

**ALLOCATION OF REVENUE
(FEDERATION ACCOUNT, ETC.) ACT 1981**

ARRANGEMENT OF SECTIONS

Sections

- | | |
|--|--|
| <ol style="list-style-type: none">1. Distribution of the Federation Account between the three tiers of government.2. Formula for distribution between the States <i>inter se</i>.3. Formula for distribution between Local Government Councils in the Federation.4. Proportion of revenue to be paid by each State to State Joint Local Government Account. | <ol style="list-style-type: none">5. Establishment of Federation Account Allocation Committee.6. Establishment of Joint Local Government Account Allocation Committee for each State.7. Limit on power of State Governments for borrowing money.8. Reports by Accountants-General in the Federation.9. Short title and commencement. |
|--|--|



1982 No. 1

AN ACT TO PRESCRIBE THE BASIS FOR DISTRIBUTION OF REVENUE ACCRUING TO THE FEDERATION ACCOUNT BETWEEN THE FEDERAL AND STATE GOVERNMENTS AND THE LOCAL GOVERNMENT COUNCILS IN THE STATES ; THE FORMULA FOR DISTRIBUTION AMONGST THE STATES INTER SE ; THE PROPORTION OF THE TOTAL REVENUE OF EACH STATE TO BE CONTRIBUTED TO THE STATE JOINT LOCAL GOVERNMENT ACCOUNT ; AND FOR OTHER PURPOSES CONNECTED THEREWITH.

[22nd January 1982]

Commencement.

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria and by authority of same as follows :—

Distribution of the Federation Account between the three tiers of government.

1. The amount standing to the credit of the Federation Account (as specified in subsection (1) of section 149 of the Constitution of the Federal Republic of Nigeria 1979) shall be distributed by the Government of the Federation among the various governments in Nigeria on the following basis, that is to say—

(a) Federal Government	..	..	..	..	..	55%
(b) State Governments	..	..	..	..	..	35%
(c) Local Government Councils	..	..	..	..	..	10%

Formula for distribution between the States inter se.

2.—(1) The 35 per cent specified in section 1 (b) of this Act shall be sub-divided and allocated as follows, that is as to 30.5 per cent thereof, to all the States ; as to 1 per cent thereof, to be paid into a fund to be administered by the Federal Government for the amelioration of ecological problems in any part of Nigeria and as to the balance of 3.5 per cent thereof, to be shared on the basis of derivation, in the manner set out in subsection (2) below.

(2) The 3.5 per cent specified in subsection (1) above shall be sub-divided and allocated as follows, that is 2 per cent shall be paid directly to the States concerned in direct proportion to the value of minerals extracted from the territory of the State and the balance of 1.5 per cent shall be paid by the Government of the Federation into a fund to be administered by the Federal Government for the development of the mineral producing areas in Nigeria, which fund shall be managed in accordance with such directions as may be issued in that behalf from time to time by the President having due regard to the value of minerals extracted from and around the particular areas.

(3) The 30.5 per cent standing to the credit of all the States in the Federation Account as stated in subsection (1) above shall be distributed by the Federation among the States using the following factors :—

(a) Minimum responsibility of Government, that is equality of States 40%

(b) Population 40%

(c) Social Development Factor as represented by Primary School Enrolment 15%

(d) Internal Revenue Effort as represented by the ratio of total internal revenue to total recurrent expenditure 5%; and of the 15 per cent allocated pursuant to paragraph (c) above, 11.25 per cent thereof shall be attributable to direct primary school enrolment, that is to say the number of children of primary school age who are actually in school while the balance of 3.75 per cent shall be attributable to inverse enrolment, that is to say the number of children of primary school age who are not in school.

(4) References in section 1 of this Act and in this section to State Government or States include references to the Federal Capital Territory.

3. The amount standing to the credit of local government councils in the Federation Account shall be distributed by the Government of the Federation among the States using the same factors as those specified in section 2 (3) of this Act.

4. In addition to the allocation made from the Federation Account under section 1 of this Act to local government councils, there shall be paid by each State in the Federation to the State Joint Local Government Account (as specified in subsection (5) of section 149 of the Constitution of the Federal Republic of Nigeria 1979) in each quarter of the financial year a sum representing 10 per cent of the total revenue for that quarter of the State concerned.

5.—(1) There is hereby established for the Federation a body to be known as the Federation Account Allocation Committee which shall comprise the following members, that is to say—

(a) the Federal Minister of Finance to be the Chairman thereof ;

(b) the Commissioner for Finance of each State in the Federation ;

(c) two persons to be appointed by the President ; and

(d) the Accountant-General of the Federation.

(2) The Permanent Secretary of the Federal Ministry of Finance or such officer as may be designated by the said Minister shall be the Secretary to the Committee.

(3) The functions of the committee shall be—

(a) to ensure that allocations made to the States from the Federation Account are promptly and fully paid into the Treasury of each State on the basis and terms prescribed by this Act ; and

(b) to report annually to the National Assembly in respect of the function specified in the above paragraph.

Formula for distribution between the Local Government Councils in the Federation.

Proportion of revenue to be paid by each State to State Joint Local Government Account.

Establishment of Federation Account Allocation Committee.

6.—(1) There is hereby established for each State in the Federation a body to be known as the State Joint Local Government Account Allocation Committee which shall comprise the following members, that is to say :—

(a) the Commissioner charged with the responsibility for local government in the State to be the Chairman thereof ;

(b) the Chairman of each local government council in the State ;

(c) two persons to be appointed by the Governor of the State ;

(d) two representatives of the Accountant-General of the Federation ; and

(e) the Accountant-General of the State.

(2) The Permanent Secretary of the State Ministry charged with responsibility for local government or such officer as may be designated by the said Commissioner shall be the Secretary to the Committee.

(3) The functions of the Committee shall be to ensure that allocations made to the local government councils in the State from the Federation Account and from the State concerned are promptly paid into the State Joint Local Government Account and distributed to local government councils in accordance with the provisions of any law made in that behalf by the House of Assembly of the State.

7. The power of State Governments for borrowing money shall not extend to money, funds or revenue allocated to local government councils under this Act.

8.—(1) Not later than ninety days following the end of each financial year, the Accountant-General of the Federation shall report to each House of the National Assembly on the payments made to each State under this Act and stating whether or not the payments were correctly made under this Act.

(2) Not later than ninety days following the end of each financial year, the Accountant-General of each State shall report to the House of Assembly of the State and each House of the National Assembly on the payments made to each local government council in the State and stating whether or not the payments made were correctly made under this Act and under the relevant law of the State governing such payments.

9.—(1) This Act may be cited as the Allocation of Revenue (Federation Account, etc.) Act 1981.

(2) This Act shall be deemed to have come into force on 22nd January, 1982.

I certify in accordance with Section 2 (1) of the Acts Authentication Act, 1961, that this is a true copy of the Bill passed by both Houses of the National Assembly.

GIDADO IDRIS,
Clerk to the National Assembly.

Establishment of Joint Local Government Account Allocation Committee for each State.

Limit on power of State Governments for borrowing money.
Reports by Accountant-General in the Federation.

Short title and commencement.

SCHEDULE OF BILL PRESENTED FOR ASSENT

<i>Long Title of Bill</i>	<i>Summary of Contents</i>	<i>Date Passed by House of Representatives</i>	<i>Date Passed by Senate</i>
<p>A BILL for an Act to prescribe the basis for distribution of revenue accruing to the Federation Account between the Federal and State Governments and Local Government Councils in the States; the formula for distribution amongst the States <i>inter se</i>; the proportion of the total revenue of each State to be contributed to the State Joint Local Government Account; and for other purposes connected therewith.</p>	<p>The Bill makes the following provision for the distribution of any amount in the Federation Account :—</p> <p>(a) Federal Government 55%</p> <p>(b) State Governments 35%</p> <p>(c) Local Governments 10%</p> <p>2. The Bill further provides that 35 per cent shown for State Governments will be sub-divided as follows :—</p> <p>(i) On basis of factors indicated in Section 2 30.5%</p> <p>(ii) Payment for the benefit of the mineral producing States to be shared on the basis of derivation 3.5%</p> <p>(iii) Continuing ecological problems 1%</p> <p>3. The formula for distribution amongst the States of the 30.5 per cent credited to the States and the 10 per cent credited to Local Government Councils in the Federation Account are weighted on the following factors :—</p> <p>(a) Minimum responsibility of Government (equality of States) 40%</p> <p>(b) Population 40%</p> <p>(c) Social Development Factor as represented by Primary School enrolment 15%</p> <p>(d) Internal Revenue Effort as represented by the ratio of total internal revenue to total recurrent expenditure .. 5%</p>	<p align="center">12-1-82</p>	<p align="center">17-12-81</p>

I certify in accordance with Section 2 (2) of the Acts Authentication Act, 1961, that this Schedule is a true and correct record.

I ASSENT.



GIDADO IDRIS,
Clerk to the National Assembly

SHEHU SHAGARI,
President

22nd day of January 1982.