

A SAVINGS AND STABILIZATION MECHANISM FOR NIGERIA

PROTEA KURAMO WATERS HOTEL, LAGOS

MAY 24, 2018

ROUNDTABLE REPORT



OIL REVENUE TRACKING INITIATIVE
SHEHU MUSA YAR'ADUA FOUNDATION

Welcome and Introductions

Mr. Amara Nwankpa, Project Coordinator of the Oil Revenue Tracking Initiative (ORTI), Shehu Musa Yar'Adua Foundation, welcomed participants, gave a brief overview of the event agenda and highlighted objectives of the roundtable.

Presentations

Nigerian Excess Crude Account – Financial Analysis Report

Mr. Bode Longe, Managing Director, BL&C Limited, provided an in-depth analysis of the Excess Crude Account (ECA) showing cash flow patterns and irregularities of public and government data.

Key Points:

- Establishment and purpose of the ECA.
- Inconsistencies in the balance of ECA over an 11 year period (2007-2017). Financial analysis showed an expected balance of \$84.58 billion, but \$2.32 billion was reported by the Federal Ministry of Finance in 2017.
- The sum of \$79.74 billion was unaccounted for in the ECA before 2015.
- Lack of transparency in administration of the ECA, particularly with regard to accruals and withdrawals.
- Inconsistent published NNPC reports



Figure 1 - Mr. Bode Longe during his presentation on the ECA

Media Analysis of ECA and Emerging Issues

Mr. Jide Ojo, Director, OJA Development Consult, presented a media perspective on management of Savings and Stabilization Mechanisms for Nigeria.

Key Points:

- Premium Times, June 28, 2017: *Nigeria's Excess Crude Account, ECA, has been ranked the most poorly governed sovereign wealth fund among 33 resource-rich countries around the world, a new report by the Natural Resource Governance Institute has shown.*
- The PUNCH, August 15, 2017: *Saving Nigeria's Oil Revenues for the Rainy Day.* An article written by Orji Ogbonnaya-Orji of Nigeria Extractive Industries Transparency Initiative (NEITI).
- The PUNCH, February 21, 2018: *Reps move to Legalise Excess Crude Account.* An article regarding a bill seeking to legalise the ECA by introducing the Excess Revenue Fund Account.



Figure 2 - Mr. Jide Ojo presenting a media perspective on Stabilization Mechanisms in Nigeria

Improving Public Awareness and Advocacy on a Stabilization Mechanism for Nigeria

Professors Adeola Adenikinju of the Centre for Petroleum Energy Economics and Law, and Andrew Onyeankwe, discussed implications of crude oil price volatility on key macroeconomic variables and human development indicators. The presentation also included a comparative analysis of Nigeria's performance with respect to other countries with stabilization policies and programmes.

Key Points:

- Oil price volatility affects every aspect of the economy: the price of food, basic commodities and amenities
- Nigeria is a dysfunctional economy suffering from Dutch disease. Non-oil sectors contribute over 90% to GDP yet generate less than 10% to government revenue.
- The huge revenue from oil has not translated to real improvement in the welfare of citizens.
- Stabilization mechanisms have been ineffective due to mismanagement and prevalence of corruption.
- Lack of political will has prevented proper implementation of stabilization mechanism.

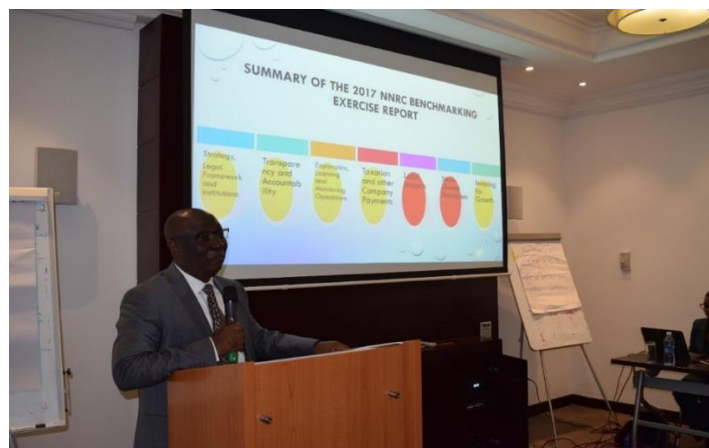


Figure 3- Professor Adenikinju giving a summary of the NNRC Benchmarking Exercise

The session urged government agencies to discourage withdrawal from the ECA, monitor budget implementation and ensure transitory incomes are more efficiently utilised for investment rather than consumption.

Safeguarding and Smoothing Fiscal Adjustments in Nigeria - Policy Options

Dr. Obiageli Ezekwesili, Director, Africa Economic Development Policy Initiative, described Nigeria's resource curse and the 'Dutch disease', a negative impact on an economy due to an inflow of foreign currency. She illustrated Norway and Botswana as examples of countries that have leveraged deliberate policy objectives to guide revenue management.

Key Points:

- Nigeria has failed to make the transition to a capable state able to produce enviable development outcomes such as the diamond rich nation of Botswana.
- The urgent need for an effective savings mechanism as well as a transparent, sound governance structure that ensures operational controls, risk management, and accountability of funds.
- The need for an amendment of sections 162(1), (2) and (10) of the 1999 Constitution, which prescribes modes of sharing oil revenue with regard to the ECA.
- Suggestion of three policy options for setting fiscal rules for Nigeria:
 - Direct constitutional amendment and reform driven by the political class.
 - National economic debates and dialogue instituted by civil society aimed at constitutional reforms driven by citizens.
 - Maintain the Status Quo of generally uncoordinated measures by government.
- A proposal to trigger effective public dialogue to secure political buy-in for structural reform of public financial management.



Figure 4 - Mr. Sam Daibo, Dr.Obiageli Ezekwesili and Dr. Osten Olorunsola during the presentation on Fiscal Adjustments in Nigeria

Discussions

Mr. Amara Nwankpa gave a recap of presentations and stated that Nigeria needs improved policy and advocacy frameworks to ensure that oil revenue savings in the ECA and Stabilization Fund become more effective and beneficial to citizens. It was also unanimously agreed that every Nigerian has a role to collaboratively engage the Federal Government to implement and sustain a more effective savings and stabilization mechanism.



Figure 5 - Mr. Sam Daibo, Mr. Odein Ajumogobia (SAN), Dr. Obiageli Ezekwesili, Mr. Jide Ojo, Mr. Amara Nwankpa and Dr. Osten Olorunsola after discussions

Participants were encouraged to ask questions and make comments on presentations. As a result, the following observations and recommendations were made:

Observations

Excess Crude Account

1. The ECA has had no significant increase despite rallying oil prices between July 2017 and January 2018.
2. Appropriations from the Excess Crude Account had previously gone through the FAAC. However, in the past 3 years, withdrawals from the ECA were not disclosed to the FAAC even when documentation exists elsewhere.
3. It was observed that the ECA lacks transparency and has an unclear methodology for withdrawals and distributions. This has been manifested in unilateral withdrawals by successive governments. A report by the Fiscal Responsibility Commission corroborates this, expressing concern due to its inability to carry out a full appraisal of the ECA.
4. Nigeria's Excess Crude Account was ranked the most poorly governed sovereign wealth fund among 33 resource-rich countries in a 2017 report by the Natural Resource Governance Institute. Nigeria was placed in last position along with the Qatari Investment Authority as countries whose governments do not implement rules governing deposits, withdrawals or investment of such funds.

Effects of Oil on Nigeria's Economy

1. The huge revenue from oil has not translated to real improvement in the welfare of citizens. Sixty per cent of the population, according to the National Bureau of Statistics, still live below the poverty line. Corruption, mismanagement of oil revenue and lack of diversification in the export sector all have an important role to play in our slow economic growth and high poverty levels.
2. Nigeria is a dysfunctional economy suffering from Dutch disease, as non-oil sectors contribute over 90% to GDP yet generate less than 10% to government revenue.
3. Stabilization mechanisms have been ineffective due to mismanagement and the prevalence of corruption in Nigeria.
4. There is a disconnect between revenue generated from oil and the level of economic development attained.
5. Lack of political will has prevented proper implementation of the stabilization mechanism over successive administrations.
6. Nigeria has failed to make the transition to a capable state in order to enable it to produce enviable development outcomes such as the diamond rich nation of Botswana.

7. Nigeria has gone through five cycles of oil booms. During these periods, Nigeria earned a conservative estimate of over one trillion dollars in oil revenue but made no significant savings, nor have these earnings translated to lasting and productive capital through human development, physical infrastructure and institution building.

Recommendations

The following recommendations were put forward at the Roundtable:

Excess Crude Account

1. Politically negotiate and agree binding rules for ECA revenue inflows and outflows until such time as the constitutional amendment is effected to entrench the ECA;
2. Mandate transparency and accountability with disclosure and reporting requirements on deposits and withdrawals from the ECA;
3. The Federal and State Governments should seek speedy resolution of pending Supreme Court cases on the constitutionality of remittances to the ECA and Nigeria Sovereign Investment Authority (NSIA);
4. Create a real-time platform for the Federal Ministry of Finance to provide figures on the ECA (this will end the conflicting accounts from Ministry of Finance and Office of Accountant General).

Nigeria Sovereign Investment Authority

1. Urgently effect an amendment of section 162 of the 1999 Constitution with provisions that guarantee automatic savings of surplus revenue from oil, gas and minerals with the Nigeria Sovereign Investment Authority (NSIA);
2. Strengthen NSIA with appropriate guarantees on transparent and accountable governance to re-assure stakeholders;
3. Encourage all tiers of government to regularly meet their financial obligations to the Sovereign Wealth Fund account;
4. Collapse the ECA and 0.5% Stabilization account into the Sovereign Wealth Fund.

Institutional Reform

1. Build a critical mass to demand change in the institutional framework guiding Nigeria's Savings and Stabilization Funds;
2. Ensure that oil, gas and mineral revenues are more effectively and efficiently utilized for capital investment rather than consumption;
3. Strictly monitor implementation of yearly budgets;
4. Revise and fully implement the Niger Delta Masterplan;
5. Diversify the economy through investment in non-oil sectors;
Increase contributions of the oil industry to GDP.

The Role of Civil Society

1. Establish National Economic Governance Debates organized by civil society;
2. Civil Society Organizations (CSOs) should generate grassroots political pressure regarding the importance and benefits of the stabilization fund to the nation;
3. CSOs should demand transparency of revenue inflow and outflow from the Federation Account;

Press Briefing

A press briefing was held on May 25, 2018, with notable media institutions featuring members of the Expert Advisory Panel - Nigeria Natural Resource Charter (NNRC), Resource Persons and Consultants.

Mr. Odein Ajumogobia (SAN), Former Minister for Petroleum Resources and chair of the EAP-NNRC, read the communique on behalf of the panel and invited questions and comments from the media.



Communiqué from
ORTI and NNRC Lagc

Summary of Discussions:

1. The importance of establishing structural procedures to monitor inflows and outflows regarding the ECA. It was observed that the current process is flawed because no one seems to know exactly how much has been accrued and withdrawn from the ECA till date.
2. Amendment of the constitution in order to legalise the ECA and ensure it is used for its intended purpose.
3. The need for policy advocacy regarding a stabilization mechanism for Nigeria championed by the media and civil society.

Media Mentions

Following the roundtable and press briefing, there were a number of media mentions of event proceedings in electronic and print media as follows:

1. Tribune Online

<http://www.tribuneonlineng.com/nigeria-made-no-savings-from-1trn-in-oil-revenue-says-ajumogobia/>

Nigeria made no savings from \$1trn in oil revenue, says Ajumogobia

Segun Kasali - Lagos Latest News



THE Former Minister of Petroleum Resources and Chairman of the NNRC Expert Advisory Panel, Odein Ajumogobia has said that Nigeria made no significant savings from the conservative estimate of over one trillion dollars in oil revenue.

This was disclosed at a roundtable discussion on the savings and stabilization for Nigeria organized by the Shehu Musa Yar'Adua Foundation.

Ajumogobia said that Nigeria has no savings nor have translated the earnings to productive capital through human development,

According to him, Appropriations from the Excess Crude Account (ECA) have previously gone through the FAAC, adding that in the past three years withdrawals from the ECA are not disclosed to the FAAC even when properly documented elsewhere.

He observed that the ECA lacks transparency and has an unclear methodology for withdrawals and distributions manifested in unilateral withdrawals by successive governments.

"Nigeria's ECA has been ranked the most poorly governed sovereign wealth fund among 33 resource-rich countries, according to a 2017 report by the Natural Resource Governance Institute."

"Nigeria was placed in the last position along with the Qatari Investment Authority as a country whose government discloses almost none of the rules or practices governing deposits, withdrawals or investment of the ECA."

ALSO READ: [Osinbajo to States: Think, plan like countries to succeed financially](#)

"The huge revenue from oil has not translated to real improvement in the welfare of citizen. Sixty percent of the population, according to the National Bureau of Statistics, still lives below the poverty line. Corruption, mismanagement of oil reserves and lack of diversification in the export sector all have an important role to play in our slow economic growth and high poverty levels."

In recommending possible solutions to the problem, Ajumogobia observed that the ECA and 0.5% stabilisation account should be collapsed into the Sovereign Wealth Fund.

He added that Civil Society Organisations should generate grassroots political pressure regarding the importance and benefits of the stabilisation fund to the nation.

2. Guardian Newspaper

TheGuardian
Conscience, Nurtured by Truth
www.guardian.ng

Oil majors delay investment on \$23.5b offshore projects

- Blackmail government on petroleum governance bill
- Experts task gov't on security, win-win petroleum law
- DPR to clamp down on firms over N7tr oil debt

Blackmail government on petroleum governance bill
Experts task gov't on security, win-win petroleum law
DPR to clamp down on firms over N7tr oil debt

Water resources control bill splits Senate along ethnic, regional lines
Fest Govt begins probe of illegal fuel collection by varietals
We will declare Biafra independence on May 30
We used 'bribe' tactic on party supporters, say police
Accused granted bail, remanded in EFCC custody

Gunfire in Kano court as EFCC arraigns Shokarau, Wali
Accused granted bail, remanded in EFCC custody

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Breaking News: Police take over Enugu Government House over Biafra protest

Ezekwesili, ex-DRP boss seek legal status for Excess Crude Account

By Collins Olayinka, Abaja
0 May 2018 | 4:26 a.m.

Caution against wasting extra oil revenue
Former Minister of Education, Mrs Obiageli Ezekwesili and former Director of Department of Petroleum Resources, Olsten Olorunsola have urged the National Assembly to legalise the Excess Crude Account to prevent wastage of oil earnings.

Speaking at a policy dialogue on the savings of stabilisation mechanism for Nigeria recently, Mrs Ezekwesili, who was a pioneer coordinator of the National Stakeholders

<https://guardian.ng/energy/ezekwesili-ex-drp-boss-see-legal-status-for-excess-crude-account/>

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Experts decry depletion of excess crude account

Ezekwesili said: "There is a need to amend the constitution to ensure having a stabilisation fund because the idea of Crude Account (ECA) was to save money that is in excess of planned expenditure at a time there is a bonus revenue. This is needed to balance out shortage of revenues where there is not enough to execute projects. The source of revenue of Nigeria is oil whose prices are volatile and with volatility, it is difficult to have economic growth. Therefore, in order to ensure the stability of public investment, nations use best practices of having a set aside fund from their oil proceeds when prices are high. Nigeria has not done this. So, the forward measure is to do something with the constitution specifically on Section 162, which expects everything that enters not the federation account to be shared amongst the three tiers of government. So, we must insist as citizens that the ECA, which is a mere political arrangement to have a constitutional mandate, imposed on all our levels of government. Let the President of the country and the National Assembly lead this process by inviting governors and Chairmen of local government councils and have a discussion that leads to an amendment of the constitution for this purpose. If countries like Ghana and Botswana have this as a law, why can't Nigeria have it?"

On his part, a former Director, Department of Petroleum Resources (DPR), Olsten Olorunsola submitted that having a Petroleum Revenue Management arrangement is not an option for Nigeria if it desires to safe excess money that will accrue to the country as oil prices steadily rise in the international crude oil market.

He said: "There is something that is called 'Petroleum Revenue Management Act' across countries round the whole world have it. We wanted to start here in Nigeria, but there is a constitutional bottleneck around that here. That has to happen as we must

<https://guardian.ng/news/experts-decry-depletion-of-excess-crude-account/>

TheGuardian Energy

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He said: "There is something that is called 'Petroleum Revenue Management Act' across countries round the whole world have it. We wanted to start here in Nigeria, but there is a constitutional bottleneck around that here. That has to happen as we must have a Petroleum Revenue Management Act that is backed by law for it to achieve the purpose it is meant to achieve."

In her presentation, a former member of the National Stakeholders Working Group (NSWG) of Nigeria Extractive Industries Transparency Initiative (NEITI), Faith Nwadike said the appointment of members of the NSWG otherwise known as board by the government is not in tandem with the dictates of the standards of the international Extractive Industries Transparency Initiative (EITI), saying, "the EITI actually expects relevant stakeholders to select their representatives on the board. What government should do is to appoint head of the secretariat – the Executive Secretary- and allow the concerned stakeholders to select their own representatives. Indeed, the members should select from the Chair of the NSWG amongst the stakeholders. This will bring integrity and independence to the implementation of the EITI processes in Nigeria."

National

Experts decry depletion of excess crude account

By Cornelius Esson, Abuja, 29 May 2018 | 3:44 am



Oby Ezekwesili

Experts have expressed dissatisfaction over the depletion of Excess Crude Account (ECA), saying, a net expected balance of \$84.58 billion was estimated at December 2017, but government declared \$2.32 billion.

At a forum organised by Shehu Yar'Adua Foundation in Lagos, they believed that there was lack of transparency, methodology for withdrawals by the government from the account between 2007 and 2017. A financial expert, Bode Longe, said ECA is meant to ensure saving mechanism and financial stability of Nigeria, asking, how oil revenues were spent during the period was questionable.

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Contributors

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'Public safety, security remain our primary duty'



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'Public safety, security remain our primary duty'



Opposition, others pick holes in Buhari's scorecard



Class consciousness and the Nigerian

3. ThisDay Newspaper

'Nigeria Requires Savings, Stabilisation Mechanisms'

Crude oil slips further below \$80 per barrel UK court stays proceedings on N'Delta community's suit against Shell

Ejorfor Alike Foundation's Oil Revenue Tracking Initiative (ORTI) has concluded that Nigeria would require a saving and stabilisation mechanism to absorb crude oil price volatility. This is coming as crude oil prices recorded their largest one-day dip in two weeks yesterday with expectations building that OPEC could wind down an output deal that has been in place since the start of 2017 due to concerns about supplies from Venezuela and Iran. In her presentation on 'Policy options on safeguarding and smoothening fiscal adjustments in Nigeria at the Shehu Musa Yar'Adua Foundation's roundtable,' a former Minister of Education, Dr. Obiageli Ezekwesili said the country lost the opportunity to store in the five cycles of oil boom witnessed between 1970s and 2014 as a result of the mismanagement of the country's resources.

N'Assembly Transmits 2018 Budget to Buhari Today... Page 12

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Govs, N'Assembly APC, PDP Members Set to Join ADP

Segun James Congresses are set to dovetail to the African Democratic Congress (ADC), THISDAY has learnt. Also set to defect along with them are members of the Peoples Democratic Party (PDP) in the National Assembly who believe that ADC can be used as an alternative party to unify defectors from the two leading political parties. A former governorship aspirant on the platform of the PDP who confided in our correspondent said negotiations between the ADC, the leadership of the incumbent new Peoples Democratic Party (PDP) and the PDP are at a final stage. He also said that the announcement of the outcome of the negotiation is expected within the next few weeks. The source said that the reason why the PDP would collapse into the ADC was because of the sponsor Nigerians associated with the PDP and that the process of registering a new party might take a long time. He also hinted that most dissatisfied members of the ruling APC in the country were expected to be part of the new party. "Just wait. The APC is set to implode. After that, we will reveal our plan. APC will die after its national congress, 1

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APC, nPDP Rift Deepens, Faction Keeps Options Open

'NIGERIA REQUIRES SAVINGS, STABILISATION MECHANISMS'

According to her, the savings in the Excess Crude Account (ECA) set up by the administration of former President Olusegun Obasanjo were depleted by the successive administration. Ezekwesili argued that the six years of record high oil prices after the tenure of Obasanjo could have built up foreign reserves to as much as \$100 billion, including an ECA level of at least \$40 billion.

"The summary of the inflows and outflows from the Account shows that the opening balance was \$4.56 billion in 2011 and reached a peak the following year at \$8.7 billion before declining to \$2.3 billion in 2013. The balance as at May 2015 was \$2.07 billion," Ezekwesili said.

Citing a comment by a former Minister of Finance and Coordinating Minister for the Economy, Dr. Ngozi Okonjo-Iweala at the 2014 World Economic Forum, Ezekwesili quoted the former finance minister as saying that "the depletion of the Excess Crude Account to about \$2.5 billion has made the country more vulnerable than it was in the past and put the economy of the country at great risk".

Ezekwesili argued that about \$200 billion was used to rebuild entire Europe after the Second World War, while Nigeria has earned over \$1 trillion from crude oil without commensurate development in human and infrastructure. The former Vice President of World Bank disclosed that Botswana is the only country in sub-Saharan Africa that has managed her mineral resources efficiently. Also in their presentations, a member of the Central Bank of Nigeria (CBN) Monetary Policy Committee, Prof. Adeola Ademikunju and Andrew Oryeankwe, noted that the government spending and the country's revenue have no link.

Ademikunju, in his presentation, identified incoherence data as a major challenge in the country's efforts to save, adding that over \$1 trillion earned from oil has not reflected in the people's welfare.

He said ECA and Sovereign Wealth Funds were supposed to provide stabilization fund. According to him, a temporary shock is not supposed to affect the economy if the stabilization fund is working.

"But when the oil price goes down, the Federal Allocation goes down. So, the stabilization mechanism is not working," he added. On his part, Oryeankwe argued that Nigeria's \$1.5 billion savings in sovereign wealth fund is a far cry from Norway's over \$1 trillion, Saudi Arabia's over \$500 billion and Algeria's \$7.6 billion.

In another development, crude oil prices recorded their largest one-day drop in two weeks yesterday, with expectations building that OPEC could wind down an output deal that has been in place since the start of 2017 due to concerns about supplies from Venezuela and Iran. Global benchmark Brent futures were down \$1.02 at \$78.78 per barrel, the largest one-day fall since May 8, while United States crude futures dropped \$1.08 to \$70.76 a barrel.

Reuters reported that OPEC may decide in June to lift output to make up for reduced supply from Iran and Venezuela and in response to concerns from Washington about a rally in oil prices, OPEC and oil industry sources told Reuters. Russian Energy Minister Alexander Novak said production cuts could be eased "sofly" if OPEC and non-OPEC countries see the oil market balancing in June, the Interfax news agency reported. Venezuela's output has fallen amid an economic crisis, while Iran's supply is threatened by U.S. sanctions. These factors have helped push Brent to multi-year highs, with Brent breaking through an \$80 threshold last week for the first time since November 2014.

OPEC and some non-OPEC major oil producers, which are scheduled to meet in Vienna next month, previously agreed to curb their combined output by about 1.8 million barrels per day (bpd) to boost oil prices and carry a supply glut. Meanwhile a British court yesterday ruled that the suit brought before it by the Bodo community of Rivers State against Shell should remain stayed until July 2019.

The Bodo community has been involved in a protracted legal battle with Shell over the clean-up of two 2008 oil spills. Lawyers for Bodo had accused Shell of trying to kill off the legal case by seeking a court order that would have meant the community had to meet onerous conditions before it could revive its litigation, which is currently on hold. But a London High Court judge, Mrs Justice Cockerill, ruled that the litigation should remain stayed until July 1, 2019, with no conditions attached should the Bodo community's representatives seek to re-activate it before then. "We are delighted the court has rejected Shell's attempt to restrict the community's legal rights," said the Bodo community's lead UK lawyer, Dan Leader. "The message is clear - Shell must clean up this appalling oil spill and the Bodo community will keep on with its legal case until they are confident that it will do so," he said. The 2008 oil spills devastated the lands and waterways of Bodo and Shell accepted liability for the spills in 2015, agreeing to pay 55 million pounds (\$83 million at the time) to Bodo villagers and to clean up their lands and creeks. After years of delays, the clean-up is currently underway, under the auspices of the internationally recognised Bodo Mediation Initiative (BMI). Reuters reported that Shell's lawyers had argued at a hearing on Tuesday that the community should only be able to re-activate the legal case should Shell fail to comply with its obligation to pay for the clean-up. But Bodo's lawyers had countered that the community should have unfettered access to the London courts if the clean-up was not completed to a high standard. Arguing that the pressure of litigation was a key factor in pushing Shell to implement the clean-up, they had asked the judge to keep the legal case on hold until May 2020. Oil spills, 80 per cent of which are caused by vandalism, are common in the Niger Delta. Oil companies have run into problems trying to clean up spills, sometimes because of obstruction and even violence by communities trying to extract bigger payouts, or to obtain clean-up contracts.

Obasanjo Administration Spent Only \$3.5bn on New Power Projects, Says Ezekwesili

Ejorfor Alike

As allegations and counter allegations continue to mount over the actual cost utilised by the former President Oluksenu Obasanjo administration to execute power projects in the country, former Minister of Education, Dr. Obiangli Ezekwesili, has weighed in with a clarification that only about \$3.5 billion was injected into the construction of new power generating stations under the National Integrated Power Projects (NIPPs) as at the time the term of the administration of Obasanjo ended in 2007.

President Muhammadu Buhari recently launched a ferocious attack on Obasanjo, accusing him of "bragging" that he spent \$16 billion on the power sector without anything to show for it.

Buhari launched the attack when he received members of the Buhari Support Organisation (BSO) at the State House, Abuja.

Obasanjo has been at the vanguard of those vehemently opposed to Buhari's bid to seek a second term in 2019 and has been working behind the scenes with other ex-ministry generals to support a candidate who can defeat the president.

Buhari, however, has restrained himself and his aides from responding to the various accusations of non-performance and dishonesties levelled against him by Obasanjo.

But Buhari threw caution to the wind and took on his former boss by saying that the debt incurred from the \$16 billion spent by Obasanjo on power projects without any output was now being paid by his administration, adding that in Nigeria's history his government had made the highest capital allocations in the 2017 and 2018 budgets.

Speaking in Lagos at a roundtable with the theme 'Savings and Stabilisation Mechanism for Nigeria' organised at the weekend by the Shehu Musa Yar'Adu Foundation's Oil Revenue Tracking Initiative (ORTI), Ezekwesili argued that all the additional electricity being generated in the country today comes from some of the 10 brand new power stations built under the NIPP.

In her detailed presentation on Policy Options on Safeguarding and Smoothing Fiscal Adjustments in Nigeria, the former education minister and Madam Due Peace said the NIPPs were part of the success story of the Excess Crude Account (ECA) created by the Obasanjo administration.

Ezekwesili stated that after the ECA was created, President Obasanjo chaired the committee that approved special intervention for the power sector.

According to her, the special intervention for the power sector identified "some key artery points across the country, where there would be a deliberate development

of the capacity to generate power. "So you have things like Popalanto (the 670MW-capacity Oluksenu II Power Plant built in Oluksenu in Ogun State by SEPCO III Electric Power Construction Corporation of China); Geregu (the 434MW capacity Geregu II Power Station built in Ajoakuta, Kogi State, by Siemens Nigeria Limited); Alaoji (961MW-capacity Alaoji Power Plant built by Rockson Engineering in Abia State) and other power stations in at least 10 localities. It is from out of these projects that whatever power that anybody is generating, today comes from," she explained.

Ezekwesili further disclosed that it was from the Excess Crude Account that the Central Bank of

Nigeria (CBN) raised Letters of Credit directly for these projects.

"I do recall that even as Vice President at the World Bank from what the federal government made available as at that time showed that as at 2007, \$35 billion had gone into these NIP projects. So, when I see sometimes, figures that get banded around, I say part of the culture we must have as citizens is to say that whenever figures show up, we must interrogate them. We need to have a habit to interrogate data, otherwise they will be part of the political morality of not wanting to be accountable to the society," she added.

Ezekwesili also explained that the ECA was so successful that it was also from that account that

the country paid \$12 billion to take down the stock of its foreign debts.

"People still argue whether it was sensible for us to spend that amount of money to take down the stock of our debt. But I need to tell you that it was a good thing that we took down the stock of our debt. It was an important thing to do because without taking down the stock of our debt, we were not going to be admitted into the global financial system," she said.

The former minister pointed out that those indebted countries that engaged in a "reckless behaviour" by insisting that "we didn't see anything out of the debt and so, we were not paying," eventually paid clearly for their recklessness.

"Only one or two countries have done that recklessness and they paid clearly for it. There is nothing like that - it is irresponsible. So, nobody wants to reward that kind of behaviour," she said.

According to her, the six years of record high oil prices after the tenure of Obasanjo could have built up foreign reserves to as much as \$100 billion, including an ECA level of at least \$40 billion.

"The summary of the inflows and outflows from the Account shows that the opening balance was \$4.56 billion in 2011 and reached a peak the following year at \$87 billion before declining to \$23 billion in 2013. The balance as at May 2015 was \$207 billion," Ezekwesili added.

Sit-at-Home: IPOB Warns Police Commissioners in South-east against Interference

David-Chyddy Eleke in Awka

The Indigenous People of Biafra (IPOB) has warned police bosses in the South-east not to interfere in the proposed sit-at-home protest fixed for Wednesday, saying they have no right to determine how Igboos choose to honour their fallen hero.

IPOB was reacting to a statement by the Anambra State Commissioner of Police, Mr.

Umar Garba, in which he called on residents of Anambra State to disregard the order, adding that the group was outlawed and had no powers to order a sit at home protest.

The group through its Media and Publicity Secretary, Emma Powerful, acknowledged that police bosses in all the states that make up the South-east were mostly from the North and had no powers to determine how the Igboos

honoured their departed

He said: "All Fulani police commissioners that litter South-east must desist from commenting about this solemn occasion. Some of them have offered comments that we deem insulting to the memory of the dead.

"We don't have a say about how they honour their victims of Boko Haram violence in our North and those killed by their

fellows Fulani terrorists. We have chosen all at home as the best way to say thank you to all our brave soldiers for what they did for us between 1967 to 1970.

"It will be cross irreverently of the highest order for any Fulani police or army officer in the South-east to intrude upon our grief."

The group insisted that the South-east and South, including other states marked out for the exercise would be locked down on May 30, and that nothing can stop it.

4. The Sunday Telegraph Newspaper



28
NEW

Esther Bakare

Former Minister of State Petroleum Resources and Chairman of the Nigerian Natural Resource Charter (NNRC) Expert Advisory Panel, Chikan Ajumogobia has said Nigeria made no significant savings from the conservative estimate of over one trillion dollars in oil revenues accrued to the country.

Nigeria made no savings on \$1trn crude earnings - Ajumogobia

He stressed that Nigeria requires improved legal policy and advocacy frameworks for the Excess Crude Account and other Stabilisation Funds to be more effective and beneficial to citizens.

"Nigeria's ECA has been ranked the most poorly governed sovereign wealth fund among 30 resource-rich countries, according to a 2017 report by the Natural Resource Governance Institute.

"Nigeria was placed in the last position along with the Qatar Investment Authority as a country whose government discloses almost none of the rules or practices governing deposits, withdrawals or investment of the ECA.

"The huge revenue from oil has not translated to real improvement in the welfare of the citizens. Sixty per cent of the population, according to the National Bureau of Statistics, still lives below the poverty line. Corruption, mismanagement of oil reserves and lack of diversification in the export sector all have an important role to play in our slow economic growth and high poverty levels," he said.

In recommending possible solutions to the problem, Ajumogobia said ECA and Stabilisation account should be collapsed into the Sovereign Wealth Fund.

He added that Civil Society Organisations should generate grassroots political pressure regarding the importance and benefits of the stabilisation fund to the nation.

The former minister emphasised that the Federal Ministry of Finance should create a real-time platform to provide figures on the ECA accounts from the Ministry of Finance and Office of the Accountant General.



L-R: Chairman Senate Committee on Primary Healthcare and Communicable Diseases, Senator Maou Oduanbura; Senate President, Dr. Bukola Saraki; Minister of Health, Prof. Isaac Adewole and Minister of Labour and Productivity, Dr. Chris Ngige, during the meeting with the President of the Senate on how to end the strike by health workers, in Abuja, Friday.

PSN-PACFaH@Scale has advocated the inclusion of family planning (FP) and contraceptive information data from community pharmacies. The expansion of the FP and the private sector provides to achieve its goal.

Woman appeals to IG over missing husband - She should check SARS - PPRO

Taiwo Jimoh

Mrs. Adeshina, wife of a Lagos State politician, Mr. Okokuku Adeshina, has called on the Inspector General of Police, Ibrahim Idris (IGP), to warn and caution his officers not only her husband's life is in danger but all.

"Yesterday, an unknown number called me again and I quickly answered thinking it was my husband but the person on the line told me that my husband had escaped. I haven't been able to get through to him on his phone since the day he was taken away and the man that called claimed to be a policeman that helped him escape, while on their way to the hospital, I believe that my life and those of my children are now also in danger and I don't want to die," Mrs. Adeshina cried.

However, when contacted, the Lagos State Police Public Relations Officer, SP Chika Oti said, he was not aware of the arrest.

Oti, however, said Mrs. Adeshina should go to SARS office to check if her husband

5. The PUNCH Newspaper



5 Shares



OPINION

A clarion call for improved savings culture

5 Shares



Jide Ojo

Jide Ojo

Research has shown that many Nigerians have poor savings culture. Under the guise that we do not earn enough to meet our immediate needs, we always end up consuming all that we earn. We rarely leave anything for the proverbial rainy day when we will not be able to go out to work. It turns out that as it is for individual Nigerians, so it is for our country. For decades after independence, we have no savings and stabilisation fund. We have been a mono-cultural economy, depending largely on oil and gas revenue while failing signally to use the proceeds therefrom to develop other sectors of the economy. When the price of crude oil falls in international market, our economy is negatively affected as there are no savings from which to draw to cushion the effects.



On Thursday, May 24, 2018, I was one of the participants at a roundtable on “The Savings and Stabilisation Mechanism for Nigeria”, organised by Shehu Musa Yar’Adua Foundation and the Nigerian Natural Resource Charter. The meeting had in attendance dignitaries such as Mrs Obiageli Ezekwesili, a former Vice President (Africa Region) of the World Bank; Odein Ajumogobia (SAN), a former Minister of State, Petroleum Resources and Chairman of the NNRC Expert Advisory Panel; Osten Oluyemisi Olorunsola, a former Executive Director of the Department for Petroleum Resources; and Prof Adeola Adenikinju, member of the Central Bank Monetary Policy Board. Also in attendance were other representatives from Ministries, Departments and Agencies, civil society, National Assembly and the media.

Findings of commissioned researches on Nigeria’s Savings and Stabilisation Fund Mechanisms made public at the event, included: “Improving Public Awareness and Advocacy on a Stabilisation Mechanism for Nigeria”; “Safeguarding and Smoothing Fiscal Adjustments in Nigeria – Policy Options”; “Nigerian Excess Crude Account Financial Analysis Report” and “Media Analysis of ECA and Emerging Issues”.

6. NTA News

May 25, 2018: 9pm nationwide news and 7pm Lagos local news.

7. Ray Power FM

May 25, 2018: 6pm nationwide news.

Social Media

Yar'Adua Foundation Retweeted
OilRevenueNG @OilRevenueNG · May 24
#OilRevenue Roundtable on Savings and Stabilization Mechanisms for Nigeria: @obyzeke asks - "Does Oil Really Matter". Data appears to show that it mostly reduces the chances of development for the oil producer.



10 12

Yar'Adua Foundation Retweeted
OilRevenueNG @OilRevenueNG · May 24
 "It is time for Nigeria to start walking the talk of 'diversification'. We started our saving and stabilization policy around the same time as Norway. Norway has built a savings of \$1 trillion, Nigeria has about \$1.5bn" - Andrew Onyenakwe #OilRevenueNG



11 27 17

Yar'Adua Foundation @SMYFoundation · May 24
 "The trend of accruals to and withdrawals from the Excess Crude Account (ECA) appear to beg the question: Is the ECA a savings fund or a slush fund?" - Bode Longe #OilRevenueNG

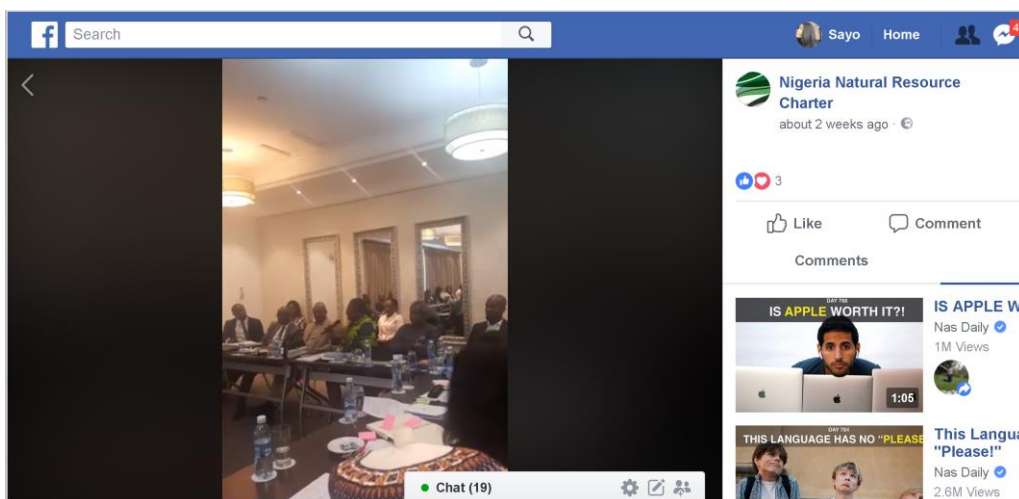


2 7 12

Yar'Adua Foundation Retweeted
OilRevenueNG @OilRevenueNG · May 24
 All is set here at the Protea Hotel, Lagos Kuramo Waters for our Roundtable Meeting on A Savings and Stabilization Mechanism for Nigeria. #OilRevenueNG.



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 2.6M Views

Chat (19)

Figure 6- NNRC live stream of the Roundtable Meeting on Facebook

Conclusion

All participants agreed that intense policy engagement and amendments are the next steps to ensuring that a savings and stabilization mechanism becomes a key agenda of policymakers in order to effect desired change.