

**MINUTES OF MEETING WITH THE CHAIRMAN, REVENUE  
MOBILISATION ALLOCATION AND FISCAL COMMISSION (RMAFC) ON  
TUESDAY, 2<sup>ND</sup> FEBRUARY, 2010**

S/N	NOTES	ACTION
	<p><b>ATTENDANCE</b></p> <ol style="list-style-type: none"> <li>1. A.B. Okauru Esq. – Director General, NGF</li> <li>2. M.A. Jibia – Executive Director, NGF</li> <li>3. A.T. Shittu – Executive Director, NGF</li> <li>4. Chuku, C.C, Esq - Head (Legal), NGF</li> <li>5. Engr. Hamman A. Tukur – Chairman, RMAFC</li> <li>6. Useni Gangum – Federal Commissioner, RMAFC</li> <li>7. Alhaji Ahmed Iliyasu – Federal Commissioner, RMAFC</li> <li>8. T.K. Kasali – Secretary to the Commission, RMAFC</li> <li>9. Otunba Deji Ariyibi – Federal Commissioner, RMAFC</li> <li>10. S. Jega – RMAFC</li> <li>11. Abdullahi Maiunguwa – Director (Allocations), RMAFC</li> </ol> <p><b>COMMENCEMENT</b></p> <p>The meeting started at 1 pm. The chairman of the Revenue Mobilisation Allocation and Fiscal Committee (The Commission) welcomed the team from the Nigeria Governors’ Forum (NGF) Secretariat to their office. He sought to know if the visiting team was from the Nigeria Governors’ Forum (NGF) or the National Economic Council (NEC). He informed the meeting that they had, since 12<sup>th</sup> January, 2010, written to the Vice President in his capacity as the Chairman of NEC of their intention to make a presentation to it but had not received any response yet. Similarly, a letter written to the Chairman, NGF had not been acknowledged. He made clarifications on the constitutional role of the Commission and their activities. He expressed the belief that the meeting with the leadership of the NGF Secretariat would usher a new era of understanding and cordial relationship between the NGF and the Commission.</p> <p>The Chairman informed the meeting that part of the functions of the Commission was the designing of a revenue formula, on the basis of which revenue percentages are allocated. He revealed that the States had made a case for a higher share of the Federation Account but did not follow up with this quest despite the efforts of the Commission. The meeting was further informed that based on the entreaties by the Governors, the Commission had allocated 33% of the Federation Accounts to the States in the Draft Formula that they put together.</p> <p>He shed more light on what was commonly referred to as Excess Crude Fund (ECF). ECF was one part of what is known as <b>Excess</b></p>	

**Revenue** broken into:

- i. **Excess Equity Crude** which represents the surplus of the crude petroleum products taken out by NNPC and sold to the world. The proceeds are kept in JP Morgan. The excess arises from the benchmark set by the Federal Government (FG). In other words, anything above the target was kept in the **Excess Crude Account** and is denominated in **US dollars (\$)**.
- ii. **Excess Domestic Crude** is derived from the same benchmark set by the FG and is usually denominated in **Nigerian Naira (NGN)**.
- iii. **Excess Petroleum Profit Tax (PPT)** – As with the others, the benchmark was set by the FG and is denominated in **\$**.
- iv. **Excess Royalty** – Calculation is on the same basis as the three above and is denominated in **\$**.

The Chairman also expressed concern with the Joint Venture Cash Call (JVC) and informed the meeting that Nigeria had made any money from the JVC in the past 4 or 5 months. The Federal Accounts Allocation Committee (FAAC) had in all this time substituted this shortfall from the excess revenue accounts. The result is the depletion of the funds from a high of about \$300b to an all time low of about \$1b. He expressed grave misgivings at this trend, which if allowed to persist, could grind government to a halt.

Upon enquiries, the Chairman explained JVC thus:

- Refers to a contractual agreement between the FGN and the multi-national oil companies for oil exploration;
- Based on the outcome of the explorations, negotiations are made with the Organisation for Petroleum Exporting Countries (OPEC) on the appropriate quota;
- In theory, it is managed by NAPIMS but in practice the oil companies call the shots;
- It is a Partnership account which is funded in proportion to the commitments of the JVC partners;

The Director General of the NGF in his response expressed gratitude to the Chairman and the leadership of the Commission for the meeting and the very enlightening information that they had shared on the state of the Country's revenue. He however

expressed disbelief at the alleged lack of response to the letters written to the Chair of the Forum by the Commission. He informed the meeting that the letters had not been brought to his attention as was usually the case and promised to look into the matter. He also committed to bringing the concerns of the Commission to the attention of the Forum. He wondered if the Chairman would be disposed to personally briefing the Forum on the concerns he had raised.

The Chairman was reluctant to attend the Forum's meeting as requested because in his view, the NGF was a gathering of politicians. He was later convinced that such a move was expedient because it would afford an opportunity to address the same people he would ultimately meet at the NEC and that could make it smooth ride for the Commission to press home its concerns. The DG-NGF promised to see to the details relating to formally inviting him to the meeting.

The meeting came to an end at 2.35pm.

**Chuku, C.C, Esq**  
**Head, Legal/Secretary**