

Federation Accounts Allocation Committee (FAAC)
A Communiqué issued by the Technical Sub-Committee of FAAC on the
Federation Account for the Month of February 2009

1.0 Introduction:

The meeting of the Technical Sub-Committee was held on Friday, 13th March, 2009. Members considered the Accounts along with the relevant statements/annexure for the month in accordance with the existing laws/statutes and relevant revenue allocation formulae for purpose of allocation to the beneficiaries.

2.0 Sectorial breakdown of funds available for distribution for the month of February 2009

	Budget 2009 N' Billion	February 2009 N' Billion	Budget Variance N' Billion	January 2009 N' Billion	Difference Jan & Feb N' Billion
(a) Mineral Revenue	0.00	163.45	0.00	181.85	-18.40
(b) Non-Mineral Revenue	0.00	55.27	0.00	62.69	-7.42
TOTAL	0.00	218.72	0.00	244.54	-25.82

3.0 Comparative analysis of funds available with prior period Statement/Accounts

The comparative analysis of the distributions of the various accounts is presented as below:-

(a) Statutory Revenue Allocation	Budget 2009 N' Billion	Feb 2009 N' Billion	Budget Var. N' Billion	Jan 2009 N' Billion	Jan & Feb N' Billion
Total funds available for distribution	0.00	218.72	0.00	244.54	-25.82
Less: (i) Transfer to Excess Crude, PPT and Royalty	0.00	0.00	0.00	0.00	0.00
(ii) 4% Cost of Collection FIRS	0.00	1.35	0.00	1.58	0.23
(iii) 7% Cost of Collection- NCS	0.00	1.51	0.00	1.63	0.12
FIRS Refund	0.00	0.00	0.00	0.00	0.00
Total Net Amount for Distribution	<u>0.00</u>	<u>215.86</u>	<u>0.00</u>	<u>241.33</u>	<u>-25.47</u>
Distribution					
Federal Government (52.68%)	0.00	102.53	0.00	114.68	-12.15
State Governments (26.72%)	0.00	52.00	0.00	58.17	-6.17
Local Govt. Councils (20.60%)	0.00	40.09	0.00	44.84	-4.75
Derivation (13% of Mineral Revenue)	0.00	21.24	0.00	23.64	-2.40
Total	<u>0.00</u>	<u>215.86</u>	<u>0.00</u>	<u>241.33</u>	<u>-25.47</u>

(b) Value Added Tax (VAT distribution)

For the month of February 2009, the total revenue available from the Value Added Tax (VAT) was ~~N~~34.18 billion as against ~~N~~44.25 billion distributed in the preceding month, resulting in a decrease of ~~N~~10.07 billion. The distribution is as follows: -

	Budget 2009 N' Billion	February 2009 N' Billion	Budget Variance N' Billion	January 2009 N' Billion	Difference Jan & Feb N' Billion
<u>Amount for Distribution</u>					
VAT for Distribution	0.00	35.60	0.00	46.09	-10.49
Less: 4% Cost of Collection	0.00	1.42	0.00	1.84	-0.42
Net VAT for Distribution	<u>0.00</u>	<u>34.18</u>	<u>0.00</u>	<u>44.25</u>	<u>-10.07</u>
Distributed as follows:					
Federal Government (15%)	0.00	5.13	0.00	6.64	-1.51
State Governments (50%)	0.00	17.09	0.00	22.12	-5.03
Local Governments (35%)	0.00	11.96	0.00	15.49	-3.53
TOTAL	<u>0.00</u>	<u>34.18</u>	<u>0.00</u>	<u>44.25</u>	<u>-10.07</u>
SUMMARY OF DISTRIBUTION					
	Budget 2009 N' Billion	February 2009 N' Billion	Budget Variance N' Billion	January 2009 N' Billion	Difference Jan & Feb N' Billion
Statutory Allocation	0.00	215.86	0.00	241.33	-25.47
VAT	0.00	34.18	0.00	44.25	-10.07
Sub-Total	<u>0.00</u>	<u>250.04</u>	<u>0.00</u>	<u>285.58</u>	<u>-35.54</u>
Augmentation for the Month	0.00	0.00	0.00	0.00	0.00
Total Distributable	<u>0.00</u>	<u>250.04</u>	<u>0.00</u>	<u>285.58</u>	<u>-35.54</u>

The sum of \$1.5 billion was also proposed for distribution from the Foreign Excess Crude Savings Account to all tiers of Government. The total amount declared and recommended for distribution is N250.04 billion, in addition to the \$1.5 billion as against N285.58 billion distributed in the previous month.

The Statutory Revenue distributed for the month shows a decrease of N35.54 billion or 12.44 per cent. The decrease was attributed to the reduction in OPEC production quota from 2,050,000 barrels per day (bpd) in December 2008 to 1,673,000 bpd in January 2009 as well as the decrease in the price of Crude Oil in the International Market. In addition, there was a complete shut down of Tebidaba flow Station and subsequent loss of about 30,000 bpd as a result of another attack by militants

Other matters discussed include the following:

- (a) Reports of Revenue Collection Agencies were read and adopted

(b) Civilian and Military Pensions and other Statutory Payments were read and adopted.

5. Dates and Venue of Next Meeting

The next Federation Accounts Allocation Committee (FAAC) meeting is proposed for 16th and 17th April, 2009 at the Sheraton Hotel and Towers, Abuja.

6. Conclusion

The Accounts along with the supporting statements are hereby submitted for your consideration and approval.

(Signed)

Ibrahim Dankwambo
Accountant-General of the Federation

13th March, 2009