



INTERNAL MEMO

To: Nigeria Governors' Forum
From: Director General
Date: February 26, 2020
Subject: **Re: North East Development Commission (Establishment) Act, 2017**

Your Excellency would recall that the Forum of Finance Commissioners had drawn the attention of the NGF to the funding implications of the North East Development Commission (Establishment) Act, 2017, specifically with regards to first line charges of 3% February 2020, the Forum resolved that Section 2 (a) and (b) of the NEDC Act 2017 does not fairly and equitably from treat the 36 States of the Federation and agreed that the Commission be funded from the Government's portion of the monthly VAT collection and 3% of VAT collection accruing to the Six (6) States in the North East.

The Forum wrote a letter to Mr. President, dated 12 February 2020, requesting Mr. President to direct the suspension of the Act pending the amicable resolution of the situation.

However, the attention of the Secretariat had been called to the commencement of the 3% deduction. N3,444,165,997.61 and N3,142,750,836.21 was deducted for the month of January and February respectively, amounting to a total of N6,586,916,883.82.

Please find attached copy of the letter to Mr. President

Director General



12th February 2020

His Excellency
Muhammadu Buhari, GCFR
President, Commander in Chief of the Armed Forces
Federal Republic of Nigeria
State House
Abuja



Dear Mr. President,

RE: NORTH EAST DEVELOPMENT COMMISSION (ESTABLISHMENT) ACT, 2017

The above subject matter refers. Please recall my meeting with Your Excellency on the 23rd December 2019 in respect of the subject matter culminating in my letter of the same date and subject.

1. Your Excellency will recall that following information received by the Forum of Finance Commissioners on the funding implications of the North East Development Commission (NEDC) (Establishment) Act, 2017 (The Act), specifically with regards to first line charges of 3% from the Federations Account, the National Economic Council (NEC) resolved that I meet with Mr. President.
2. At the said meeting, I called Mr. President's attention to the concerns expressed by the Governors on the implementation of the provisions of The Act which came into existence without any input by or consultation with the Governors.
3. Of particular reference is Section 2 (b) and (c) of the Act which stipulates that the North East Development Commission (The Commission) shall be funded from '...at least 10% of the Ecological Fund annually for a 10-year period and 3% of the annual VAT collection as first line charge also for a 10 year period.
4. Mr. President initially directed that the position of Governors on the NEDC Act 2017 be formalized and subsequently gave assurances that the matter would be looked into and addressed.
5. As we awaited Mr. President's directives and guidance on this matter, we became aware of the commencement of implementation of the Act in January 2020 with resultant implication on the revenue accruable to the 36 States, particularly the 30 States outside the North East and in flagrant violation of Mr. President's instructions.

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6. At the meeting of the Nigeria Governors' Forum (NGF) on Wednesday 22nd January 2020, the Forum resolved that Section 2 (a) and (b) of the NEDC Act 2017 does not fairly and equitably treat the 36 States of the Federation and agreed that the way out of this situation was to fund the Commission from **the Federal Government's portion of the monthly VAT collection and 3% of VAT collection accruing to the six (6) States in the North East.**
7. We respectfully implore Mr. President to direct the suspension of implementation of the Act pending the amicable resolution of this situation that has the potential to disrupt the cordial relationship existing among the States.

Please Accept, Mr. President, the assurances of my highest regards.

A handwritten signature in black ink, appearing to read 'Kayode Fayemi'.

Dr. Kayode Fayemi
Governor, Ekiti State
Chairman, Nigeria Governors' Forum

CC:

- Vice President of the Federal Republic of Nigeria and Chairman of NEC ✓
- Honourable Minister of Finance, Budget and National Planning
- Accountant General of the Federation