

# An Assessment of the Nigeria's Sovereign Wealth Fund under President Goodluck Jonathan's Administration (2011-2015)

by

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## Abstract

*The aim of the study was to assess the Nigeria's Sovereign Wealth Fund under President Goodluck Jonathan's administration. Natural resource rich nations, especially oil, desirous of mitigating the effects of boom and burst cycle associated with the price of oil at the international market have devised means of managing excess from the sales of crude oil above the budget benchmark. Effort at instituting a shock-absorbing framework to mitigate the fluctuating international prices of oil has not proved successful in Nigeria. To resolve this challenge, Former President Goodluck Jonathan passed into law the Nigeria Sovereign Investment Act, 2011, thus establishing the Nigeria's Sovereign Wealth Fund with a seed capital of \$1bn USD. In spite of stringent measures put in place to safeguard the fund, available records indicated that only \$1.061 billion accrued to the NSWF as at 2015. This has raised concern over the sustainability of the fund in Nigeria. This paper assessed the Nigeria's SWF from 2011-2015 using secondary sources of data. The data was analyzed using content analysis. Autonomy–Maximization Theory which explains a situation whereby the ruling elite used SWFs to secure their domestic political dominance against both internal and external threats was adopted as the theoretical framework. It was found that the NSWF had not lived up to expectation. Issues bordering on fiscal indiscipline, constitutional constraints and lacks of political will were among the challenges identified. It was recommended that Nigeria should take a cue from other federations or states that operate similar funds. States governments are encouraged to establish the fund with strong institutional framework in line with the Santiago principles for a sustainable SWF.*

**Keywords:** Sovereign Wealth Fund, Autonomy Maximization, Investment vehicles