



ROLE OF THE

**PETROLEUM PRODUCTS PRICING
REGULATORY AGENCY**

**IN THE ADMINISTRATION OF THE
PETROLEUM SUPPORT FUND (PSF) SCHEME**

***A Presentation to the
Senate Joint Committee on Petroleum Resources Downstream, Appropriation and
Finance
Investigating the Operation of fuel subsidy Scheme held on 3rd November, 2011
vide a letter dated 25th October, 2011***

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1.0 MANDATE, VISION & MISSION

1.1 Mandate

The mandate of the Agency is derived from Act **No. 8 of May 2003**. The Act provides as follows:

- i. Maintain constant surveillance over key indices relevant to pricing policy and periodically approve benchmark prices for all products.
- ii. Moderate volatility in petroleum products prices, while ensuring reasonable returns to the operators.
- iii. Establish parameters and codes of conduct for all operators in the downstream sector of the petroleum industry.
- iv. Prevent collusion and restrictive trade practices harmful to the sector.
- v. Exercise mediatory role as necessary for all the stakeholders in the sector.
- vi. Regulate the supply and distribution of petroleum products.
- vii. Establish an information data bank through liaison with all relevant agencies to facilitate the making of informed and realistic decisions on pricing policies.
- viii. Identify macro-economic factors relating to prices of petroleum products and advice the Federal Government on appropriate strategies for dealing with them.
- ix. Establish firm linkages with key segments of the Nigerian society and ensure that its decisions enjoy the widest possible understanding and support.

1.2 Mission

To reposition Nigeria's downstream sub-sector for improved efficiency and transparency

1.3 Vision

The attainment of a strong and vibrant downstream sub-sector of the petroleum industry where refining, supply and distribution of petroleum products are self financing and sustaining.

2.0 BACKGROUND

The **Petroleum Support Fund (PSF)** Scheme was announced by the President in his 2005 Independence Day Broadcast as a policy of Government to mitigate the effects of volatility in the international crude oil and refined products prices on the domestic pump prices of Petroleum Products. This was after four (4) years of incessant retail pump price increases with the attendant stiff resistance by the labour unions. The Guidelines for the implementation of the PSF Scheme was prepared by the PPPRA in consultation with the industry Stakeholders and was approved by the Government while the Scheme commenced in January, 2006.

The introduction of the PSF Scheme is in line with the enabling Act establishing the Agency which mandates the Executive Secretary to ensure the following:

- Products availability through regulation of petroleum products supply and distribution.
- Prevention of restrictive trade practices harmful to the sub sector.

Consequently, the overriding objective has been to ensure that all necessary steps are taken to avoid products stock-out and limit monopoly to the barest minimum.

The PSF Scheme has the following objectives:

- ✚ To stabilize the domestic prices of petroleum products against volatility in international Crude oil and Products market;
- ✚ To create a level-playing field for active participation of NNPC & other Marketers in products supply and distribution;
- ✚ To guarantee effective products availability and distribution nationwide
- ✚ To entrench transparency and accountability in the administration of the Scheme in line with government objectives.

In administering the Fund, a pricing policy that engenders healthy competition among industry operators, encourages investment and ensures the maintenance of international standards and practice is applied. This pricing principle known as **Import Parity** is adopted using Platts published products prices and freight rates as the only way transparency and accountability can be assured. Platts is an internationally recognized Energy Service Provider relied upon globally for the provision of reference prices of Petroleum Products, among its other functions.

The PSF mode of payment is based on either **under or over recovery of incurred cost**. **Under recovery** is when the Landing cost of products is more than the approved Ex-depot price. During the period of under recovery, marketers are expected to pay the difference between the Landing cost of products and the government approved Ex-depot price.

Over recovery on products occurs when the Landing cost of products is less than the approved Ex-depot price. Marketers are then expected to pay back into the Fund.

3.0. BUDGETING AND FUNDING OF PSF

In principle, the Petroleum Support Fund (PSF) is designed to be funded by the three tiers of Government to stabilize the domestic prices of petroleum products against volatility in international Crude oil and Products Prices.

The budgeting and funding of the Scheme has remained solely within the purview of Federal Ministry of Finance, while the PPPRA's role remained recommendation of subsidy payable based on verified deliveries by inter-Agencies. Based on the approval of the Scheme in 2006, funding is supposed to be provided by the three (3) tiers of government as follows:

- i. Federal Government, 50%;
- ii. State Governments, 25%;
- iii. Local Governments, 25%.

4.0 PROCEDURES AND MODALITIES FOR THE ADMINISTRATION OF THE PETROLEUM SUPPORT FUND (PSF) SCHEME

The general modalities for the implementation of the Scheme are as follows:

- ✚ Registration by the Marketer to participate in the PSF Scheme.
- ✚ Notification to Import by the Marketer
- ✚ Approval to Import given by the PPPRA based on the level of products availability and other relevant and critical factors deemed appropriate by the Agency.
- ✚ Witnessing and confirmation of the discharge of the imported cargo by PPPRA staff, Federal Ministry of Finance Appointed Auditors (Akintola Williams Deloitte and Olusola Adekanlola and Co.), DPR, the Independent surveyors and the Nigerian Navy at the jetties.

- ✚ Verification of the import documents by the PPPRA and the DPR
- ✚ Processing of the import documents and determination of under or over recovery (as applicable) by the PPPRA on the basis of volume endorsed by the DPR and Independent Inspectors and the published Platts product prices for the period of the imports.
- ✚ Submission of the verified documents and subsidy claims to the Federal Ministry of Finance (FMF).
- ✚ Submission of documents of subsidy claims to the FMF Appointed Auditor (Akintola Williams Deloitte and Olusola Adekanlola and Co.) by the FMF through the Budget Office of the Federation (BOF)
- ✚ Sovereign Debt Statement is issues to Marketers by PPPRA based on verified volumes
- ✚ DMO prepares Sovereign Debt Note and notifies CBN and PPPRA
- ✚ CBN redeems matured obligations to Marketers
- ✚ FMF sources fund and coordinates subsidy settlement
- ✚ Verification/Auditing of Marketer’s subsidy claims by FMF Auditors (Akintola Williams Deloitte and Olusola Adekanlola and Co.)
- ✚ Submission of Audited Report on subsidy claims to the FMF by the Auditors (Akintola Williams Deloitte and Olusola Adekanlola and Co.)
- ✚ FMF reconciles payments to Marketers against on the Auditor’s report and advices PPPRA appropriately.

5.0 ROLES AND RESPONSIBILITIES OF INTER-AGENCIES AND STAKEHOLDERS

S/No	Marketer	Roles & Responsibilities
1	Department of Petroleum Resources (DPR)	<ul style="list-style-type: none"> ▪ Analysis of the quality specification of the products ▪ Verification and certification of the quantity imported/supplied by the Marketers ▪ Monitoring of the products supply and distribution chain from the jetties to depots and the retail outlets ▪ Enforcement of the prices set by the Government
2	Independent Inspectors	<ul style="list-style-type: none"> ▪ Measurement and certification of the quantity imported (both on the vessel and the shore tank at the jetty) – Products ullaging

		<ul style="list-style-type: none"> ▪ Certification of the quality specification of the products ▪ Ascertain the quantity of Bunker fuel in the vessel to avoid adulteration and volume distortions.
3	Federal Ministry of Finance (FMF)/ Office of the Accountant General of the Federation	<ul style="list-style-type: none"> ▪ Approval of payment due to the Marketer ▪ Issuing of Payment Mandate through the Office of the Accountant General of the Federation to the Central Bank of Nigeria
4	Federal government appointed Auditors (Deloitte /Adekanola & Co)	<ul style="list-style-type: none"> ▪ Witnessing and confirmation of the quantity imported by the Marketer at the jetties by the FMF's Auditor (<i>Deloitte and Adekanola &Co</i>) ▪ Participate in products ullaging ▪ Provision of products statistics (supply & distribution) from depots and jetties to the retail outlets.
5	Central Bank of Nigeria (CBN)	<ul style="list-style-type: none"> ▪ Custodian of the Fund ▪ Payment confirmation and remittance
6	Petroleum Products Pricing Regulatory Agency (PPPRA)	<ul style="list-style-type: none"> ▪ Witnessing and confirmation of the quantity imported by the Marketer at the jetties ▪ Monitoring of prices at the depot and retail outlets levels ▪ Monitoring of products evacuation from the depots to the retail outlets covering bridging and local delivery ▪ Determination of appropriate price build-up subject to approval by the government ▪ Determination of industry operators margins subject to government approvals ▪ Determination of appropriate under and over recoveries in line with the approved Ex-depot and established Landing Cost
7	Nigerian Navy	<ul style="list-style-type: none"> ▪ Issuance of clearance for the vessel to enter the Nigerian waters
8	Nigerian Customs Service	<ul style="list-style-type: none"> ▪ Issuance of clearance to discharge or Authority to unload products/goods with the quantity

		stated
9	Nigerian Port Authority (NPA)	<ul style="list-style-type: none"> ▪ Issuance of clearance to allow the vessel to berth at the Jetty after necessary payment (Port dues based on the size of ships and volume of products as stated in the bill of lading). ▪ Vessel's berth scheduling
10	Facilities/Depot Owners	<ul style="list-style-type: none"> ▪ Ascertain the volume discharged into the tanks and monitor their distribution through the closing and opening inventory stocks as well as appropriate means of ullaging.
11	Debt Management Office	<ul style="list-style-type: none"> • Responsible for the issuance of Sovereign Debit Note (SDN) • Guarantees marketer's payment within 45 days of issuance of SDN ▪ Guarantee security of Petroleum Products imported by Marketers

Based on the above, it is clear that the Administration of the PSF is not the sole responsibility of the PPPRA. All the documents, relating to Products discharge from the vessels, evacuation from the Depots through trucking to the various parts of the Country and the subsequent subsidy payments are signed, stamped and sealed by the various Agencies/ Organizations involved.

6.0 PROCEDURES FOR ULLAGING VESSELS

6.1 ARRIVAL OF THE IMPORTED PRODUCTS

- ✚ Submission of Notice of Arrival for Mother vessel/Submission of Notice of Trans-shipment into shuttle vessels if any by the Marketers to the PPPRA. Attachments include PPPRA Allocation and DPR import Permits, Bill of Lading (BL) and Certificates of quantity/quality from the Load Port and other relevant import/shipping documents.
- ✚ Submission of Notice of Readiness for Vessel discharge (a minimum time of 24hrs has been given for this to allow for logistics to be put in place). Attached documents include evidence of trans-shipment on a date not exceeding the validity date of the PPPRA allocation permit, the pumping log of the transshipment from the mother vessels to the shuttle vessels, the vessels master manifests and other relevant documents

- ✚ If the submitted documents are in order, scheduling an Auditor for the supervision of the discharge only after ascertaining that the allocation to the Marketer will not be exceeded.
- ✚ Based on the scheduling, the Auditors and PPPRA's Supervisors are informed through emails/phone calls to be on the lookout for the arrival of the vessels.
- ✚ When the vessels arrive, the PPPRA's Supervisors call to inform the office of the GM (Field Services) to get approval to commence the ullage process.
- ✚ A text message containing details of the arrival volumes in both litres and Metric Ton of a particular vessel is sent to the GM (Field Services) and a copy also sent to the Databank Unit of the Field Services Department. The same process is repeated after the discharge to include shore tank receipt volume and empty tank certification.
- ✚ In ullaging a vessel and tank farm to ascertain the actual quantity of products, a team comprising the PPPRA, DPR, INDEPENDENT SURVEYORS, Federal Ministry of Finance Appointed Auditors and MARKETERS is formed to carry out the assignment. PPPRA is usually represented by at least two staff and each Organization/Agency work independently to represent the interest of their Agency/Organization.

6.2. DOCUMENTATION

- ☀ An Ullage team of the PPPRA designated to cover the discharge of a particular vessel submits its report to include all activities carried out during the arrival, discharge and empty tank inspection/certification. This report is submitted to the Office of the GM (Field Services) and minuted for documentation to the Databank.
- ☀ Upon submission of documents required for claims under the PSF scheme by the Marketers, references are made to the Ullage team reports by the collation team and only after certifications are the documents signed by the various persons that worked on them and recommended to the PPPRA Headquarters for claims verification/processing.

7.0 PPPRA CHECKLIST FOR IMPORT DOCUMENTS

1. Original PPPRA Import permit
2. Evidence from the Bank showing the amount paid on the Transaction and quantity verifiable with Central Bank of Nigeria (CBN)
3. Letter of Credit for the Transaction/Bill of collection(Bill of Exchange)
4. letter of affirmation of discharge from the depot
5. A final Invoice relating to the Transaction
6. Witness page
7. PPPRA approval page
8. Guarantee page
9. Notification of nomination of vessel
10. DPR import permit
11. Marine insurance
12. Form M
13. Proforma invoice
14. Bill Of lading
15. Certificate of origin.
16. Cargo manifest
17. Ullage Report (port of origin)
18. Certificate of quantity (load port)
19. Certificate of quality (load port)
20. Notice of readiness (load port)
21. Vessel Ullage report on arrival before discharge to shuttle vessel
22. Vessel Ullage report after discharge (ROB) of Mother vessel
23. Vessels survey report after loading (mother vessel & shuttle vessels (if any))
24. Vessels survey report before discharge (mother vessel and shuttle vessels(if any))
25. Time log of discharge
26. Vessel experience factor
27. Tank inspection report
28. Bunker survey report
29. Cargo pumping log
30. Letter of protest (if any)
31. Notice of readiness at discharge port
32. Transfer of Certificate
33. Certificate of quantity at discharge port
34. Certificate of quality at discharge port
35. Shore tank report
36. DPR vessel report
37. Nigeria Customs Service clearance
38. Nigeria Navy clearance

8.0 SPECIAL LEVY

In January 2004, the Federal Government introduced the special levy on Premium Motor Spirit (PMS) of **₦1.50 per litre**. The levy was for Road Maintenance and was collected between 1st - 20th January, 2004 before it was vacated by the President. This was based on an agreement between Government and Labour Union for its removal.

A total sum of **₦821,632,388.50** was collected during the period and domiciled in Central Bank of Nigeria (CBN) for the purpose. The Account Numbers are as follows: **10140002-10** and **10140001-10**

9.0 ALTERNATIVE SETTLEMENT APPROACH

In order to ease the delay experienced in the subsidy settlement and the attendant negative effects such as forex differential/interest demand by Marketers, the government after consultation with Stakeholders approved the alternative subsidy settlement approach in March, 2010.

The Federal Government approved the utilization of Sovereign Debt Instruments (SDIs) as alternative import financing instruments to enhancing private sector participation in Products Supply and Distribution. This is to guarantee timely payment of subsidy, thereby enabling Marketers to access financing support from banks.

The required modalities for implementation of the initiative was worked out in conjunction with the Federal Ministry Finance, Budget office of the Federation, Central Bank Nigeria, office of the Accountant General of Federation, Debt Management Office, Marketers Association & PPPRA. The ultimate objective of government is the attainment of seamless supply of petroleum products in the system.

The Sovereign Debt Note (SDN), as backed by government, is a promissory note introduced to ensure timely settlement of the subsidy liabilities to participants under the Petroleum Support Fund (PSF) scheme.

The government guarantees prompt settlement of legitimate petroleum product supply transactions on approved volumes within the 45-days window by means of the Sovereign Debt Note (SDN) and Sovereign Debt Statement (SDS).

SENATE PRESENTATION

10.0 PSF PAYMENTS: FACTS AND FIGURES

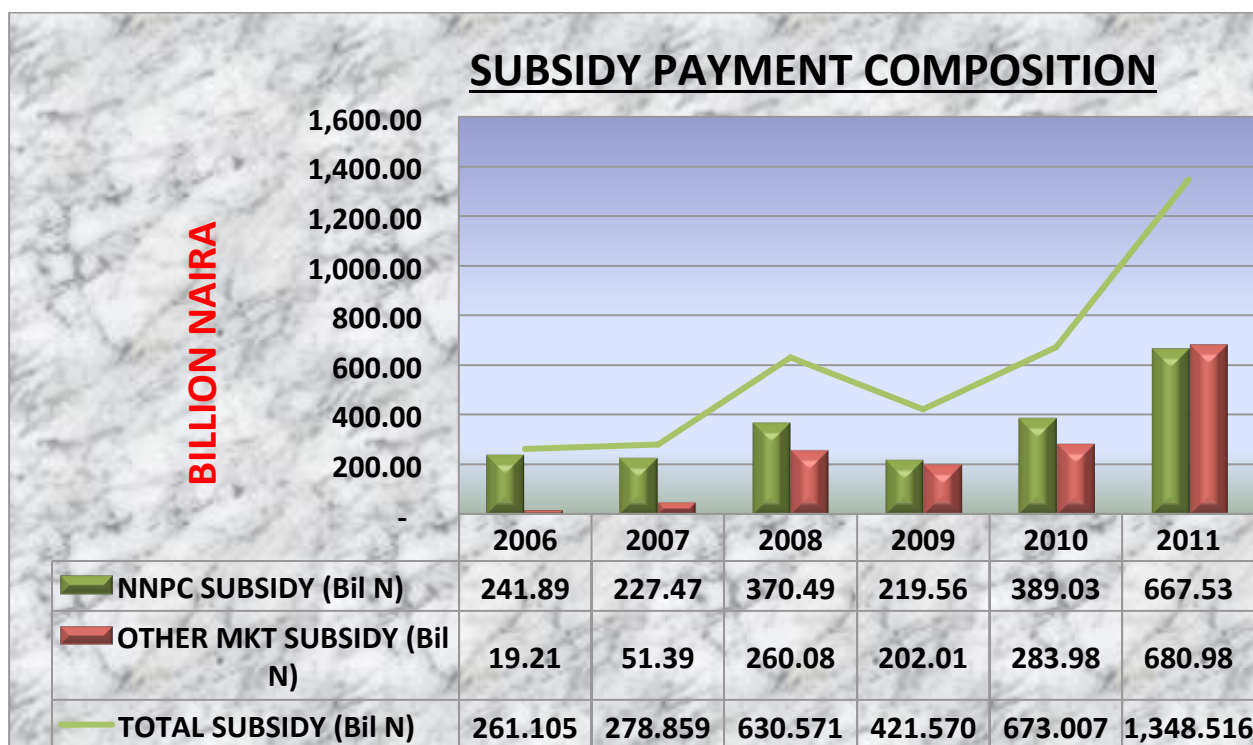
10.1 SUBSIDY PAYMENT

Below is the summary of subsidy payments since inception of the Petroleum Support Fund (PSF). It should be noted that all payments are based on government appointed auditor's report.

SUMMARY OF SUBSIDY PAYMENT			
Period	NNPC	OTHER MARKETERS	Total
	Under Recovery	Under Recovery	Under Recovery
	NAIRA	NAIRA	NAIRA
2006 Total	241,892,533,397.43	19,212,470,162.02	261,105,003,559.45
2007 Total	227,471,074,960.35	51,388,244,282.48	278,859,319,242.83
2008 Total	370,490,290,445.05	260,080,632,962.41	630,570,923,407.46
2009 Total	219,562,154,809.01	202,007,470,744.50	421,569,625,553.51
2010 Total	389,027,885,443.79	283,979,196,738.75	673,007,082,182.54
2011 Total	667,533,509,678.49	680,982,913,925.36	1,348,516,423,603.85
Grand Total	2,115,977,448,734.12	1,497,650,928,815.52	3,613,628,377,549.65

** The data is as at August, 2011 for NNPC & October, 2011 for Other Marketers

** It is remarkable that the noticeable upsurge in subsidy payment in 2011 is due not only to increase in subsidy per liter but also to the computed arrears due to NNPC for HHK discharges.



10.2 PRODUCTS SUPPLY

Below is the table and chart of products supply since commencement of the PSF Scheme. This indicates that there is significant increase in participation of private Marketers in supply and distribution of products over the years coupled with an increasing average daily consumption.

SUMMARY OF SUPPLY PERFORMANCE BASED ON DATE OF DISCHARGED (LTRS)													
SIN	COMPANY	2006 QUANTITY APPROVED	2006 QUANTITY DISCHARGED	2007 QUANTITY APPROVED	2007 QUANTITY DISCHARGED	2008 QUANTITY APPROVED	2008 QUANTITY DISCHARGED	2009 QUANTITY APPROVED	2009 QUANTITY DISCHARGED	2010 QUANTITY APPROVED	2010 QUANTITY DISCHARGED	2011 QUANTITY APPROVED	2011 QUANTITY DISCHARGED
		LTR	LTR	LTR	LTR	LTR	LTR	LTR	LTR	LTR	LTR	LTR	LTR
1	NNPC	-	8,692,498,969.7	-	7,568,447,491.9	-	7,003,234,108.8	8,021,862,000.0	8,351,227,182.4	8,897,535,000.0	9,507,712,032.6	4,559,400,000.0	5,470,007,109.4
2	OTHER MARKETERS	964,179,000.0	769,844,069.3	3,248,572,500.0	2,113,562,893.1	8,789,584,500.0	4,271,633,133.8	11,341,507,500.0	6,000,070,551.8	12,410,955,000.0	6,226,586,543.1	13,589,510,001.4	9,317,145,231.5
	GRAND TOTAL	964,179,000.0	9,462,343,039.0	3,248,572,500.0	9,682,010,385.0	8,789,584,500.0	11,274,867,242.6	19,363,369,500.0	14,351,297,734.2	21,308,490,000.0	15,734,298,575.7	18,148,910,001.4	14,787,152,340.8

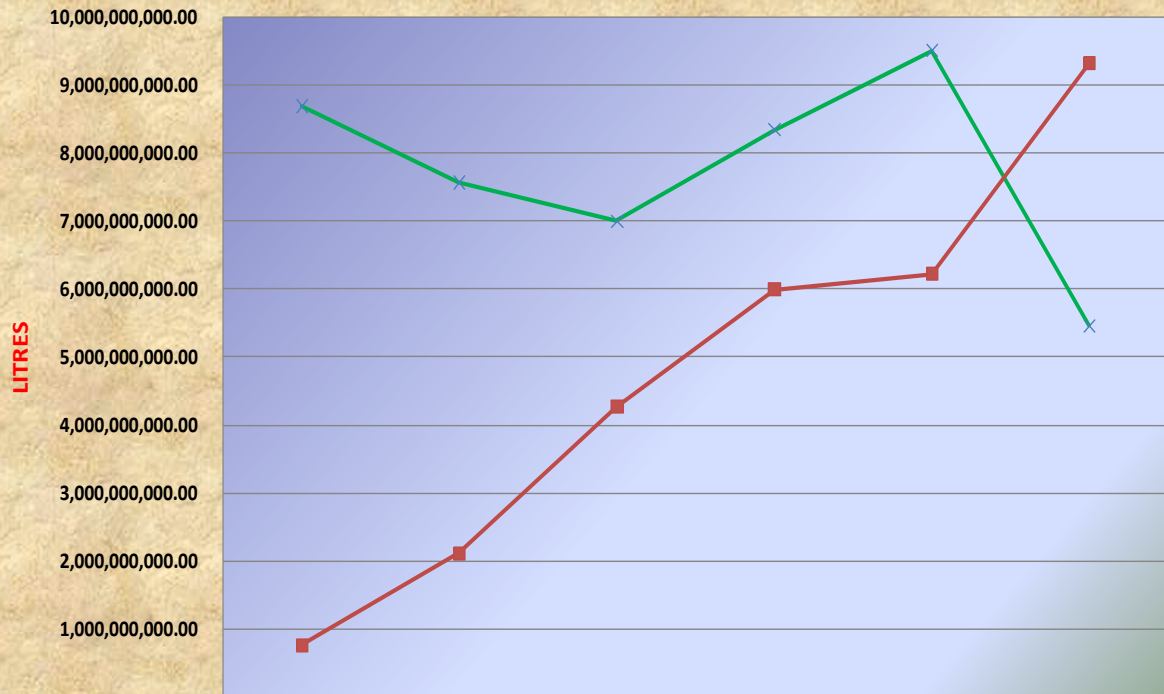
SUMMARY OF ANNUAL MARKETERS VOLUME DELIVERY: 2006 - 2011

YEAR	Marketer	PMS (LTRS)	HHK (LTRS)
2006	NNPC	8,692,498,965.87	2,342,810,271.32
	OTHER MARKETERS	769,844,067.52	44,460,091.00
	TOTAL	9,462,343,033.39	2,387,270,362.32
	DAILY AVERAGE	25,924,227.49	6,540,466.75
2007	NNPC	7,568,447,491.89	2,008,772,767.70
	OTHER MARKETERS	2,113,562,888.00	43,165,995.00
	TOTAL	9,682,010,379.89	2,051,938,762.70
	DAILY AVERAGE	26,526,055.84	5,621,750.03
2008	NNPC	7,003,234,110.13	1,641,433,398.21
	OTHER MARKETERS	4,271,659,971.00	829,096,671.00
	TOTAL	11,274,894,081.13	2,470,530,069.21
	DAILY AVERAGE	30,890,120.77	6,768,575.53
2009	NNPC	8,351,227,184.83	1,136,315,378.83
	OTHER MARKETERS	6,000,070,530.27	729,381,113.82
	TOTAL	14,351,297,715.10	1,865,696,492.65
	AVERAGE	39,318,623.88	5,111,497.24
2010	NNPC	9,507,712,039.28	744,940,978.45
	OTHER MARKETERS	6,226,586,525.27	-
	TOTAL	15,734,298,564.55	744,940,978.45
	DAILY AVERAGE	43,107,667.30	2,040,934.19
*2011	NNPC	5,470,007,111.89	3,292,608,829.16
	OTHER MARKETERS	9,317,145,275.31	-
	TOTAL	14,787,152,387.20	3,292,608,829.16
	DAILY AVERAGE	40,512,746.27	9,020,846.11
SUBTOTAL	NNPC	46,593,126,903.88	11,166,881,623.67
	OTHER MARKETERS	28,698,869,257.37	1,646,103,870.82

NB: * 2011 discharges is inclusive of arrears of NNPC for both PMS (2010) and HHK (July, 2009 -Dec, 2011)

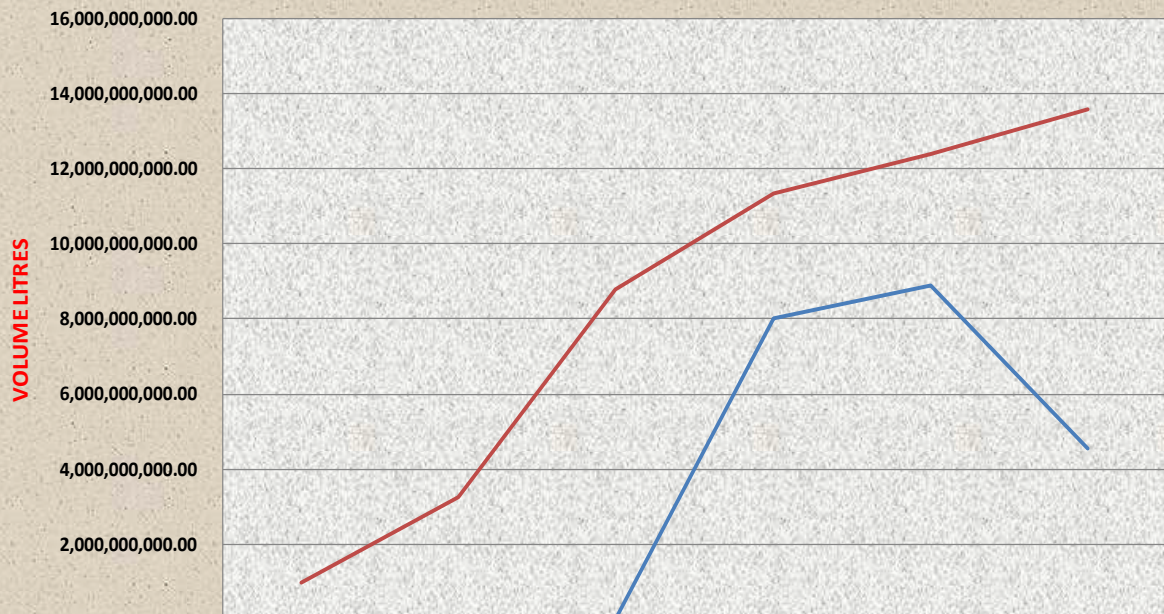


YEARLY QUANTITY DISCHARGE (MT)

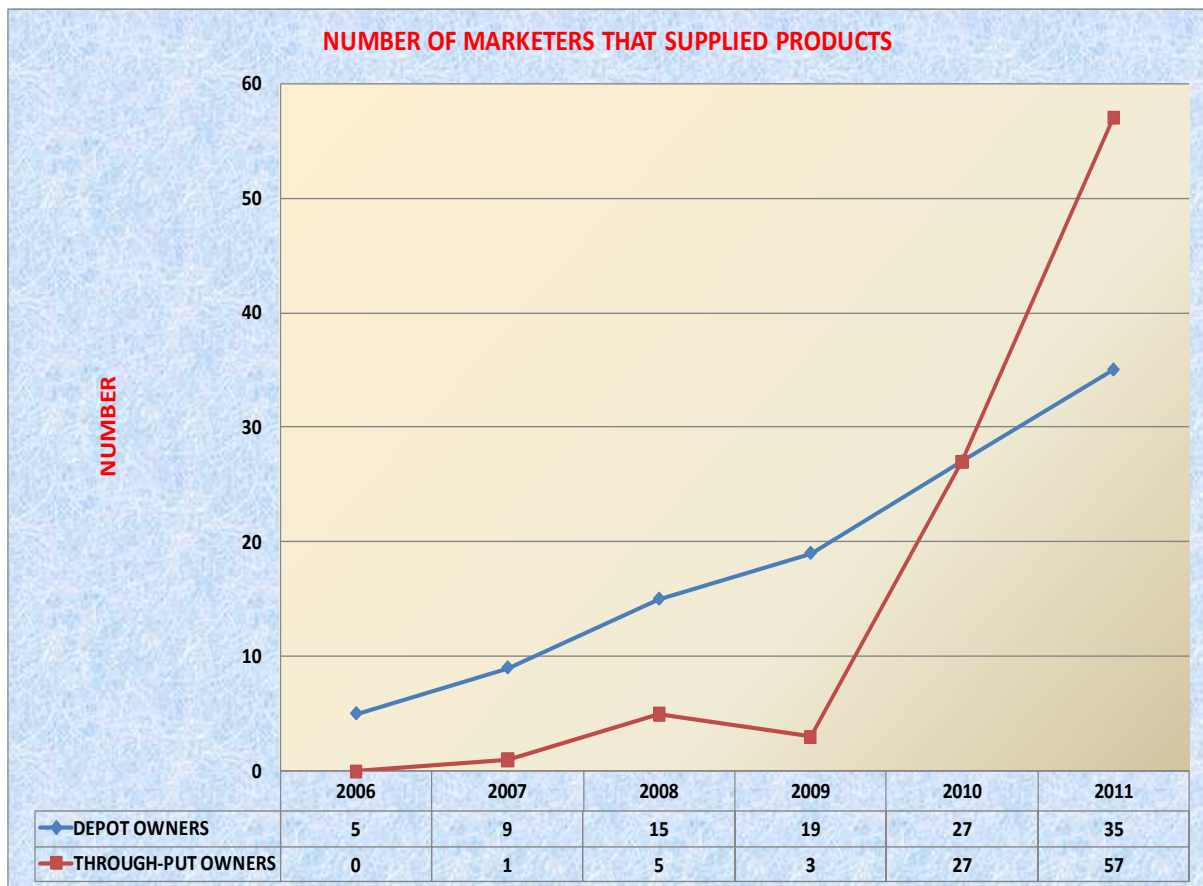
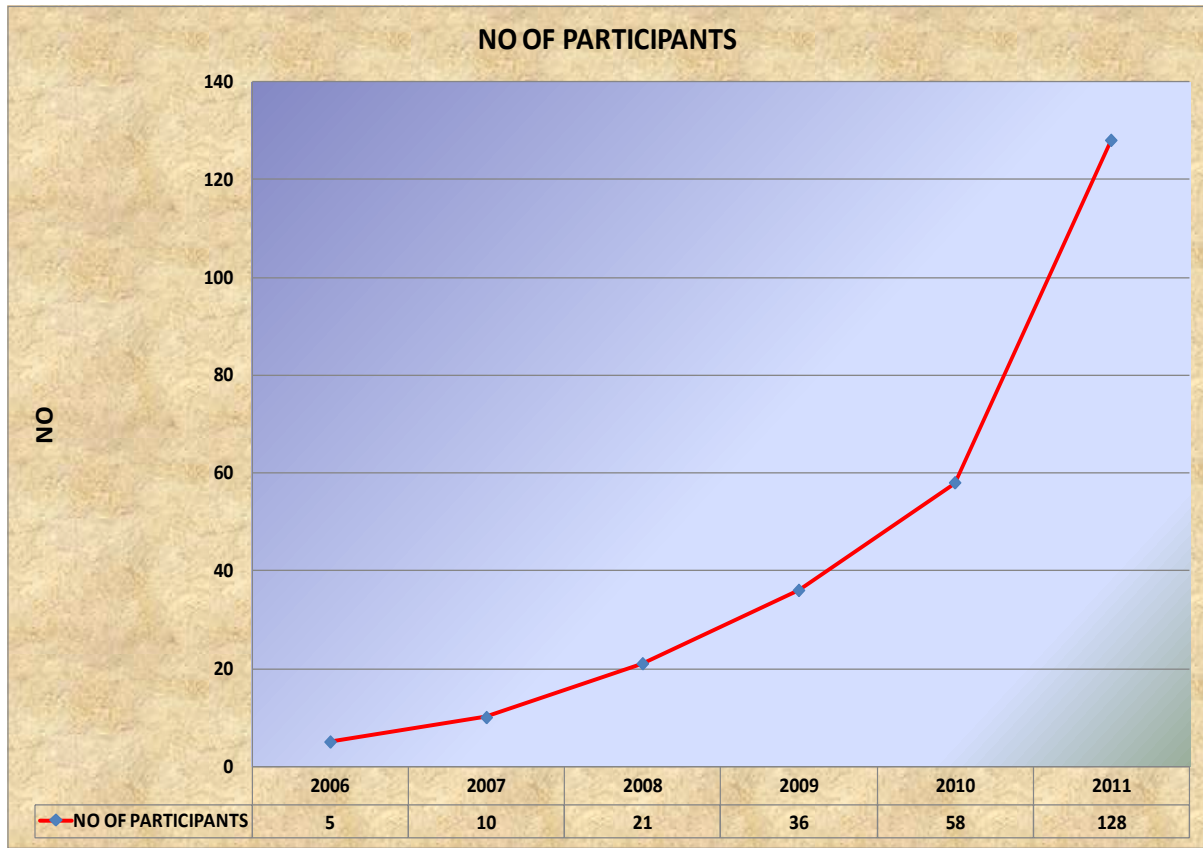


	2006 QUANTITY DISCHARGED	2007 QUANTITY DISCHARGED	2008 QUANTITY DISCHARGED	2009 QUANTITY DISCHARGED	2010 QUANTITY DISCHARGED	2011 QUANTITY DISCHARGED
—x— NNPC	8,692,498,969.7	7,568,447,491.8	7,003,234,108.8	8,351,227,182.4	9,507,712,032.6	5,470,007,109.3
—■— OTHER MARKETERS	769,844,069.28	2,113,562,893.1	4,271,633,133.7	6,000,070,551.8	6,226,586,543.0	9,317,145,231.4

YEARLY QUANTITY APPROVED



	2006 QUANTITY APPROVED	2007 QUANTITY APPROVED	2008 QUANTITY APPROVED	2009 QUANTITY APPROVED	2010 QUANTITY APPROVED	2011 QUANTITY APPROVED
—x— NNPC	-	-	-	8,021,862,000	8,897,535,000	4,559,400,000
—■— OTHER MARKETERS	964,179,000.0	3,248,572,500	8,789,584,500	11,341,507,50	12,410,955,00	13,589,510,00



11.0 PSF PAYMENT PROCESS

The PSF payment has always been based **strictly** on the Federal Government appointed Auditors Report. The aim is to continually ensure the transparency of payments made under the Scheme. At the beginning and up till February, 2010, payments to eligible Marketers were effected **post-audit** of the **PPPRA** recommended subsidy sum to the Federal Ministry of Finance.

However, with the introduction of alternative payment approach (**Sovereign Debt Note**) by the Government to minimize the turnaround processing time for subsidy payment, it became compelling to settle subsidy claims **pre-audit**. The mechanism occasionally leaves variations between the **PPPRA** subsidy recommendations and the **approved Federal Government appointed Auditor's report**. The variations are resolved by issuance of **Debit Note** against any Marketer found to have claimed in excess of the Auditors recommended subsidy since the Agency ensures that the Government is fully **indemnified** against overpayment to any Marketer.

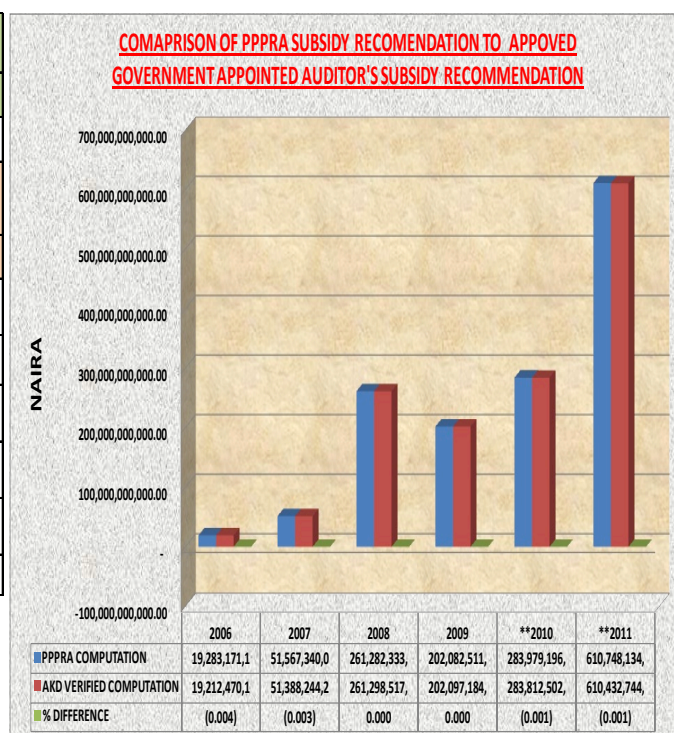
A review of the PPPRA subsidy recommendations compared to the Federal Government Auditors Subsidy approval from 2006 to date is presented below:

COMAPRISON OF PPPRA SUBSIDY RECOMMENDATION TO APPROVED GOVERNMENT APPOINTED AUDITOR'S SUBSIDY RECOMMENDATION					
JAN, 2006- OCT, 2011					
		PPPRA COMPUTATION	AKD VERIFIED COMPUTATION	% DIFFERENCE	
		NAIRA	NAIRA	NAIRA	%
1	2006	19,283,171,160.76	19,212,470,162.02	(70,700,998.74)	(0.004)
2	2007	51,567,340,088.66	51,388,244,273.48	(179,095,815.18)	(0.003)
3	2008	261,282,333,313.71	261,298,517,832.17	16,184,518.46	0.000
4	2009	202,082,511,876.78	202,097,184,115.52	14,672,238.74	0.000
5	**2010	283,979,196,737.37	283,812,502,341.87	(166,694,395.50)	(0.001)
6	**2011	610,748,134,678.01	610,432,744,356.91	(315,390,321.10)	(0.001)

* It should be noted that in all cases subsidy payment were strictly based on government appointed Auditor's report

** This was when the SDS was introduced

*** NNPC is not covered Government appointed auditor on ullage witnessing/ subsidy verification.



COMPARISON OF PPPRA SUBSIDY RECOMMENDATION TO APPROVED GOVERNMENT APPOINTED AUDITOR'S SUBSIDY RECOMMENDATION						
JANUARY, 2006- OCTOBER, 2011						
S/NO	BATCH	PPPRA COMPUTATION	AKD VERIFIED COMPUTATION	DIFFERENCE	FINDINGS FROM THE REPORT	REMARKS
1	A/2006	1,901,616,773.89	1,900,226,053.00	(1,390,720.89)	AKD REPORT LOWER BY N70,701,001.76.	SUBSIDY PAID BASED ON AKD REPORT. ALL BATCHES IN 2006 MERGED IN ONE AKD REPORT
2	B/2006	2,016,031,203.26	2,012,386,523.81	(3,644,679.45)		
3	C/2006	1,534,158,863.38	1,535,086,521.98	927,658.60		
4	D/2006	1,330,840,655.60	1,329,484,369.00	(1,356,286.60)		
5	E/2006	1,678,917,963.60	1,674,037,556.00	(4,880,407.60)		
6	F/2006	2,111,512,849.88	2,105,097,707.00	(6,415,142.88)		
7	G/2006	3,260,283,319.20	3,269,398,692.00	9,115,372.80		
8	H/2006	3,641,773,298.72	3,578,716,506.00	(63,056,792.72)		
9	I/2006	1,808,036,233.23	1,808,036,233.23	-		
	2006 TOTAL	19,283,171,160.76	19,212,470,162.02	(70,700,998.74)		
10	A/2007	455,104,207.39	452,393,706.55	(2,710,500.84)	AKD REPORT LOWER BY N178,426,007.67.	SUBSIDY PAID BASED ON AKD REPORT. ALL BATCHES IN 2007 MERGED IN ONE AKD REPORT
11	B/2007	1,273,593,896.40	1,269,864,084.72	(3,729,811.68)		
12	C/2007	1,782,735,913.40	1,781,300,206.44	(1,435,706.96)		
13	D/2007	203,596,527.20	203,596,527.20	-		
14	E/2007	4,582,056,322.99	4,570,845,301.75	(11,211,021.24)		
15	F/2007	4,239,314,811.20	4,301,476,505.77	62,161,694.57		
16	G/2007	3,411,187,634.09	3,348,096,005.91	(63,091,628.18)		
17	H/2007	3,781,703,330.92	3,781,703,330.92	-		
18	I/2007	6,289,375,232.42	6,237,712,442.03	(51,662,790.39)		
19	J/2007	4,127,078,157.88	4,079,729,152.99	(47,349,004.89)		
20	K/2007	14,478,216,730.90	14,376,954,975.33	(101,261,755.57)		
21	L/2007	6,943,377,323.87	6,984,572,033.87	41,194,710.00		
	2007 TOTAL	51,567,340,088.66	51,388,244,273.48	(179,095,815.18)		
22	A/2008	12,892,795,667.24	12,801,651,231.76	(91,144,435.48)	AKD REPORT HIGHER BY N91,114,435.48 , SUBSIDY PAID BASED ON AKD REPORT	BATCHES A AND B 2008 MERGED IN ONE AKD REPORT
23	B/2008	5,474,452,251.76	5,474,452,251.76	-	NONE	
24	C/2008	27,699,811,646.16	27,574,673,042.90	(125,138,603.26)	AKD REPORT LOWER BY N125,138,603.26 .	SUBSIDY PAID BASED ON AKD REPORT
25	D/2008	21,136,181,282.23	20,974,734,498.31	(161,446,783.92)	AKD REPORT LOWER BY N161,446,783.92	
26	E/2008	54,853,268,728.05	54,616,976,748.38	(236,291,979.67)	AKD REPORT LOWER BY N236,291,979.67	
27	F/2008	62,136,794,750.10	61,393,997,511.19	(742,797,238.91)	AKD REPORT LOWER BY N742,797,239.63	AKD REPORT WAS REAUDITED AND A
	F/08 ADDITIONAL		742,797,239.63			
28	G/2008	77,089,028,988.17	77,244,147,678.83	155,118,690.66	AKD REPORT HIGHER BY N155,118,690.66	SUBSIDY PAID BASED ON AKD REPORT, AKD REPORT WAS REAUDITED AND PAID
	G/08 ADDITIONAL		475,087,629.41			
	2008 TOTAL	261,282,333,313.71	261,298,517,832.17			

S/NO	BATCH	PPRA COMPUTATION	AKD VERIFIED COMPUTATION	DIFFERENCE	FINDINGS FROM THE REPORT	REMARKS
29	A/2009	47,037,513,395.48	47,037,513,395.48	-	NONE	SUBSIDY PAID BASED ON AKD REPORT
30	B/2009	11,932,009,364.16	11,932,009,364.16	-	NONE	
31	C/2009	3,332,432,553.75	3,334,296,580.95	1,864,027.20	AKD REPORT HIGHER BY N1,864,027.20 AS AGAINST	SUBSIDY PAID BASED ON AKD REPORT
32	D/2009	5,961,005,897.12	5,961,005,897.12	-	NONE	
33	E/2009	21,943,648,311.32	21,941,919,120.51	(1,729,190.81)	AKD REPORT LOWER BY N276,005,776.56	SUBSIDY PAID BASED ON AKD REPORT
34	F/2009	24,702,242,664.80	24,702,242,664.80	-	NONE	SUBSIDY PAID BASED ON AKD REPORT
35	G/2009	21,510,193,914.70	21,510,193,914.70	-	NONE	
36	H/2009	18,965,606,985.07	18,965,606,985.07	-	AKD REPORT LOWER BY N450,000	SUBSIDY PAID BASED ON AKD REPORT
37	I/2009	13,458,612,048.77	13,458,612,048.79	0.02	NONE	
38	J/2009	27,481,538,818.95	27,496,076,222.87	14,537,403.92	AKD REPORT LOWER BY N14,537,403.92	SUBSIDY PAID BASED ON AKD REPORT
39	K/2009	5,757,707,922.66	5,757,707,921.07	(1.59)	NONE	batches k/09 and a/10 merged in one report,
	2009 TOTAL	202,082,511,876.78	202,097,184,115.52			
40	A/2010	9,556,355,084.10	9,556,355,084.10	-	NONE	
41	B/2010	5,881,943,579.17	5,881,943,583.44	4.27	AKD REPORT HIGHER BY 114,336,869.51 A DUE TO FOLAWIYO ENERGY	MARKETER TO BE REFUNDED IN V/11
42	C/2010	29,810,698,695.60	29,810,698,695.48	(0.12)	AKD REPORT HIGHER BY 16,323,594.88 DUE TO WRONG APPLICATION OF BL DATE	NO REFUND TO MARKETER YET
43	D/2010	18,624,196,757.23	18,624,196,752.45	(4.78)	NONE	
44	E/2010	14,930,161,239.16	14,854,148,583.26	(76,012,655.90)	AKD REPORT LOWER BY 76,012,655.70	DEBT DEMAND NOTES ISSUED/ EVIDENCE OF
45	F/2010	17,034,178,270.92	17,031,080,867.79	(3,097,403.13)	AKD REPORT LOWER BY 3,097,402.40 SAHARA ENERGY	DEBT DEMAND NOTES ISSUED/ EVIDENCE OF
46	G/2010	13,207,009,430.11	13,207,009,430.11	-	NONE	
47	H/2010	15,816,454,846.05	15,809,704,440.15	(6,750,405.90)	AKD REPORT LOWER BY 6,750,405.90 TO OANDO PLC	DEBT DEMAND NOTES ISSUED/ EVIDENCE OF
48	I/2010	8,953,139,291.40	8,953,139,291.40	-	NONE	
49	J/2010	10,437,038,337.88	10,437,038,337.67	(0.21)	NONE	
50	K/2010	7,341,321,364.32	7,341,321,364.32	-	NONE	
51	L/2010	8,345,640,213.92	8,345,144,114.94	(496,098.98)	AKD REPORT LOWER BY 496,098.98 TO SAHARA ENERGY	DEBT DEMAND NOTE ISSUED/ EVIDENCE OF PAYMENT RECEIVE
52	M/2010	13,321,655,996.39	13,304,367,106.92	(17,288,889.47)	AKD REPORT LOWER BY 17,288,859.50 TO SAHARA	
53	N/2010	15,093,220,607.15	15,059,050,580.35	(34,170,026.80)	AKD REPORT LOWER BY 34,170,026.80 TO SAHARA	
54	O/2010	24,705,736,176.16	24,705,736,176.43	0.27		
55	P/2010	3,604,963,812.02	3,604,963,812.02	-	NONE	
56	Q/2010	19,752,355,344.59	19,752,355,344.61	0.02	NONE	
57	R/2010	5,901,730,681.20	5,901,730,681.20	-	NONE	
58	S/2010	11,546,917,642.48	11,546,917,642.48	-	NONE	
59	T/2010	11,594,842,176.48	11,594,842,176.48	-	NONE	
60	U/2010	12,761,929,268.38	12,733,050,355.20	(28,878,913.18)	AKD REPORT LOWER BY 28,878,913.18 DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES	DEBT DEMAND NOTES ISSUED TO AFFECTED MARKETERS/ EVIDENCE OF PAYMENT SEEN
	2010 TOTAL	283,979,196,737.37	283,812,502,341.87	(166,694,395.50)		

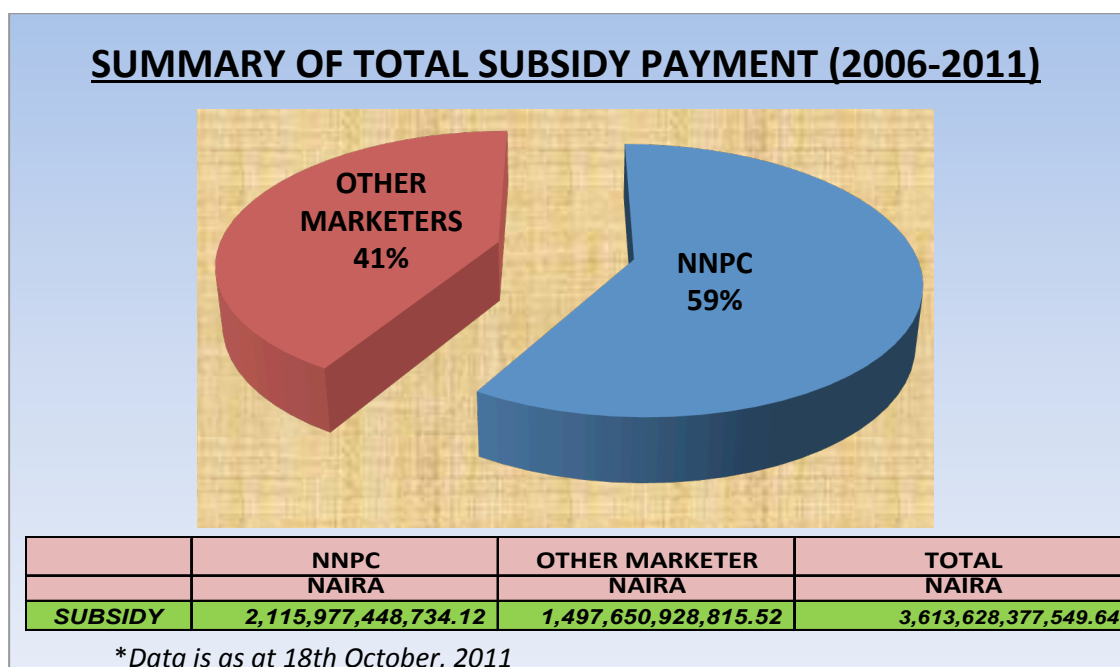
S/NO	BATCH	PPPRA COMPUTATION	AKD VERIFIED COMPUTATION	DIFFERENCE	FINDINGS FROM THE REPORT	REMARKS
61	A/2011	24,711,434,285.60	24,358,372,349.71	(353,061,935.89)	AKD REPORT LOWER BY 353,061,935.90	DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES. DEBT DEMAND NOTES. AKD to review report following FMF intervention
62	A/2011 SHORTFALL		114,031,783.00	(239,030,152.89)	AKD REPORT LOWER BY 239,030,152.89	
63	B/2011	24,502,465,428.75	24,048,846,677.08	(453,618,751.67)	AKD REPORT LOWER BY 453,618,751.67	
64	B/2011 SHORTFALL		308,598,932.00	(145,019,819.67)	AKD REPORT LOWER BY 145,019,819.67	DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES
65	C/2011	5,136,620,991.13	5,136,437,305.27	(183,685.86)	AKD REPORT LOWER BY 183,685.87	DEBT DEMAND NOTES ISSUED TO AFFECTED MARKETERS. AKD to review report following FMF intervention
66	D/2011	7,916,093,400.71	7,806,746,191.79	(109,347,208.92)	AKD REPORT LOWER BY 109,347,208.92 DUE TO NEW GROUND RULE TAKE-OFF DATE	
67	D/2011 SHORTFALL		67,682,447.00	(41,664,761.92)	AKD REPORT LOWER BY 41,664,761.92	
68	E/2011	12,685,477,314.11	12,559,630,084.69	(125,847,229.42)	AKD REPORT LOWER BY 125,847,229.42	DEBT DEMAND NOTES ISSUED TO AFFECTED MARKETERS. Akintola to review report following FMF intervention
69	E/2011 SHORTFALL		96,296,808.00	(29,550,421.42)	AKD REPORT LOWER BY 29,550,421.42	
70	F/2011	773,344,987.86	773,344,987.86	-	NONE	NONE
71	G/2011	48,587,469,603.59	48,291,230,222.56	(296,239,381.03)	AKD REPORT LOWER BY 296,239,381.03 DUE TO NEW	DEBT DEMAND NOTES ISSUED TO AFFECTED
72	G/2011 SHORTFALL		294,594,804.00	(1,644,577.03)	AKD REPORT LOWER BY 1,644,577.03	DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES
73	H/2011	7,885,730,525.63	7,865,926,001.11	(19,804,524.52)	AKD REPORT LOWER BY 19,804,524.52 DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES	DEBT DEMAND NOTES ISSUED TO AFFECTED MARKETERS
74	H/2011 SHORTFALL		1,549,266.00	(18,255,258.52)	AKD REPORT LOWER BY 1,644,577.03	DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES
75	I/2011	31,264,378,042.84	31,187,166,295.65	(77,211,747.19)	AKD REPORT LOWER BY 77,211,747.19 DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES	Akintola to review report following FMF intervention
76	I/2011 SHORTFALL		74,326,447.00	(2,885,300.19)	AKD REPORT LOWER BY 2,885,300.19 DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES	
77	J/2011	39,573,528,314.36	39,464,661,499.42	(108,866,814.94)	AKD REPORT LOWER BY 108,866,814.94 DUE TO NEW GROUND RULE TAKE-OFF DATE DISCREPANCIES	Akintola to review report following FMF intervention
78	J/2011 SHORTFALL		108,438,192.00	(428,622.94)	AKD REPORT LOWER BY 428,622.94	
79	K/2011	34,492,455,253.54	34,492,455,253.08	(0.46)	NONE	
80	L/2011	41,126,616,666.85	41,126,616,667.00	0.15	NONE	
81	M/2011	40,517,177,793.74	40,680,450,072.00	163,272,278.26	AKD REPORT HIGHER BY 163,272,278.26	
82	N/2011	51,867,311,568.34	51,867,311,570.00	1.66	NONE	
83	O/2011	50,481,670,342.01	50,481,670,342.00	(0.01)	NONE	
84	P/2011	27,215,493,351.26	27,215,493,351.00	(0.26)	NONE	
85	Q/2011	32,523,571,451.71	32,523,571,451.71	-	NONE	
86	R/2011	96,196,123,192.98	96,196,123,192.98	-	NONE	
87	S/2011	33,291,172,163.00	33,291,172,163.00	-	NONE	
		610,748,134,678.01	610,432,744,356.91	(315,390,321.10)		

12.0 PRINCIPLE OF SUBSIDY COMPUTATION

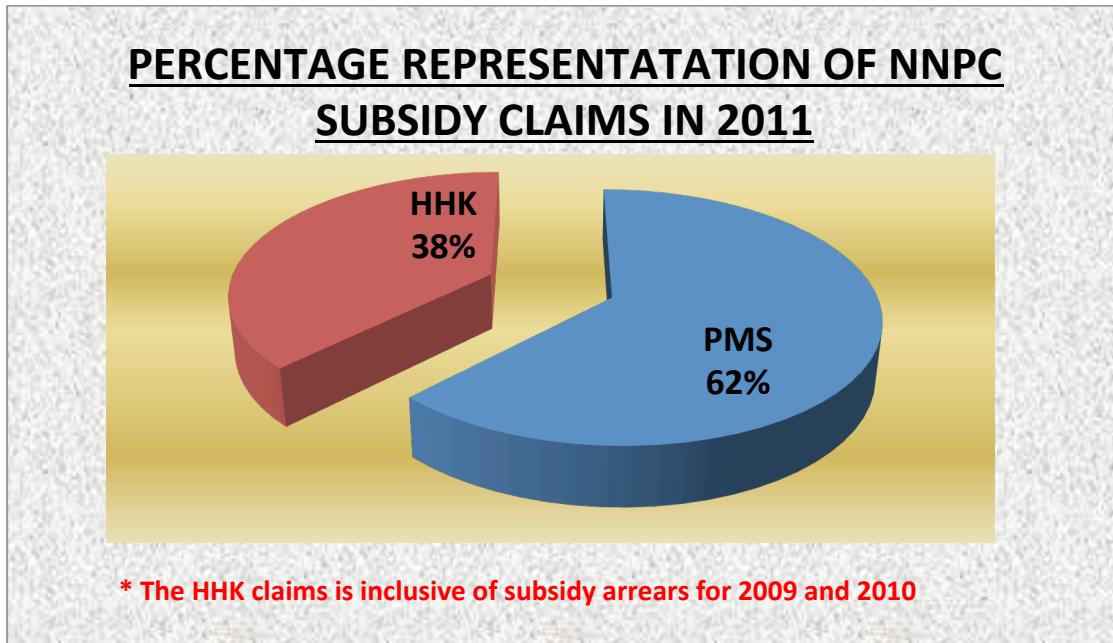
- ✚ **Under-recovery** is calculated as the difference between landing cost and the government approved ex-depot in respect of volume imported.
- ✚ **Volume** is determined based on quantity discharged as witnessed by relevant Agencies (PPPRA, DPR, Customs, Navy, Independent cargo Inspector and government approved auditors)
- ✚ **Components of landing cost are as follows;**
 - i. Cost of Product
 - ii. Freight
 - iii. Lightering expenses
 - iv. Port Charges
 - v. Financing
 - vi. Jetty-Depot through-put
 - vii. Storage Charges

13.0 ANALYSIS OF PAYMENTS

The total subsidy payment as shown in **Table** above from January 2006 to August 2011 is **₦3.613 trillion**. Analysis of the figures as depicted in the charts below show that **59%** of the total subsidy amount of was paid to the NNPC the while **41%** was made to the other Marketers.

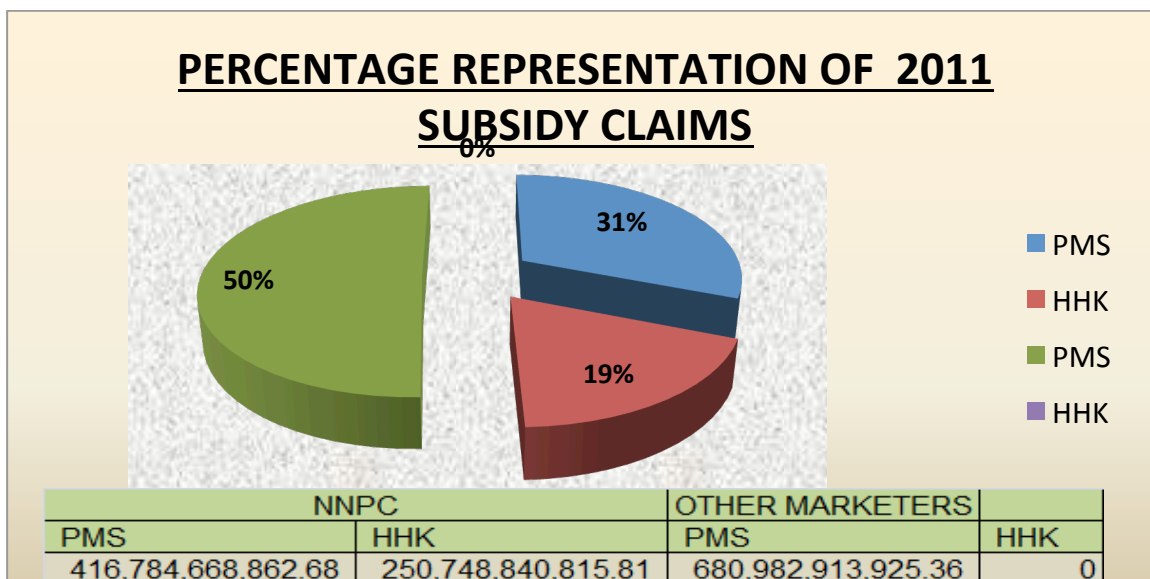


Of the subsidy amount paid to NNPC, about **62.9%** was subsidy on PMS supply while subsidy on HHK supply was about **38%**.



The total sum of **₦ 1.348 trillion** has been paid as subsidy from January 2011 to October, 2011. Out of the sum, **50%** of the payment was made to NNPC while **50%** was paid to the other Marketers. The upsurge noticed in the year 2011 subsidy payment was due to:

- i. The settlement of **2010 PMS** arrears subsidy claims of **₦18.0997 billion** for NNPC.
- ii. Settlement of **other** arrears of HHK (**₦250.748 billion**) subsidy claims pending since **June, 2009** to NNPC.
- iii. It is to be noted that HHK claims are still being received from NNPC for verification and settlement in arrears.

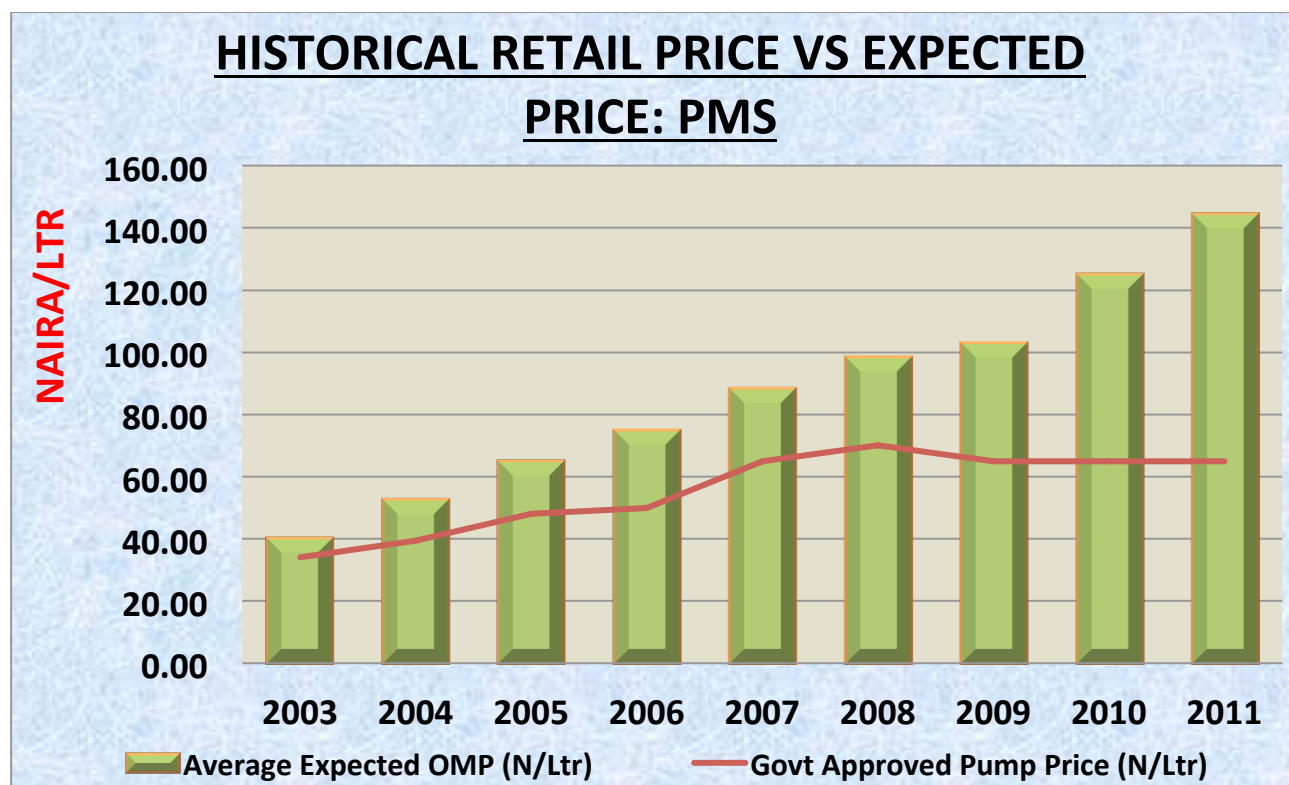


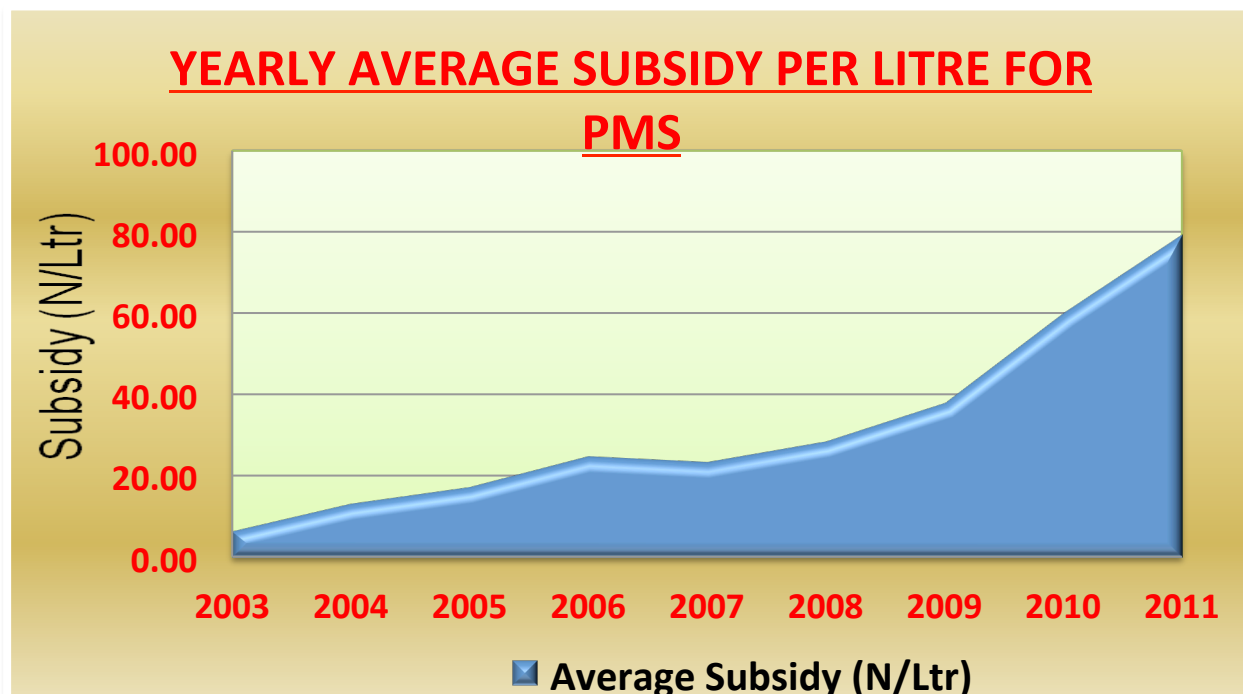
14.0 FACTORS AFFECTING SUBSIDY

- i. **Cost of Product:** Higher average subsidy per litre in 2011 compared to previous years. This is due to higher cost of petroleum products in the international market and the resultant higher landing cost:

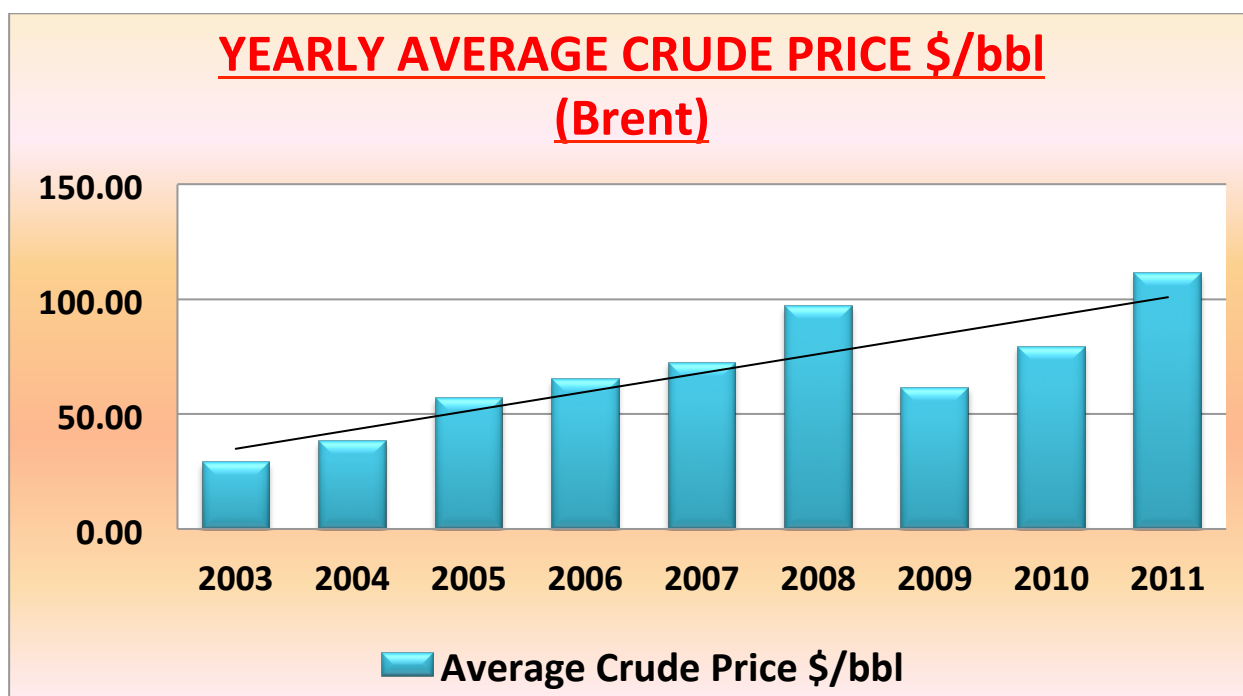
Year	2006	2007	2008	2009	2010	2011
Crude Cost (\$/bbl)	65.14	72.51	92.02	61.55	79.49	*111.43
Product Cost (\$/MT)	619.76	701.21	840.19	699.21	854.08	*997.65
Exchange Rate (N/\$)	128.43	125.94	118.73	151.13	152.03	*155.24
Average Subsidy/Litre (N)	22.74	23.07	39.50	25.50	45.32	*77.90

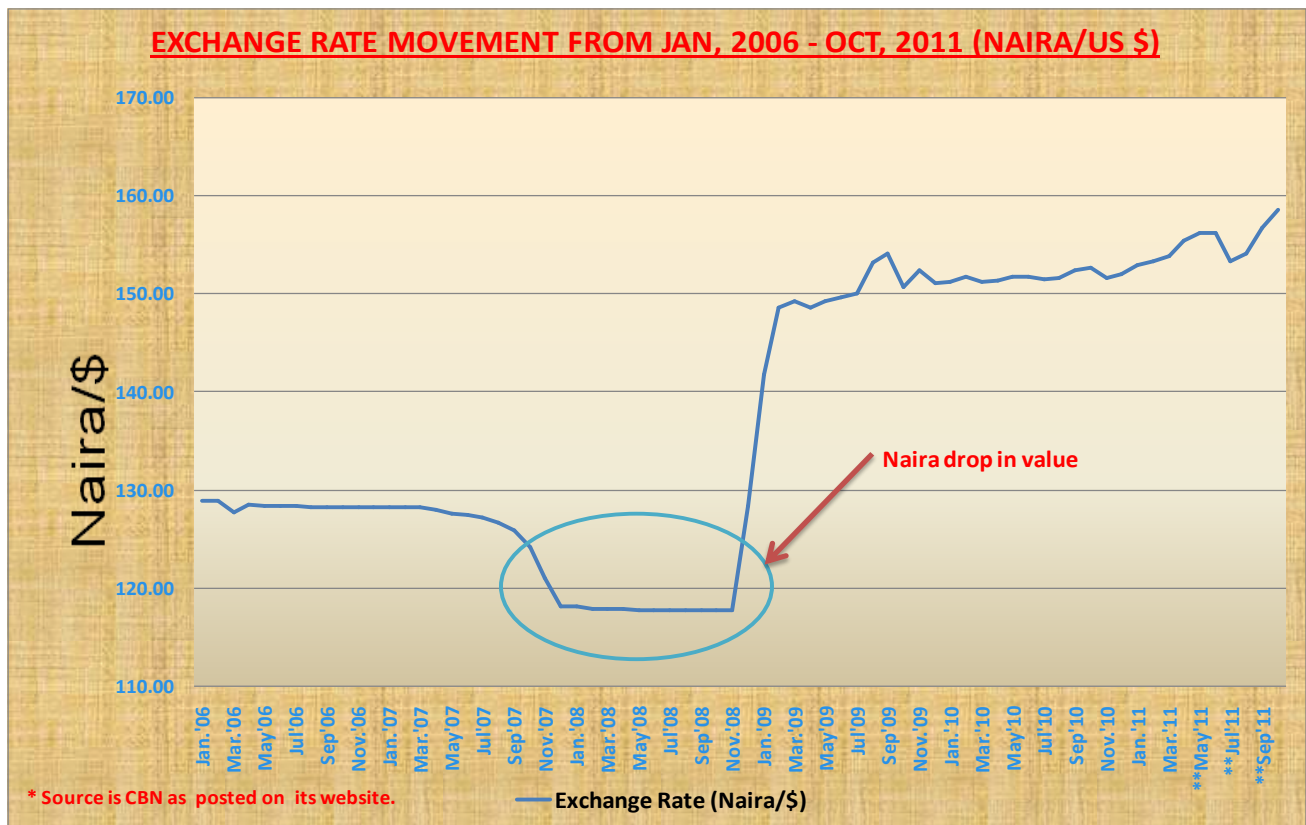
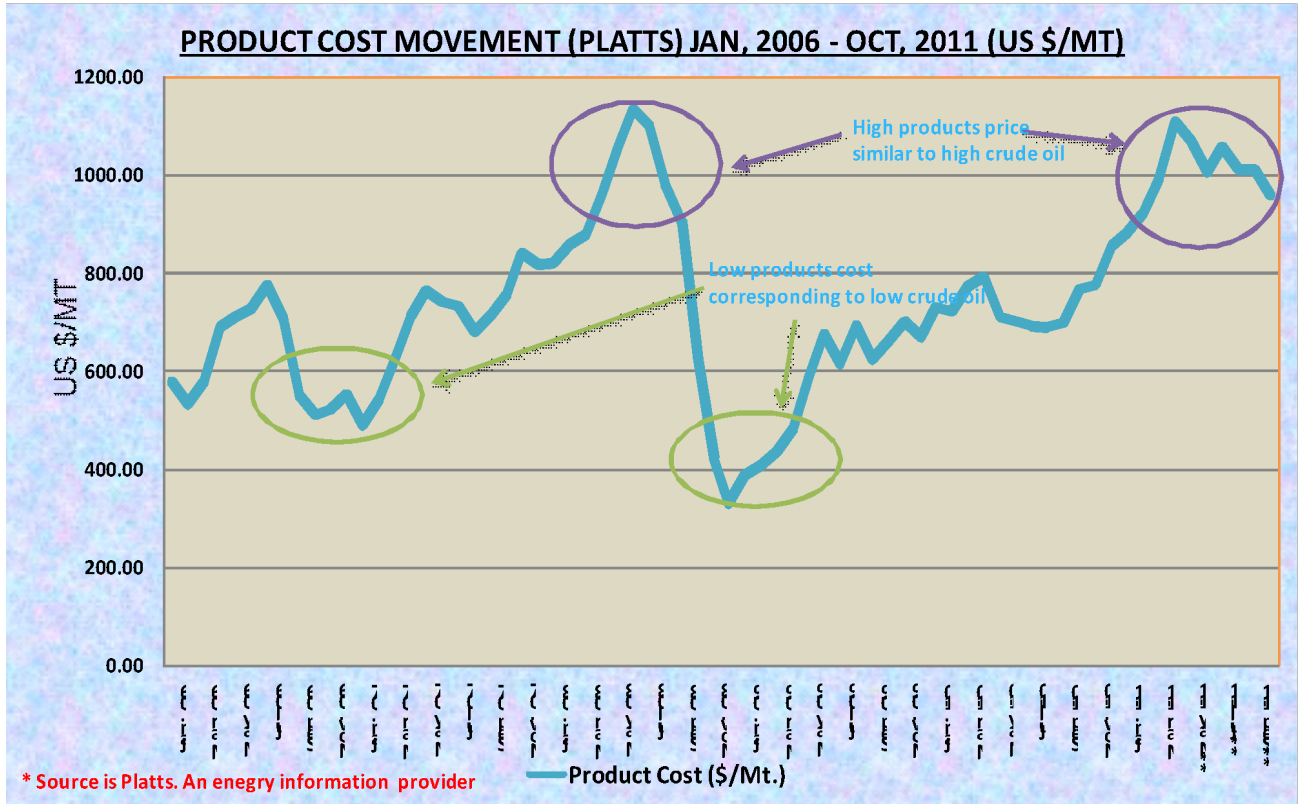
*Data is as at 18th October, 2011





- ii. **Forex Rate:** The continuous devaluation of naira to dollar has contributed to increase in landing cost of products and its implication on subsidy.
- iii. **Margins:** Increases in distribution Margins by government usually contribute to average subsidy gap.
- iv. The cost of products is about **80%** of the cost elements in the Pricing Template and is largely dependent on cost of crude oil.







PETROLEUM PRODUCTS PRICING REGULATORY AGENCY (PPPRA)

SUMMARY OF SUBSIDY PAYMENT									
Period	NNPC		Period	Other Marketers				Total	
	Under Recovery	Over Recovery		Batch	Payment Due Date	Under Recovery	Over Recovery	Under Recovery	Over Recovery
	NAIRA	NAIRA				NAIRA	NAIRA	NAIRA	NAIRA
2006 Total	241,892,533,397.43	-	2006 Sub Total			19,212,470,162.02	-	261,105,003,559.45	-
2007 Total	227,471,074,960.35	-	2007 Sub Total			51,388,244,282.48	-	278,859,319,242.83	-
2008 Total	370,490,290,445.05	682,276,004.92	2008 Sub Total			260,080,632,962.41	-	630,570,923,407.46	682,276,004.92
2009 Total	219,562,154,809.01	8,619,742,217.92	2009 Sub Total			202,007,470,744.50	5,667,994,550.83	421,569,625,553.51	14,287,736,768.75
2010 Total	389,027,885,443.79	-	2010 Sub Total			283,979,196,738.75	-	673,007,082,182.54	-

Period	NNPC		Period	Other Marketers				Total	
	NAIRA	NAIRA				NAIRA	NAIRA	NAIRA	NAIRA
Date	Under Recovery		Date	BATCH	Payment Due Date	Under Recovery		TOTAL	
	PMS	HHK				PMS	HHK	PMS	HHK
Jan-11	42,914,795,029.84		Jan-11	A/11	8-Feb-11	24,711,434,285.60	-	67,626,229,315.44	-
				B/11	7-Mar-11	24,502,465,428.75	-	24,502,465,428.75	-
Feb-11	34,960,054,887.09		Feb-11	C/11	16-Mar-11	5,136,620,991.13	-	40,096,675,878.22	-
				D/11	21-Mar-11	7,916,093,400.71	-	7,916,093,400.71	-
Mar-11	41,139,409,235.45		Mar-11	E/11	4-Apr-11	12,685,477,314.11	-	53,824,886,549.56	-
PMS Arrears	18,026,997,948.12			F/11	14-Apr-11	773,344,987.86	-	18,800,342,935.98	-
Apr-11	59,180,992,128.11		Apr-11	G/11	19-Apr-11	48,587,469,603.59	-	107,768,461,731.70	-
				H/11	21-Apr-11	7,885,730,525.63	-	7,885,730,525.63	-
May-11	42,677,386,206.48		May-11	I/11	5-May-11	31,264,378,042.84	-	73,941,764,249.32	-
HHK Arrears		40,795,263,260.88		J/11	15-Apr-11	39,573,528,314.36	-	39,573,528,314.36	40,795,263,260.88
May 11 (Balance)	15,193,123,582.61		Jun-11	K/11	3-Jun-11	34,492,455,253.54	-	49,685,578,836.15	-
Jun-11	55,377,431,861.66			L/11	20-Jun-11	41,126,616,666.85	-	96,504,048,528.51	-
HHK Arrears		15,491,093,662.38	Jul-11	M/11	5-Jul-11	40,517,177,793.74	-	40,517,177,793.74	15,491,093,662.38
Jul-11	62,109,080,075.92	22,385,880,546.96		N/11	12-Jul-11	51,867,311,568.34	-	113,976,391,644.26	22,385,880,546.96
HHK Arrears		33,147,550,272.73	Aug-11	O/11	4-Aug-11	50,481,670,342.01	-	50,481,670,342.01	33,147,550,272.73
HHK Arrears		87,947,660,057.45		P/11	19-Aug-11	27,215,493,351.26	-	27,215,493,351.26	87,947,660,057.45
Aug-11	45,205,397,907.40	9,346,076,737.35		Q/11	3-Sep-11	35,441,770,283.02	-	80,647,168,190.42	9,346,076,737.35
HHK Arrears		41,635,316,278.06		R/11	23-Sep-11	96,196,123,192.98	-	96,196,123,192.98	41,635,316,278.06
				S/11	6-Oct-11	33,291,172,162.00	-	33,291,172,162.00	-
				T/11	20-Oct-11	67,316,580,417.04	-	67,316,580,417.04	-
2011 Subtotal	416,784,668,862.68	250,748,840,815.81	2011 Subtotal			680,982,913,925.36	-	1,097,767,582,788.04	250,748,840,815.81
2011 Total		667,533,509,678.49	2011 Total				680,982,913,925.36		1,348,516,423,603.85
Grand Total	2,115,977,448,734.12	9,302,018,222.84				1,497,650,928,815.52	5,667,994,550.83	3,613,628,377,549.64	14,970,012,773.67

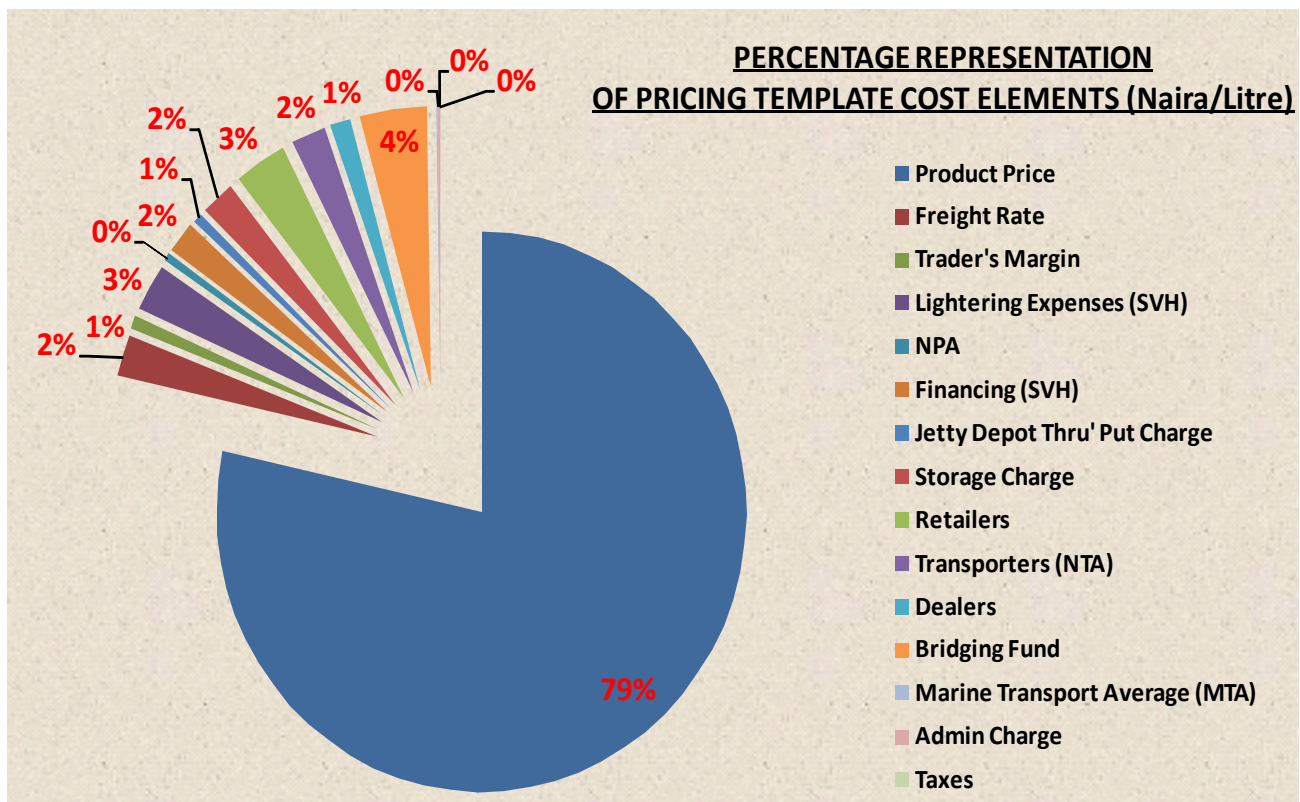
Total subsidy payment up to date (Naira) = 3,613,628,377,549.64

Total subsidy payment for 2011 transactions only: = 1,348,516,423,603.85

15. PRICING TEMPLATE

The Pricing Template at the moment comprises of cost elements as shown in the chart below. The government approved retail cost is tax-free based on the current tax policy on petroleum products.

		PMS		
		\$/bbl	\$/MT	Naira/Litre
0	Daily PLATT'S Movement (FOB BARGES) Cost of Crude (Brent Dated)	107.87		
1	Cost Element:			
2	FOB (NWE) October, 2011		958.03	113.34
3	Freight Rate		29.14	3.45
4	Trader's Margin		10.00	1.18
5	Lightering Expenses (SVH)		33.43	3.95
6	NPA		5.25	0.62
7	Financing (SVH)		22.53	2.67
8	Jetty Depot Thru' Put Charge		6.76	0.80
9	Storage Charge		25.36	3.00
10	Landing Cost		1,090.49	129.01
11	Distribution Margins:			
12	Retailers		38.88	4.60
13	Transporters (NTA)		25.27	2.99
14	Dealers		14.79	1.75
15	Bridging Fund		49.45	5.85
16	Marine Transport Average (MTA)		1.27	0.15
17	Admin Charge		1.27	0.15
18	Subtotal Margins		130.93	15.49
19	Note:			
20	Total Cost		1,221.43	144.50
21	* Official Ex-Depot		418.50	49.51
22	** Ex-Depot (for collection)		470.49	55.66
23	*** Under/Over Recovery		(671.99)	(79.50)
24	Taxes			
25	Highway Maintenanr	-		
26	Government Tax	-		
27	Import Tax	-		
28	Fuel Tax	-		
29	Subtotal Taxes			-
30	Retail Price		549.44	65.00
Expected Open Market Price (OMP) (Naira/litre) is Landing cost +Margins				144.50
Conversion Rate (MT to Litres):		1341		
Exchange Rate (N to \$):		158.64		
* Official Ex Depot is exclusive of Bridging Fund, Marine Transport Average (MTA) & Admin. Charge				
** Ex Depot includes Bridging Fund, Marine Transport Average (MTA) & Admin. Charge				
*** Effective Date of New Approved Pricing Template is 1st July 2011				
Data is as at 14/10/11				



16.0 UN-RESOLVED CLAIMS

There are yet unresolved claims for Marketers which are undergoing verification due to contention by Marketers on applicable rules for subsidy calculations. The disputes are largely based on contentions arising from differentials in Bill of Lading dates application and allowable delivery windows.

17.0 CHALLENGES

The challenges in the downstream sector are manifestations of long years of neglect and state control policies. In addition to this, the massive opposition by pressure groups made it difficult to take the deregulation programme to a logical conclusion as the international market continues to record high prices. Some of the challenges faced in the last three years include:

- i. Inadequate import Reception/Discharge facilities thus constituting a major bottleneck to products supply in Nigeria. This has led to the incurring of higher-than-expected demurrage and finance cost on the imported vessels.
- ii. High volatility of oil price in 2007 and 2008 leading to a higher amount of funds for products procurement

- iii. Lack of capacity by the import financing banks to support importation of products in 2009 due to global financial crunch.
- iv. Non-implementation of the proposed Open-Access, Common-Carrier regime is threatening the sustainability of the deregulation policy.
- v. Delay in the passage of the Petroleum Industry Bill (PIB) that seeks to revitalize the Nigeria's petroleum sector for improved efficiency.
- vi. The low level of production in refineries – less than 10% in the last three years
- vii. Infrastructural bottlenecks that led to moving products by road rather than pipelines or railway continues to push products prices up.
- viii. Inability of the Nation to develop a viable alternative energy source for domestic and vehicular utilization Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG)

18.0 CONCLUSION/RECOMMENDATION

- That a total sum of N3.7 trillion has been spent between 2006 and August, 2011 on subsidy of petroleum products.
- That the Agency has diligently discharged its duties in the implementation of the PSF scheme.
- That the Agency recommends full deregulation of the downstream petroleum industry, while the funds may be used to improve other sectors of the economy.