Caption
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The release of ECA funds to the states, which was so desperately needed during the global recession in 2008, was largely due to the intervention of the NGF

Excess Crude Oil Funds

As one of the world's largest producers of oil, Nigeria relies heavily on petroleum exports: they make up roughly 90 percent of its foreign earnings and 80 percent of government revenue. As a result, its economy is particularly susceptible to shifts in the price of oil. This was the main reason why the Excess Crude Account (ECA) was set up – in essence, to protect planned budgets against shortfalls caused by the volatile market. The ECA, also known as the Stabilisation Account, was created in 2004 as part of reform programmes led by President Olusegun Obasanjo to liquidate much of the country's external debt. The NGF argued that this was unconstitutional and that monies accruing to the federal government should have been distributed across the tiers of government.

Owing to the cordial relationship between the NGF under Dr Saraki's leadership and the presidency, funds were released to the states a number of times over the next three years. This practice continued when Goodluck Jonathan became president in 2010. According to Governor Babatunde Fashola of Lagos State, the proceeds from extractive resources ought to be invested in long-term assets, particularly infrastructure. The release of ECA funds to the states, which was so desperately needed during the global recession in 2008, was largely due to the intervention of the NGF.The Excess Crude Account, which reached US$22 billion by the last quarter of 2008, was then used successfully to finance a stimulus package in 2009 that insulated the Nigerian economy to a large degree from the world economic crisis.

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The Federation Account Allocation Committee

The Federation Account Allocation Committee (FAAC) comprises all 36 states' commissioners of finance and their accountants-general and it is headed by the minister of state for finance. Other members are the revenue-generating agencies of the federal government such as the Nigeria National Petroleum Corporation, the Federal Inland Revenue Service and the Nigeria Customs Service. The FAAC meets once a month; and at those meetings, money is allocated to states from the Federation Account in accordance with the constitution of Nigeria. This money is allocated to states so that they can meet their budgetary needs to deliver development and public services. It became normal practice that when the Federation Account Allocation fell short of their needs, the excess crude funds would be used to augment the shortfall. Through Dr Saraki's efforts, the NGF was accorded observer status at the monthly FAAC meetings, thereby enabling the Secretariat to collate and analyse data for the 36 States.

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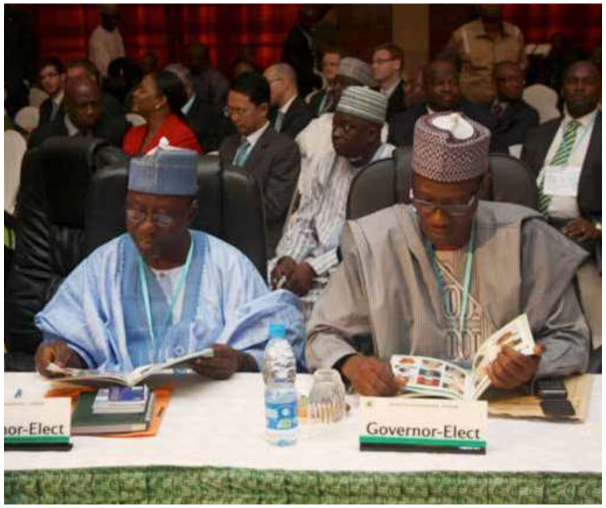

The Sovereign Wealth Fund

Due to the nature of Nigeria's Federalism, National savings has been a contentious issue among the different tiers of government in Nigeria. The promulgation of the Nigeria Sovereign Investment Authority Act, 2011, establishing the Nigerian Sovereign Wealth Fund did not initially enjoy the support of governors as they were isolated from the processes. Moreover, the Fund was expected to replace the excess crude account, which governors felt was unconstitutional. Through the intervention of Dr Saraki, the Federal Ministry of Finance was able to convince governors for the passage of the Act.

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Domestication of the Fiscal Responsibility Act (2007) and the Public Procurement Act 2007 at the State Level

Public procurement has been very challenging in Nigeria. This is attested to by the World Bank Country Procurement Assessment survey, conducted in 1999, which established a clear link between weak public procurement procedures and corruption. It also identified the far-reaching negative consequences formational development, especially in the area of infrastructure development. Poor procurement is driven largely by inflation in contract costs, lack of procurement plans, poor project prioritisation, poor budgeting processes and lack of competition.

In response, the federal government initiated its economic reform agenda, which included the Public Procurement Reform programme, as set out in the Public Procurement Act designed to restore proper procurement processes, and the Fiscal Responsibility Act forensuring macroeconomic stability through greater accountability and transparency.

The Nigeria Governors' Forum, a leading voice in the domestication of both bills, put its collective weight behind these timely economic reforms. And once they were passed, the Forum constituted a committee of attorneys general from all the states to examine the Acts as a prelude to passing their state equivalents. Many States have since passed these bills and the remaining are 'on track' to do so.

Development Partners showed keen interest in the passage and implementation of these bills and committed themselves to assisting the states in passing and implementing them. As a result of their interest, a multilateral memorandum of understanding (MoU) on adopting and implementing the bills was signed between the NGF Secretariat and the African Development Bank, the European Union, the Canadian International Development Agency, the Japan International Corporation Agency, the UK's DFID, the United States Agency for International Development (USAID) and the World Bank in collaboration with Nigerian stakeholders, the Federal Ministry of Finance and the Debt Management Office of Nigeria.

It was the job of the Secretariat to ensure that the various institutions required to rollout the bills were established at state level – essentially to create an institutional framework for implementation. This involved training state officials by way of work-shops and conferences that instructed them in the processes required to set up their own public procurement offices. The NGF monitored progress through the Secretariat, as it was crucial to make sure that the bills were being shaped according to the needs of the states.