



PETROLEUM PRODUCTS PRICING REGULATORY AGENCY (PPPRA)

REVISED GUIDELINES FOR THE ADMINISTRATION OF PETROLEUM
SUPPORT FUND (PSF)

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TABLE OF CONTENTS

CONTENT	PAGE
Table of Contents - - - - -	i
PART I: About PPPRA - - - - -	1
PART II: Background to the Establishment of the PSF Scheme	3
PART III: Principles - - - - -	3
PART IV: Responsibilities of Stakeholders/Operators -	5

A.	Central Bank of Nigeria (CBN)	-	-	-	-	-	5
B.	Oil Marketing Companies/Trading Companies (OMCs/TCs)						6
C.	Department Of Petroleum Resources (DPR)	-	-	-			6
D.	Petroleum Equalization Fund (Management) Board (PEF(M)B)						7
E.	Regulatory Authority (PPPRA)	-	-	-	-	-	7
PART V:	Eligibility for Drawing from the Fund	-	-				9
APPENDIX 1:	Proposed Schedule of Payment	-	-	-			11
APPENDIX 2:	Checklist of Required Documents	-	-	-			12
APPENDIX 3:	Institutional Linkages	-	-	-	-	-	13

PART I

ABOUT PPPRA

1. Establishment

Establishment: Petroleum Products Pricing Regulatory Agency (PPPRA) was established by Act of the National Assembly

No. 8 of May 2003.

2. Vision:

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

3. Mission Statement:

Reposition Nigeria's downstream sector for improved efficiency and transparency.

4. Our Clients:

Our clientele consists of all stakeholders in the downstream petroleum sub-sector, Workers, Employers, Marketers, Manufacturers, Government, Transporters and indeed all Nigerians. The composition of the PPPRA Governing Board reflects the totality of Stakeholders relevance to the Agency's mandate.

5. Mandate:

- I. Maintain constant surveillance over key indices relevant to pricing policy and periodically approve benchmark prices for all products

- II. Regulate the supply and distribution of petroleum products

- III. Moderate volatility in petroleum products prices, while ensuring reasonable returns to Operators

- IV. Establish an information data bank through liaison with all relevant agencies to facilitate the making of informed and realistic decisions on pricing policies

- V. Establish parameters and codes of conduct for all Operators in the downstream sector of the petroleum industry
- VI. Prevent collusion and restrictive trade practices harmful to the sector.
- VII. Exercise mediatory role as necessary for all the stakeholders in the sector.
- VIII. Identify macro-economic factors with relationship to prices of petroleum products and advise Government on all appropriate strategies for dealing with them
- IX. Establish firm linkages with the key segments of the society, and ensure that its decisions enjoy the widest possible understanding and support.
- X. Oversee the implementation of the relevant recommendations and programmes of the Federal Government as contained in the White Paper on the Report of the Special Committee on the Review of the Petroleum Products Supply and Distribution as they relate to its functions, taking cognizance of the phasing of the specific proposals.

PART II

BACKGROUND TO THE ESTABLISHMENT OF THE PSF SCHEME

The Government established the Petroleum Support Fund (PSF) with effect from January 2006 as an interventionist fund.

Funding:

- a) The Petroleum Support Fund (PSF) shall be a pool of fund provided in the budget and contributed to by the three tiers of Government to stabilize the domestic prices of petroleum products against volatility in international Crude and Products Prices.
- b) The PSF account is expected to be supplemented with the accruals during the period of over-recovery (over-recovery here refers to the period at which the PPPRA recommended ex-depot is higher than the Landing Cost).

PART III

PRINCIPLES

1. **Under-recovery** shall apply when **the Landing Cost** of product based on import parity principle is **in excess** of the approved **PPPRA ex-depot price** for the product. In the case of NNPC, the subsidy shall be computed by deducting the ex-depot price, the PEF(M)B Allowance and the PPPRA Administrative charge from the Landing Cost.
2. Payment from the Marketers on **over-recovery** into the Fund shall apply when the **Landing Cost** of product based on import parity principle **is below** the approved PPPRA **ex-depot price** for the product.
3. The Central Bank of Nigeria (CBN) shall be the custodian of the Fund, while the PPPRA shall be vested with the authority to administer the Fund as spelt out in this document.
4. Claims from/payment into the Fund shall be based on the duly verified shore tank volume.

5. PPPRA shall determine the volume required for imports based on national demand/supply gap and taking cognizance of local production in line with its statutory mandate.
6. The PPPRA shall constantly liaise with the Oil Trading /Marketing Companies and other relevant Stakeholders/Operators for the purpose of data collection, verification, certification and updating of the downstream information Data Bank.
7. (i) All payments relating to over/under recovery shall be made through the Fund's account domiciled in the CBN as approved by the Federal Ministry of Finance.

(ii) The PPPRA shall be responsible for compilation and verification of import documents and computation of over-recovery/under-recovery due to each Marketer within the prescribed timeframe in the Service Level Agreement as contained in Appendix I in this Guidelines and submission of the same to the Honorable Minister of Finance.

(iii) The Federal Ministry of Finance, through the Office of the DG Budget and the Office of the Accountant General of the Federation (OAGF) shall be responsible for auditing, fund-sourcing and crediting the accounts of Marketers in line with the Government e-payment policy.
8. (i) All claims from/payment into the Fund must conform to the objectives of the PSF.

(ii) Payments to Marketers under the PSF Scheme shall be net of the applicable PEF(M)B Bridging Allowance and the PPPRA Administrative charge and such deductions shall be paid

directly to the respective accounts of each of the two Organizations by the Office of the Accountant General of the Federation.

9. **Submission of PSF claims closes on the 20th of every month. All claims received after the 20th of the month shall be treated in the next batch of the successive month.**
10. On receipt of verified documents from the Operators, payments shall be due not later than 45 days.

PART IV

RESPONSIBILITIES OF STAKEHOLDERS/OPERATORS

- A. **Central Bank of Nigeria (CBN):** The CBN as the financial regulatory authority shall:

1. Issue Statement of Account of the Fund to the PPPRA on monthly basis.
2. Issue FOREX to importers subject to the prevailing import procedures/guidelines of CBN.
3. Manage the idle funds for security and maximum returns.
4. Render to the PPPRA monthly disbursement of FOREX to petroleum products importers.
5. Render to the PPPRA on monthly basis, the actual FOREX rates debited the Marketers' account by the commercial banks.

B. Oil Marketing/ Trading Companies (OMC's/TC`s) shall:

1. Import, supply and distribute petroleum products nationwide.

2. Comply with rules and regulations set by the PPPRA concerning products scheduling, shipment to jetties, products transportation through pipeline network/trucks/rail to storage depots and evacuation to retail outlets.
3. Submit on a monthly basis, data on products supply and distribution.
4. Allow PPPRA Operatives to monitor products movements from jetties to the depots and from depots to retail outlets.
5. Furnish PPPRA with three (3) spiral-bound copies of the import documents sequentially arranged as prescribed in the Checklist contained in Appendix II in this Guidelines.

C. Department of Petroleum Resources (DPR) shall:

1. Issue import permits OMC/TC which is valid for one year from the date of issue.
2. Verify/Confirm petroleum products specifications.

3. Enforce of stipulated price regime based on approved bench-mark prices in collaboration with the PPPRA.
4. Oblige the PPPRA with necessary information and data relating to products procurement, supply and distribution (both import and local productions).
5. Collaborate with the PPPRA and PEF(M)B on intelligence monitoring to check malpractices.

D. Petroleum Equalization Fund Management Board (PEF(M)B) shall:

1. Provide the PPPRA with data regularly on products distribution (local and bridging).
2. Ensure bridged products are received and acknowledged at invoiced destinations and report defaulting Operators to the PPPRA for appropriate action.
3. Collaborate with the PPPRA and DPR on intelligence monitoring to check malpractices and report incidences to the PPPRA for necessary action.

E. Regulatory Authority (PPPRA) shall perform the following responsibilities in line with its mandate:

1. Plan and programme the receipt and distribution of petroleum products to ensure uninterrupted products availability in the country based on determined petroleum products supply gaps.
2. Deploy PPPRA staff to monitor and verify data on products reception and distribution at the jetties, refineries and depots nationwide.
3. Demand from refineries, monthly production volume on products basis and from the Operators, data on products supply and distribution.
4. Maintain a reliable databank on the activities of the Fund and the industry.
5. Collaborate with DPR on adherence to products specification and HSE standards.
6. Collaborate with PEF(M)B and other Stakeholders on products movements to ensure efficient products supply and distribution to every part of the country.

7. Collaborate with CBN/FMF on data exchange, FOREX allocation and reconciliation.
8. Embark on wide publicity and enlightenment programme to educate Stakeholders and the public at large on the benefits of the initiative (Petroleum Support Fund).
9. Collaborate with the PEF(M)B and DPR on intelligence monitoring to check malpractices and apply appropriate sanction to the defaulters.
10. Perform conciliatory and mediatory roles among Stakeholders/Operators.
11. Set regulations on holding of petroleum stocks and ensure compliance.
12. Security of Supply: Collaborate with the NNPC and other Marketers to release their reserved stocks into the market in time of emergencies and supply gaps arising from the inability of the Marketers in fulfilling their obligation on products procurement and short fall in refinery production.
13. The PPPRA may from time to time review the PSF Guidelines in line with its statutory mandate.

PART V

ELIGIBILITY FOR DRAWING FROM THE FUND

Oil Marketing/Trading Companies are expected to meet the rules and regulations set by the PPPRA on the management/administration of the Petroleum Support Fund (PSF) as follows:

1. Applicant must be an Oil Marketing/Trading Company registered in Nigeria with the Corporate Affairs Commission (CAC) to conduct petroleum products business.
2. Beneficiary/Claimant must possess the following:
 - (i) Proof of Ownership or a valid throughput agreement of storage facility with a minimum of 5,000 metric tons for the particular product. Ownership of retail stations is an added advantage.
 - (ii) Possession of a valid DPR import permit.

3. Having satisfied 1 and 2 above, an applicant shall submit application for participation in the Scheme to the PPPRA.
4. Successful applicants shall sign an agreement with the PPPRA to become a participant under the Scheme.
5. Approval to import shall be expressly conveyed by the PPPRA to the Participant Importer.
6. Beneficiary/Claimant must notify PPPRA within a minimum of three (3) days ahead of cargo arrival in the country and furnish the PPPRA with the relevant documents including copies of invoices, bills of lading, source of funding and expected date of arrival for documentation.
7. The product loading and arrival time must be within a maximum of 30 days and must meet products specification by the DPR and SON.
8. All approvals for importation are valid for a maximum of three months based on the current PPPRA quarterly importation plan.
9. Deliveries must be made to depot locations approved by the DPR and witnessed by PPPRA Operatives, External Auditors and the Industry Consultant.

10. All documents forwarded to the PPPRA must contain shore tank report duly signed by PPPRA Representatives at discharge locations.

11. (i) All out-turn deliveries to approved locations must be through invoices at approved ex-depot prices.

(ii) Marketers shall render out-turn delivery returns which must contain the invoiced ex-depot prices and volumes to the PPPRA as part of conditions for continued participation in the Scheme.

APPENDIX I:
PETROLEUM SUPPORT FUND (PSF)
PROPOSED PAYMENT SCHEDULE

S/No.	Time Frame	Activity	Comment
1.	1 st – 20 th of the Month	Submission of complete import documents to PPPRA	Not counted as part of the processing/ payment time. This is because liability of submission of complete import documents within this period lies with the Marketers and not with the government.
2.	21 st – 25 th of the Month	Data Processing/ Computation by PPPRA	45 days payment agreement starts counting.
3.	26 th of the Month	PPRA forward documents to the Ministry of Finance	
4.	27 th – 30 th of the Month	Ministry of Finance forward documents to the Auditor	
5.	2 weeks (10 Days)	Auditing	
6.	2 weeks (10 Days)	Payment/ HMF/ AGF/ CBN	

Note: 30 – 45 Days processing/ payment period feasible.

Appendix II

CHECKLIST FOR IMPORT DOCUMENTS

- Witness page
- PPPRA approval page
- Guarantee page
- Notification of nomination of vessel
- DPR import permit
- Marine insurance
- Form M
- Proforma invoice
- Bill Of lading
- Certificate of origin.
- Cargo manifest
- Ullage Report (port of origin)
- Certificate of quantity (load port)
- Certificate of quality (load port)
- Notice of readiness (load port)
- Vessels survey report after loading (mother vessel & shuttle vessels(if any))
- Vessels survey report before discharge (mother vessel and shuttle vessels(if any))
- Time log of discharge
- Vessel experience factor
- Tank inspection report
- Bunker survey report
- Cargo pumping log
- Letter of protest (if any)
- Notice of readiness at discharge port
- Transfer of Certificate
- Certificate of quantity at discharge port
- Certificate of quality at discharge port
- Shore tank report
- DPR vessel report
- Nigeria Customs Service clearance
- Nigeria Navy clearance

PETROLEUM SUPPORT FUND - INSTITUTIONAL LINKAGES

