

CHAPTER 16

ALLOCATION OF REVENUE  
(FEDERATION ACCOUNT, ETC) ACT

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]

Commence-  
ment

Distribution  
of the  
Federation  
Account  
between the  
three tiers of  
Government,  
etc Cap. 62

1. The amount standing to the credit of the Federation Account (as specified in subsection (1) of section 146 of the Constitution of the Federal Republic of Nigeria) shall be distributed by the Federal Government among the various governments in Nigeria and the Funds concerned on the following basis, that is to say-

- |   |   |
|---|---|
| (1) the Federal Government  | ..55per cent;   |
| (2) the State Governments ..  | ..32.5per cent;   |
| (3) the Local Government Councils   | 10per cent;   |
| (4) the Fund for the Amelioration of Ecological Problems..                | ..1per cent;  |
| (5) the Fund for the Development of Mineral Producing Areas of Nigeria .. | 1.5 per cent of the revenue accruing to the Federation Account derived from minerals. |

Formula for  
distribution  
between: the  
States inter se.

2. (1) The 55 per cent specified in section 1(1) of this Act shall be allocated to the Federal Government for its exclusive use.

(2) The 32.5 per cent specified in section 1(b) of this Act shall

be sub-divided and allocated as follows, that is to say-

- (a) a sum equivalent to 2 per cent of the revenue derived from minerals extracted from the mineral producing areas of Nigeria shall be paid directly to the mineral producing States in direct proportion to the value of minerals extracted from the area of each such State; and
- (b) an amount equivalent to 32.5 per cent of the Federation Account aforesaid less the sum specified in paragraph (a) of this subsection shall be paid to all the states in accordance with the provisions of subsection (6) of this section.
- (3) An amount equivalent to the value of 1 per cent of the Federation Account aforesaid, shall be paid into a fund to be administered by the Federal Government for the amelioration of ecological problems in any part of Nigeria in accordance with such directions as may be issued in that behalf from time to time by the President.
- (4) An amount equivalent to 1.5 per cent of the revenue accruing to the Federation Account derived from minerals extracted from the mineral producing areas of Nigeria shall be paid into a fund to be administered by the Federal Government for the development of the said mineral producing areas, 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 the particular areas concerned.
- (5) For the avoidance of doubt, a sum equivalent to the difference between the amount standing to the credit of the Federation Account in any one year, less the aggregate of the sums specified in section 1 of this Act shall revert to the Federation Account to be allocated and distributed in



accordance with the provisions of this Act.

(6) The 32.5 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) Population .. .. . 40 per cent
- (c) social development factor as represented by primary school enrolment .. .. . 15 per cent
- (d) internal revenue effort as represented by the ratio of total internal revenue to total recurrent expenditure .. .. . 5 per cent

(e) of the 15 per cent allocated pursuant to paragraph (c) of this subsection 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 attributed to inverse enrolment, that is to say, the number of children of primary school age who are not in school.

Formula  
for  
distribution  
between the  
Local Govern-  
ment  
Councils in  
the  
Federation

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 146 of the Constitution of the Federal Republic of Nigeria) in each quarter of the financial year a sum representing 10 per cent of the total revenue for that quarter of to state concerned.

Proportion  
of revenue  
to be paid  
by each  
State to  
state Joint  
Local  
Government  
Account  
Cap. 62

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-

Establishment  
of Federa-  
tion Account  
Allocation  
Committee  
And  
Functions

(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 Director-General 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 functions specified in the above paragraph.



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

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 Governments 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 Director-General of the state ministry charged with responsibility for Local Governments or such officer as may be designated by the said commissioner shall be the secretary to 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.

Limit on  
power of  
State  
Governments  
for  
borrowing  
money

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.

Report by  
Accountants-  
General in the  
Federation.

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

Short title