

**COMMUNIQUE ISSUED AT A ROUNDTABLE MEETING ON A SAVINGS AND STABILIZATION
MECHANISM FOR NIGERIA**

ORGANIZED BY THE SHEHU MUSA YAR'ADUA FOUNDATION

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BACKGROUND

Nigeria's export and government revenues are volatile because they predominately depend on the exploitation of crude oil. Despite earning over one trillion dollars from oil since 1970, there are more Nigerians living in poverty than any other country in the world. Nigeria requires improved fiscal governance of the Excess Crude Account (ECA) and other stabilization funds to be more effective and beneficial to citizens.

PRESENTATIONS AT THE ROUNDTABLE

Mr. Amara Nwankpa shared the outcome of his study of Nigeria's stabilization mechanisms and made recommendations towards the establishment of a constitutional savings and stabilization mechanism for Nigeria. Presentations included: "*Stabilizing Nigeria's Volatile Economy: Advocating the Need for a Constitutional Savings and Stabilization Mechanism for Nigeria*" and "*Advocacy Strategy and Monitoring Framework*".

OBSERVATIONS

1. Oil plays a major role in the Nigerian economy.
2. Countries that depend on revenues from natural resources to finance their budgets are characteristically prone to boom-and-bust cycles.
3. Between 1970 and 2015, Nigeria wasted five (5) oil booms.
4. Despite oil revenue earnings, 60% of the population still live below the poverty line. Corruption, mismanagement of oil reserves and lack of diversification in the export sector have slowed economic growth and contributed to high poverty levels.
5. Despite the substantial revenues that have accrued to state and local governments, states are still burdened by debts from outstanding salaries owed to workers and huge contractor debts.
6. Attempts have been made to institutionalize the ECA in the Fiscal Responsibility Act of 2007 but state governors claim it contradicts the 1999 Constitution.
7. Withdrawals have been made from the ECA without approval from the National Assembly.
8. Fiscal prudence is required to implement policy initiatives to stabilize Nigeria's volatile economy.
9. Norway serves as an example to Nigeria regarding an effective savings and stabilization mechanism. By May 2018, Norway's sovereign wealth fund, established in 1990, had accumulated approximately one trillion dollars. It is projected that by 2030, the fund will have increased to three times its current size. This will ensure a monthly income of \$1,500 per Norwegian.

RECOMMENDATIONS

Civil Society

1. Advocate a constitutional amendment to institutionalize a savings and stabilization mechanism for the country.
2. Develop effective messaging to drive conversations regarding transparency and accountability.
3. Collectively and consistently demand transparency in all Public-Private sector initiatives.
4. Simplify data, statistics, indicators and analysis for Nigerians at the grassroots level to engage.
5. Promote national economic debates on prudent fiscal management of Nigeria's oil revenue.

Government

1. Enact a constitutional amendment of section 162 of the 1999 Constitution with provisions that guarantee automatic savings of surplus revenues from oil, gas and minerals with the Nigeria Sovereign Investment Authority (NSIA).
2. Collapse oil revenue savings in the ECA and 0.5% Stabilisation Fund into the Sovereign Wealth Fund managed by the NSIA.
3. Increase transparency regarding revenue inflow and outflow from the Federation Account.
4. Ensure that disbursement of funds from stabilization accounts is absolutely discouraged.
5. Ensure that all tiers of government meet their financial obligations to the Sovereign Wealth Fund account.
6. De-link Government expenditure from oil revenues and pursue prudent macro-economic policies.

CONCLUSION

The Oil Revenue Tracking Initiative of the Yar'Adua Foundation challenged civil society organizations to advocate for the establishment of effective stabilization mechanisms and promote fiscal responsibility in Nigeria. Participants agreed to collaborate in joint efforts to monitor Nigeria's savings and stabilization funds and demand transparent leadership and accountability in the oil sector.

PARTICIPANTS

Participants included Amara Nwankpa (Yar'Adua Foundation), Dr. Chris Kalu (Department of Economics, Nnamdi Azikiwe University), Business Analysts, Public Policy Analysts, Civil Society Organisations, Non-Governmental Organizations and Initiatives and Media.