



Nigeria Sovereign Investment Authority

Activating Residual Funding for the Nigeria Sovereign Investment Authority - Unlocking Opportunities for Large-Scale Investments to Drive Nigeria's Economic Growth

Presentation to the Federation Account Allocation Committee

by

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April 2025

The NSIA

The Nigeria Sovereign Investment Authority (**NSIA**) was created by an Act of the National Assembly signed into law by the President on 26th May 2011.

NSIA share ownership: Federal Govt. (**46.5%**), State Govts. (**34.8%**), Local Govts. (**18.2%**) & FCT (**0.5%**).

NSIA has received a total of **\$1.82 bn** in net Government Contributions since its inception. These funds have been efficiently utilized by NSIA, resulting in a Net Asset Value (NAV) of **\$2.84 bn** as of December 2024.

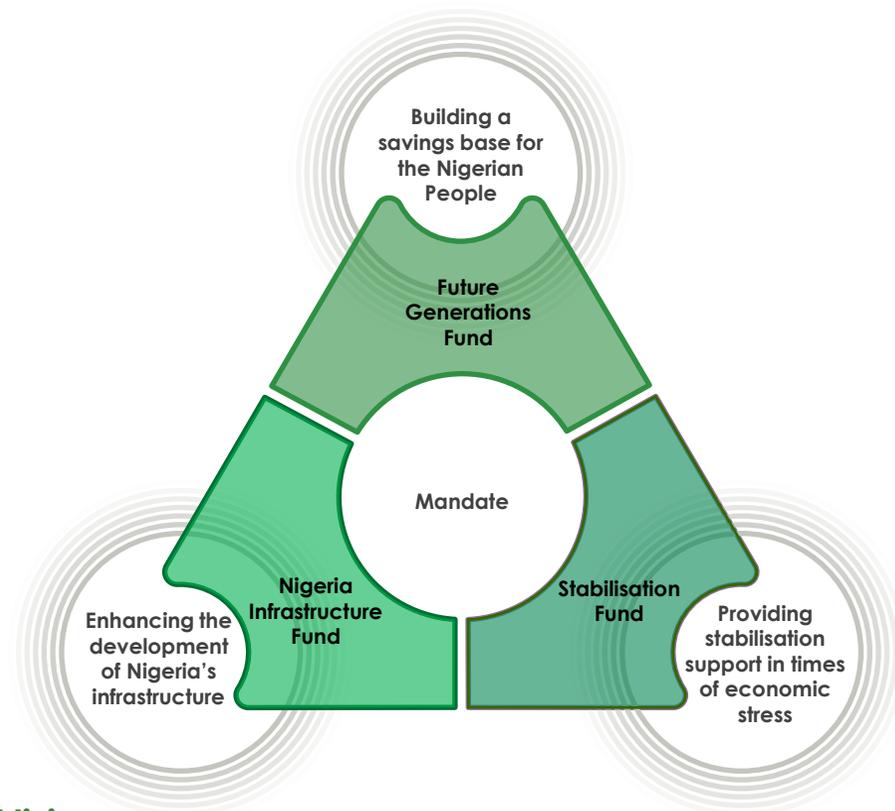
Signatory to the Santiago Principles of the International Monetary Fund (IMF) and International Forum of Sovereign Wealth Funds. Ranked global joint-second by the Sovereign Wealth Fund Institute for **transparency** from 2015 to date.

In the 2024 Global SWF **Governance, Sustainability, and Resilience** Ranking, NSIA scored 96%, ranking second alongside Australia, Spain and Germany.

For over a decade, NSIA has successfully executed more than **150 investments** in a wide range of projects across the African continent, demonstrating its commitment to driving economic development throughout the region.

Fund Mandate

- NSIA has a **3-fold mandate** which it delivers through 3 separate and ring-fenced core funds.



Vision

- To position NSIA as a leading sovereign wealth fund globally, promoting responsible and strategic investments for Nigeria's economic development

*NSIA returned **US\$150 mn** to the Government in October 2020 as part of efforts to mitigate the economic impact of **the Covid-19 pandemic**.

NSIA received its first **royalty by price payment from Nigeria Upstream Petroleum Regulatory Agency (NUPRC), in 2023 (by virtue of the **Petroleum Industry Act**).

What does the NSIA Act Say about Funding?



Initial Funding

Part I, Section 29

The initial funds provided by the Federal, State, Federal Capital Territory, Local Governments and Area Council of the Federation pursuant to decision of the National Economic Council to be managed by the Authority shall be the Naira equivalent of the sum of **USD 1 billion**.



Source of Funding

Part II, Section 29

Each of the Federal Government, State Government, Federal Capital Territory, Local Government and Area Councils shall contribute a percentage of such initial funding equal to each such Government's share of Federation Revenue in accordance with the Formula stated in the Allocation of Revenue (Federation Account ,etc.) Act



Subsequent Funding

Part III, Section 30

Subsequent funding shall be derived from **Residual Funds** from the **Federation Account** transferred to the Authority in the manner specified in this Act provided that the derivation portion of the revenue allocation formula shall not be included as part of this funding. Promptly upon revenues being received into the Federation Account each month, the Authority shall be funded from **all amounts of Residual Funds above the Budgetary Smoothing Amount**.

Key terms explained

- ❖ **Residual Funds** - means revenue received into the Federation Account other than the Projected Federation Hydrocarbon Revenue for the relevant period.
- ❖ **Budgetary Smoothing Amount** – means an amount equal to 10% of monthly Residual funding up to a cumulative maximum amount at anyone time of 2.5% of the projected Federation Hydrocarbon Revenue for the year of such funding.

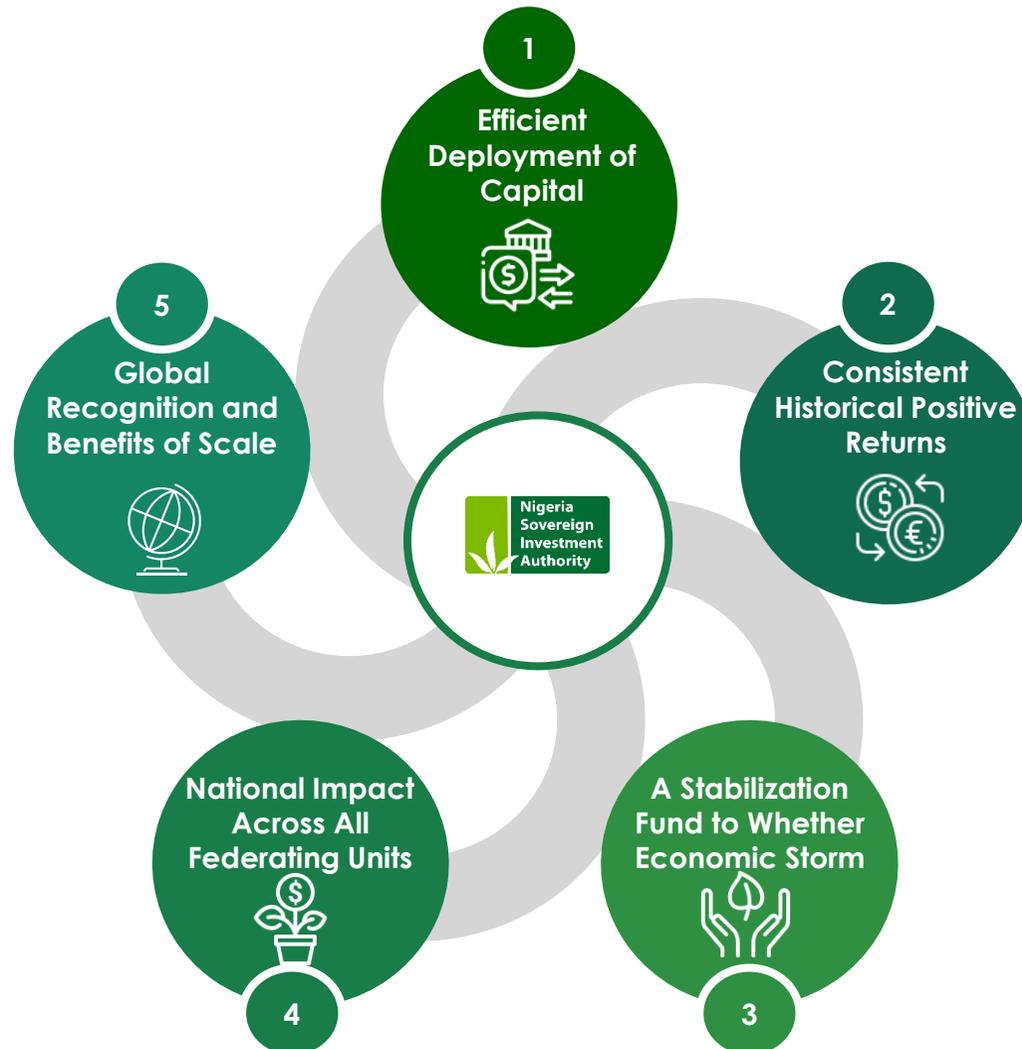
Net Contribution and Asset Value per State

S/N	State	Net Contribution	Net Asset Value as at Dec 2024	Net Contribution	Net Asset Value as at Dec 2024	% Shareholding
		\$	\$	₦	₦	%
1	Abia State	13,195,950	20,551,388	4,399,307,136	31,552,956,911	0.7%
2	Adamawa State	11,496,941	17,905,350	3,825,709,125	27,490,442,300	0.6%
3	Akwa - Ibom State	73,018,883	113,719,697	22,784,126,053	174,596,124,737	4.0%
4	Anambra State	11,914,472	18,555,614	4,284,575,529	28,488,805,082	0.7%
5	Bauchi State	13,622,209	21,215,245	4,565,410,154	32,572,190,489	0.7%
6	Bayelsa State	38,272,500	59,605,638	14,954,121,056	91,513,728,829	2.1%
7	Benue State	12,655,901	19,710,315	4,262,389,045	30,261,641,498	0.7%
8	Borno State	13,990,569	21,788,928	4,717,403,453	33,452,977,624	0.8%
9	Cross River State	11,163,416	17,385,918	3,793,245,702	26,692,947,137	0.6%
10	Delta State	58,011,183	90,346,687	25,217,118,757	138,711,075,710	3.2%
11	Ebonyi State	9,893,411	15,408,010	3,368,798,301	23,656,226,376	0.5%
12	Edo State	13,241,674	20,622,598	5,029,358,381	31,662,287,918	0.7%
13	Ekiti State	9,935,912	15,474,201	3,374,362,261	23,757,850,168	0.5%
14	Enugu State	11,193,602	17,432,930	3,798,109,949	26,765,126,212	0.6%
15	Gombe State	10,504,278	16,359,375	3,560,489,284	25,116,875,195	0.6%
16	Imo State	14,821,127	23,082,441	5,181,783,002	35,438,932,866	0.8%
17	Jigawa State	12,805,407	19,943,157	4,279,105,981	30,619,127,513	0.7%
18	Kaduna State	14,782,219	23,021,845	4,979,190,359	35,345,899,803	0.8%
19	Kano State	18,232,317	28,395,033	6,080,151,837	43,595,462,799	1.0%
20	Katsina State	13,986,437	21,782,495	4,689,729,929	33,443,099,473	0.8%
21	Kebbi State	11,844,787	18,447,086	4,002,166,040	28,322,180,515	0.7%
22	Kogi State	12,088,567	18,826,749	4,141,033,077	28,905,083,714	0.7%
23	Kwara State	10,400,188	16,197,265	3,438,274,195	24,867,985,088	0.6%
24	Lagos State	15,979,226	24,886,066	5,225,259,766	38,208,074,610	0.9%
25	Nassarawa State	10,208,425	15,898,613	3,474,158,168	24,409,459,214	0.6%
26	Niger State	13,547,855	21,099,445	4,530,026,413	32,394,400,470	0.7%
27	Ogun State	11,308,791	17,612,324	4,062,239,068	27,040,553,901	0.6%
28	Ondo State	20,210,498	31,475,854	5,988,826,731	48,325,508,517	1.1%
29	Osun State	10,597,367	16,504,352	3,513,681,347	25,339,461,569	0.6%
30	Oyo State	13,207,064	20,568,698	4,348,210,979	31,579,532,918	0.7%
31	Plateau State	11,629,751	18,112,189	3,944,859,691	27,808,005,494	0.6%
32	Rivers State	62,170,639	96,824,630	19,060,756,388	148,656,790,361	3.4%
33	Sokoto State	12,321,107	19,188,908	4,170,691,710	29,461,113,572	0.7%
34	Taraba State	11,246,253	17,514,928	3,719,427,103	26,891,019,644	0.6%
35	Yobe State	11,356,209	17,686,174	3,797,421,309	27,153,936,834	0.6%
37	Zamfara State	11,385,978	17,732,535	3,806,375,442	27,225,116,043	0.6%
	636,241,112	990,882,683		218,367,892,722	1,521,322,001,104	34.9%
38	774 Local Government	331,462,599	516,220,255	111,353,379,136	792,563,282,096	18.2%
	Total to States	967,703,711	1,507,102,938	329,721,271,858	2,313,885,283,200	53.1%
39	FCT Abuja	9,064,993	14,117,831	4,314,806,677	21,675,387,964	0.5%
40	Federal Government	844,259,349	1,314,850,539	281,329,134,780	2,018,716,328,836	46.4%
	Total	1,821,028,052	2,836,071,308	615,365,213,315	4,354,277,000,000	100.0%

- The Authority acknowledges concerns about the \$150 million withdrawal and limited shareholder communication at the time. It clarifies that this was not a formal dividend, but a strategic withdrawal made during a period of acute economic pressure.
- This action aligned with NSIA's mandate to serve as a fiscal stabilizer and was part of a broader suite of stimulus measures approved by the then-President, Muhammadu Buhari, during the COVID-19 lockdown. The objective was to augment FAAC distributions and sustain liquidity across all tiers of government.
- Following presidential approval, the Federal Ministry of Finance formally advised the NSIA on the account to which the funds should be transferred. In line with established protocol for capital transactions, the Office of the Accountant General of the Federation was consulted to provide the distribution schedule and ensure equitable allocation of the \$150 million among all shareholders. Consequently, distribution certificates were issued to all shareholders.
- A written confirmation of disbursement is typically sent to each shareholder group—Federal, State, Local Governments, and the FCT—to confirm receipt of distributed funds.
- We are **taking active steps to strengthen communication** and engagements going forward. Specifically, by ensuring early and proactive engagement with the Nigeria Governors' Forum and the Forum of State Commissioners of Finance on a regular basis as would be agreed.

Residual Funds Business Case – Why NSIA?

NSIA's disciplined strategy drives strong returns and national development, with over \$1B in asset growth since inception and greater impact than fragmented state funds.



1 Mitigate Risk of Currency Mismatch

- NSIA's USD-denominated capital has made investing in Naira-based infrastructure challenging due to currency risks and potential USD losses.
- Leveraging receipts from the Residual Fund can mitigate this risk, enabling secure, effective investment in impactful, large-scale, bankable Naira projects.

2 Drive Domestic Infrastructure Investment

- NSIA has a strong track record of catalytic investments in companies like InfraCredit, NMRC, Family Homes Fund, and its Agriculture Investment Company.
- Access to the Residual Fund will scale investments in critical infrastructure across key sectors.

3 Preserve, Protect and Maximise Sovereign Wealth Fund

- NSIA's proven record as a prudent custodian of funds ensures responsible management and protection of sovereign funds.
- Granting NSIA access to the Residual Fund will prevent the risk of misappropriation and safeguard project capital from currency devaluation.

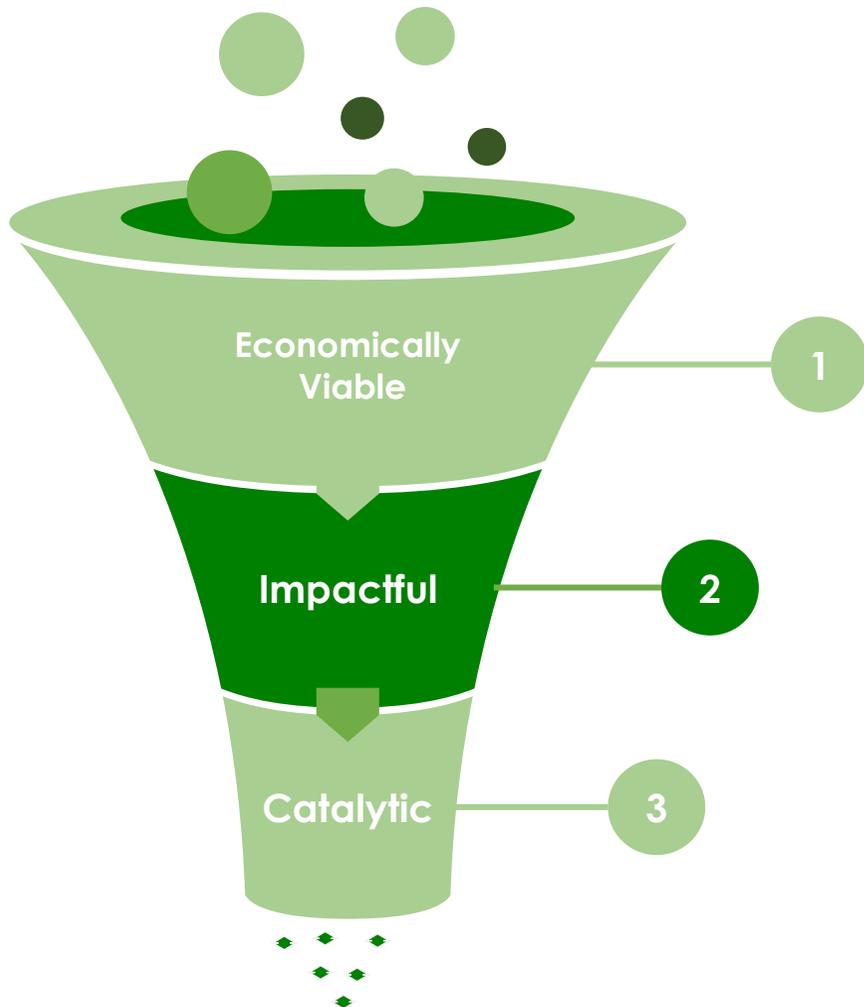
4 Spur Large Scale Economic Growth

- Effective deployment of the Residual Fund into nation-wide infrastructure projects across the agriculture and healthcare sectors will catalyse economic growth by creating jobs and reducing hunger and poverty.
- This approach aligns with the government's ongoing efforts to stimulate economic growth through various monetary and fiscal policies.

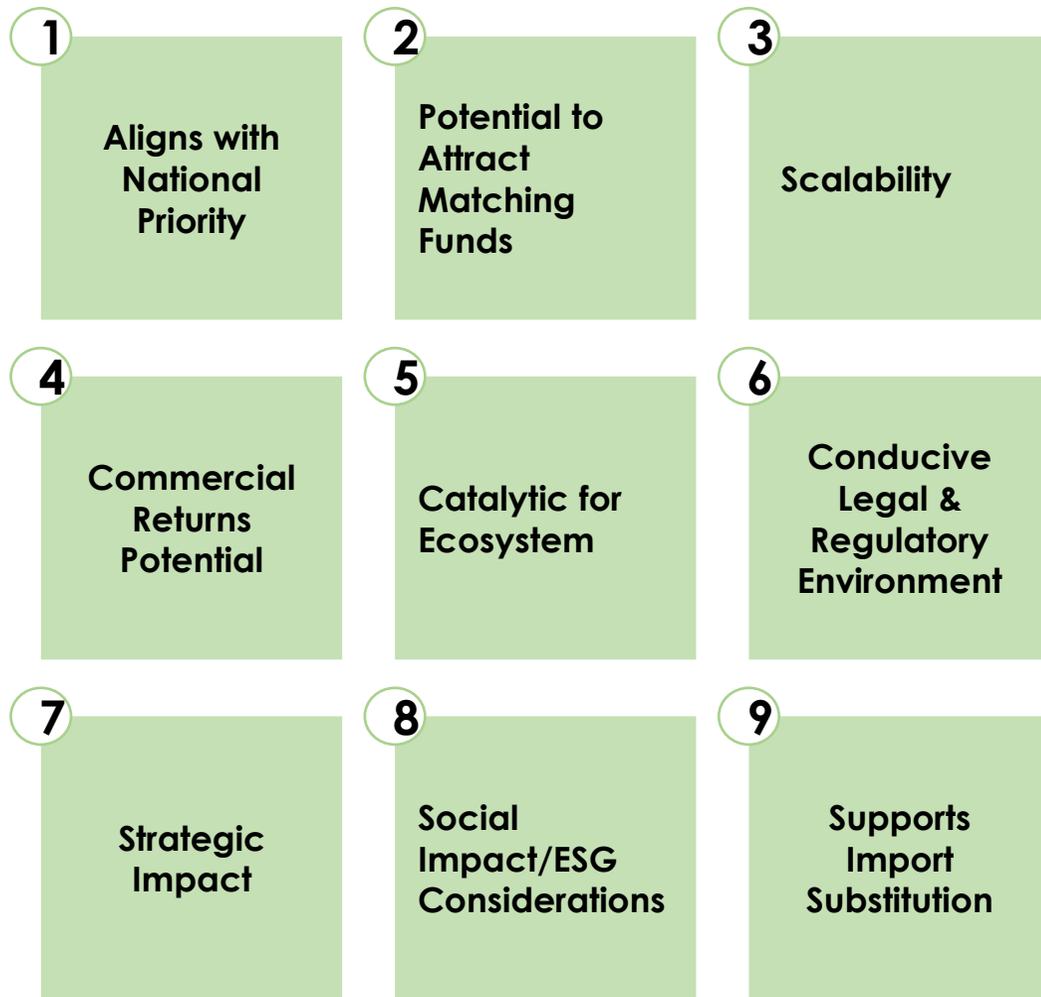
How NSIA Can Partner With You...

The Management and Board of NSIA remain open to supporting additional projects with national, economic, and social impact across all 36 states, providing opportunities to further expand the existing project pipeline.

These intended projects must be:



Project Screening Criteria



Conclusion

Approval of a programmed disbursement from the Residual Funds to the NSIA would facilitate the formation of a strong Naira-based investible capital pool, thereby substantially increasing the Authority's ability to execute critical domestic infrastructure projects that may not be feasible in USD terms. This will allow the NSIA:

- Deploy adequate Naira funding for large-scale investment projects.
- Mitigate currency mismatch risks associated with domestic investments.
- Align with new government initiatives to enhance economic stability.
- Catalyse economic development and long-term growth.

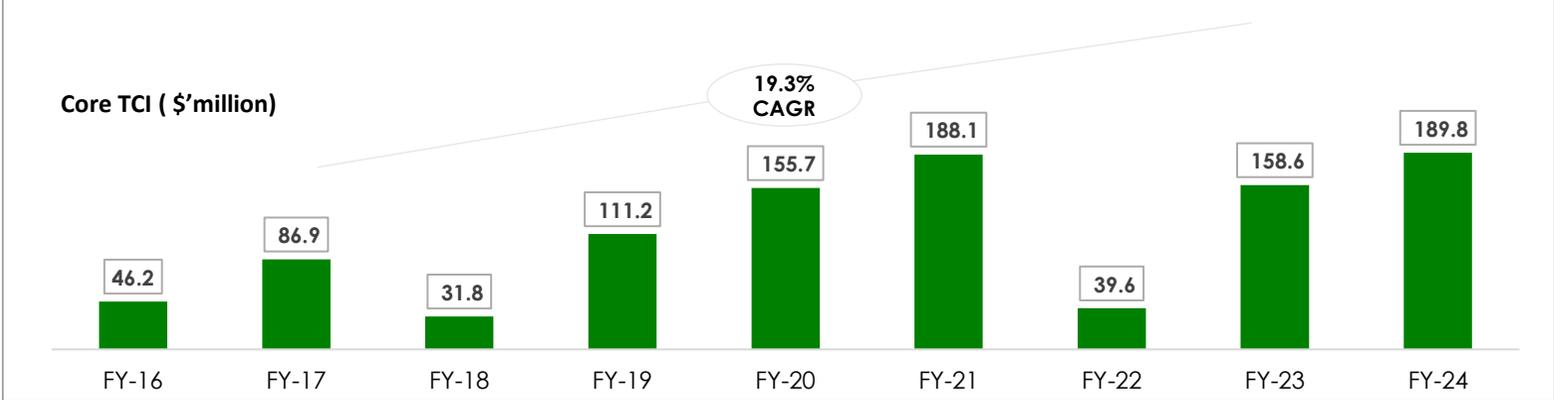
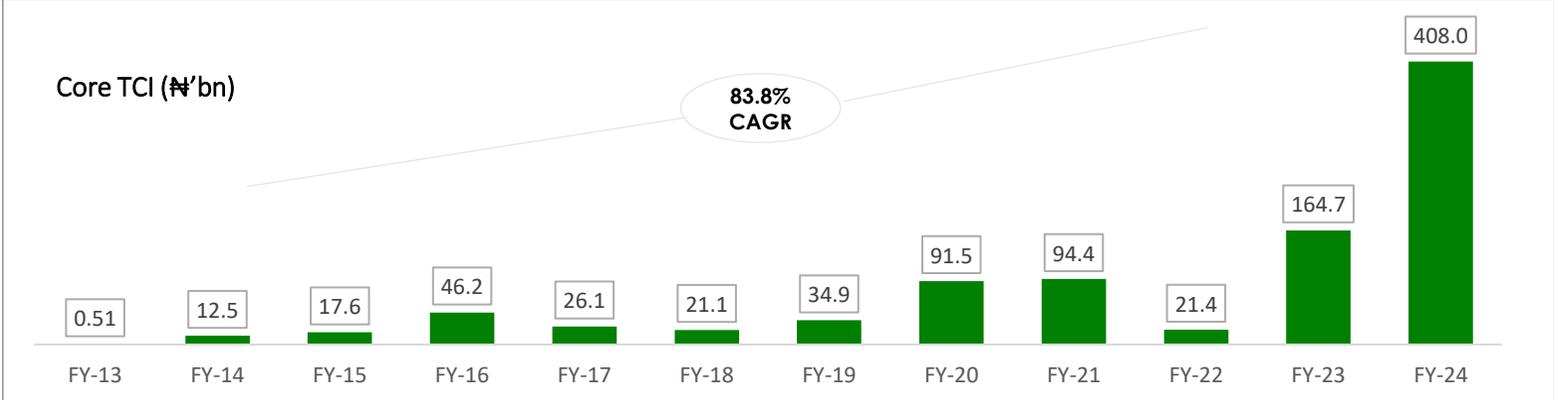
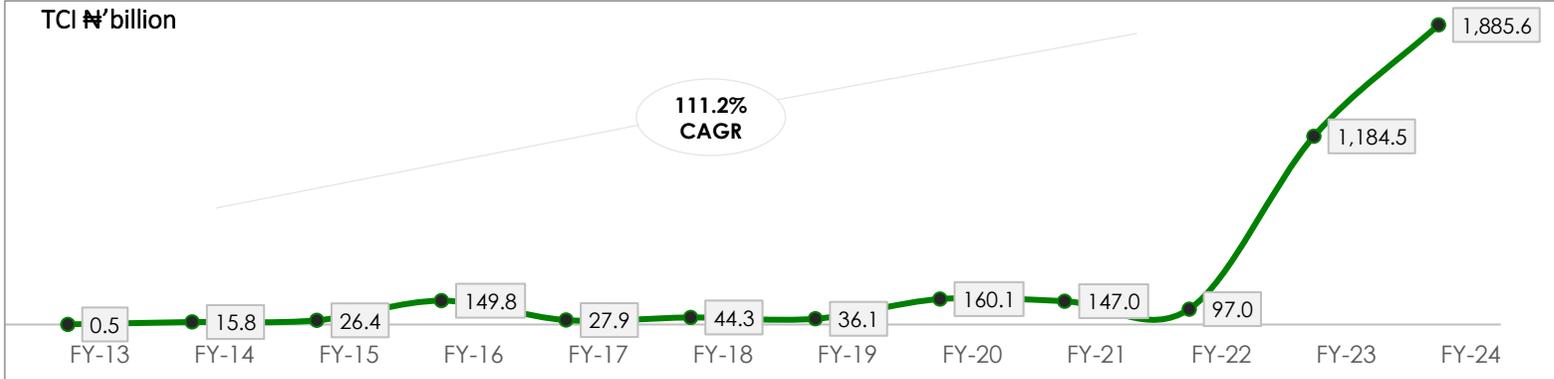
Prayers

- I. Therefore, the Committee is requested to consider and approve the monthly disbursement of ₦100 billion only from the Residual Funds to the NSIA, effective from March FAAC.



Appendix 1 – Snapshot of NSIA’s Historical Financial Performance

Snapshot of NSIA's Historical Financial Performance Naira – Group (2013 to 2024)



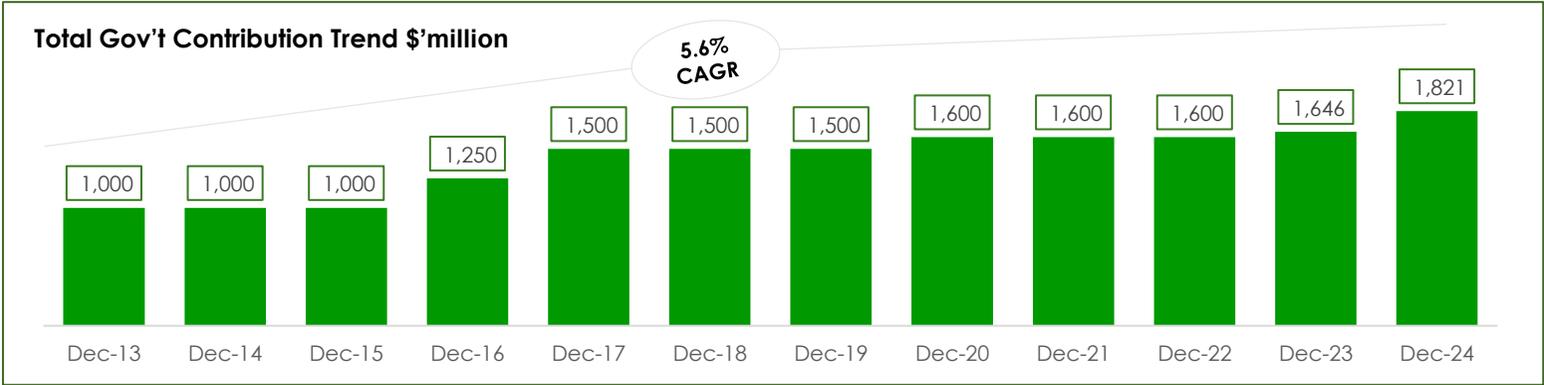
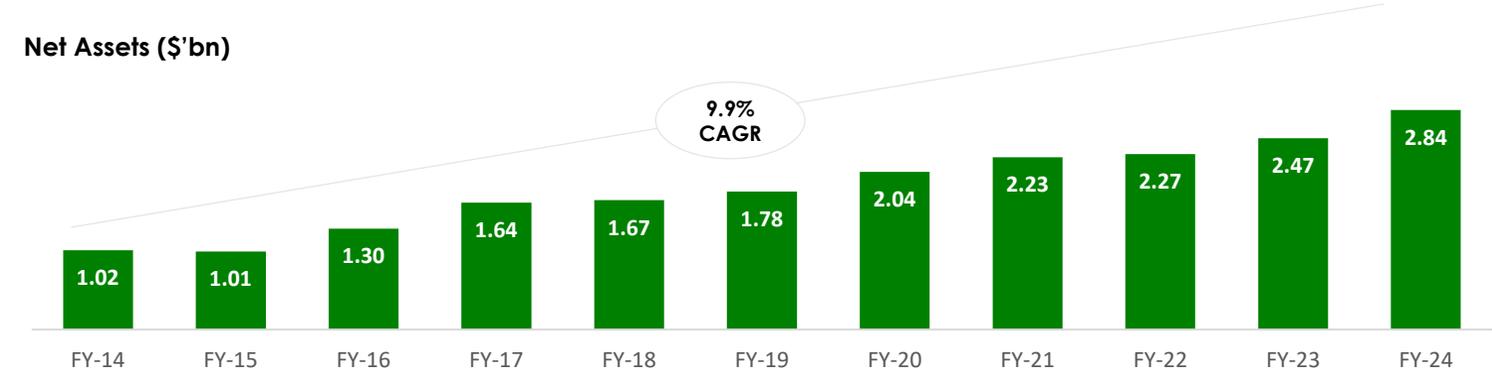
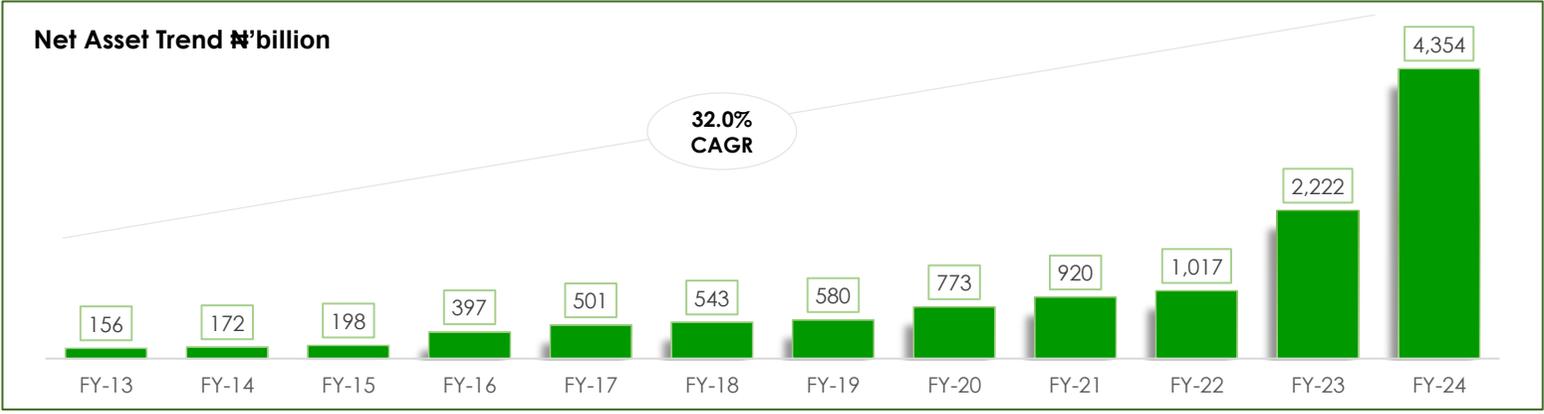
Consistent Profitability:

- ✓ Core TCI continued to grow despite global and local headwinds.
- ✓ Total Comprehensive Income increased by a CAGR of 19.3% in USD from \$46.2mm in 2016 to \$189.8 mn in 2024 and 84% in Naira from N0.51bn in Dec-13 to N408 billion in Dec-24, reflecting steady growth in profitability.

Sustainable Profitability:

- ✓ In terms of core profitability (i.e. excluding the impact of FX gains), Total Comprehensive Income increased by a CAGR of 44% in USD from \$3.26mm in Dec-13 to \$254.82mm in Dec-24 and 75% in Naira from N0.51bn in Dec-13 to N407.97 billion in Dec-24, reflecting sustainability growth in profitability and efficiency.

Snapshot of NSIA's Historical Financial Position - Group (2013 to 2024)



Diversified Strategic Assets Allocation:

- ✓ This growth is attributed to efficient balance sheet management, increased earnings, and additional capital injection during the financial period under review.
- ✓ Appreciation in externally-managed investments highlights the success of the well-diversified asset allocation.

Diversified Earnings:

- ✓ Net assets increased by 183% in USD from \$1bn in Dec-13 to \$2.84bn in Dec-24 and 2696% in Naira from N156bn in Dec-13 to N4.35 trillion in Dec-24, reflecting steady asset growth aligned with equity strength.
- ✓ Through a defensive investment strategy, robust risk management, and strong governance practices, the NSIA has effectively grown its AUM.