	-	2,000,000,000.00	2,000,000,000.00
49	ENERGY COMMISSION OF NIGERIA	-	-	-	-	-	-	-	-	-	-
50	FEDERAL HOUSING AUTHORITY	-	-	-	-	-	-	-	-	-	-
51	FEDERAL RADIO CORPORATION OF NIGERIA	-	-	7,000,000.00	58,631,330.35	22,966,788.04	-	101,151,083.00	-	115,467,085.00	305,216,286.39
52	FEDERAL ROAD SAFETY COMMISSION	-	-	-	-	-	-	-	-	-	-



S/N	AGENCIES	2007 - 2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
53	GASHAKA GUMTI NATIONAL PARK	-	-	-	-	-	-	-	-	-	-
54	GURARA WATER MANAGEMENT AUTHORITY	-	-	-	-	-	-	-	-	-	-
55	HADEJIA-JAMAARE RBDA	-	-	-	-	-	-	-	-	-	-
56	HYDROLOGY AND HYDROGEOLOGY SERVICES	-	-	-	-	-	-	-	-	-	-
57	INDUSTRIAL TRAINING FUND	-	-	-	-	-	-	987,999,998.95	-	-	987,999,998.95
58	INFRASTRUCTURAL CONCESSIONARY AND REGULATORY COMMISSION	-	-	-	-	-	-	-	-	-	-
59	INTEGRATED WATER RESOURCES DEVT. AGENCY	-	-	-	-	-	-	-	-	-	-
60	INVESTMENT AND SECURITIES TRIBUNAL	-	-	4,419,320.38	14,107,181.56	1,002,086.27	260,270.34	63,912,875.64	-	-	83,701,734.19
61	JOINT ADMISSION AND MATRICULATION BOARD	-	11,522,808.00	-	25,303,274.00	13,926,462.00	-	-	5,177,580,297.08	-	5,228,332,841.08
62	KAINJI NATIONAL PARK	-	-	-	-	-	-	-	-	-	-
63	KAMUKU NATIONAL PARK	-	-	-	-	-	-	-	-	-	-
64	LAGOS INTERNATIONAL TRADE-FAIR COMPLEX MANAGEMENT BOARD	-	-	-	-	-	-	-	-	-	-
65	LOWER BENUE RBDA	-	-	-	-	-	-	-	-	-	-
66	LOWER NIGER RBDA	-	-	-	-	-	-	-	-	-	-
67	NATIONAL AGRICULTURAL RESEARCH COUNCIL	-	-	-	-	-	-	-	-	-	-
68	NATIONAL BIO-SAFETY MANAGEMENT AGENCY	-	-	-	-	-	-	-	-	-	-
69	NATIONAL COMMISSION FOR MUSEUMS AND MONUMENTS	-	-	-	-	-	-	-	-	-	-



S/N	AGENCIES	2007 - 2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
70	NATIONAL COUNCIL OF ARTS AND CULTURE	-	-	3,600,000.00	6,000,000.00	477,630.00	500,000.00	-	-	-	10,577,630.00
71	NATIONAL EXAMINATIONS COUNCIL	-	-	31,835,138.00	4,281,896.35	6,000,000.00	6,000,000.00	-	161,000,000.00	50,000,000.00	259,117,034.35
72	NATIONAL FILM AND VIDEO CENSORS BOARD	-	-	-	-	-	6,829,854.51	23,073,799.13	3,867,010.18	-	33,770,663.82
73	NATIONAL FOOD RESERVE AGENCY	-	-	-	-	-	-	-	-	-	-
74	NATIONAL INFORMATION TECHNOLOGY DEVELOPMENT AGENCY	-	-	-	-	-	-	1,500,000,000.00	-	1,000,000,000.00	2,500,000,000.00
75	NATIONAL INLAND WATERWAYS AUTHORITY	-	18,000,000.00	-	-	-	-	925,739,671.40	-	1,404,851,379.14	2,348,591,050.54
76	NATIONAL INSTITUTE FOR POLICY AND STRATEGIC STUDIES	-	-	-	-	-	-	-	-	-	-
77	NATIONAL INSTITUTE OF HOSPITALITY AND TOURISM DEVELOPMENT STUDIES	-	-	-	-	-	-	-	-	-	-
78	NATIONAL INSURANCE COMMISSION	-	-	665,735,346.00	495,000,000.00	-	511,096,752.00	250,000,000.00	-	-	1,921,832,098.00
79	NATIONAL LOTTERY REGULATORY COMMISSION	-	-	-	12,254,823.33	5,000,000.00	50,707,526.19	-	-	-	67,962,349.52
80	NATIONAL LOTTERY TRUST FUND	-	-	-	-	-	-	-	-	-	-
81	NATIONAL QUARANTINE SERVICES	-	-	-	-	-	-	-	-	-	-
82	NATIONAL SECURITY AND CIVIL DEFENCE CORPS	-	-	-	-	-	-	-	-	-	-
83	NATIONAL SEEDS COUNCIL	-	-	-	-	-	-	-	-	-	-
84	NATIONAL SPACE RESEARCH AND DEVELOPMENT AGENCY	-	-	-	-	-	-	-	-	-	-
85	NATIONAL SPORTS COMMISSION	-	-	-	-	-	-	-	15,172,000.00	-	15,172,000.00
86	NATIONAL STEEL DEVELOPMENT FUND	-	-	-	-	-	-	-	-	-	-



S/N	AGENCIES	2007 - 2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
87	NATIONAL STEEL RAW MATERIALS DEVELOPMENT AGENCY	-	-	-	-	-	-	-	-	-	-
88	NATIONAL THEATER, IGANMU LAGOS	-	-	-	-	-	-	-	-	-	-
89	NATIONAL WATER RESOURCES INSTITUTE	-	-	-	-	-	-	-	-	-	-
90	NEWS AGENCY OF NIGERIA	-	-	81,753,718.00	97,732,927.00	49,916,263.00	45,855,581.62	3,619,324.00	9,956,580.43	-	288,834,394.05
91	NIGERIAN ATOMIC ENERGY COMMISSION	-	-	-	-	-	-	-	-	-	-
92	NIGERIA COMMUNICATION SATELLITE	-	-	-	-	-	-	-	-	-	-
93	NIGERIA CONTENT DEVELOPMENT AND MONITORING BOARD	-	-	-	-	-	-	-	-	1,500,000,000.00	1,500,000,000.00
94	NIGERIA INTEGRATED WATER RESOURCES MANAGEMENT COMMISSION	-	-	-	-	-	-	-	-	-	-
95	NIGERIAN AGRICULTURE INSURANCE CORPORATION	-	-	33,323,658.50	16,700,000.00	16,623,658.50	-	-	-	-	66,647,317.00
96	NIGERIAN BUILDING AND ROADS RESEARCH INSTITUTE	-	-	-	-	-	-	-	-	-	-
97	NIGERIAN COPYRIGHT COMMISSION	-	25,323,084.54	-	-	1,997,681,912.00	-	-	-	-	2,023,004,996.54
98	NIGERIAN EXPORT PROCESSING ZONES AUTHORITY	-	-	-	-	83,345,176.00	75,040,873.96	56,945,241.25	132,584,870.89	382,949,650.00	730,865,812.10
99	NIGERIAN EXPORT PROMOTION COUNCIL	-	-	-	-	-	9,288,958.00	1,108,341,590.30	20,601,823.42	10,000,000.00	1,148,232,371.72
100	NIGERIAN FILM CORPORATION	-	-	-	-	-	500,000.00	663,062.00	2,645,000.00	-	3,808,062.00
101	NIGERIAN GEOLOGICAL SURVEY AGENCY	-	-	-	-	-	-	-	-	-	-
102	NIGERIAN INSTITUTE OF TRANSPORT TECHNOLOGY	-	-	-	-	-	-	-	-	-	-
103	NIGERIAN INVESTMENT PROMOTION COUNCIL	-	-	-	-	-	-	1,000,000,000.00	-	-	1,000,000,000.00
104	NIGERIAN MARITIME ACADEMY OF NIGERIA	-	-	-	-	-	-	-	-	-	-



S/N	AGENCIES	2007 - 2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
105	NIGERIAN NUCLEAR REGULATORY AUTHORITY	-	-	-	134,361,606.00	-	154,214,543.07	29,630,484.00	23,713,325.00	67,410,596.36	409,330,554.43
106	NIGERIAN PRESS COUNCIL	-	-	-	-	-	-	-	-	-	-
107	NIGERIAN RAILWAY CORPORATION	-	-	-	-	-	-	-	-	-	-
108	NIGERIAN TELEVISION AUTHORITY	-	-	70,000,000.00	67,000,000.00	30,000,000.00	25,725,895.93	750,583.32	-	-	193,476,479.25
109	OGUN/OSUN RBDA	-	-	-	-	-	-	-	-	-	-
110	OIL AND GAS FREE ZONE AUTHORITY	-	-	-	-	197,839,871.82	61,870,560.83	46,822,235.00	-	-	306,532,667.65
111	OKUMU NATIONAL PARK	-	-	-	-	-	-	-	-	-	-
112	OLD OYO NATIONAL PARK	-	-	-	-	-	-	-	-	-	-
113	PETROLEUM PRODUCT PRICING REGULATORY AGENCY	-	-	1,375,655.62	8,538,814.87	47,837,406.46	549,898,398.60	645,343,334.00	314,545,786.49	314,545,786.49	1,882,085,182.53
114	SMALL AND MEDIUM ENTERPRISE DEVT. AGENCY OF NIGERIA	-	-	-	-	-	-	-	-	-	-
115	SOKOTO RIMA RBDA	-	-	-	-	-	-	-	-	-	-
116	STANDARDS ORGANISATION OF NIGERIA	-	72,605,600.00	-	115,667,612.40	7,812,527.60	4,608,481.29	-	-	871,093,100.00	1,071,787,321.29
117	TAFAWA BALEWA SQUARE MANAGEMENT BOARD	-	-	-	-	-	-	-	-	-	-
118	TERTIARY EDUCATION TRUST FUND	-	-	-	575,000,059.95	425,150,662.02	1,640,900.00	1,000,000,000.00	-	-	2,001,791,621.97
119	UPPER BENUE RBDA	-	-	-	-	-	-	-	-	-	-
120	UPPER NIGER RBDA	-	-	-	-	-	-	-	-	-	-
121	VOICE OF NIGERIA	-	-	-	-	-	-	-	-	-	-
122	NIGERIA DRUG LAW ENFORCEMENT AGENCY	-	-	-	-	-	-	20,000,000.00	-	-	20,000,000.00
	TOTAL	151,945,014,000.00	13,851,092,126.94	132,468,670,495.96	153,511,530,781.29	245,285,333,817.84	323,560,795,302.36	253,613,290,786.24	141,613,560,541.56	135,684,973,435.21	1,551,534,261,287.40

Compiled by FRC



Management of NTA and FRC after Stakeholders' meeting.



CHAPTER 5

IMPLEMENTING FISCAL RESPONSIBILITY IN THE STATES





CHAPTER 5

IMPLEMENTING FISCAL RESPONSIBILITY IN THE STATES

In this chapter, the following are reported upon:

- Implementing fiscal responsibility in the States
- Deepening good governance at state level

5.1 IMPLEMENTING FISCAL RESPONSIBILITY IN THE STATES

The Fiscal Responsibility Act, 2007 apply in its entirety to the Federal Government and its Agencies. However, The Sections on Debt, Indebtedness and Borrowing, apply to the three tiers of government as those matters mainly fall within the Exclusive Legislative List in the Constitution of the FRN, 1999 (as amended). It is also noteworthy that Section 54 of the Act provides that the Federal Government may provide such technical and financial assistance to as many States and Local Governments that show willingness to adopt similar Fiscal Responsibility Legislation along the same line as the Act. The Commission stands in good stead to provide technical assistance required.

The following Sections that intend to persuade the States and Local Governments to adopt principles contained in the FRA, 2007 are reproduced below:

- **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.



Though, the Commission did not receive any formal request for technical assistance from any State or Local Government in 2018, it has nevertheless, continued to strongly advocate for the full inclusion and involvement of States and Local Governments in the regime of fiscal responsibility. This will expand and extend the principles of prudence, transparency and accountability, through effective legislation, at State and Local Governments levels as they jointly account for approximately 48% of federally distributable revenue.

Invitations to official events in 2018 provided the Commission the opportunity to highlight the indispensability of effective Fiscal Responsibility Legislations as veritable tools for the regulation and management of public revenue and expenditure.

5.2 DEEPENING GOOD GOVERNANCE AT STATE LEVEL

The Fiscal Responsibility Commission has continued to participate in Workshops, Seminars and Conferences on Corruption prevention and Good Governance organized by various local and international Institutions in 2018. The workshops include the Independent Corrupt Practices and other Related Offences Commission (ICPC), which organized an “Anti-Corruption and Fraud Prevention Training for State Government Officials” as well as the “Stakeholders Consultative Meeting on the Validation and Adoption of the harmonized National Anti-Corruption Strategy” organized by the Hon. Attorney-General and Minister of Justice. The Commission also actively participated in all the events organized by the Technical Unit on Governance and Anti-Corruption Reforms (TUGAR), and undertook specific tasks on prevention of corruption during TUGAR programs.



CHAPTER 6

TRANSPARENCY AND ACCOUNTABILITY





CHAPTER 6

TRANSPARENCY AND ACCOUNTABILITY

A critical aspect of effective fiscal management is fiscal transparency, which has been defined by the International Monetary Fund (IMF) as the clarity, reliability, frequency, timeliness and relevance of public fiscal reporting and the openness of the government's fiscal-making process. (IMF 2012).

The Fiscal Responsibility Act, (FRA) 2007 provides for a comprehensive framework for the regulation of fiscal planning and management of public expenditure at the federal level in Nigeria.

This is in compliance with the United Nations Convention against Corruption (UNCAC), the African Union Convention on Prevention and Combating Corruption (AUCPCC) and the Economic Community of West African States Protocol on the Fight Against Corruption (ECOWAS Protocol)

Sections 48-50 of the Fiscal Responsibility Act, 2007 provide for transparency and accountability in fiscal transactions.

These sections provide, inter alia, that the:

- 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 its finances;
- NASS should ensure transparency during the preparation and discussion of the MTEF, Annual Budget and Appropriation Bill;
- Federal Government shall publish her Audited Accounts not later than six months following the end of the financial year in the mass media not later than seven months following the end of the financial year;
- Publication of General Standards for the consolidation of public accounts shall be the responsibility of the OAGF;
- 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 the FRC;

- 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.

In 2018, the Federal Government strove to be more transparent in its fiscal transactions.

- As required by the FRA 2007, there was increased participation of States and the public, during consultations in the preparation of the MTEF and Annual Budget. Over the years, there have been conscious efforts by the existing Finance/Budget on the MTEF and national planning to improve consultations.
- Compliance with the production of Quarterly Budget Implementation Reports (BIR) and Consolidated Budget Execution Reports, by the Federal Government, through the BOF and Minister of Budget and National Planning, have been reasonably adhered to though the reports are usually late. The Reports therefore do not provide the Commission with adequate time to effectively proffer comments for guidance and remedial actions that may be required for subsequent reports.

Despite the Freedom of Information, (FOI) 2011 the various requests emanating therefrom, the federal government audited accounts are still not published in the mass media and are not on the website of the Federal Ministry of Finance.

The late passage of the 2018 Appropriation Act necessitated a roll-over into 2019 of the capital budget. This affected the implementation of the 2018 Budget and subsequently distorted the budget cycle.

There is neither transparency nor accountability in the management of the Service Wide and Security votes. As far as possible, projected expenditure in Service Wide Vote needs be budgeted under relevant MDAs, while stringent steps should be taken for proper implementation and control.



There is need for greater commitment towards accountability and transparency in public financial management by the Government.

However, the amendment of the FRA, 2007 will further ensure compliance with accountability.



CHAPTER 7

COMMUNICATION, RESEARCH AND DISSEMINATION OF STANDARDS





CHAPTER 7

COMMUNICATION, RESEARCH AND DISSEMINATION OF STANDARDS

The Commission continued to carry out her mandate through fiscal and financial studies of States' budgets and financial reports.

Fiscal management of the nation's resources cannot be restricted to the Federal Government expenditure and revenue alone even though the FRA, 2007 is enacted for the Federal Government; the need to study the behaviour of the federating units that get approximately 48.2% of all shareable revenue in the country becomes imperative.

Therefore, an analysis of States' Internally Generated Revenue (IGR) and personnel costs are important for macroeconomics indices needed in the formulation of Fiscal and Monetary policies and decision making to achieve a stable economy.

Since 2010, the Commission has been collecting and collating data from States on their Revenues and Expenditures. Data on IGR and personnel costs from 2014 to 2017 for the thirty six (36) States of the federation is utilized in the following analysis.

The analyses undertaken is a comparative analysis of internally generated revenue (IGR) and personnel cost of thirty six (36) states for 2014 and 2017. The objective is to ascertain if the IGR of States without statutory allocation would be able to pay personnel costs.

7.1 COMPARISON OF 2014 AND 2017 INTERNALLY GENERATED REVENUE WITH PERSONNEL COST OF STATES

Despite the numerous sources of revenue available to the various tiers of government as specified in the 1999 Constitution of Nigeria as amended, over 80% of the revenue of the three tiers of government still comes from petroleum sales and has been so since 1970s. However, the serious decline in the price of oil in recent years has led to a decrease in the funds available for distribution to States. Kiabel and Nwokah (2009) submitted that the need for State Governments to generate adequate revenue from internal sources has therefore become a matter of extreme urgency and the present level of commitment of the States underscores the eagerness on their part to look for new sources of revenue and to become innovative in the



mode of collecting revenue from existing sources. The increasing cost of running government coupled with dwindling revenue has led various States in Nigeria to formulate strategies to improve their revenue base. More so, because of the recent Global financial crises, its effect on Nigeria has further created serious financial stress for all tiers of government. The hardest hits are State Governments that are experiencing reduction in their share of revenue from the Federation Account.

There is an issue at stake, which has not received much attention to date; it is the effectiveness of the different tiers of government in using available resources to perform their functions. The analysis seeks to provide information on the amount of IGR for each State and also to ascertain the ability of States to finance personnel cost using IGR.



Table 7.1 Comparative Analysis of Internally Generated Revenue with Personnel Costs of States

S/N	STATES	2014 IGR (Nbn)	PERSONNEL COST (Nbn)	DIFFERENCE	2017 IGR (Nbn)	PERSONNEL COST (Nbn)	DIFFERENCE
1	ABIA	12.4	23.7	-11.30	15.0	9.3	5.70
2	ADAMAWA	5.0	19.5	-14.50	6.2	20.9	-14.70
3	AKWA IBOM	15.7	70.2	-54.50	16.0	32.2	-16.20
4	ANAMBRA	10.5	12.8	-2.30	17.4	6.6	10.80
5	BAUCHI	4.9	22.7	-18.80	4.4	14.6	-10.20
6	BAYELSA	11.0	26.7	-15.70	12.52	38.6	-26.08
7	BENUE	8.3	19.6	-11.30	12.4	26.7	-14.30
8	BORNO	2.8	11.3	-8.50	5	23.5	-18.50
9	CROSS RIVER	15.74	12.3	3.44	18.11	22	-3.89
10	DELTA	42.82	56.6	-13.78	51.9	34.2	17.70
11	EBONYI	11.03	10.2	0.83	5.1	12.7	-7.60
12	EDO	17.02	21.5	-4.48	25.34	30.6	-5.26
13	EKITI	3.5	13.4	-9.90	5	20.5	-15.50
14	ENUGU	19.3	19.5	-0.20	22.04	19.2	2.84
15	GOMBE	5.2	16.2	-11.00	5.3	13.4	-8.10
16	IMO	8.13	9.5	-1.37	6.9	12.2	-5.30
17	JIGAWA	6.3	6.1	0.20	6.7	3	3.70
18	KADUNA	12.8	21.6	-8.80	26.53	21.7	4.83
19	KANO	13.7	38.8	-25.10	42.42	117.3	-74.88
20	KATSINA	6.22	29.8	-23.58	6.03	29.9	-23.87
21	KEBBI	3.83	18.7	-14.87	4.4	8.1	-3.70
22	KOGI	6.6	20.2	-13.60	11.24	15.5	-5.26
23	KWARA	12.5	13.0	-0.50	19.74	11	8.74
24	LAGOS	276.2	75.6	200.60	334	58.6	275.40
25	NASARAWA	4.1	21.6	-17.50	6.2	10.2	-4.00
26	NIGER	5.74	27.9	-22.16	6.52	32.3	-25.78
27	OGUN	17.5	43.7	-26.20	74.84	23.6	51.24
28	ONDO	11.72	31.6	-19.88	11	25.7	-14.70
29	OSUN	8.51	26.6	-18.09	11.73	25.6	-13.87
30	OYO	16.31	25.5	-9.19	22.5	20	-2.50
31	PLATEAU	8.3	19.0	-10.70	10.8	22.1	-11.30
32	RIVERS	89.11	70.6	18.51	89.5	65.4	24.10
33	SOKOTO	5.62	15.4	-9.78	9.02	32.3	-23.28
34	TARABA	3.8	13.0	-9.20	5.8	19	-13.20
35	YOBE	3.1	18.9	-15.80	3.6	15.2	-11.60
36	ZAMFARA	3.2	17.2	-14.00	6.02	26.5	-20.48
	TOTAL	708.5	920.5		937.2	920.2	

Source: National Bureau of Statistics



The table above shows, the Internally Generated Revenue (IGR) and the Personnel Costs of the 36 States of the Federation for the years 2014 and 2017.

The total IGR for the thirty six (36) States in 2014 was ~~N~~708.5bn which increased to ~~N~~937.2bn in 2017.

In 2014, Lagos and Rivers States had the highest IGR of ~~N~~276.2bn and ~~N~~89.11bn respectively while Borno and Yobe States had the lowest IGR of ~~N~~3.1bn and ~~N~~2.8bn respectively. In 2017, Lagos had ~~N~~334bn while Rivers and Ogun States had ~~N~~89.5bn and ~~N~~74.84bn respectively. Yobe and Bauchi States had the lowest IGR of ~~N~~3.6bn and ~~N~~4.4bn respectively in 2017.

In 2017, the total Internally Generated Revenue of the States increased by the sum of ~~N~~228.7bn.

The total Personnel costs of the thirty six (36) States for the years 2014 and 2017 were ~~N~~921.5bn and ~~N~~921.2bn respectively. Cross River, Ebonyi, Jigawa and Lagos States had sufficient IGR to cover their personnel cost in 2014 while in 2017, more states viz: Abia, Anambra, Delta, Ekiti, Jigawa, Kaduna, Kwara, Lagos, Ogun, Oyo and Rivers States had IGR that could pay personnel costs.

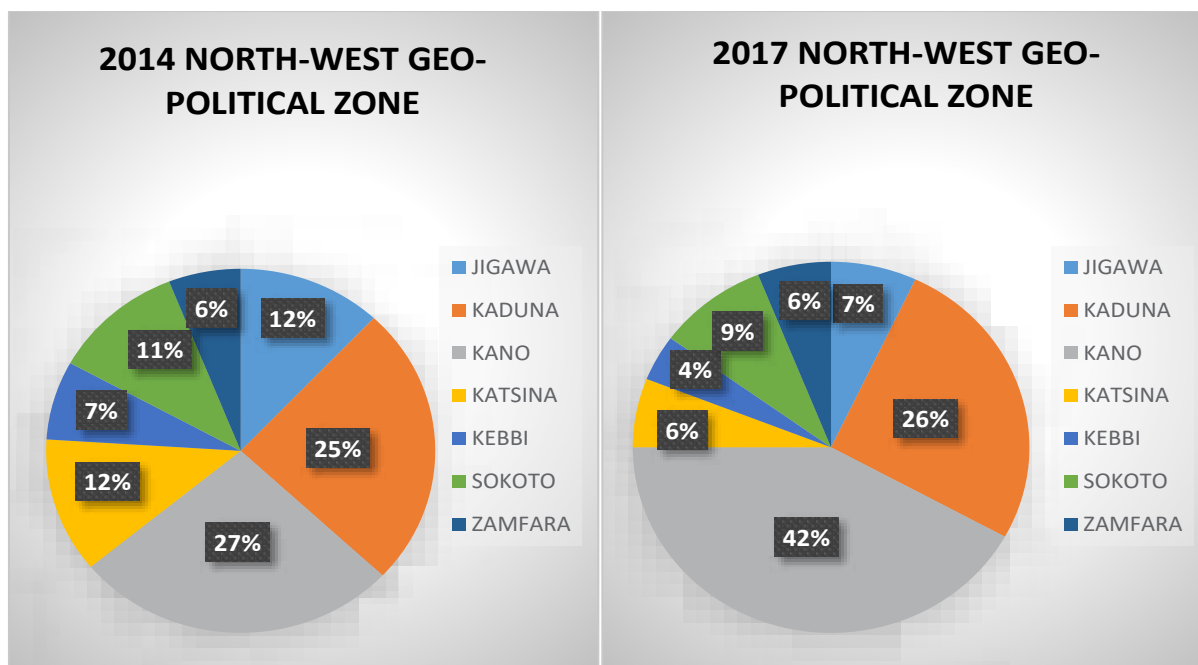
The total personnel costs reduced by ~~N~~0.03bn, the reduction are attributable to the use of ICT by some States to clean up their payrolls and the institution of a more transparent payment system.

The table above, gives more insight into the need for States to diversify and improve on their Internally Generated Revenue (IGR), thereby reduce the over dependence on Federal Allocation to a minimal. This will make the States more functional and effective in developmental projects.

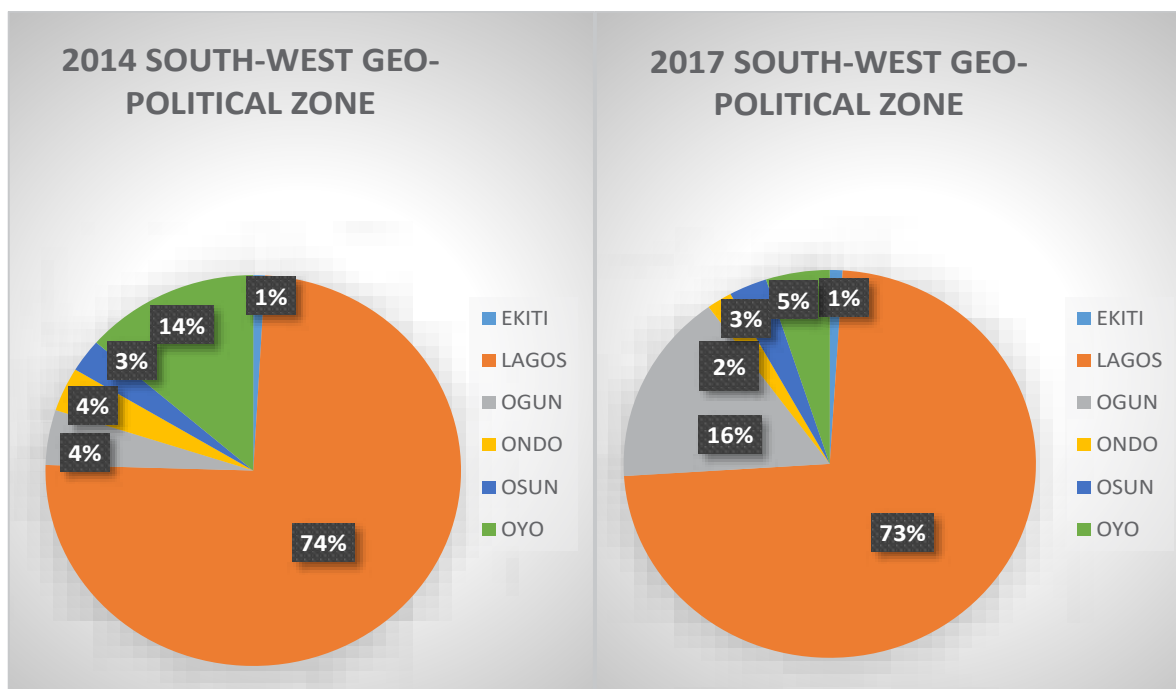
Below are Pie charts showing IGR and Personnel costs of the six geopolitical zones:



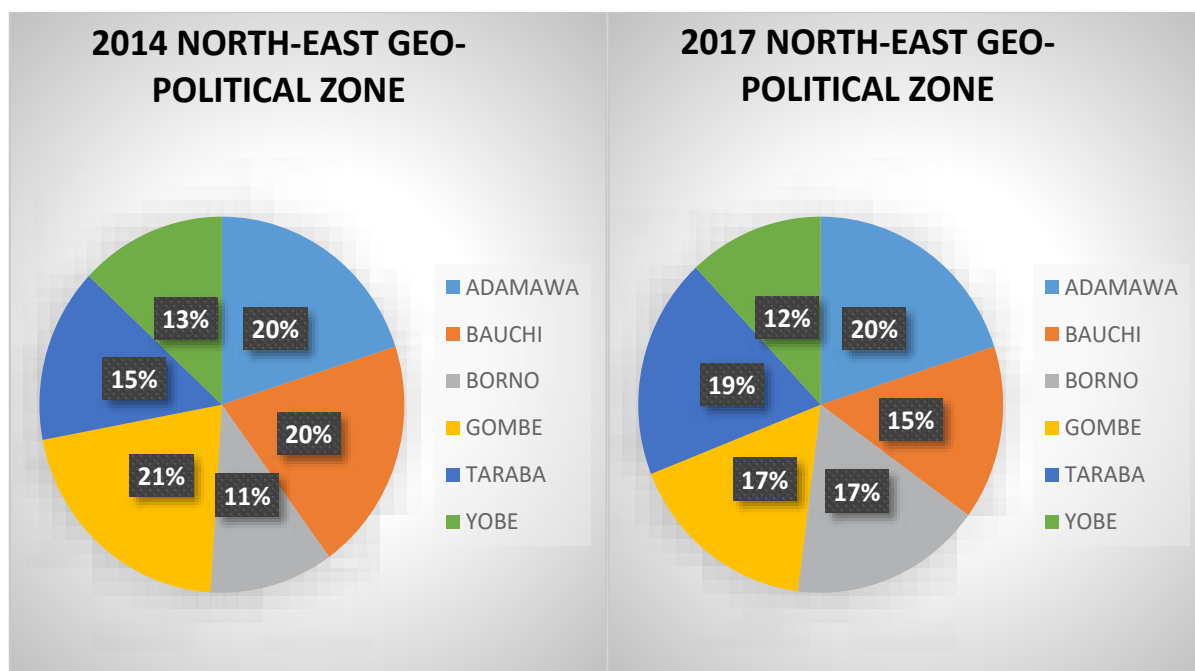
7.2 INTERNALLY GENERATED REVENUE OF THE GEO-POLITICAL ZONES IN 2014 AND 2017



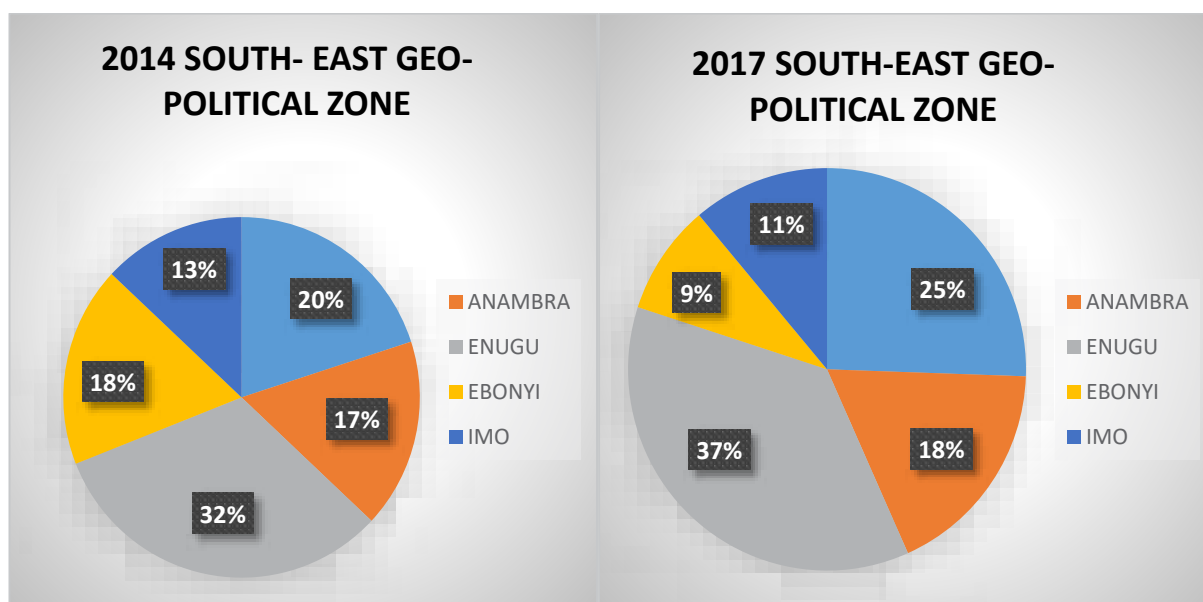
Source: National Bureau of Statistics



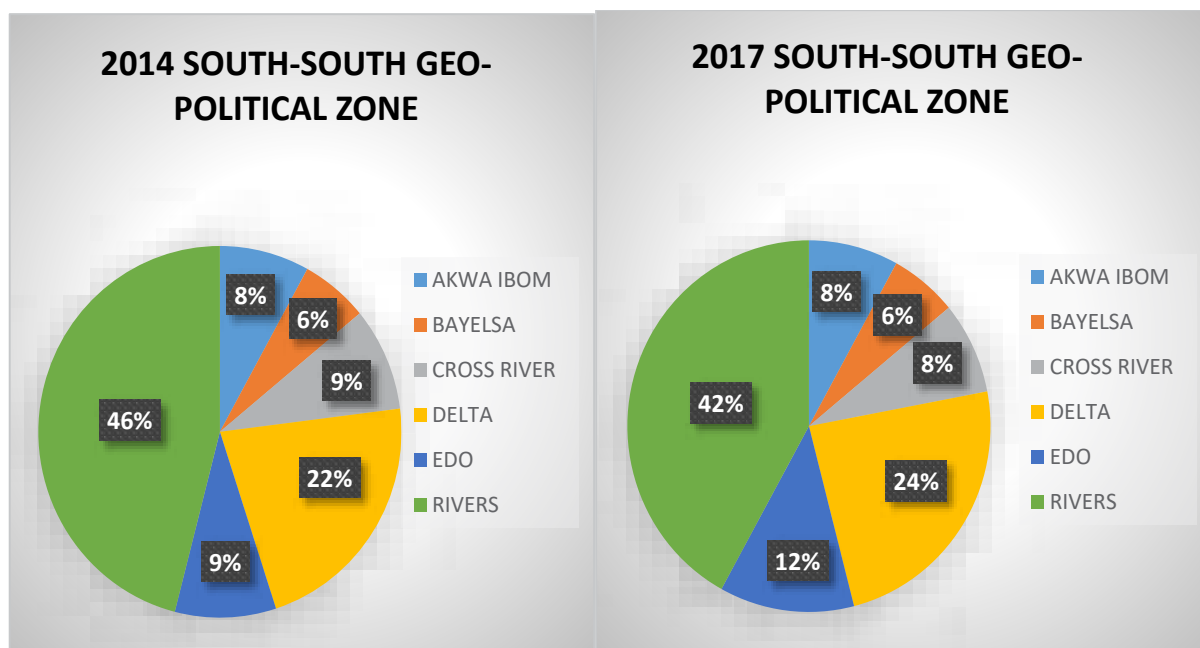
Source: National Bureau of Statistics



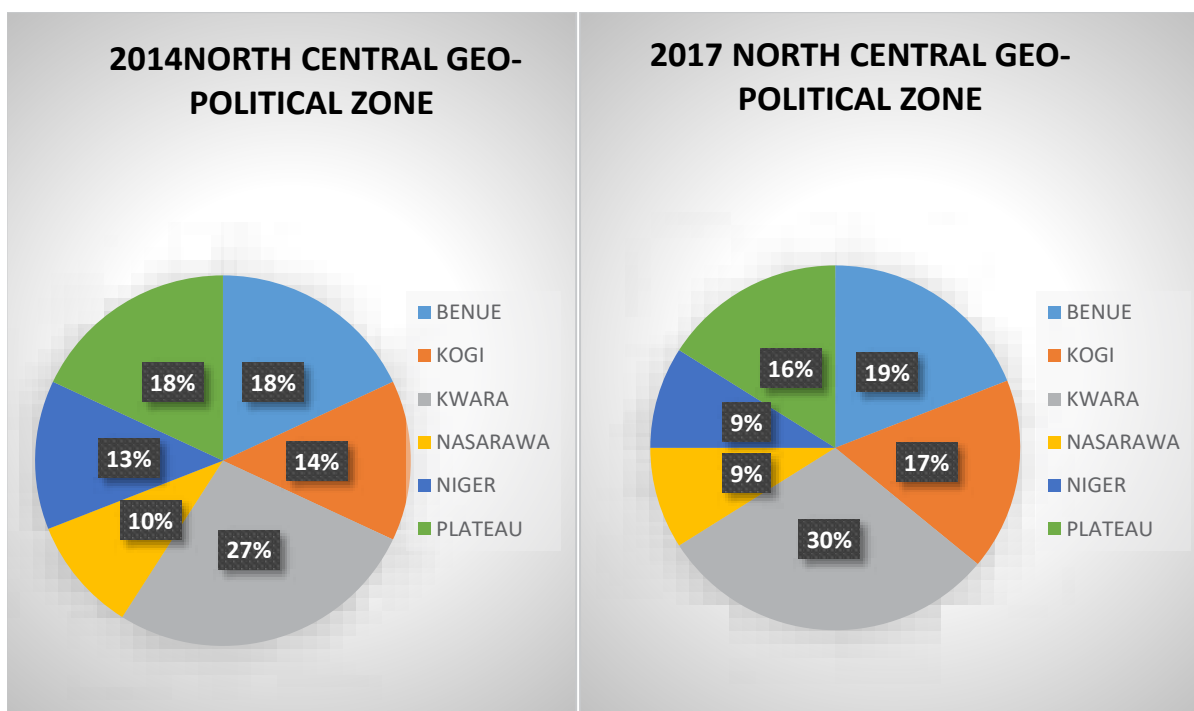
Source: National Bureau of Statistics



Source: National Bureau of Statistics



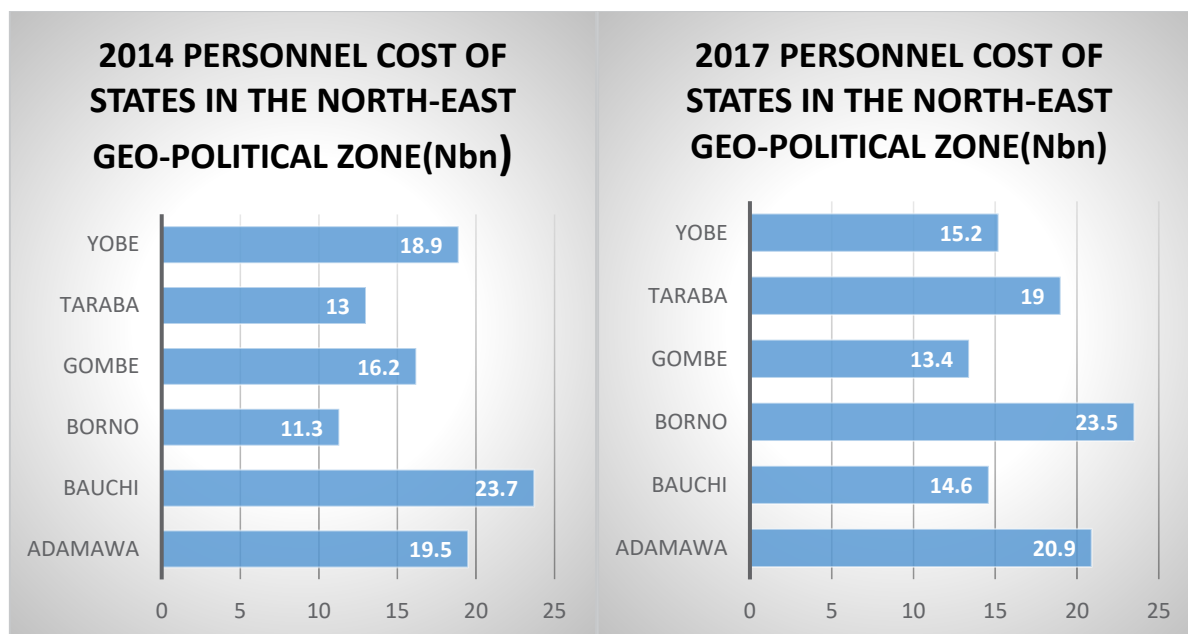
Source: National Bureau of Statistics



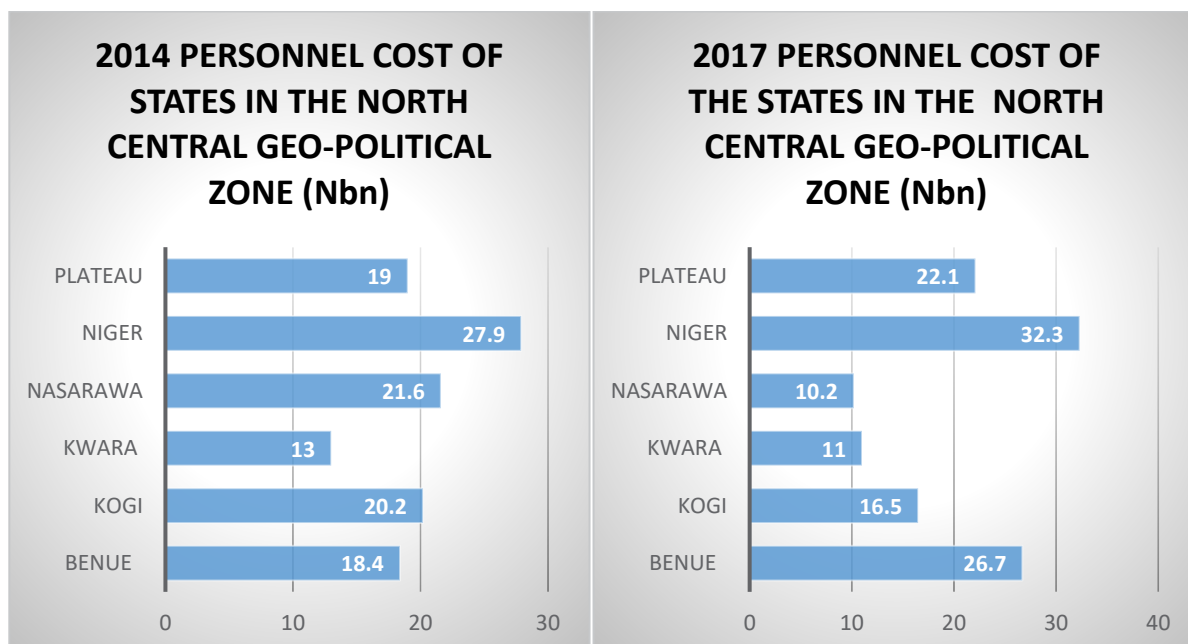
Source: National Bureau of Statistics



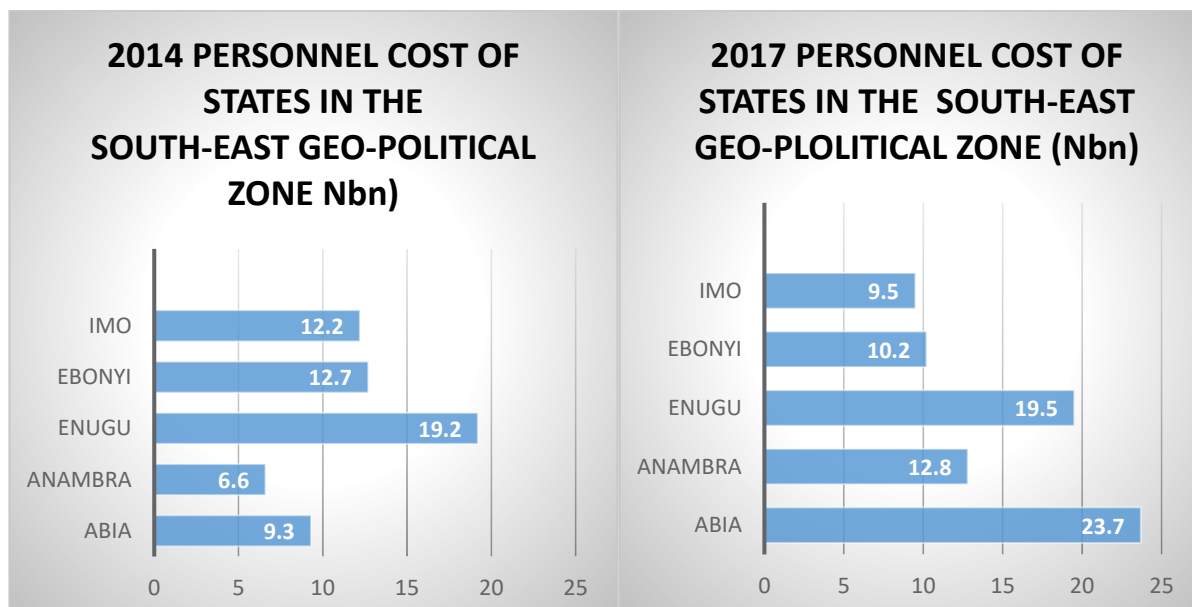
7.3 PERSONNEL COST OF STATES IN THE SIX (6) GEO-POLITICAL ZONES 2014 & 2017



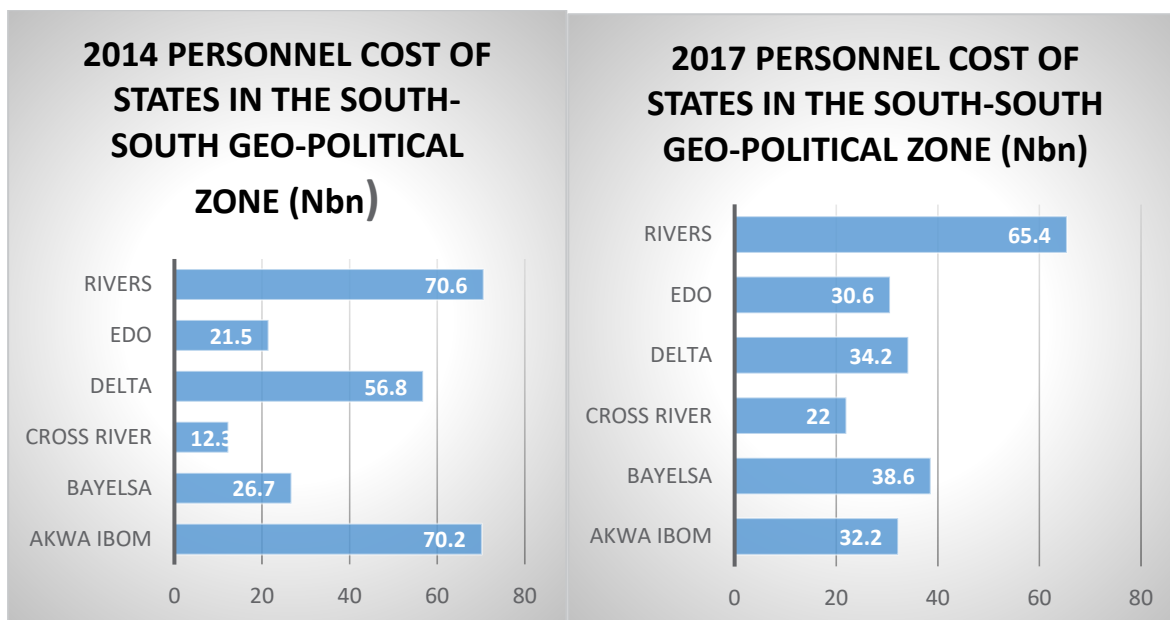
Source: National Bureau of Statistics



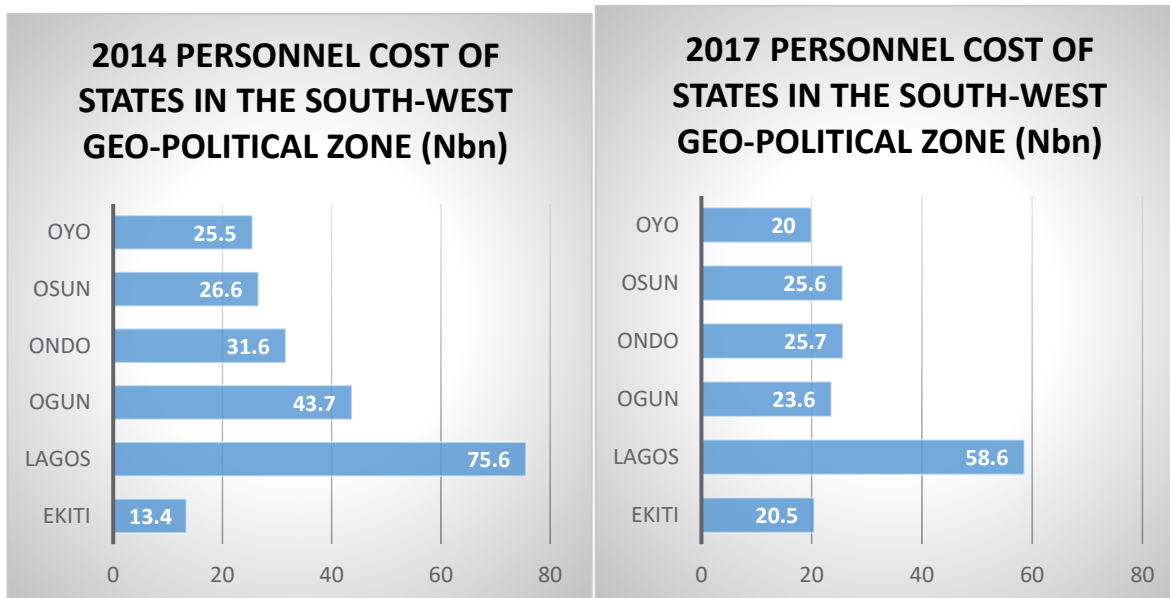
Source: National Bureau of Statistics



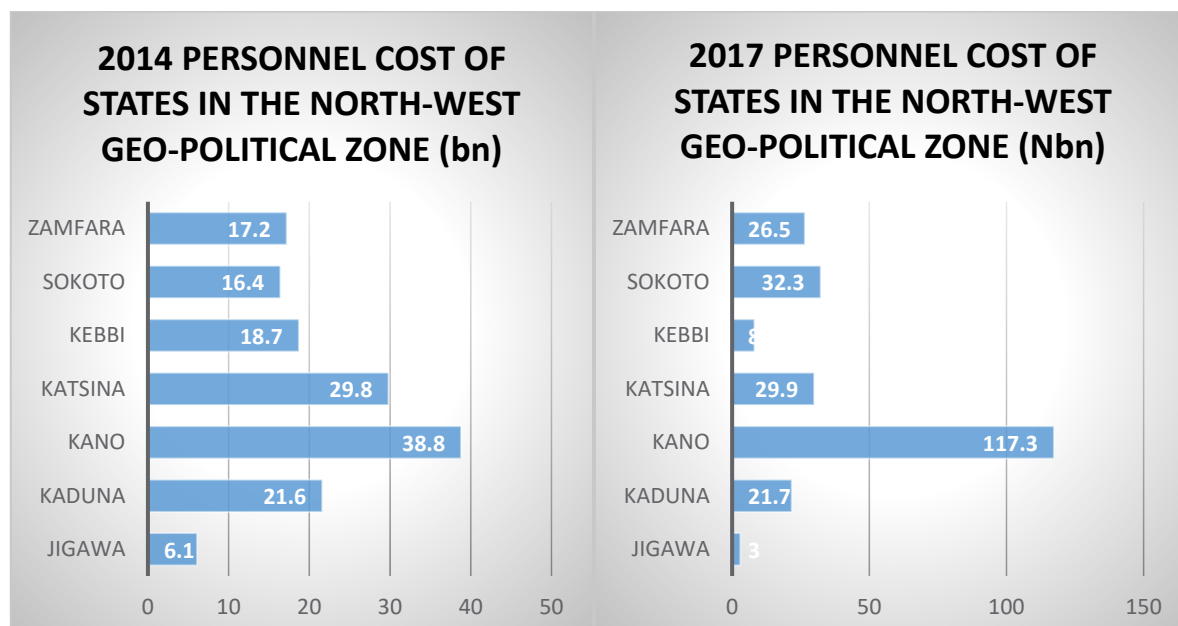
Source: National Bureau of Statistics



Source: National Bureau of Statistics



Source: National Bureau of Statistics



Source: National Bureau of Statistics



7.4 OBSERVATIONS/FINDINGS

- Lagos and Rivers States had the highest IGR of ~~₦276.2bn~~ and ~~₦89.11bn~~ in 2014 while in 2017, Lagos and Rivers still led with ~~₦334.0bn~~ and ~~₦89.5bn~~ respectively. Yobe State had the lowest IGR of ~~₦3.1bn~~ in 2014 and ~~₦3.6bn~~ in 2017.
- In 2014, most States had personnel cost higher than their IGR except Cross River, Ebonyi, Jigawa, Lagos and Rivers.
- In 2017, more States had improved IGR that could pay personnel costs. The increase in internally generated revenue and/or reduction in personnel costs was achieved through deliberate efforts by States to ascertain real wage bills by deploying ICT.
- Personnel costs reduced marginally from ~~₦921.5bn~~ in 2014 to ~~₦921.2bn~~ in 2017.

7.5 RECOMMENDATIONS

- States have to increase their IGR and cut down on their personnel cost.
- The current state of the Nigerian economy should be a motivating force for the States to diversify and increase internally generated revenue to enhance their own growth through the provision of infrastructure. Below are some of the ways States may take advantage and boost IGR through:
 - i. Investment in agriculture and agricultural products.
 - ii. Growing small and medium scale businesses and creating sustainable entrepreneurship.
 - iii. Providing skills acquisition for the youths to thereafter be self-employed.
 - iv. Investing in oil wells, a good example is Rivers State that acquired 45% in Shell Petroleum Development Company Oil Mining Lease in Eleme Local Government Area.
 - v. Legislation by State Houses of Assembly by taking advantage of Section 14(a) (b) (c) of the Constitution with respect to the establishment of State electric power stations, generation,



transmission and distribution. This will greatly enhance IGR and provide power for industrial usage and boost businesses.

- vi. Reviving the production and processing of cash crops such as cocoa, sesame seeds, groundnut, palm oil, rubber, cotton, hides and skins by States that have comparative advantage for export.
- vii. Attracting investors to States through enacting laws/amending laws that will create a friendly and enabling environment for investment.
- viii. Exploring the Constitution to find Constitutional leeway for States to grow their economies.
- ix. Tax, fines and levies review and implementation.

7.6 CONCLUSION

- The internally generated fund collected must be closely monitored with regular reports for proper management.
- States should leverage on the use of information technology in the collection and management of IGR in order to block leakages.
- States should aspire to cover their personnel costs with their IGR to avoid “Bail out” situations and reduce dependency on statutory allocation.
- Implementing revenue boosting strategies suggested above.
- States should reduce the number of political aides and cut-down on personnel costs.



CHAPTER 8

ENFORCING FISCAL RESPONSIBILITY





CHAPTER 8

ENFORCING FISCAL RESPONSIBILITY

The provisions of FRA, 2007 substantially apply to the Federal Government and its Agencies except in the areas of Debt, Indebtedness and Borrowings that applied to all tiers of government. The Commission's enforcement effort presently is mainly persuasive especially in the absence of appropriate sanctions/punishment for violations in the FRA 2007.

However, in actualizing the provision of Section 2(1) of the Act, in its enforcement regime, the Commission initiated collaboration with the Economic and Financial Crimes Commission (EFCC) to, among others assist the Commission in conducting further investigation and/or enforcement operations using their expertise and facilities. A Memorandum of Understanding was signed.

8.1 ENGAGEMENTS WITH SCHEDULED CORPORATIONS/AGENCIES

The Commission holds regular and periodic interactive sessions with Chief Executive Officers/Accounting Officers and top level management officials of specific Agencies/Corporations, on compliance issues on the provisions of the Act. The Commission is also collaborating with the Ministry of Finance and the Office of the Accountant-General of the Federation to ensure that defaulting Agencies remit at source into the CRF the amount determined by the Commission as Operating Surplus and also verify the status of previously paid sums not receipted.

The collaboration strategy, leverages on the Treasury Single Account (TSA) policy of the Federal Government. The policy has increased the level of compliance of Agencies with Section 22(2) FRA, 2007 on remittance of Operating Surplus.

The Commission has articulated and developed a Standard Template for calculating Operating Surplus with inputs from major stakeholders like the Central Bank of Nigeria (CBN), Office of the Accountant-General of the Federation (OAGF), Office of the Auditor-General of the Federation (OAGF), the Civil Society, ICAN, ANAN, Budget Office of the Federation, External Auditors, Experts and Financial Consultants. The Honorable Minister of Finance through the Office of the Accountant-General of the Federation has duly issued a Treasury Circular **Ref: No. TRY A10 and B10/2016 (OAGE/CAD/026/V.111/101) of November 22, 2016** to give effect to the use of the template for calculating Operating Surplus.



8.2 CITIZEN PARTICIPATION IN MONITORING & ENFORCING THE ACT

The Commission has continued to enlighten the public at every opportunity on the importance of taking advantage of Section 51 of the FRA, 2007 which confers on every citizen including Civil Society Groups/Organizations the legal capacity to seek prerogative orders of the Federal High Court in the enforcement of the provisions of the Act.

The Commission during the year, invited Community based civil organizations and other citizen-agents who participated in monitoring selected Federal Government on-going projects across the six geopolitical zones. The goal is to get Civil Society Organizations (CSOs) involved in getting first hand information on projects in order to monitor and report on projects on their own and revert back to the Commission for appropriate action.

Furthermore, in the course of the Commission's physical inspection/verification visits to selected capital projects, deliberate efforts were made to interact with the locals in the areas in order to sensitize and evaluate their perspectives on the relevance and impact of projects sited in their localities.

8.3 ENDING LITIGATIONS & EFFORTS TOWARDS THE AMENDMENT OF FRA, 2007

The Commission was involved in new litigations in 2017 suit **NO. FHC/ABJ/CS/236/2017: between OKEZIE OKEREKE VS. THE NATIONAL ASSEMBLY, FRC & 7 Others** at the Federal High Court, FCT Abuja. Also, Appeal No. CA/A/375/2012 - Charles Musa & Co Vs Fiscal Responsibility Commission which arose from a previous suit at the Federal High Court, Abuja against the Commission in which the Plaintiff/Appellant lost the suit is still pending at the Supreme Court.

The present administration has demonstrated a commendable interest in supporting the clarion call to strengthen FRA, 2007 through relevant amendment. Consequently, the Minister of finance in collaboration with the Minister of Budget & National Planning has sought for Presidential approval to direct the Federal Ministry of Justice to present, by way of an Executive Bill the amendment of FRA 2007, to the National Assembly.

The Commission hopes that with the support of the Federal Government and the



on-going engagement with the leadership of the National Assembly, the much desired amendment would soon be a reality.

8.4 INVESTIGATION OF INFRACTIONS TO FRA, 2007

A critical aspect of the Commission's M.O.U/collaboration with the EFCC is focused on leveraging on the experience and facilities of the EFCC, particularly forensic auditing and investigation in order to reorganize, and improve the Commission's investigations for greater efficiency and effectiveness. The recent inclusion of ninety two (92) additional Agencies to the list of Corporations in the Schedule to F.R.A, 2007 has also underscored the imperative to overhaul the investigation activities of the Commission.

In the past, the major focus of most investigations involved issues of non-compliance with the provisions of Par IV, especially Sections 21, 22 and 23 of FRA, 2007.

However, while the Commission will continue to look into the issues of non-compliance with the part IV of the Act, it would also beam its search light on other glaring violations of the Act.

In view of the inordinate delays brought about by several factors, which include funding and logistics challenges most of the lingering/stalled investigations by the Commission has been stalled for over four years, particularly, those involving Agencies like NIMASA, FAAN, BPE & NTDC. It has been difficult to fully resolve some of the issues especially remittances of outstanding Operating Surpluses. Consequently, the Commission has re-strategized by collaborating with the Office of the Accountant-General of the Federation with the support of the Ministry of Finance to jointly engage the Agencies with a view to definitively determine the outstanding amounts due after deduction of previous interim payment to Government, and thereafter agree on an acceptable payment plan.

The Treasury Single Account (TSA) policy of the Federal Government has become indispensable in facilitating the success of the on-going recovery strategy, which has bridged a hitherto delay-causing gap for the Commission having to always write the OAGF to confirm or refute alleged payment(s) claims made by the Agencies/Corporations and thereafter await a response before proceeding further.



CHAPTER 9

INSTITUTIONAL STRENGTHENING & CAPACITY BUILDING





CHAPTER 9

INSTITUTIONAL STRENGTHENING & CAPACITY BUILDING

In continuation of its efforts to remain fit for purpose, the following measures were taken to strengthen its capacity.

In this chapter, the following were outlined:

- Maintenance of database
- Computerization of projects
- Training

9.1 MAINTENANCE OF DATABASE

The Commission's ICT unit created a more user friendly database for warehousing, analysing and interpreting financial data obtained from various states and other agencies of Government for purposes of enquiry and study that the Commission undertakes for policy formulation, economic development, planning, monitoring and evaluations of projects and programs. The database is frequently updated with financial information received from MDAs. Some of these data will be shared with the Commission's stakeholders and the general public vide the Commission's website.

9.2 COMPUTERIZATION OF PROJECTS

The Commission's WLAN project has been completed with the services of Galaxy Backbone thus affecting the network coverage of both the headquarters and the Annex offices. The project was to enable the Commission and its relevant stakeholders have access to information and data sharing, the Commission undertook the restructuring of its LAN/WLAN deployment and upgraded the internet bandwidth from 3Mbps to 5Mbps. IP/Video phones provided by Galaxy Backbone Plc. to ease communication between staff of the Commission and among agencies of the government were installed. Also, an Enterprise of Security Solution was deployed to protect the network facility and Microsoft Office Outline was configured on staff systems to enhance their performances both online and offline.

In addition, the Commission trained its staff on how to manage the WLAN facility and particularly, implementing hotspot and captive portal on the facility, also to provide end-user support services.

9.3 TRAINING

The Commission engaged the services of Public Service Institute of Nigeria (PSIN) in training both the Management and other staff of the Commission for two weeks in Minna, Niger State. Within the period, the Management and staff were trained on Emotional Intelligence, Calculating Operating Surplus, Federal Government Revenue Monitoring, Understanding the Procurement Act 2007, Overview of Public Service Rules, Project Monitoring and Evaluation and Overview of Financial Regulation and Work Ethics.

The Commission promoted member of staff that were due in 2018.



Management and Staff of FRC during capacity building at Minna.



Gambia delegates on a Training tour to the Commission.



CHAPTER 10

CHALLENGES AND PROSPECTS





CHAPTER 10

CHALLENGES AND PROSPECTS

INTRODUCTION

More than before, the addition of ninety-two (92) agencies to the schedule of the Fiscal Responsibility Act, 2007 by the Honourable Minister of Finance as required by the law has obviously increased the responsibility of the Commission. There is therefore an urgent need to increase funding for the Agency. The Commission's key activities as a regulatory agency involves various monitoring exercises such as Revenue monitoring, Federal Capital Projects Verification/Monitoring, Monitoring the payment of Operating Surplus by Schedule Corporations, Monitoring the implementation of the MTEF as well as debt and borrowing profile of the country, support services to States Fiscal Responsibility Agencies among other regular activities of the Commission through which it discharges its mandate as enshrined in the Fiscal Responsibility Act, 2007.

10.1 FUNDING

This is a major challenge for the Commission; it has not been possible for the Commission to carry out its operations optimally in capital projects and revenue monitoring. Yet the government looks up to above-average returns on independent revenue to enable it fund the budget properly. Other challenges include:

10.2 OFFICE ACCOMMODATION

Perhaps, one of the greatest challenges of the Commission presently is office accommodation. Nine years after the Commission came into operation; it is still operating from rented buildings. The Commission considers continuous payment of yearly rent wasteful against the options of either acquiring a permanent accommodation or building its own.

10.3 HUMAN CAPITAL DEVELOPMENT

There is need for training and retraining of the entire workforce of the Commission to brace up with innovations/reforms in Public Finance Management Systems and their implications. Our increased responsibility and the need to deliver timely reports require that FRC supported with funds. This will enable the Commission track high level illicit financial operations inherent in the system and plug all loopholes as may be necessary for a stronger Nigerian economy. As a body



that regulates the financial/economic activities of high technologically based organisations, it is imperative that FRC should build human capacity that would operate the tools to monitor hi-tech organisations. Revenue and project monitoring under ERGP, GIFMIS and zero-based Budgeting process management obviously require specialised human capital capacity building to cope.

10.4 ICT EQUIPMENT

There is urgent need for deployment of infrastructure to monitor and regulate the financial activities of Schedule Corporations/ Agencies of Government to meet the standard international best practice. This require the use of high-speed capacity, internet, collaborative arrangement with financial agencies and anti corruption outfits such as CBN, OAGF, AGOF, Ministry of Finance, EFCC, and ICPC.

10.5 AMENDMENT OF FRA, 2007

There is pressing need to amend the FRA, 2007 to remedy various weaknesses inherent in it especially as discovered in the course of monitoring and enforcement exercises. For example, while some offences are specified, there are no corresponding sanctions. We are aware that the House of Representatives of the 8th Assembly took the second Reading of the amendment bill. The Commission therefore, encourages the National assembly to graciously ensure that the amendment or re-enactment bill is concluded soonest.

10.6 DEBT LIMIT

Section 42 of the FRA, 2007 states that “The President shall, within 90 days from the commencement of this Act and with advise from Minister of Finance subject to approval of 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 1 of the Second Schedule to the Constitution” of the Federal Republic of Nigeria 1999 (as amended).

This limit has not been fixed and this action has resulted in the abuse of procedure for the demand and procurement of loans by all the three tiers of government. When the limit is set, it becomes easier to monitor excesses and infringements of various governments.

10.7 BUDGET CYCLE

The government has not been able to keep the budget cycle running as it should and



this has continued to threaten the aims and objectives of the Fiscal Responsibility Act, 2007. The new culture of delay in the passage of annual appropriations has become a clog in the wheel of progress over the years. When the budget is passed late, it becomes difficult to manage and evaluate implementation especially in the face of fluctuating and swinging pendulum of funding possibilities.

10.8 PROSPECTS

The Commission is happy to report that with the Treasury Single Account (TSA) remittance of Operating Surplus has greatly improved. More agencies have also responded to the call by the Commission for more commitment in terms of implementation of the Fiscal Responsibility Act, 2007.

We are therefore committed to carrying agencies along particularly with the newly introduced Template for the Calculation of Operating Surplus initiated by the Commission. There is also a plan to organize a technical workshop on the subject for all Schedule Corporations.

There is also a strategic plan by the Commission to come up with a template for the Medium Term Expenditure Framework, MTEF. This is aimed at improving the budget and the budget process. It will also harmonise the format and setting of MTEF by the various MDAs in line with the spirit of the FRA, 2007.

Nigerians are therefore called upon to utilize the provisions of Section 51 of the Act which empowers citizens to seek the enforcement of the Act in any court of law without showing any special interest in doing so. This Section provides a veritable platform for citizens participation in governance.

It is the fervent hope of the Commission, that increased funding of the activities of Fiscal Responsibility Commission, improved working environment, special salary structure and enhanced staff welfare packages will go a long way in motivating staff to achieve the mandate of the Commission.



ANNEXURE

**AUDITED FINANCIAL
STATEMENT**





ANNEXURE

AUDITED FINANCIAL STATEMENT

FISCAL RESPONSIBILITY COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

CORPORATE INFORMATION

Acting Chairman

Victor C. MuruakoEsq.

Management Team

Acting Chairman:

Head, Monitoring & Evaluation:

Head, Planning, Research & Statistics:

Head, Finance & Admin:

Head, Policy & Standards:

Head, Internal Audit:

Head, Finance & Accounts:

Ag Head, Legal, Investigation and Enforcement

Ag Head, Strategic Communications:

Victor C. MuruakoEsq.

Alh. Mashood Ola Tijani

Hajia Maryam Ilyasu Mohammed

Alh.Zailani Muhammed

Mr. Alex Elikwu

Alh. Ibrahim Baba Dauda

Sir. Sampson I. Eletuo

Barr. Charles ChukwuemekaAbana

Mr. Bede O. Anyanwu

Office Address

Head Office:

Plot 66, Samuel Ajayi Crowther Street,
Asokoro District,
FCT, Abuja.

Annex Office:

No. 50 Mamman Nasir Street,
Asokoro District,
FCT, Abuja.

Banker:

Central Bank of Nigeria

Auditors:

Messrs UgochukwuUkah& Company

(Chartered Accountants)

Suite B3, Abuja Shopping Mall,

Beside Federal Road Safety Headquarters,

Wuse zone 3,

Abuja.

Tel: 0803-786-5959



FISCAL RESPONSIBILITY COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

THE COMMISSION

The Commission was established by Fiscal Responsibility Act No. 31 of 2007 as a corporate body with perpetual succession. The Commission's headquarters is located in Abuja. A chairman with executive powers heads the Commission.

Principal Activities and Operational Review

The primary activities of Fiscal Responsibility Commission (FRC) as provided for by 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 standards 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, 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 numbers 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; and
- 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.



FISCAL RESPONSIBILITY COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

REPORT OF THE MANAGEMENT

The management has the pleasure in presenting the report of the financial operation of the Commission for the year ended 31 December, 2018 as follows:

1. Summary of Income and Expenditure	Dec 31, 2018	Dec 31, 2017
	NGN	NGN
Recurrent subventions received during the year	257,052,578	297,223,241
Amount Remitted to CRF	(12,731)	-
	<u>256,039,847</u>	<u>297,223,241</u>
 Personnel Costs	 143,521,469	 122,192,132
Administrative Costs	180,810,028	161,613,724
Depreciation	<u>21,445,039</u>	<u>18,038,451</u>
	<u>(345,776,536)</u>	<u>(301,844,307)</u>
 Surplus/ (Deficit) for the year	 <u>(89,736,689)</u>	 <u>(4,621,066)</u>
 2. Capital Grants		
Balance as at 1 January,	42,865,114	-
Amount received during the year	<u>20,015,539</u>	<u>151,512,325</u>
	62,880,653	151,512,325
 Amount expended during the year	 <u>(62,732,681)</u>	 <u>(108,647,211)</u>
 Balance as at 31 December,	 <u>147,972</u>	 <u>42,865,114</u>
 3. Employment of Disabled Persons		
It is the Commission's policy that there should be no discrimination in considering applications for employment including those from disabled persons. All employees, whether disabled or not, are given equal opportunities.		
 4. Health, Safety and Welfare		
Health and Safety regulations are in force within the Commission's premises and employees are aware of existing regulations. Staff welfare received adequate attention during the year under review.		



5. Employees Involvement and Training

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

Victor Chinemerem Muruako Esq.
SCN.022625
Acting Chairman
Fiscal Responsibility Commission



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(Chartered Accountants, Forensic Auditors, Tax Consultants)

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INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF FISCAL RESPONSIBILITY COMMISSION

Report on the Financial Statements

We have audited the accompanying financial statements of FISCAL RESPONSIBILITY COMMISSION which comprises of the Statement of Financial Position as at December 31, 2018 the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, set out on pages 9 - 15.

Management's Responsibility for the Financial Statements

The Executives are responsible for the preparation and fair presentation of these Financial Statements in accordance with the International Financial Reporting Standards (IFRS) and in manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011 to the extent that they do not conflict with the requirements of IFRS. This responsibility includes designing, implementing and maintaining internal control systems relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, we consider the internal controls relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executives, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Opinion

In our opinion, the Commission has kept proper accounting records and the Financial Statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act 2011. The Financial Statements give a true and fair view of the financial position of the Commission as at December 31, 2018 and of its financial performance and its cash flows for the year ended, in accordance with the International Financial Reporting Standards.

Report on other Regulatory Requirements

Compliance with the requirements of schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Commission, so far as appears from our examination of those books and the statement of financial position and the statement comprehensive income, are in agreement with the books of account.

Abuja, Nigeria
16th August, 2019



6

Godwin U. Ukah
FRC/2013/ICAN/0000004755
For: Ugochukwu Ukah & Co
(Chartered Accountants)

A member of the Public Practice Section of ICAN



FISCAL RESPONSIBILITY COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

STATEMENT OF ACCOUNTING POLICIES

The following were the summary of the significant accounting policies adopted by the Commission in the preparation of the financial statements for the year ended December 31, 2018:

Basis of Accounting:

The accompanying financial statements have been prepared on the historical cost convention in conformity with Generally Accepted Accounting Principles.

Fixed Assets:

Fixed assets are stated at their historical cost or valuation less accumulated depreciation.

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.

Depreciation:

Depreciation of fixed assets is calculated and provided for on straight line basis to write off the cost/valuation of the assets acquired over their estimated useful lives at the following annual rates;

Items of Fixed Assets	Depreciation Rate (%)
Office Furniture & Equipment	20
Motor Vehicles	25
ICT Facilities and Equipment	33 1/3
Plant and Equipment	25
Library Books	33 1/3
Other Capital Items	--

Stocks (Inventory):

Stocks are stated at the lower of cost and net realizable value.

Debtors:

Debtors are stated at their book value.



FISCAL RESPONSIBILITY COMMISSION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

STATEMENT OF ACCOUNTING POLICIES (CONTINUES)

Prepayments:

All prepayments such as rent are charged to the accounts for the period they occur.

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 Consolidated Revenue Fund to meet the operating costs of the Commission.

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 to the Consolidated Revenue Fund.

Foreign Currencies:

Assets and liabilities in foreign currencies are translated into Naira at the rate of exchange ruling at the date of the Balance Sheet. Transactions in foreign currencies are translated at the appropriate exchange rate ruling at the time they arose.



FISCAL RESPONSIBILITY COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER, 2018


		2018 NGN	2017 NGN
Income:	Notes		
Recurrent Subvention	9	257,039,847	297,223,241
		<u>257,039,847</u>	<u>297,223,241</u>
Expenditure:			
Administrative Expenses:			
Personnel Cost	10	143,521,469	122,192,132
Maintenance Cost	11	17,118,850	29,500,699
Local Travels and Transport		28,255,360	9,852,780
Stationery Printing & Consumables		14,119,656	6,916,450
Postages, Fax and Telephone		1,252,025	3,140,000
Office Expenses	12	34,182,597	20,301,708
Donations and Subscriptions		4,182,500	3,448,127
Advert and Publicity		1,794,000	440,000
Rent - Office Building		50,000,000	50,000,000
Staff Training and Development		5,195,250	14,475,883
Honorarium and Sitting Allowance		2,757,890	5,238,202
Financial, Legal and Other Prof. Consultancy Fees		-	250,000
Staff Welfare and Recreation		3,224,100	6,150,075
Security Services		16,968,000	9,540,000
Depreciation		21,445,039	18,038,451
Audit Fees & Other Audit Expenses		1,759,800	2,359,800
Total Administrative Expenses		<u>345,776,536</u>	<u>301,844,307</u>
Surplus (Deficit) for the year		<u>(88,736,689)</u>	<u>(4,621,066)</u>



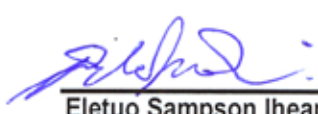
**FISCAL RESPONSIBILITY COMMISSION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER, 2018**

		2018 NGN	2017 NGN
Assets	Notes		
Non - Current Assets:			
Property, Plant & Equipment	1	38,106,344	46,706,978
		<u>38,106,344</u>	<u>46,706,978</u>
Current Assets			
Stocks	3	24,744,076	22,307,482
Debtors and Prepayment	4	56,069,880	52,145,069
Cash & Bank Balances	5	9,908,618	52,884,470
		-	-
Total Current Asset		<u>90,722,574</u>	<u>127,337,021</u>
Total Assets		<u><u>128,828,918</u></u>	<u><u>174,043,999</u></u>
Current Liabilities			
Creditors and Accruals	6	130,816,559	69,954,246
Total Current Liabilities		<u>130,816,559</u>	<u>69,954,246</u>
Total Liabilities		<u>130,816,559</u>	<u>69,954,246</u>
Equity:			
Capital Fund	7	402,530,146	419,870,852
Income and Expenditure Account	8	(404,517,788)	(315,781,099)
Total Equity		<u>(1,987,641)</u>	<u>104,089,753</u>
Total Liabilities and Equity		<u><u>128,828,918</u></u>	<u><u>174,043,999</u></u>

The Financial Statements were approved by the Commission on
and Signed on its Behalf by:



Victor Chinemerem Muruako Esq.
SCN 022625
Acting Chairman
Fiscal Responsibility Commission



Eletuo Sampson Iheanacho
FCNA\1762
Head, Finance & Accounts
Fiscal Responsibility Commission



FISCAL RESPONSIBILITY COMMISSION
STATEMENT OF CASH FLOW
FOR THE YEAR 31 DECEMBER, 2018

	2018 NGN	2017 NGN
<u>Cashflow From Operating Activities</u>		
Deficit of Income over Expenditure	(88,736,689)	(4,621,066)
Adjustments For Non-Cash Items:		
Reserve Due to Asset Adjustment	-	63,545,707
Depreciation	21,445,039	18,038,451
Cashflow from Operating Activities Before Working Capital Changes	(67,291,650)	76,963,092
<u>Changes In Working Capital</u>		
Decrease/(Increase) in Stocks	(2,436,594)	(4,324,118)
Decrease/(Increase) in Debtors and Prepayments	(3,924,811)	(21,405,135)
Increase/(Decrease) in Creditors and Accruals	60,862,313	(18,741,907)
Net Cash flows From Operating Activities.	(12,790,742)	32,491,932
<u>Cash Flows From Investing Activities</u>		
Purchase of Fixed Assets	(12,844,405)	(62,075,314)
Net Cash Flows from Investing Activities	(12,844,405)	(62,075,314)
<u>Cash Flows From Financing Activities</u>		
Capital Grant Received	20,015,539	151,512,325
Cost of Research and Studies and Capital Project Monitoring	(37,356,245)	(108,647,211)
Net Cash Flows From Financing Activities	(17,340,706)	42,865,114
Net Movement in Cash & Cash Equivalents	(42,975,851)	13,281,732
Cash & Cash Equivalent @ Beginning Of The Year	52,884,469	39,602,737
Cash & Cash Equivalent @ the Year End	9,908,618	52,884,469
<u>Represented By:</u>		
Cash and Bank Balances as at December 31	9,908,618	52,884,469



FISCAL RESPONSIBILITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR 31 DECEMBER, 2018

Notes

1 FIXED ASSETS

	Office Furniture 20%	Motor Vehicle 25%	ICT Facilities & Equipment 33%	Plant & Equipment 25%	Library Books 33%	Total
As at 1 January, 2018	113,219,388	157,158,750	105,596,270	29,912,750	4,334,794	410,221,952
Additions	5,137,855	-	7,072,900	-	633,650	12,844,405
As at 31 December, 2018	118,357,243	157,158,750	112,669,170	29,912,750	4,968,444	423,066,357

Accumulated Depreciation

As at 1 January, 2018	108,933,138	134,381,240	99,131,437	16,734,375	4,334,784	363,514,974
Depreciation for the year	2,064,384	9,325,000	5,644,650	4,200,000	211,005	21,445,039
Balance as at 31 December, 2018	110,997,522	143,706,240	104,776,087	20,934,375	4,545,789	384,960,013

Carrying Amount

As at 31 December, 2018	7,359,721	13,452,510	7,893,083	8,978,375	422,655	38,106,344
As at 31 December, 2017	4,286,250	22,777,510	6,464,833	13,178,375	10	46,706,978



FISCAL RESPONSIBILITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR 31 DECEMBER, 2018

Notes	2018 NGN	2017 NGN
2 RESEARCH STUDIES, CAPACITY		
Amount received during the year	37,356,245	108,647,211
Amount amortized in the year	(37,356,245)	(108,647,211)
	<u>-</u>	<u>-</u>
3 STOCK		
Stationery Items	24,744,076	22,307,482
	<u>24,744,076</u>	<u>22,307,482</u>
4 DEBTORS AND PREPAYMENTS		
Advance for Office Imprest	5,750,000	4,840,000
Salary Advance	4,000,422	4,000,422
Motor Vehicle Revolving Loan (Debtors)	14,206,052	14,314,451
Balance with CBN	8,074,796	8,074,796
Purchase Advances	23,578,610	20,915,400
Tender Fees Revenue Remitted to CRF	460,000	-
	<u>56,069,880</u>	<u>52,145,069</u>
5 CASH AND BANK BALANCES		
Unutilized Capital Grant and Overhead Subventions - CBN		
Capital Grant	147,972	42,865,114
Overhead	111,654	-
CBN- (Account 1)	9,648,992	10,019,356
	<u>9,908,618</u>	<u>52,884,470</u>
6 CREDITORS AND ACCRUALS		
Value Added Tax (VAT)	2,590,208	2,674,208
With-Holding Tax (WHT)	2,485,671	2,569,671
Accruals (Audit fee, Rent & Other Accruals) See Note 13	125,740,680	64,710,367
	<u>130,816,559</u>	<u>69,954,246</u>



FISCAL RESPONSIBILITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR 31 DECEMBER, 2018

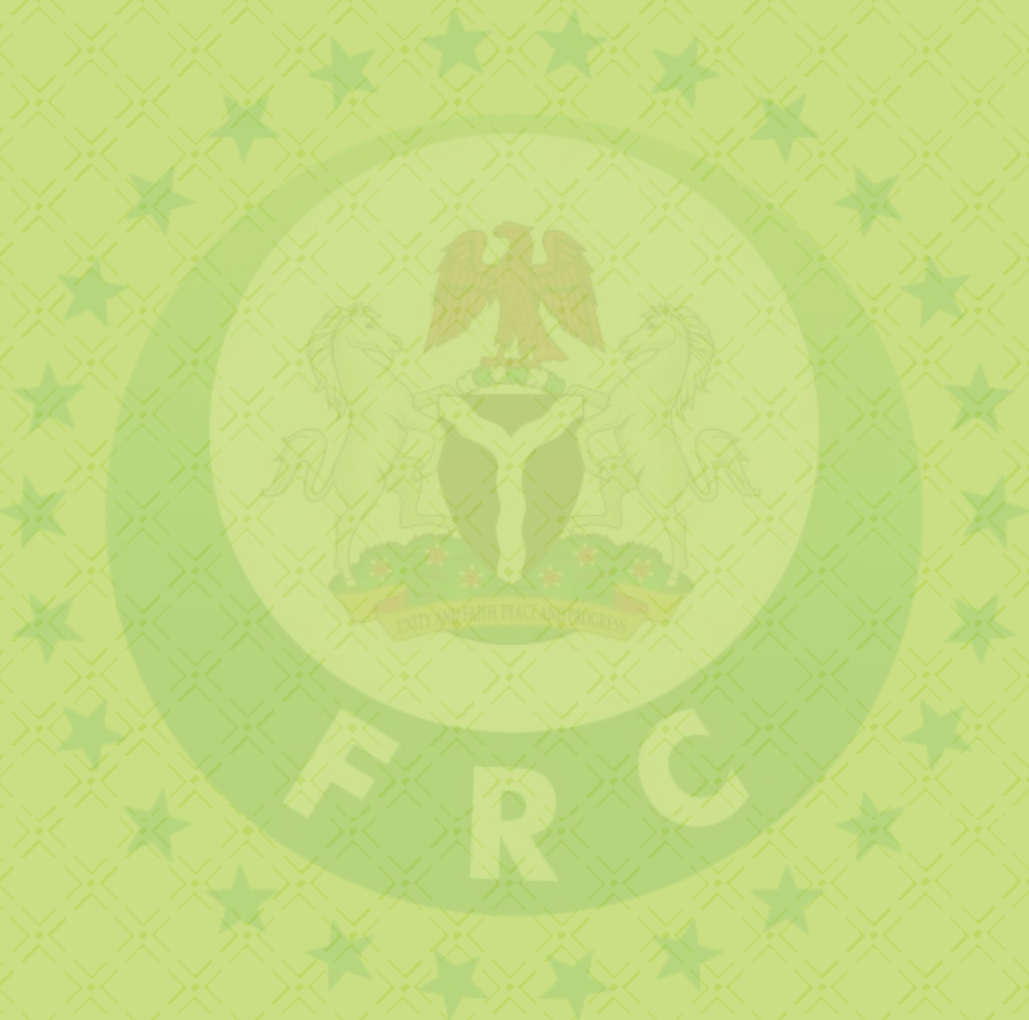
Notes	2018 NGN	2017 NGN
7 CAPITAL FUND		
As at 1 January	419,870,852	377,005,738
Received During the Year	20,015,539	151,512,325
	439,886,391	528,518,063
Amortized Cost of Research and Studies (Note 2)	(37,356,245)	(108,647,211)
As at 31 December	402,530,146	419,870,852
8 INCOME AND EXPENDITURE		
As at 1 January	(315,781,099)	(374,705,740)
Reserve Due to Asset Adjustment	-	63,545,707
Surplus/(Deficit) for the year	(88,736,689)	(4,621,066)
As at 31 December	(404,517,788)	(315,781,099)
9 RECURRENT SUBVENTION		
Overhead Cost	113,531,109	113,531,109
Personnel Cost	124,420,271	106,274,701
Service-wide Vote (AIE)	-	61,500,000
NHIS Deductions	1,298,552	1,107,241
Pension Contribution - FGN	8,901,323	7,405,095
Pension Contribution - Employee	8,901,323	7,405,095
	257,052,578	297,223,241
Unspent Balance Remitted to CRF	(12,731)	-
	257,039,847	297,223,241
10 PERSONNEL COST		
Salaries and Allowances	124,420,271	106,274,701
Deductions (Pension and NHIS)	19,101,198	15,917,431
	143,521,469	122,192,132



FISCAL RESPONSIBILITY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Notes	2018 NGN	2017 NGN
11 MAINTENANCE COSTS		
Building	393,200	545,300
Plant and Equipment (Generating Sets)	5,546,000	6,744,700
Motor Vehicles Fuel & Lubricant	5,932,260	7,438,640
Office & Residential Furniture	-	80,000
ICT Facilities	2,942,950	10,612,694
Motor Vehicles	2,304,440	4,079,365
	17,118,850	29,500,699
12 OFFICE EXPENSES		
Newspaper & Periodicals	1,200,000	784,000
Entertainment	3,419,800	254,500
Electricity, Water & Rates	3,893,529	2,734,745
Cleaning & Fumigation	21,285,063	13,922,893
Other Office Expenses	4,384,205	2,605,570
	34,182,597	20,301,708
13 ACCRUALS		
Rent - Main & Annex Offices	108,444,444	58,444,444
Audit Fee	3,519,600	3,519,600
Other Accrued Expenses	2,746,323	2,746,323
Accrued Cleaning & Fumigation Fee	6,260,313	-
Accrued Security Fee	4,770,000	-
	125,740,680	64,710,367
14 TENDER FEES		
Revenue from Tender Fees	460,000	-
Remittance of Tender Fees to CRF	(460,000)	-
	-	-





THE PRESIDENCY
FISCAL RESPONSIBILITY COMMISSION
FEDERAL REPUBLIC OF NIGERIA

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