

1. BACKGROUND ON ECOLOGICAL FUND:

The Ecological fund is an intervention Fund by the Federal Government of Nigeria to address the multifarious ecological challenges in various communities across the Country.

1.1. ESTABLISHMENT:

This special fund was established in 1981 through the Federation Account Act 1981, on the recommendation of the Okigbo Commission. Decree 36 of 1984 and 106 of 1992 as well as the allocation of Federation Account modification order of 2002 subsequently modified the act. The Fund which was originally constituted one percent (1%) of the Federation account was reviewed to 2% in 1992, and later 1% of the derivation allocation was added, thus bringing the total percentage to three percent (3%).

1.2. AIMS AND OBJECTIVES:

The prime objective of this initiative was to have a pool of fund that would be solely devoted to the funding of ecological projects to ameliorate serious ecological problems nationwide.

1.3. SOURCES AND ALLOCATION OF FUND:

In the beginning, the fund which originally constituted one percent (1%) of the accruable into the Federation account and later reviewed to 2% in 1992.

Consequent upon the directive of Mr. President in July, 2002, for a review of the modification order of May 2002, the 2% Ecology Fund and 1% Derivation hitherto under special funds were shared among the three tiers of Government along existing revenue sharing formula as follows:

S/N	Tier of Government	Derivation	Ecology	Total
i	Federal Government	0.49 %	0.97 %	1.46 %
ii	State government	0.24 %	0.48 %	0.72 %
iii	Local Government	0.20 %	0.40 %	0.60 %

The residue of the two funds (0.22%) was transferred to the Stabilization Account.

To implement the Excess Crude savings for 2004, Government approved a grant of 2% of the Federation Account to be added to the States share of Revenue Allocation, thus the Special Funds under the Federal Government had to be adjusted as follows:

Special Funds	Before 2004	2004 to Date
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FGN Share of Derivation & Ecology	1.46 %	1.00 %
Development of Natural Resources	3.00 %	1.68 %
Stabilization Fund	0.725%	0.5 %

For efficient administration and accountability, the Accountant General of the Federation maintains this account name as 1 .46% FGN Share of Derivation and Ecology Account.

The Beneficiaries of these funds are:

- a. The National Emergency Management Agency
- b. Ecological Fund Office (OSGF), and direct assistance to the Governments
- c. Or any other projects on the approval of Mr. President