

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

CHAPTER 16

SUBSIDIARY LEGISLATION

No Subsidiary Legislation

ALLOCATION OF REVENUE (FEDERATION
ACCOUNT, ETC. (AMENDMENT) ACT. 1992.

Act No. 106

[10th July 1992]

THE FEDERAL MILITARY GOVERNMENT hereby
decrees as follows:-

1. The Allocation of Revenue (Federation Account, etc.) Act, in the Amendment of Act referred to as the Principal Act is hereby amended as provided in this Cap 16 LFN. Act.

Commenceme
nt.Amendment
of Cap 16
LFN.

2. Section 1 of the principal Act is hereby amended by deleting of paragraphs thereof and substituting therefor the following paragraphs.

Amendment
of section (1)
-(5)

- | | | |
|------------------------------|-------|----------------|
| (a) the Federal Government - | ----- | 48.5 per cent; |
| (b) the State Government | ----- | 24 per cent |
| (c) Local Government | ----- | 20 per cent |
| (d) Special Funds | ----- | 7.5 per cent |

- | | |
|---|---|
| (i) Federal Capital Territory | 1 per cent of the Federation Account: |
| (ii) Development of the Mineral producing areas | 3 per cent of the revenue accruing to the Federation Account derived from minerals. |
| (iii) General ecological problems | 2 per cent of the Federation Account. |
| (iv) Derivation | 1 per cent of the revenue accruing to the Federation Account derived from minerals. |

(v) Stabilisation Account

0.5 per cent of the Federation Account, plus the revenue arising out of using mineral revenue instead of the Account, as the base for allocation to the Fund for the Development of the Mineral Producing Areas and Derivation.

Amendment
of section 2

3.- (1) In section 2 of the principal Act-

(a) delete the figures and words 55 per cent in subsection (1) thereof and substitute therefor the figure and words 48.5 percent

(b) delete subsections (2) and (3) thereof and substitute therefor the following that is-

(2) The 24 per cent standing to the credit of all the States in the Federation Account as stated in section 1(b) of this Act shall be distributed by the Federal Government among the States, using the following factors-

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

(b) (i) Land Mass and Terrain 10 per cent

(ii) the 10 per cent shall be distributed between landmass and terrain in the ratio of 50-50

(c) (i) Social Development Factor as represented by Education, health and water 10 per cent.

(ii) the 10 per cent shall be distributed in the ratio of 40 per cent to Education, 30 per cent to health and 30 per cent to water

(d) Population 30 per cent

(e) Internal revenue effort as represented by the incremental rate of revenue growth over the previous year 10 per cent

(3) For the purpose of subsection (2)

(a) Landmass of a State or Local Government shall be the Proportional Aerial Size (PAS) of the State or the Local Government to the Total Aerial Size of Nigeria, and shall be obtained as follows:-

(i) for each state

$$(PAS) = \frac{\text{Areal Size of State}}{\text{Total areal size of Nigeria}} \times 100$$

(ii) For Local Government

$$(PAS) \frac{\text{Areal Size of Local Government Area}}{\text{Total Aerial Size of Nigeria}} \times 100$$

The allocation due to terrain is made on the basis of the Proportional Aerial Size of the three identified major terrain types present in the State or Local Government area respectively, which are

- (i) wetlands/water bodies,
- (ii) plains, and
- (iii) Highlands.

(i) Education as a parameter for allocation to Social

Development which attracts 60 percent of the allocation to education while the remaining 40 per cent is made using Secondary/ Commercial School enrolment; on the basis of Primary School enrolment is made solely in direct proportion. 50 per cent of the allocation on the basis of Secondary/Commercial School enrolment is made in inyerse proportion. School enrolment refers to public funded schools only.

(ii) Health as a parameter for allocation to social development factor shall be measured in terms of the number of State/Local government hospital beds there are and 50 per cent of the allocation to health shall be made in direct proportion to the number of the state hospital beds, while the remaining 50 per cent shall be made in inverse proportion.

(iii) Water as a parameter for allocation to social development factor shall be represented by mean annual rainfall in the State Headquarters and territorial spread of States, while the remaining 50 per cent shall be made in inverse proportion to the mean annual rainfall in each State Headquarters, using the most current five year figures, the same year for all the States.

(c) delete subsection (4) and (6)

Amendment
of section 3:

4. Delete section 3 of the Principal Act and substitute therefor the following section, that is.

Amendment
of section 4:

5.:- (1) In section 4 of the Principal Act.

(a) delete, in line 7 thereof , the word total appearing between the words the and revenue and substitute

therefor the word- internally-generated

- (b) renumber the existing section 4 as subsection (1) of section 4 and insert a new subsection (2) as follows-

(2) The 10 percent of each State's internally-generated revenue payable to the Local Government Councils in the State, under the provision of subsection (1) of the section, shall be distributed among the Local Government in the State on such terms and in such manner of the State House of Assemble may prescribe.

Immediately after the existing section 4 of the Principal Act there shall be inserted the following new section, that is

4A.-(1) An amount equivalent to 1 per cent of the Federation Account shall be allocated to the Federal Capital Territory.

Allocations
under special
funds.

(2) An amount equivalent to 3 per cent of the Federation Account derived from mineral revenue shall be paid into a fund to be administered by the Oil Mineral Producing Areas Development Areas Development Commission Act 1992 for the development of the mineral producing areas, in that behalf, from time to time by the National Assemble, and the fund shall be distributed among the areas on the basis of need, subject to section 2 of the Oil Mineral Producing Areas Development Commission Act.

3. For the purposes of subsection (2) of this section and for the avoidance of any doubt, the distinction hitherto made between on-shore and off-shore oil mineral revenue for the Fund for the development of the oil mineral producing areas, is hereby abolished.

(4) An amount equivalent to 2 percent of Federation Account shall be paid into a fund to be administered by an Agency to set up for that purpose for the amelioration of general ecological problems in and part of Nigeria, in accordance with directives as may be issued from time to time by the National Assemblé.

(5) An amount equivalent to 0.5 per cent of the Federation Account shall be allocated and paid into a Fund to be designated "Stabilisation Fund" which shall be administered by the Minister for Finance: the residue arising out of using mineral revenue, instead of the Federation Account as the base for allocation to the Fund for the development of the mineral producing areas shall be added to this Fund.

(6) An amount equivalent to 1 per cent of the Federation Account derived from mineral revenue shall be shared among the mineral producing State based on the amount of mineral produced from each state and in the application of this provision, the dichotomy of on-shore and off-shore oil production and mineral oil and non mineral oil revenue is hereby abolished.

(7) For the purpose of this Act, and for the avoidance of any doubt, where and State of the Federation suffers absolute decline in its revenue arising from factors outside its control, as a result of the implementation of his Act, the Stabilisation Fund shall be used to initially augment the allocation to the State, in accordance with acceptable threshold to be worked out by the National Revenue Mobilisation Allocation, and Fiscal Commission, at which recourse can be had to the Fund and for how long.

Saving.

7. The provisions of the Act shall not affect any previous revenue allocation made on the basis of the allocation formula

approved by the Armed Forces Ruling Council from 1989/90-
revenue allocation or any other period from June 1992

8 This Act may be cited as the Allocation of Revenue
(Federation Account etc.) Act.

Citation.

MADE at Abuja this 10th day of July 1992

GENERAL I.B. BABANGIDA.
*President, Commander-in-Chief
Of the Armed Forces,
Federal Republic of Nigeria*

EXPLANTORY NOTE

*(This note does not form part of this Act but is intended to
explain its purport)*

This Act amends the Allocation of Revenue (Federation Account etc.) Act, by providing a new formula for distribution of revenue accruing to the Federation Account among the three tiers of Government and the Special Funds created for the purpose.

The Act also provides for the administration of the Funds for the development of the oil mineral producing areas and for ecological problems by abolishes the distinction hitherto made between on-shore and off-shore mineral revenue and oil and non-oil mineral revenue derived from the mineral producing areas for the purpose of revenue sharing and the allocation of fund for the development of these areas.