



**2016 SECOND QUARTER  
BUDGET IMPLEMENTATION REPORT**



**BUDGET OFFICE OF THE FEDERATION  
Federal Ministry of Finance, Abuja**

## FOREWORD

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I am pleased to present to you the Budget Implementation Report for the second quarter of 2016. It provides information on the implementation of the 2016 Budget in the second quarter, as well as information by which government's performance in the management of public resources may be measured. This Report also demonstrates the government's continuing commitment to improving transparency and accountability.

The 2016 Budget, was designed to reflate and reposition the economy and was themed – “Budget of Change”. It is the first full year budget by the present Administration and its primary goals include providing stimulus to the economy, creating jobs for our teeming youths, and lifting the poor and vulnerable segments of our society, whilst at the same time, laying the foundation for sustainable growth.

This Report is the output of meticulous work by the Budget Office of the Federation and I commend the team for their hard work and dedication. I also wish to recognize the *dynamic role* of the *National Assembly's Joint Finance Committee* and the *Fiscal Responsibility Commission* in promoting best practices in public financial management through their collaborative efforts. I look forward to more of such cooperative work in future.

Finally, I urge the general public, and all readers of this Report to take time to study its contents and assess Government's performances in delivering on the promises inherent in the Budget; and continue to contribute at the various stages of the budget cycle.

**Sen. Udoma Udo Udoma**

Honourable Minister of Budget and National Planning

## PREFACE

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**T**he Budget Office of the Federation is required to monitor and evaluate the implementation of the annual budgets; and render quarterly reports thereon. This Report, which is the second for the 2016 fiscal year, satisfies this requirement and also provides a means of assessing government's pledge to the transparent and judicious management of public finances.

Government continues to place emphasis on the monitoring of the annual budget implementation to improve performance and achieve results. The Monitoring and Evaluation (M & E) Department of the Budget Office of the Federation is therefore being strengthened to enable it effectively monitor compliance with the objectives and achievement of specific targets planned in crafting the annual budgets.

The implementation of the 2016 Budget in the second quarter of the year was very challenging in several respects, particularly as revenue receipts from both oil and non-oil sources were significantly below estimates for the period. On the expenditure side however, the recurrent expenditures were on track, but due to the late passage of the 2016 Budget and the revenue challenge, releases for the implementation of capital projects/programmes was relatively low. Significant improvement is however expected in the second half of the year.

This Report is a product of the collective efforts of the Budget Office and other agencies of government which provided key fiscal and macroeconomic data, particularly the Budget Monitoring and Evaluation Department. Their effort is commendable and I wish them success as they continue to perform this important function of assessing Government's progress in implementing the Annual Budget.

**Ben Akabueze**

Director General, Budget Office of the Federation

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<b>A/C:</b> Account	<b>MDAs:</b> Ministries, Departments and Agencies
<b>AIE:</b> Authority to Incur Expenditure	<b>MPR:</b> Monetary Policy Rate
<b>AF:</b> Alternative Funding	<b>MTFF:</b> Medium Term Fiscal Framework
<b>B:</b> Billion	<b>N:</b> Naira
<b>BDC:</b> Bureau De-Change	<b>NBS:</b> National Bureau of Statistics
<b>BOF:</b> Budget Office of the Federation	<b>NDDC:</b> Niger Delta Development Commission
<b>BREXIT:</b> Britain Exit	<b>NHRC:</b> National Human Rights Commission
<b>CBN:</b> Central Bank of Nigeria	<b>NJC:</b> National Judicial Council
<b>CIT:</b> Company Income Tax	<b>NNPC:</b> Nigerian National Petroleum Corporation
<b>DMO:</b> Debt Management Office	<b>NTB:</b> Nigerian Treasury Bills
<b>ECA:</b> Excess Crude Account	<b>OAGF:</b> Office of the Account General of the Federation
<b>EMDEs:</b> Emerging Markets and Developing Economies	<b>OTC-FMDQ-OTC:</b> Over the Counter Financial Market Dealer Quotation
<b>EMEs:</b> Emerging Markets Economies	<b>PCC:</b> Public Complaint Commission
<b>FAAC:</b> Federation Account Allocation Committee	<b>PPT:</b> Petroleum Profit Tax
<b>FGN:</b> Federal Government of Nigeria	<b>PSC:</b> Production Sharing Contracts
<b>FMF:</b> Federal Ministry of Finance	<b>SC:</b> Service Contracts
<b>GDP:</b> Gross Domestic Product	<b>SWF:</b> Sovereign Wealth Fund
<b>IMF:</b> International Monetary Fund	<b>TSA:</b> Treasury Single Account
<b>INEC:</b> Independent National Electoral Commission	<b>UBEC:</b> Universal Basic Education Commission
<b>JVC:</b> Joint Venture Company	<b>US:</b> United States
<b>LNG:</b> Liquefied Natural Gas	<b>VAT:</b> Value Added Tax
<b>M2:</b> Money Supply	<b>ZBB:</b> Zero Based Budgeting
<b>MBPD:</b> Million Barrels Per Day	

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## EXECUTIVE SUMMARY

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**T**he 2016 Budget, which was captioned “Budget of Change” focuses on three inter-related issues of improving security, tackling corruption and revitalizing the national economy. It is the first full-year budget of the present Administration and was prepared against a background of general slowdown in global economic growth and more significantly, a considerable decline in crude oil prices. In the medium to long term, the Budget will serve as the groundwork for a robust economic diversification process through import substitution and export promotion.

Available data from the National Bureau of Statistics (NBS) showed that in the second quarter of 2016, the nation's Gross Domestic Product (GDP) stood at N16.12 trillion in the second quarter of 2016 representing a contraction of 2.06% in real terms compared to N16.46 trillion recorded in the second quarter of 2015. This growth was -1.70% lower than the growth rate of -0.36% recorded in the preceding quarter and also 4.41% lower than the 2.35% growth rate recorded in the corresponding quarter of 2015. The contraction in GDP was largely attributed to the slump in oil sector given the renewed hostility in the Niger Delta region during the period. Specifically, the oil sector shed N282.06 billion or 17.48% from its corresponding figure in 2015 while the non-oil sector shed N57.13 billion or 0.38% in the same period.

The sharp rise in all the components of inflation which started in the first quarter also continued in the second quarter of 2016. Year-on-year headline inflation climbed to 16.48% in June from 15.58% in May, 13.72% in April and 12.77% in March 2016. The increase in headline inflation reflected increases in both food and core components of inflation. Core inflation rose sharply to 16.22% in June from 15.05% in May, 13.35% in April and 12.17% in March 2016. Food inflation also followed the same pattern, albeit more moderately, rising to 15.30% in June from 14.86% in May, 13.19% in April and 12.74% in March 2016.

Broad money supply (M2) grew by N1,214.53 billion (or 5.93%) from N20,470.44 billion in March to N21,684.97 billion in June 2016. This was driven by the expansion in the net domestic credit (NDC) by N1,653.32 billion (or

7.29%) from N22,664.82 billion in March to N24,318.14 billion in June 2016. The growth in NDC was spurred by growth in credit to private sector which rose by N2,542.71 billion (or 13.47%) from N18,882.24 billion in March to N21,424.95 billion in June 2016 while credit to government contracted by N889.39 billion (or 23.51%) in the same period.

The Monetary Policy Rate (MPR) of 12% was maintained all through the second quarter of 2016. The average interbank call rate decreased from 4.32% in March to 3.75% in April before rising again to 7.67% and 35.26% in May and June 2016 respectively, generally reflecting the liquidity situation. The average maximum lending rate decreased from 26.93% in March to 26.88% and 26.73% in April and May respectively before rising again to 26.93% in June 2016 in line with inter-bank rate.

To improve liquidity and stabilize the foreign exchange market, CBN introduced a flexible exchange rate regime in the inter-bank market in June 2016. As a result, the official Naira/Dollar exchange rate at the inter-bank market which remained stable at N197.00/\$ in April and May depreciated to N231.76/\$ in June 2016. The Bureau De-Change (BDC) exchange rates on the other hand appreciated slightly from N320.93/\$ in March to N320.71/\$ in April before depreciating further to N336.93/\$ and N351.82/\$ in May and June 2016 respectively.

Nigeria's gross official (external) reserve decreased slightly at the end of the second quarter of 2016 by US\$0.82 billion or 3% from US\$27.33 billion in March to US\$26.51 billion as at the end of June 2016. This also represent a fall by US\$1.82 billion (or 6.42%) relative to the end of second quarter of 2015. The reserve was however still well above the internationally recommended minimum threshold of 3-months import cover.

Nigeria's total public debt stock as at 30th June, 2016 stood at US\$61.45 billion (or N16,296.71 billion). The breakdown consists of US\$11.26 billion (or N3,187.11 billion or 19.56%) for external debt while the balance of US\$50.19 billion (or N13,109.60 billion or 80.44%) was for domestic debt stock. This

translates to 15.83% of the 2015 GDP and was significantly below the threshold of 40% for comparator countries.

The price of crude oil in the world market averaged US\$45.57 per barrel in the second quarter of 2016, indicating an increase of US\$11.68 per barrel (or 34.46%) above the US\$33.89 per barrel attained in the first quarter of 2016 and also higher than the budget benchmark of US\$38 for 2016. It however represent a US\$16.35 per barrel (or 26.41%) dip from the US\$61.92 per barrel recorded in the second quarter of 2015. Average oil production and lifting, on the other hand, were 1.82mbpd and 1.80mbpd respectively in the second quarter of 2016 indicating that oil lifting was short by 0.4mbpd (or 18.18%) from the 2.2mbpd projected for the 2016 Budget.

Actual Net Oil Revenue that accrued into the Federation Account therefore decreased by N20.31 billion (or 5.49%) to N349.56 billion, from the quarterly projection of N369.87 billion. Similarly, the net oil revenue in the second quarter of 2016 was lower than the N487.62 billion net oil revenue recorded in the first quarter of 2016 by N138.06 billion (or 28.31%). Equally, the net distributable revenue to the three tiers of government stood at N800.31 billion in the second quarter of 2016 reflecting a shortfall of N629.60 billion (or 44.03%).

A net sum of N800.31 billion was shared among the three tiers of government in the second quarter of 2016; signifying a shortfall of N629.60 billion in the quarter. A total of N382.79 billion, excluding revenue from other sources was received to fund the Federal Budget in the second quarter of 2016 thereby presenting a shortfall of N581.14 billion (or 60.29%). This revenue shortfall affected the implementation of the 2016 Budget in the quarter.

A total of N646.32 billion was spent on non-debt recurrent expenditure in the second quarter of 2016 indicating a decrease of N15.27 billion (or 2.31%) below the quarterly estimate of N661.60 billion. Debt servicing was allocated a total of N244.71 billion during the quarter representing a deficit of N124.12 billion or 33.66% of the prorated debt service payment of N368.83 billion in the budget. A breakdown of the payment indicate that domestic debt servicing gulped N218.56 billion but fell short by N108.29 billion or 33.13% while external debt

accounted for N15.26 billion of the payment reflecting a surplus of 1.64 billion or 12.07%. Releases to meet provisions for statutory transfers was on track at N113.01 billion. Also, the sum of N132.71 billion had been released to specific MDAs for the implementation of their 2016 capital projects and programmes based on government's priorities. Additional releases to take this to about N800 billion is planned for the next quarter.

Overall, the Nigerian economy has been facing a downturn given the two consecutive negative growths culminating in a -1.21% growth in the half year of 2016. The poor performance was as a result of developments in international oil markets and more importantly, the supply bottleneck as a result of the renewed hostility in the oil producing region of the country. This has greatly constrained government revenue and also impacted negatively on other economic activities. The economy is however expected to improve over the second half of the year with the expected recovery in non-oil revenue inflows as well as improved oil price in the short- to- medium-term. Meanwhile, Government is committed to reflating the economy to enhance domestic competitiveness and production, and improve the general welfare of the citizenry.

## 1.0 INTRODUCTION

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**T**he 2016 Budget, with the title “Budget of Change” focuses on three inter-related issues of improving security, tackling corruption and revitalizing the national economy. It is the first full-year budget of the present Administration and was prepared against a background of general slowdown in global economic growth and more significantly, a considerable decline in crude oil prices. The Budget was also planned to accelerate the Government's commitment to create a more diversified, sustainable and inclusive economy. It seeks to stimulate the economy, by making it more competitive through infrastructural development, delivering inclusive growth, and prioritizing the welfare of Nigerians. It has the objective of unlocking the hidden potentials of our people and communities, as well as optimally exploiting the natural endowments that cuts across the country. The Budget, while helping industries, commerce and investments to pick up, will as a matter of urgency, address the immediate problems of youth unemployment and the awful living conditions of the extremely poor and helpless Nigerians. In the medium to longterm, the Budget will serve as the groundwork for a robust economic diversification through import substitution and export promotion. It will be a legacy for generations to come and serve as a guarantee that will make the present economic challenges a thing of the past.

2. In line with the previous budgets, the 2016 Budget was guided by the 2016 – 2018 Medium Term Fiscal Frameworks and the Change Agenda of the present Government. The framework was prepared, taking into cognizance all the developments at both the global and local markets which are key factors that determine the amount of revenues expected to fund the budget. At the international level, the interaction of industrial and economic activities regulates the demand and supply of commodities like oil, the nation's major revenue earner. At the domestic front, factors such as the disruptions in oil production and security challenges affected planned sales volumes and accordingly, determined the capacity of agencies of government to generate anticipated revenues.

3. To deliver the Government's developmental objectives, the capital

expenditure portion of the 2016 Budget was increased from N557 billion in the 2015 budget to N1,587.40 billion. The capital expenditure was 26.19% of the total budget and is likely to increase in successive budgets. The huge capital budgetary allocation is a fulfilment of the government's promise to align expenditure to the Medium-Term National Development Plan anchored on six pillars (Economic Reforms, Social Development, Infrastructure, Governance & Security, Environment, and States & Regional Development). It also signals government's pledge to sustainable development. Against this backdrop, a significant portion of the capital expenditure was committed to critical projects on road & bridges, power, railways, aviation, water, housing, education, health and special intervention projects. These investments in infrastructure are meant to support the reforms in the Agriculture, Solid Minerals and other core job creating sectors of the economy.

4. The 2016 Appropriation Bill was presented late to the National Assembly, as the new Administration was determined to ensure that all resources are prudently managed and utilized exclusively for public interest. Right from inauguration, the government set the appropriate attitude by the adoption of a Zero Based Budgeting (ZBB) approach in the preparation of the FGN's budget to ensure that resources are aligned with government's priorities and allocated efficiently. The ZBB requires Ministries, Departments & Agencies (MDAs) to justify every item of revenue and expenditure, as well as projects and programmes included in the budget. It is a complete departure from the old and traditional Incremental Budgeting approach that simply adjusts (usually upwards) amounts included in the prior period's budget.

5. This Report presents comprehensive information of 2016 second quarter budget implementation. It continues with a brief analysis of the macroeconomic background under which the budget was implemented, followed by a cautious examination of government's revenue receipts and expenditure in the quarter; and conclusion. A chapter on the outcomes of the physical monitoring and evaluation of capital projects and programmes would be included in the final report for the Year.

## 2.0 MACROECONOMIC DEVELOPMENTS AND ANALYSIS

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### Global Economic Developments:

The sluggish growth in global output which is being worsened by weak demand and slowing productivity continued in the second quarter of 2016. In addition to existing risks, increasing debt levels in the Emerging Market Economies (EMEs), unstable financial markets and the vote of the United Kingdom to exit the European Union “BREXIT” have hampered the prospect for a more flourishing global economy in 2016. As a result, the international Monetary Fund (IMF) had reduced its baseline forecast for global growth from 3.2% to 3.1%. Slower global growth prospects can be traced to weak trade, sluggish investment, prolonged fragile aggregate demand and low commodity prices which had translated to output declines in the Emerging Market and Developing Economies (EMDEs). The United States (US) economy is on the decline and grew by 0.8% in the first quarter of 2016. The slow growth can be attributed to struggling goods sector due to the weight of declining factory activity, resilient service sector which is losing steam and the pressure on trade from strong dollar and weak domestic demand.

7. The Japan and Euro Area economies grew by 1.7% and 0.6% respectively in the first quarter of 2016. Foremost EMDEs continued to face deteriorating capital inflows, rising financing costs and geo-political anxieties, all of which hindered growth. Depressed commodity prices continued to tilt the balance of risk to the downside, thus reducing the prospects for near term economic and financial upturn in the EMDEs. In view of this, the IMF lowered the 2016 growth forecast for this group of countries from 4.3% to 4.1%. Oil and other commodity prices rallied against the backdrop of better-than-expected economic data on China in the second quarter, sustained attacks on oil production facilities in Nigeria, and continued unrest in Libya. Nevertheless, global inflation remained subdued in spite of prevalent easing of monetary policy. In the advanced economies, current developments such as the BREXIT has increased the uncertainties surrounding the future of the Euro Zone, further deteriorating demand and holding down inflation. Consequently, while the posture of monetary policy in most advanced economies is likely to remain

accommodative through 2016 fiscal year, in the EMDEs, it is expected to remain mixed, reflecting multiplicity of shocks confronting them.

### **Domestic Economy:**

8. The Nigerian economy was still weighed down with the spill-over effects of the shocks of the negative growth of 0.36% reported in the first quarter of 2016. Information from the National Bureau of Statistics (NBS) revealed that in the second quarter of 2016, the nation's Gross Domestic Product (GDP) grew by -2.06%(year-on-year) in real terms. This figure was 1.70% lower than the growth rate of -0.36%recorded in the preceding quarter of 2016 and also 4.41% lower than the 2.35% growth rate recorded in the corresponding quarter of 2015. The oil sector in real terms grew by -17.48% (year-on-year) and contributed 8.26% to total GDP while the non-oil sector accordingly, declined by 0.38% in real terms and also contributed 91.74% to the nation's GDP in the Second Quarter of 2016.Growth in the Non-oil sector was driven by the activities of Agriculture, Information & Communication, Water Supply, Arts Entertainment and Recreation. Though the economy is in a recession with negative growths in two consecutive quarters, it is important to note that most of the factors undermining domestic output growth are externally determined and out of the control of the nation's macroeconomic policy. Government has however implemented critical policies to minimize impact of global developments on the economy. It is therefore expected that with the current government policy to deregulate the downstream petroleum sector and the liberalisation of the foreign exchange market coupled with other potentials, the Nigerian economy would get the much needed relief and rebound to positive growth in the remaining quarters of the year.

9. The sharp rise in components of inflation which started in the first quarter continued in the second quarter of 2016. Year-on-year headline inflation climbed to 16.48% in June from 15.58% in May, 13.72% in April and 12.77% in March 2016. The increase in headline inflation reflected increases in both food and core components of inflation. Similarly, core inflation rose sharply to 16.22% in June from 15.05% in May, 13.35% in April and 12.17% in March 2016. Food inflation also followed the same pattern, rising to 15.3% in June from 14.86% in

May, 13.19% in April and 12.74% in March 2016. The growing inflationary pressure was mainly an indication of structural factors like high cost of electricity, high transport cost, high cost of inputs, low industrial activities as well as higher prices of both domestic and imported food products. There is therefore, a pressing need to diversify the economy, moving it from oil to manufacturing, agriculture and services and also boost investment in growth stimulating and high employment elasticity sectors of the economy, so as to move the economy out of its current parlous position.

Chart 2.1: Inflation and M2 Growth Rate (June 2015 – June 2016)



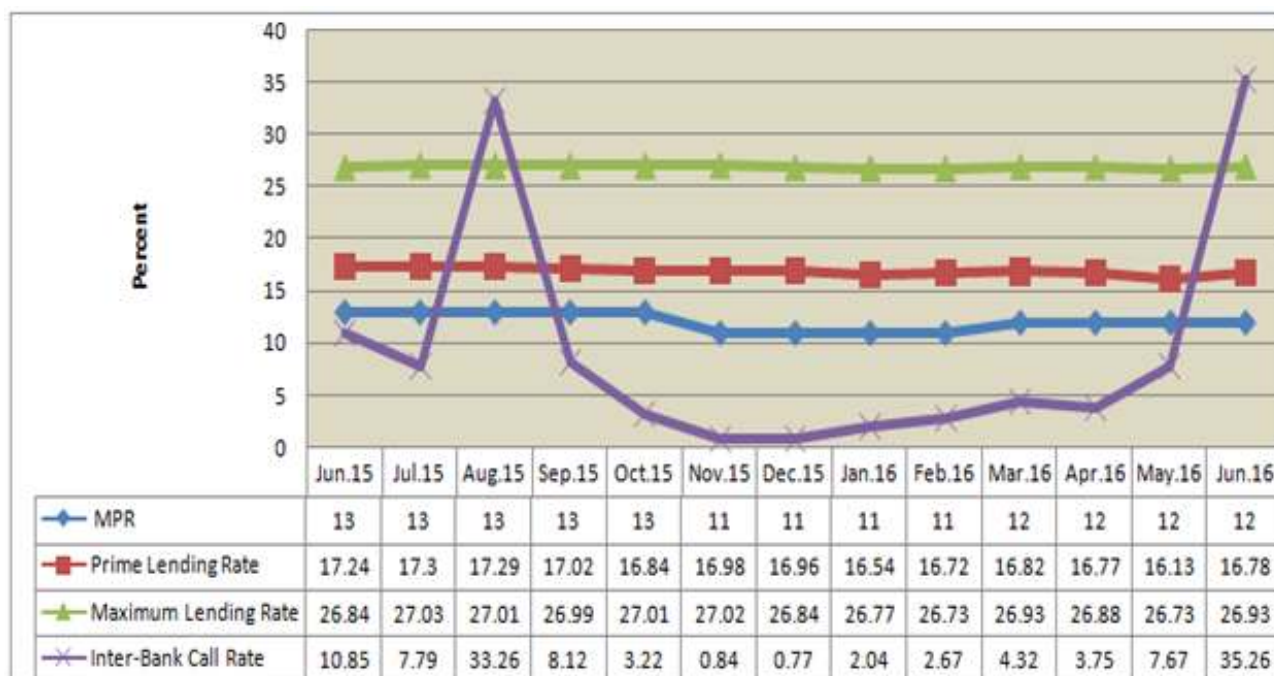
Source: Central Bank of Nigeria & National Bureau of Statistics, 2016

10. Provisional data from the Central Bank of Nigeria (CBN) reveals that broad money supply (M2) grew by N1,214.53 billion (or 5.93%) in June above the level in March 2016, that is, from N20,470.44 billion in March to N21,684.97 billion in June 2016. Similarly, net domestic credit and credit to private sector followed the same trend. Net domestic credit increased by N1,653.32 billion (or 7.29%) from N22,664.82 billion in March to N24,318.14 billion in June 2016. Credit to private sector rose by N2,542.71 billion (or 13.47%) from N18,882.24 billion in March to N21,424.95 billion in June 2016. On the other hand, Credit to government reduced by N889.39 billion (or 23.51%) from N3,782.58 billion in

March to N2,893.19 billion in June 2016. The average prime lending rate contracted from 16.82% in March to 16.77%, 16.13% and 16.78% in April, May and June 2016 respectively. While the average maximum lending rate decreased from 26.93% in March to 26.88% and 26.73% in April and May respectively before rising again to 26.93% in June 2016.

11. In its pursuit of price stability the Central Bank of Nigeria (CBN) as in March maintained the same Monetary Policy Rate (MPR) of 12% in April, May and June 2016. The interest rates in the interbank money market are reflections of the liquidity situation in the banking system. Thus the average interbank call rate decreased from 4.32% in March to 3.75% in April before rising again to 7.67% and 35.26% in May and June 2016 respectively. The increase was attributed in part to the newly introduced foreign exchange framework and the mop up of Naira liquidity due to increased sale of foreign exchange by the CBN during the period. The trends in interest rates in the second quarter of 2016 are presented in Chart 2.2.

Chart 2.2: Interest Rates Trend (June 2015 – June 2016)



Source: Central Bank of Nigeria, 2016

12. In order to improve liquidity and stabilize the foreign exchange market, CBN introduced a flexible exchange rate regime in the inter-bank market, a

Naira-settled over the counter financial market dealer quotation (OTC-FMDQ-OTC) trading platform, adopted two-way quote trading platform at the inter-bank foreign exchange market and appointed foreign exchange primary dealers. In spite of this, the average Naira exchange rate grew weaker at the inter-bank segment of the foreign exchange market during the quarter following the liberalization of the market. The official Naira/Dollar exchange rate at the inter-bank market like in March remained stable at N197.00/\$ in April and May before depreciating to N231.76/\$ in June 2016. The Bureau De-Change (BDC) exchange rates on the other hand appreciated slightly from N320.93/\$ in March to N320.71/\$ in April before depreciating further to N336.93/\$ and N351.82/\$ in May and June 2016 respectively. The market response to the new regulatory reform contributed to the large gap between the inter-bank and BDC exchange rates. However, CBN had reaffirmed its commitment to achieve and maintain, in due course, a stable Naira exchange rate.

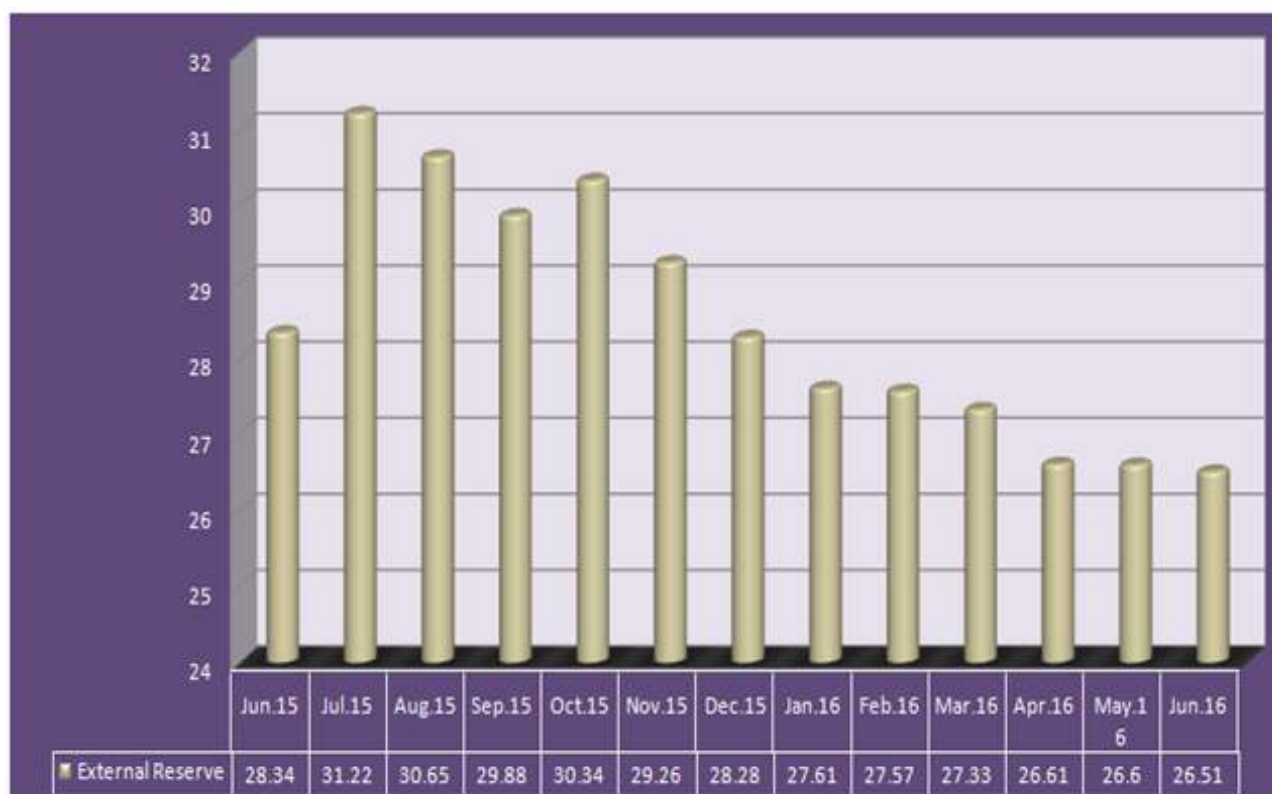
Chart 2.3: Naira/US\$ Exchange Rates Trend (June 2015 – June 2016)



Source: Central Bank of Nigeria, 2016

13. Figures from the CBN revealed that Nigeria's gross official (external) reserve decreased slightly at the end of the second quarter of 2016. It fell from US\$27.33 billion in March to US\$26.51 billion as at the end of June 2016, representing a decrease of US\$0.82 billion (or 3%) below the figure recorded at the end of March 2016. Relative to the end of second quarter of 2015 level of US\$28.33 billion, the external reserves at the end of second quarter of 2016 fell by US\$1.82 billion (or 6.42%). The declining level of external reserves can be ascribed to the forces of demand and supply. On the supply side, the dwindling oil price had significantly reduced the growth to external reserves. On the demand side, the burdens in the foreign exchange market which were supported mostly by the excess liquidity conditions in the banking system and speculative activities. These elements resulted to an increased funding of the foreign exchange market by the CBN to stabilize the Naira. Based on the CBN report, the foreign reserves level as at the end of June 2016 could finance over six (6) months of imports which is well above the internationally recommended minimum threshold of 3-months import cover.

Chart 2.4: Level of External Reserves in Billion Dollars (June 2015 – June 2016)



Source: Central Bank of Nigeria, 2016

14. Provisional data from the Debt Management Office (DMO) shows that the total public debt stock as at 30th June, 2016 stood at US\$61.45 billion (or N16,296.71 billion). The breakdown consists of US\$11.26 billion (or N3,187.11 billion or 19.56%) for external debt while the balance of US\$50.19 billion (or N13,109.60 billion or 80.44%) was for domestic debt stock. The net present value of total public Debt/GDP (external and domestic) ratio of 15.83% (using the rebased GDP figure of 2015 Budget) as at the end of June 2016 was significantly below the global threshold of 40% for comparator countries.

15. Federal Government domestic debt stock stood at N10,606.33 billion as at 30th June, 2016 representing an increase of N636.28 billion (or 6.38%) above the N9,970.05 billion reported in the first quarter of 2016. The 2016 second quarter debt figure was also N2,209.74 billion (or 26.32%) above the N8,396.59 billion recorded in the same period of 2015. A breakdown of the domestic debt stock as at 30th June, 2016 reveals that N7,473.54 billion (or 70.46%) is for FGN Bonds, N2,901.81 billion (or 27.36%) is for Nigerian Treasury Bills (NTBs) and N230.99 billion (or 2.18%) is for Treasury Bonds. The growth in domestic debt in

the second quarter of 2016 can be ascribed to the increase in FGN Bonds and Nigerian Treasury Bills.

16. Nigeria's external debt stock (mostly low interest funds from multilateral financial institutions) as at 30th June, 2016, stood at US\$11,261.89 million representing an increase of US\$67.24 million (or 0.6%) above US\$11,194.65 million reported in the first quarter of 2016 and US\$945.07 million (or 9.16%) over US\$10,316.82 million documented in the second quarter of 2015. The increase in the external debt stock in the second quarter of 2016 was due largely to the rise in Non-Paris Club Bilateral Debts drawdown. A breakdown of the external debt stock as at 30th June, 2016 revealed that Multilateral Debts amounted to US\$7,990.99 million (or 70.96%), Non-Paris Club Bilateral Debts amounted to US\$1,770.90 million (or 15.72%) while Commercial (Euro-Bond) accounted for the balance of US\$1,500.0million (or 13.32%).

## 3.0 FINANCIAL ANALYSIS OF THE 2016 BUDGET IMPLEMENTATION

### 3.1 Key Assumptions and Projections:

The 2016 Budget is one of the end products of 2016-2018 Medium Term Fiscal Framework (MTFF) which was prepared after series of meetings with all stakeholders. The activities in the international market were also taken into consideration before arriving at some of the key assumptions in the framework.

Table 3.1: Key Assumptions and Targets for the 2016 Budget

KEY ASSUMPTION & TARGETS	2016
Projected Production (in mbpd)	2.20
Budget Benchmark Price (per barrel in US)	38
<b>Technical Cost of JVC Pbl to Oil Companies</b>	
Operating Expenses (T1) in US \$	10.29
Capital Expenses (T2) in US \$	11.12
<b>Technical Cost of PSC Pbl to Oil Companies</b>	
Operating Expenses (T1) in US \$	8.22
Capital Expenses (T2) in US \$	19.62
Investment Tax Credit	4.94
<b>Technical Costs of SC pbl to Oil Company</b>	
Operating Expenses (T1) in US \$	18.62
Capital Expenses (T2) in US \$	2.44
Investment Allowances	2.996
<b>Weighted Average Contribution Rates</b>	
Weighted Average Rate of PPT - JV Oil	85%
Weighted Average Rate of PPT - PSC Oil	50.17%
Weighted Average Rate of PPT - SC Oil	85%
Weighted Average Rate of PPT - Independent (Indigenous)	85%
Weighted Average Rate of PPT - Marginal	51.6%
<b>Royalty Rates</b>	
Weighted Average Rate of Royalties - JV Oil	19.1%
Weighted Average Rate of Royalties - PSC	4.5%
Weighted Average Rate of Royalties - SC Oil	18.5%
Weighted Average Rate of Royalties -Independent	19.3%
Weighted Average Rate of Royalties - Marginal	9.3%
Average Exchange Rate (NGN/US\$)	197
VAT Rate	5%
CIT Rate	30%

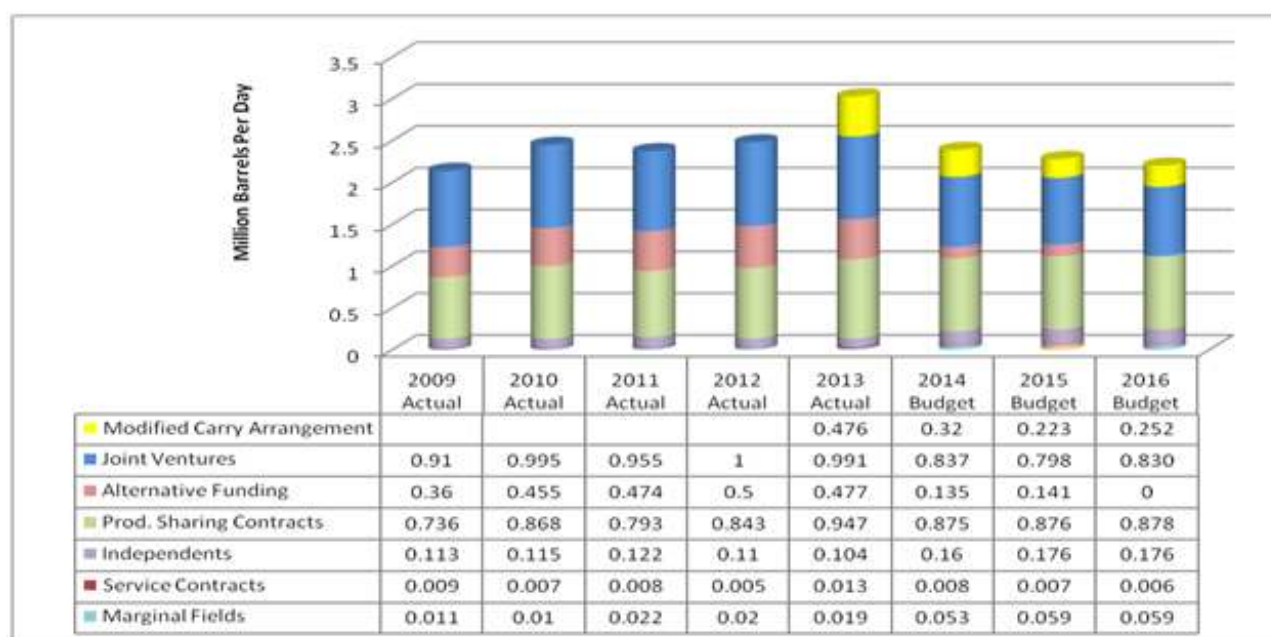
Source: BOF, NNPC, FIRS and NCS, 2016

## Budget Benchmark Oil Price and Production

18. Due to the unstable nature of oil prices in the world market, Government since the past few years had devised a rational method of determining the benchmark price of oil for its annual budgets. As a result of this, budget expenditures were cut off from the uncertainties in the prices of oil in the international market. In line with this, the budget benchmark price of oil for the 2016 Budget was pegged at US\$38/barrel while oil production was fixed at 2.2million barrels per day (mbpd). The estimated oil production for 2016 budget signifies a decrease of 0.08mbpd (or 3.51%) compared to oil price benchmark of 2015.

19. Details of expected contributions of oil production by business arrangements are presented in Chart 3.1 while the breakdown of contributions and duties for key oil taxes that are expected to accrue to the Federal Government are also represented in Table 3.2.

**Chart 3.1:** Budget Oil Production by Business Arrangements 2009 – 2016



Source: NAPIMS/NNPC, 2016

Table 3.2: Detailed Assumptions for Oil Production and Taxes (2016)

<b>Share of Oil Production</b>	<b>Percentage</b>
Joint Ventures	0.83%
Alternative Funding	0.00%
Modified Carry Arrangement	0.25%
Production Sharing Contracts	0.88%
Independents	0.18%
Service Contracts	0.01%
Marginal	0.06%
Total Production	2.20%
<b>PPT Rates</b>	
Weighed Average -JV/AF/Independent/Marginal	85%
Weighed Average -PSC	50.17%
Weighed Average -SC	85%
<b>Royalties Rates</b>	
Weighted Average-JV/AF/Independent/Marginal	0.0%
Weighed Average-PSC	4.5%
Weighed Average-SC Oil	18.5%

Source: NNPC and BOF, 2016

### 3.2 Analysis of Revenue Performance:

#### Overview of Oil Revenue Parameters:

20. The price of crude oil in the world market averaged US\$45.57 per barrel in the second quarter of 2016, indicating an increase of US\$11.68 per barrel (or 34.46%) above the US\$33.89 per barrel reported in the first quarter of 2016 and US\$16.35 per barrel (or 26.41%) below the US\$61.92 per barrel recorded in the second quarter of 2015. The fall in crude oil prices during the period could be attributed to the fall in demand for oil in the international market and the discovery of oil and other substitutes to oil by more countries of the world.

21. Provisional data from the Nigerian National Petroleum Corporation (NNPC) indicates that the average oil production and lifting (including Condensates) in the second quarter of 2016 was 1.82mbpd and 1.80mbpd

respectively. The average oil lifting figure illustrates a shortfall of 0.4mbpd (or 18.18%) below the 2.2mbpd projected for the 2016 Budget. The volume of oil lifted in the period was also 0.26mbpd and 0.24mbpd below the 2.06mbpd and 2.04mbpd recorded in the first quarter of 2016 and second quarter of 2015 respectively. The drop in the quantity of oil lifted during the quarter as against the expected budget figure could be credited to the uncertainties in the demand and supply of oil in the world market and as well as other factors like crude oil theft, illegal bunkering, pipeline vandalism that took place during the period under review.

22. The 2016 Fiscal Framework presents a Gross Federally Collectible Revenue estimate of N9,715.19 billion, consisting of N3,534.83 billion (or 36.38%) oil revenue and N6,180.36 billion (or 63.62%) non-oil revenue. Below is an analysis of the real performance of the oil and non-oil revenue earnings in the second quarter of 2016.

### **Oil Revenue Performance**

23. An appraisal of the oil revenue performance in the second quarter of 2016 reveals that all the oil revenue items fell below their respective quarterly estimates. Crude Oil Sales of N295.66 billion, Gas Sales of N8.64 billion, Royalties (Oil & Gas) of N92.46 billion, Rent of N0.02 billion, Gas Flared Penalty of N0.32 billion, Petroleum Profit and Gas Taxes of N120.33 billion and Other Oil and Gas Revenue of N0.78 billion fell below their quarterly projections of N444.57 billion, N161.09 billion, N125.43 billion, N0.27 billion, N0.76 billion, N150.64 billion and N0.95 billion by N148.92 billion (or 33.5%), N152.45 billion (or 94.64%), N32.97 billion (or 26.29%), N0.26 billion (or 94.46%), N0.44 billion (or 58.09%), N30.31 billion (or 20.12%) and 0.16 billion (or 17.08%) respectively. Please see Table 3.3.

### **Net Oil Revenue:**

24. In the second quarter of 2016, the actual Net Oil Revenue that accrued into the Federation Account was N349.56 billion, representing a decrease of N20.31 billion (or 5.49%) below the estimated quarterly projection of N369.87 billion. Similarly, the net oil revenue in the second quarter of 2016 was also lower

than the N487.62 billion net oil revenue recorded in the first quarter of 2016 by N138.06 billion (or 28.31%). The poor oil revenue performance in the second quarter of 2016 as against the figure reported in the first quarter of 2016 could be ascribed to the fall in oil prices in the international market as well as other supply and demand challenges like crude oil theft, illegal bunkering and destruction of pipelines that occurred during the period. These data are presented in Table 3.3.

### **Year-to-Date:**

25. As at end of June 2016, only Petroleum Profit & Gas Taxes of N333.68 billion and Other Oil & Gas Revenue of N2.30 billion surpassed their half year projections of N301.28 billion and N1.89 billion by N32.40 billion (or 10.75%) and N0.41 billion (or 21.63%) respectively. On the other hand, all other oil revenue items fell below their respective half year projections. Crude Oil Sales of N697.84 billion, Gas Sales of N15.01 billion, Royalties (Oil & Gas) of N193.15 billion, Rent of N0.17 billion and Gas Flared Penalty of N0.69 billion, fell below their corresponding half year estimates of N889.15 billion, N322.17 billion, N250.85 billion, N0.54 billion and N1.53 billion by N191.31 billion (or 21.52%), N307.17 billion (or 95.34%), N57.71 billion (or 23%), N0.37 billion (or 68.08%) and N0.83 billion (or 54.55%) respectively. These poor performances were due to the fall in prices and demand for Nigerian oil at the international market coupled with supply challenges due to the pipeline vandalism by the activities of the Niger Delta militants during the two quarters of the year.

### **Non-Oil Revenue Performance:**

26. Since the past few years, the Government, through the Budget Office of the Federation and the Federal Ministry of Finance had formulated a number of policies and actions meant to improve the non-oil revenue collections and remittances into the treasury. The impact of these measures as well as the Budget Office's regular engagements with all relevant revenue collecting agencies had resulted in the continued increases in targets and actual revenues collected from the non-oil sector. This trend, as presented in Table 3.4 and Table 3.5, is expected to continue beyond 2017 period.

27. In the second quarter of 2016, the actual gross non-oil revenue of N472.86 billion was received. This signifies a shortfall of N580.76 billion (or 55.12%)

below the quarterly estimate of N1,053.61 billion. A breakdown of the non-oil revenue items shows that all the non-oil revenue items fell below their quarterly estimates. Value Added Tax of N194.61 billion, Company Income Tax of N171.71 billion, Customs & Excise Duties of N102.18 billion and Special Levies of N4.36 billion were below their quarterly projections of N368.76 billion, N469.25 billion, N180.93 billion and N34.67 billion by N174.15 billion (or 47.23%), N297.55 billion (or 63.41%), N78.75 billion (or 43.52%) and N30.32 billion (or 87.43%) respectively. On the other hand, Dividend by Companies / Investments Funded by FAAC and Solid Minerals Revenue which had a quarterly projected estimate of N49.25 billion and N4.09 billion did not materialize in the quarter. When compared with their corresponding first quarter performances, Value Added Tax, Company Income Tax, Customs & Excise Duties and Special Levies fell by N1.96 billion (or 1%), N4.55 billion (or 2.58%), N22.76 billion (or 18.21%) and N5.93 billion (or 57.65%) respectively. The low performances of the non-oil revenue items in the second quarter of 2016 can be attributed to the slow pace of economic activities during the period, the fall in the value of the Naira as against other foreign currencies and the failure of both the revenue generating and collecting agencies to collect and remit the revenues on time. Nevertheless, it is likely that this trend will get better in the remaining quarters of 2016 following the expected releases and implementation of the 2016 capital budget that will boost economic activities.

#### **Year-to-Date:**

28. The gross non-oil revenues in the first half of the year amounted to N980.91 billion, depicting a shortfall of N1,126.32 billion (or 53.45%) below the half year estimate of N2,107.23 billion. The outcome also indicates that receipts from all the non-oil revenue items were below their corresponding estimates. Value Added Tax of N391.18 billion, Company Income Tax of N347.96 billion, Customs & Excise Duties of N227.12 billion and Special Levies of N14.65 billion respectively fell short by N346.34 billion (or 46.96%), N590.54 billion (or 62.92%), N134.74 billion (or 37.24%) and N54.70 billion (or 78.88%) when compared with their projections for the half year of 2016. On the other hand, Dividends by companies/investments funded by FAAC and Solid Minerals Revenues yielded nothing in the first half of the year.

Table 3.3: Net Distributable Revenue as at June, 2016 (Oil Revenue at Benchmark Assumptions)

S/NO	DESCRIPTION	BUDGET			ACTUAL			2nd Quarter Actual Vs Quarterly Budget			VARIANCE		
		Annual N'bn	Half Year N'bn	Quarterly Budget N'bn	First Quarter N'bn	Second Quarter N'bn	Half Year N'bn	N'bn	%	First Quarter N'bn	%	N'bn	%
<b>A</b>	<b>OIL REVENUE</b>												
1	Crude Oil Sales Export	1,778.30	889.15	444.57	402.18	295.66	697.84	(148.92)	(33.50)	(106.52)	(26.49)	(191.31)	(21.52)
2	Crude Oil Sales Domestic	644.34	322.17	161.09	6.37	8.54	15.01	(152.45)	(94.54)	2.27	35.72	(307.17)	(95.34)
3	Gas Sales (NLNG Feedstock Sales & Upstream Liquid Gas)	501.71	250.85	125.43	100.69	92.46	193.15	(32.79)	(26.29)	(8.24)	(8.18)	(57.71)	(23.00)
4	Oil Royalties & Gas Royalties	1.08	0.54	0.27	0.16	0.02	0.17	(0.26)	(94.46)	(0.14)	(90.51)	(0.37)	(68.08)
5	Rent	3.05	1.53	0.76	0.37	0.32	0.69	(0.44)	(58.09)	(0.05)	(14.44)	(0.83)	(64.55)
6	Gas Flared Penalty	602.56	301.28	150.64	213.35	120.33	333.68	(30.31)	(20.12)	(93.02)	(43.60)	32.40	10.75
7	PPT & Gas Income @ 30% CITA	3.78	1.89	0.95	1.52	0.78	2.30	(0.16)	(17.08)	(0.73)	(48.28)	0.41	21.63
8	Other Oil and Gas Revenue	3,534.83	1,767.41	883.71	724.64	518.20	1,242.83	(365.51)	(41.36)	(206.44)	(28.49)	(524.58)	(29.68)
9	Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-
10	DEDUCTIONS												
11	DPR Cost of Collection	-	-	-	4.23	3.86	8.09	3.86	(0.37)	(8.64)	(8.64)	-	-
12	Joint Venture Cash Calls	1,084.32	542.16	271.08	189.93	112.54	272.47	(161.03)	(58.86)	(47.38)	(29.63)	(274.69)	(60.20)
13	National Domestic Gas Development	280.94	140.47	70.24	-	-	-	(70.24)	(100.00)	-	-	(140.47)	(100.00)
14	Gas Infrastructure Development & Other Gas Expenses	305.07	152.53	76.27	-	-	-	(76.27)	(100.00)	-	-	(152.53)	(100.00)
15	Under Remittance of Funds by NNPC	-	-	-	-	-	-	-	-	-	-	-	-
16	Arrears of 2015 Subsidy on Domestic Consumption	150.00	75.00	37.50	-	-	-	(37.50)	(100.00)	-	-	(75.00)	(100.00)
17	Crude Oil Pre-Export Inspection Agency Expense	3.84	1.97	0.99	-	-	-	(0.99)	(100.00)	-	-	(1.97)	(100.00)
18	Sub-Total	1,700.57	850.28	425.14	560.49	401.79	862.28	(23.35)	(5.49)	(158.69)	(28.31)	112.00	13.17
19	Transfer to Excess Crude Account	-	-	-	-	-	-	-	-	-	-	-	-
20	Balance of Oil Revenue	1,700.57	850.28	425.14	560.49	401.79	862.28	(23.35)	(5.49)	(158.69)	(28.31)	112.00	13.17
21	13% Derivation of Net Oil Revenue	221.07	110.54	55.27	72.86	52.23	125.10	(3.04)	(5.49)	(20.63)	(28.31)	14.56	13.17
22	<b>TO FEDERATION ACCOUNT (OIL)</b>	<b>1,479.49</b>	<b>739.75</b>	<b>369.87</b>	<b>487.62</b>	<b>349.56</b>	<b>837.18</b>	<b>(20.31)</b>	<b>(5.49)</b>	<b>(138.06)</b>	<b>(28.31)</b>	<b>97.44</b>	<b>13.17</b>
<b>B</b>	<b>DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC</b>												
23	Total Dividend Payment	197.00	98.50	49.25	-	-	-	(49.25)	(100.00)	-	-	(98.50)	(100.00)
24	<b>TO FEDERATION ACCOUNT (DIVIDEND BY COMPANIES / INVESTMENTS FUNDED BY FAAC)</b>	<b>197.00</b>	<b>98.50</b>	<b>49.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49.25)</b>	<b>(100.00)</b>	<b>-</b>	<b>-</b>	<b>(98.50)</b>	<b>(100.00)</b>
<b>C</b>	<b>SOLID MINERALS &amp; OTHER MINING REVENUE</b>												
25	Total Solid Mineral Revenue	16.36	8.18	4.09	-	-	-	(4.09)	(100.00)	-	-	(8.18)	(100.00)
26	13% Derivation of Solid Minerals Revenue	2.13	1.06	0.53	-	-	-	(0.53)	(100.00)	-	-	(1.06)	(100.00)
27	<b>TO FEDERATION ACCOUNT (SOLID MINERALS)</b>	<b>14.23</b>	<b>7.11</b>	<b>3.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3.56)</b>	<b>(100.00)</b>	<b>-</b>	<b>-</b>	<b>(7.11)</b>	<b>(100.00)</b>
<b>D</b>	<b>NON-OIL REVENUE</b>												
28	Value Added Tax (VAT)	1,475.03	737.52	368.76	196.57	194.61	391.18	(174.15)	(47.23)	(1.96)	(1.00)	(346.34)	(46.96)
29	Corporate Tax (CIT), Stamp Duties & CGT	1,877.02	938.51	469.25	176.26	171.71	347.96	(297.55)	(63.41)	(4.55)	(2.58)	(590.54)	(62.92)
30	Customs: Import, Excise & Fees	723.72	361.86	180.93	124.94	102.18	227.12	(78.75)	(43.52)	(22.76)	(18.21)	(134.74)	(37.24)
31	Special Levies (Federation Account)	138.69	69.35	34.67	10.29	4.36	14.65	(30.32)	(87.43)	(5.93)	(57.65)	(54.70)	(78.89)
32	Sub-Total	4,214.46	2,107.23	1,053.61	508.05	472.86	960.91	(580.76)	(55.12)	(35.20)	(6.93)	(1,126.32)	(53.45)
33	Cost of Collection and Other Deductions	207.81	103.91	51.95	24.38	22.11	46.49	(29.84)	(57.44)	(2.27)	(9.31)	(57.42)	(55.26)
34	4% Cost of Collection (VAT)	59.00	29.50	14.75	7.86	7.78	15.65	(6.97)	(47.23)	(0.08)	(1.00)	(13.85)	(46.96)
35	4% Cost of Collection (CIT)	63.44	31.72	15.86	7.05	6.87	13.92	(8.99)	(56.70)	(0.18)	(2.58)	(17.80)	(68.12)
36	7% Cost of Collection (Customs and Special Levies)	60.37	30.18	15.09	9.47	7.46	16.92	(7.63)	(60.59)	(2.01)	(21.21)	(13.26)	(43.93)
37	FIRS Tax Refunds	25.00	12.50	6.25	-	-	-	(6.25)	(100.00)	-	-	(12.50)	(100.00)
38	<b>TO FEDERATION ACCOUNT (NON-OIL)</b>	<b>2,590.82</b>	<b>1,295.31</b>	<b>647.65</b>	<b>284.97</b>	<b>263.92</b>	<b>558.89</b>	<b>(383.73)</b>	<b>(59.25)</b>	<b>(31.05)</b>	<b>(10.53)</b>	<b>(736.42)</b>	<b>(66.85)</b>
39	Total VAT Pool	1,416.03	708.01	354.01	188.71	186.82	375.53	(167.18)	(47.23)	(1.88)	(1.00)	(332.48)	(46.96)
40	Net Non-Oil Revenue	4,006.65	2,003.32	1,001.66	483.67	450.74	934.42	(550.92)	(55.00)	(32.93)	(6.81)	(1,068.90)	(53.36)
41	Sub-Total: FEDERATION ACCOUNT	4,261.34	2,130.56	1,070.33	782.59	613.48	1,396.07	(456.85)	(42.88)	(169.11)	(21.61)	(744.60)	(34.78)
42	Actual Balances in Special Accounts End of Previous Year 2015	22.26	11.12	5.56	-	-	-	(5.56)	(100.00)	-	-	(11.12)	(100.00)
43	<b>TOTAL FEDERATION ACCOUNT</b>	<b>4,303.58</b>	<b>2,151.79</b>	<b>1,075.90</b>	<b>782.59</b>	<b>613.48</b>	<b>1,396.07</b>	<b>(462.41)</b>	<b>(42.98)</b>	<b>(169.11)</b>	<b>(21.61)</b>	<b>(755.72)</b>	<b>(35.12)</b>
<b>E</b>	<b>TOTAL DISTRIBUTION</b>												
1	Federation Account	4,303.58	2,151.79	1,075.90	782.59	613.48	1,396.07	(462.41)	(42.98)	(169.11)	(21.61)	(755.72)	(35.12)
2	VAT Pool Account	1,416.03	708.01	354.01	188.71	186.82	375.53	(167.18)	(47.23)	(1.88)	(1.00)	(332.48)	(46.96)
3	<b>GRAND TOTAL</b>	<b>5,719.61</b>	<b>2,859.81</b>	<b>1,429.90</b>	<b>971.30</b>	<b>800.31</b>	<b>1,771.60</b>	<b>(629.60)</b>	<b>(44.03)</b>	<b>(170.99)</b>	<b>(17.60)</b>	<b>(1,088.20)</b>	<b>(39.05)</b>

Source: OAGF and Budget Office of the Federation, 2016

**Table 3.4: Actual Performance of Non-Oil Revenue Category (2006-2015)**

Description	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10 - Year Average
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Customs Duties & Excise	176,297.90	248,941.30	274,407.60	278,940.00	309,193.00	422,090.00	474,917.60	432,368.00	566,241.00	231,995.76	341,539.22
Company Income Tax	244,807.80	327,040.20	416,825.50	564,950.00	657,278.00	716,920.00	848,566.00	985,520.00	1,207,283.00	473,320.00	644,251.05
Value Added Tax	230,370.30	301,709.60	404,527.80	468,388.90	562,857.00	649,500.00	710,146.00	795,598.00	794,220.00	104,660.64	502,197.82
Education Tax	23,950.00	50,650.00	59,387.00	61,058.20	.	.	.	.	.	.	19,504.52
FGN Independent Revenue	106,600.00	152,290.00	198,234.20	64,114.70	153,551.90	182,490.00	206,766.00	274,368.00	295,326.00	323,369.00	195,710.98

Source: OAGF and BOF, 2016

**Table 3.5: Percentage Growth in Non-Oil Revenues (2007-2015)**

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	9 - Year Average
Customs Duties & Excise	41.20%	10.23%	1.65%	10.85%	36.51%	12.52%	-8.96%	30.96%	-59.03%	8.44%
Company Income Tax	33.59%	27.45%	35.54%	16.34%	9.07%	18.36%	16.14%	22.50%	-60.79%	13.13%
Value Added Tax	30.97%	34.08%	15.79%	20.17%	15.39%	9.34%	12.03%	-0.17%	-86.82%	5.64%
FGN Independent Revenue	42.86%	30.17%	-67.66%	139.50%	18.85%	13.30%	32.69%	7.64%	9.50%	25.21%

Source: OAGF and BOF, 2016

### Comparative Revenue Performance Analysis:

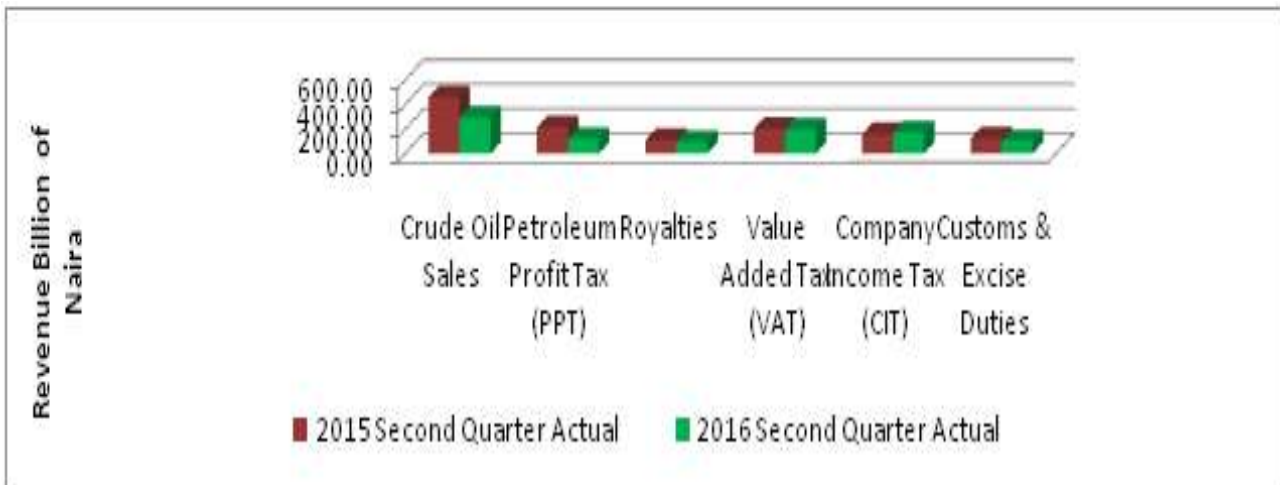
29. A relative examination of the data further implies that the aggregate gross oil receipts in the second quarter of 2016 were not only lower than their respective estimates for the period, but were also below the equivalent levels in the same period of 2015. The low performance can be ascribed to the fall in the price of oil in the world market and the drop in oil lifting figures due to cut in demand, continuous crude oil theft and vandalism of pipelines in the Niger Delta region during the period. On a similar note, the aggregate gross non-oil revenues for the same period revealed a shortfall of N17.27 billion (or 3.52%) below the corresponding figures reported in 2015. Please see data in Table 3.6.

Table 3.6: Performance of Revenue in the Second Quarter of 2016 Vs 2015

Revenue Items	2015	2016	Variance	
	2nd Quarter Actual	2nd Quarter Actual	2nd Quarter 2016 Vs 2nd Quarter 2015	
<b>Oil Revenue</b>	<b>N'bns</b>	<b>N'bns</b>	<b>N'bns</b>	<b>%</b>
Crude Oil Sales	459.89	295.66	-164.23	-35.71
Petroleum Profit Tax (PPT)	214.49	120.33	-94.16	-43.90
Royalties	110.53	92.46	-18.07	-16.35
Gross Oil Revenue	819.50	518.2	-301.3	-36.77
<b>Net Oil Receipts</b>	<b>545.81</b>	<b>349.56</b>	<b>-196.25</b>	<b>-35.96</b>
<b>Non-Oil Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Value Added Tax (VAT)	203.18	194.61	-8.57	-4.22
Company Income Tax (CIT)	159.36	171.71	12.35	7.75
Customs & Excise Duties	125.07	102.18	-22.89	-18.30
Gross Non-Oil Revenue	490.13	472.86	-17.27	-3.52
<b>Net Non-Oil Receipts</b>	<b>466.69</b>	<b>450.74</b>	<b>-15.95</b>	<b>-3.42</b>

Source: OAGF and Budget Office of the Federation, 2016

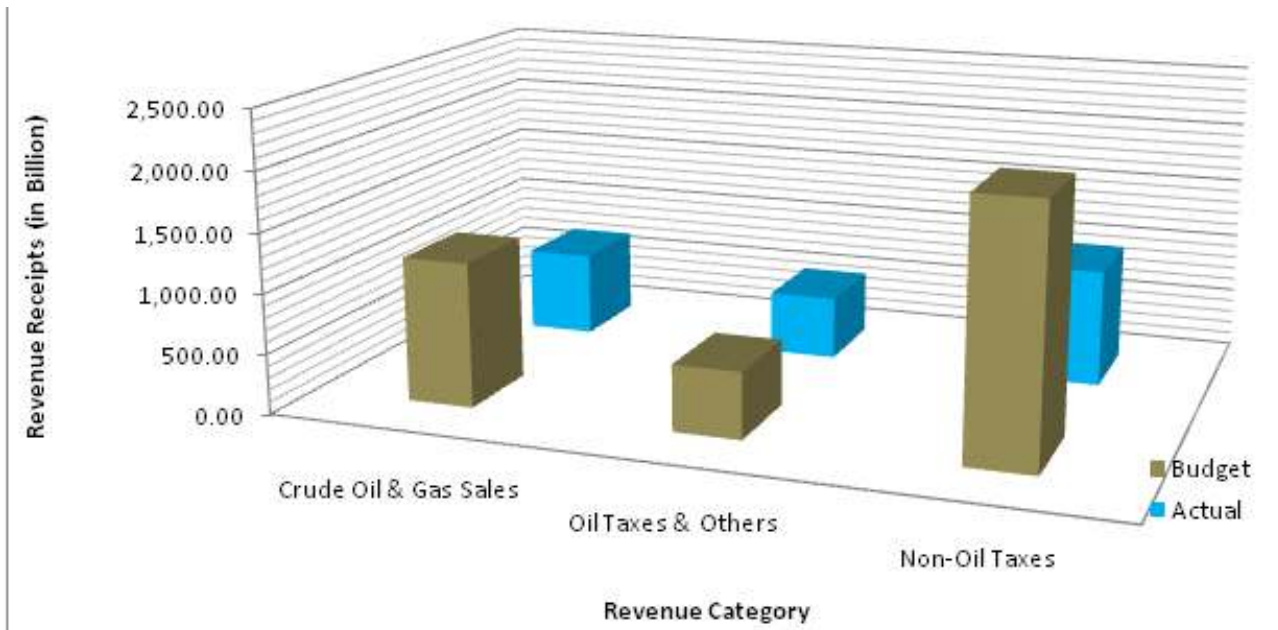
Chart 3.2: 2015 Vs 2016 Revenue Performance (Second Quarter)



Source: OAGF and Budget Office of the Federation, 2016

30. Chart 3.3 below is a graphical illustration of the actual performance of revenue categories compared with their budgeted estimates as at June 2016

**Chart 3.3: Projected Vs Actual FAAC Revenue Receipts (as at June 2016)**



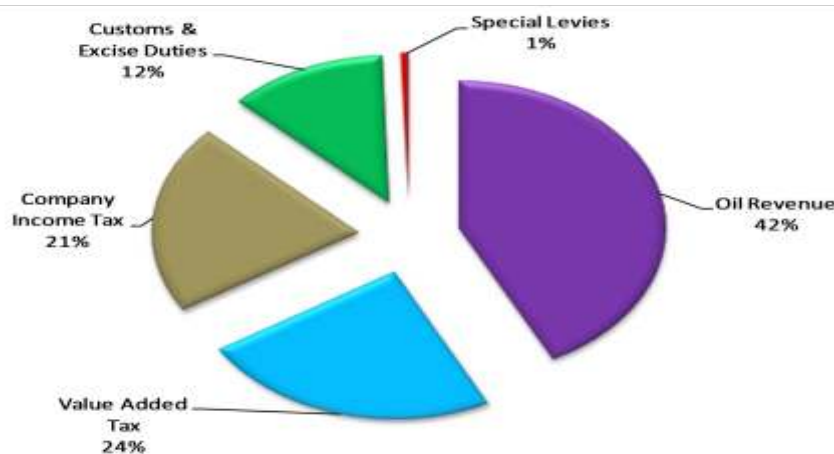
**Source:** Budget Office of the Federation, 2016

**Distributable Revenue:**

31. The net distributable revenue is the balance of funds in the Federation Account available for sharing among the three tiers of government after the deduction of all costs. A net sum of N800.31 billion was available for distribution in the second quarter of 2016. This signifies a shortfall of N629.60 billion (or 44.03%).

32. Chart 3.4 below gives the percentage contribution of the various revenue categories to distributable revenue in the second quarter of 2016.

**Chart 3.4: Contributions to Distributable Revenue (in the 2<sup>nd</sup> Quarter of 2016)**



**Source:** Budget Office of the Federation, 2016

### 3.3 Excess Crude Account:

33. The Excess Crude Account (ECA) was put in place to serve as a stabilization and savings account for the excess oil revenue accruing from the sales of crude in the international market. But due to the fall in the price of oil in the world market and other supply challenges which resulted to a shortfall in oil revenue, similar to what happened in the second quarter of 2015 and last two preceding quarters nothing was transferred to the ECA in the second quarter of 2016. Similarly, there was no withdrawal from the ECA within the period. However, the ECA had an opening balance of \$2.26 billion as at 1st April, 2016 while \$191.64 million was accrued interest in the second quarter of 2016 thereby bringing the closing balance to \$2.45 billion as at 30th June, 2016. These data are presented in Table 3.7.

Table 3.7: Net Excess Crude Account

Description	2015 Actual (N'bn)		2016 Actual (N'bn)	
	First Quarter	Second Quarter	First Quarter	Second Quarter
<b>Inflows</b>				
Transfer to Excess Crude Oil Account	14.98	0.00	0.00	0.00
<b>Outflows</b>				
Payment for Petroleum Product Subsidy	197.05	162.34	0.00	0.00
Augmentation: Distribution among tiers of Govt.	15.63	0.00	0.00	0.00
Transfer for Special Intervention Fund	0.56	0.00	0.00	0.00
Transfers Int. trf - SWF	0.00	0.00	0.00	0.00
<b>Total Outflow</b>	<b>213.25</b>	<b>162.34</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Excess Crude Account</b>	<b>-198.27</b>	<b>-162.34</b>	<b>0.00</b>	<b>0.00</b>

Source: Office of the Accountant General of the Federation, 2016

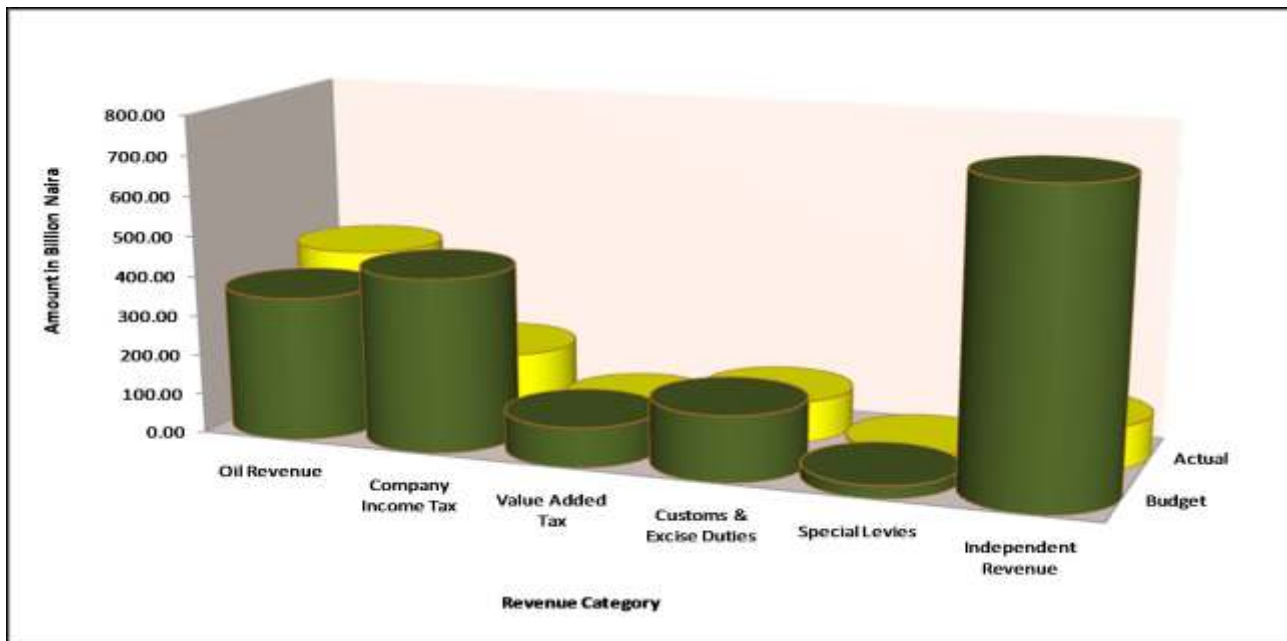
### 3.4 FGN Budget Revenue

34. In line with the approved 2016 Budget framework, the sum of N3,855.74 billion was projected to fund the Federal Budget, portraying a quarterly share of N963.93 billion. In the second quarter of 2016, the sum of N169.54 billion

received from oil sources was lower than the quarterly estimate of N179.39 billion by N9.85 billion (or 5.49%). Similarly, all non-oil revenue items fell below their quarterly budget projections. FGN Share of VAT of N26.16 billion, Customs & Excise Duties of N46.09 billion, Special Levies of N1.97 billion and Company Income Tax of N79.95 billion were below their corresponding quarterly budget estimates of N49.56 billion, N81.61 billion, N15.64 billion and N216.86 billion by N23.41 billion (or 47.23%), N35.52 billion (or 43.52%), N13.67 billion (or 87.43%) and N136.92 billion (or 63.13%). The above mentioned, followed the same pattern of their respective performances at the Federation Account level.

The data are presented below in Table 3.8.

Chart 3.5: FGN Revenue (Budget Vs Actual as at June 2016)



Source: The OAGF and Budget Office of the Federation, 2016

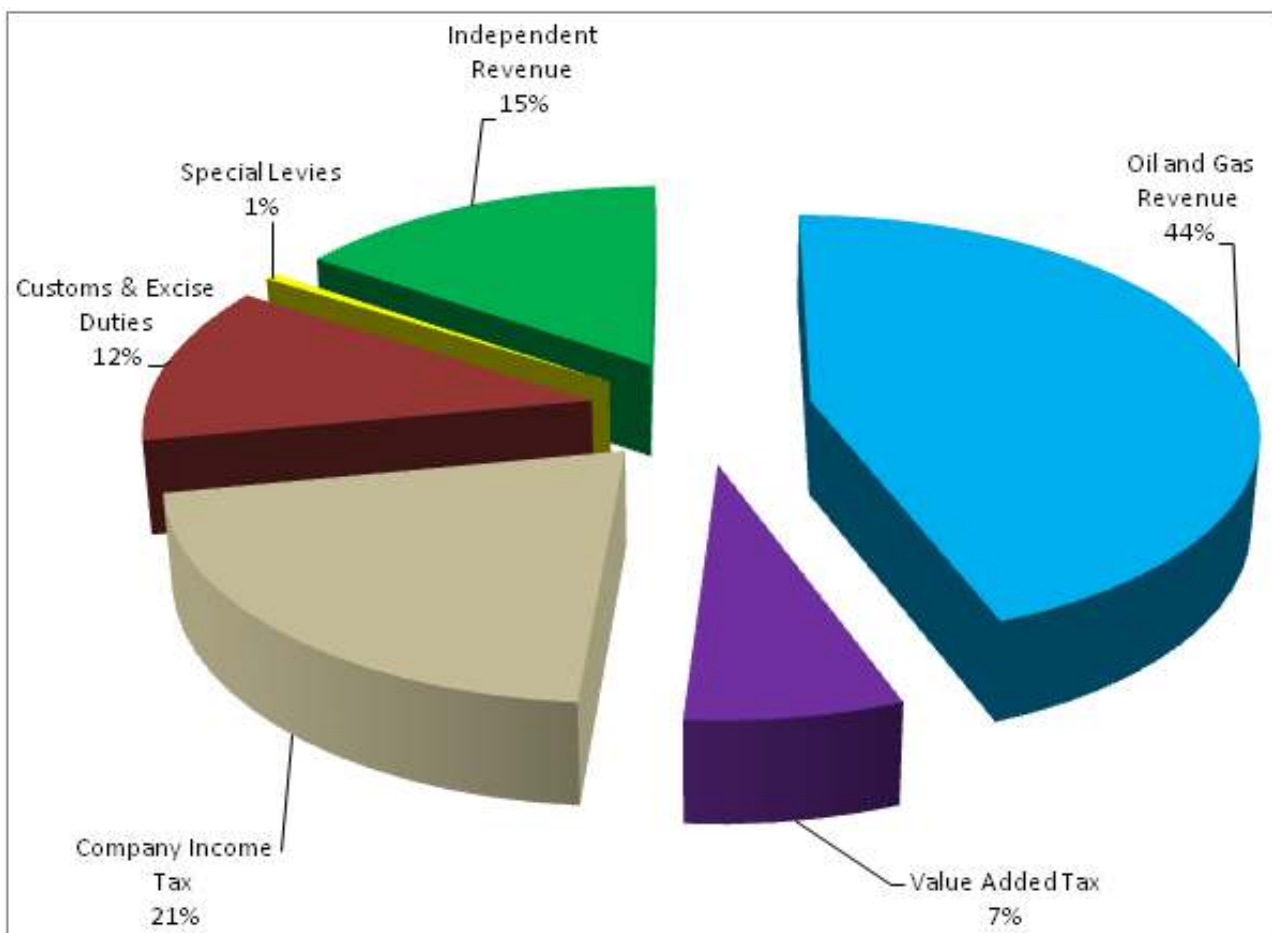
Table 3.8: Inflows to the 2016 Federal Budget as at June 2016

S/N/C	ITEMS	BUDGET			ACTUAL		VARIANCE					
		Annual	Quarterly Budget	Half Year	First Quarter	Second Quarter	Half Year	2nd Quarter Actual Vs Quarterly Budget	2nd Quarter Actual Vs First Quarter	Half Year Actual Vs Half Year Budget		
		N'bn	N'bn	N'bn	N'bn	N'bn	N'bn	%	N'bn	%	N'bn	%
1	Inflow for the Federal Budget (CRF)											
2	FGN Share of Oil Revenue	717.55	179.39	358.78	236.50	169.54	406.03	(9.85)	(66.96)	(28.31)	47.26	13.17
3	FGN Share of Non-Oil Revenue	1,567.93	391.98	783.96	169.48	154.16	323.63	(237.83)	(15.32)	(9.04)	(460.33)	(58.72)
4	FGN Share of Company / Investment by FAAC	95.55	23.89	47.77	-	-	-	(23.89)	(100.00)	-	(47.77)	(100.00)
5	FGN Share of Solid Minerals Revenue	6.90	1.73	3.45	-	-	-	(1.73)	(100.00)	-	(3.45)	(100.00)
6	FGN Share of Value Added Tax (MAT)	198.24	49.56	99.12	26.42	26.16	52.57	(23.41)	(47.23)	(1.00)	(46.55)	(46.96)
7	FGN Share of Customs	326.44	81.61	163.22	56.35	46.09	102.44	(35.52)	(43.52)	(18.21)	(60.78)	(37.24)
8	FGN Share of Special Levies (Federation Account)	62.56	15.64	31.28	4.64	1.97	6.61	(13.67)	(87.43)	(2.68)	(24.67)	(78.88)
9	FGN Share of Company Income Tax	867.46	216.86	433.73	82.06	79.95	162.01	(136.92)	(63.13)	(2.12)	(271.72)	(62.65)
10	FGN Share of Actual Balances in Special Accounts	10.79	2.70	5.39	-	-	-	(2.70)	(100.00)	-	(5.39)	(100.00)
11	FGN Independent Revenue	1,505.88	376.47	752.94	47.52	59.10	106.62	(317.37)	(84.30)	24.37	(646.32)	(85.84)
12	FGN Balance of Special Accounts as at 31/12/15:	14.38	3.59	7.19	-	-	-	(3.59)	(100.00)	-	(7.19)	(100.00)
13	Unspent Balance from Previous Fiscal Year	50.00	12.50	25.00	-	-	-	(12.50)	(100.00)	-	(25.00)	(100.00)
14	Sub-Total	3,855.74	963.93	1,927.87	453.50	382.79	836.29	(581.14)	(60.29)	(70.70)	(1,091.58)	(56.62)
15	Other Financing Sources	-	-	-	36.56	78.73	115.28	78.73		42.17	115.37	
16	NNPC Refund to FGN	-	-	-	17.48	17.48	34.97	17.48		-	34.97	
17	Receipts from LNG	-	-	-	14.26	-	14.26	-		(14.26)	14.26	
18	Exchange Rate Difference	-	-	-	4.81	3.39	8.20	3.39		(1.42)	8.20	
19	Refund of First Quarter Capital Allocations to CRF	-	-	-	-	57.85	57.85	57.85		57.85	57.85	
20	TOTAL RETAINED REVENUE	3,855.74	963.93	1,927.87	490.05	461.52	951.57	(502.41)	(52.12)	(28.53)	(976.30)	(50.64)
21	ISA/Pool A/C	-	-	-	45.93	21.15	67.08	21.15		(24.78)	67.08	
22	Mopped Up Capital	-	-	-	-	195.14	195.14	195.14		195.14	195.14	
23	Total Revenue Available for Implementation	3,855.74	963.93	1,927.87	535.98	677.81	1,213.80	(286.12)	(29.68)	141.83	(714.07)	(37.04)

Source: Budget Office of the Federation and the OAGF, 2016

35. A total of N382.79 billion, excluding other funding sources, was received in the second quarter of 2016. This amount was N581.14 billion (or 60.29%) and N70.70 billion (or 15.59%) lower than the quarterly projection of N963.93 billion and N453.50 billion actual receipt reported in the first quarter of 2016 respectively. The aggregate revenue in the second quarter of 2016 was also N55.94 billion (or 12.75%) below the N438.73 billion recorded in the second quarter of 2015.

**Chart 3.6:** Contributions to the FGN Budget Revenue in the Second Quarter of 2016  
(Excluding FGN's Unspent Balances and FGN's Balances in Special Accounts)



**Source:** The OAGF and Budget Office of the Federation, 2016

### 3.5 Expenditure Developments

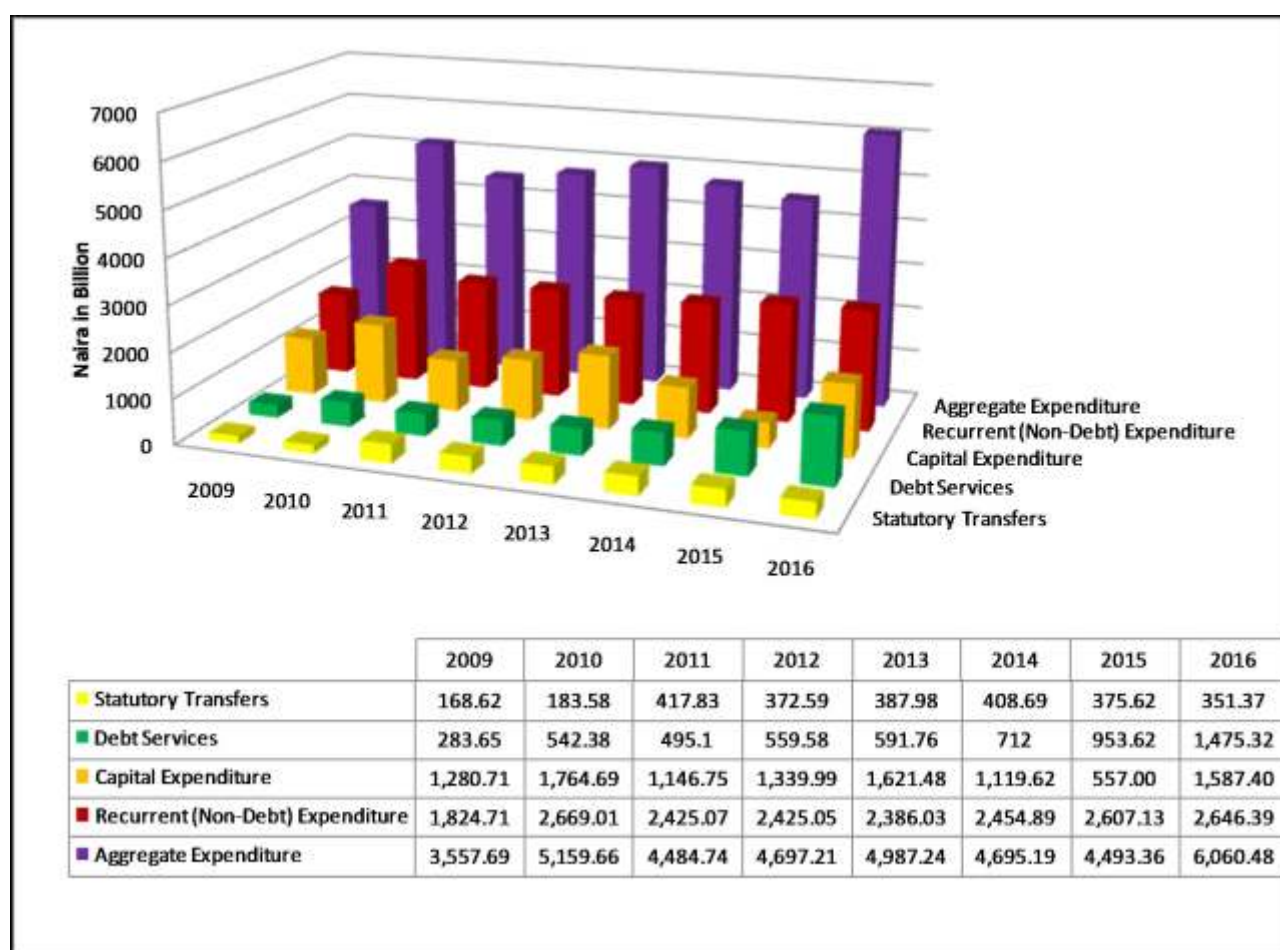
36. A total of N6,060.48 billion was appropriated for expenditure in the 2016 Budget. Of this amount, N2,646.39 billion (or 43.67%) was for Recurrent (Non-Debt) Expenditure, N1,475.32 billion (or 24.34%) was for Debt Services, N351.37 billion (or 5.8%) was for Statutory Transfers and N1,587.40 billion (or

26.19%) was for Capital Expenditure.

### 3.5.1 Non-Debt Recurrent Expenditure

37. As revealed in the 2016-2018 Fiscal Framework and Fiscal Strategy Paper, the Government was discrete on its plan to determinedly cut down the growth in recurrent expenditures in the 2016 Budget. However, there is a limit to how far these efforts can go because of the unrelenting demands for wage increases by various labour unions. Furthermore, government does not want to embark on rationalization of workers which would have reduced the huge wage bill. Since the government was resolute on cutting down the cost of governance it had initiated other measures such as the cutting down of overhead cost and the continued roll-out of the Integrated Payroll and Personnel Information System (IPPIS) across MDAs which is expected to bring about some savings in personnel costs and greater efficiency through the efficiency unit.

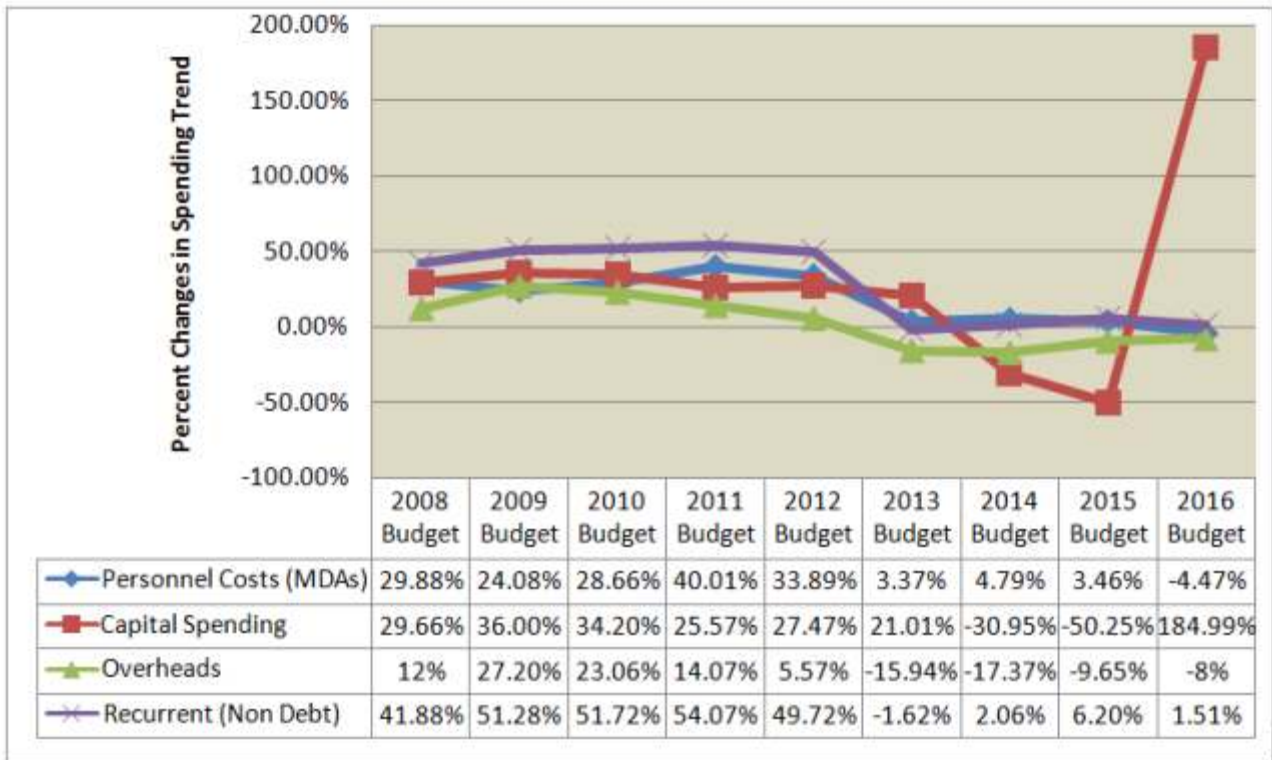
Chart 3.7: 2009 – 2016 Budget Expenditure Profile



Source: Budget Office of the Federation, 2016

38. Data from the OAGF indicates that a total of N646.32 billion was spent on non-debt recurrent expenditure in the second quarter of 2016. This amount entails a decrease of N15.27 billion (or 2.31%) below the quarterly estimate of N661.60 billion.

Chart 3.8: Personnel, Overhead and Capital Expenditure Trends (2008 – 2016)



Source: BOF and OAGF, 2016

### 3.5.2 Debt Service

39. A total of N653.70 billion was proposed for domestic debt servicing for the half year period while N567.92 billion was released, indicating a decrease of N85.79 billion (or 13.12%) below the quarterly budgeted estimate. This figures are expected to be reconciled at the end of the year.

40. The actual external debt service payment in the second quarter of the year amounted to US\$48.0 million. A breakdown of the disbursements reveals that US\$33.82 million (or 70.47%) was to Multilateral Creditors, US\$1.91 million (or 3.98%) was to Non-Paris Bilateral Creditors, US\$12.26 million (or 25.55%) was to other creditors while nothing was paid to Commercial (Eurobonds) Creditors.

Table 3.9: FGN Budget Expenditure and Fiscal Account (in N' Billion) as at June 2016

S/NO	ITEMS	BUDGET			ACTUAL			ACTUAL			VARIANCE		
		Annual N'bn	Quarterly N'bn	Half Year N'bn	First Quarter N'bn	Second Quarter N'bn	Half Year N'bn	2nd Quarter Quarterly N'bn	Actual Vs Budget %	2nd Quarter Actual N'bn	Actual Vs First Quarter N'bn	2nd Quarter Actual N'bn	Actual Vs Budget %
A	TOTAL RETAINED REVENUE	3,855.74	963.94	1,927.87	490.05	461.52	951.55	(502.43)	(52.12)	(28.54)	(5.82)	(976.34)	(50.64)
B	TSA/Pool A/C	-	-	-	45.93	21.15	67.08	21.15	(53.95)	(24.78)	(53.95)	67.08	(50.64)
C	Mopped Up Capital	-	-	-	-	195.14	195.14	195.14	-	195.14	195.14	195.14	-
D	TOTAL INFLOW	3,855.74	963.94	1,927.87	535.98	677.81	1,213.80	(286.14)	(29.68)	141.82	26.46	(714.10)	(37.04)
E	EXPENDITURE:												
1	RECURRENT (NON DEBT):												
2	Personnel Cost	1,748.33	437.08	874.17	364.75	526.56	891.31	-	20.47	161.81	44.36	17.15	1.96
3	Pension & Gratuities Including Service Wide Pension	298.11	74.53	149.05	31.95	47.23	79.18	(27.30)	(36.63)	15.28	47.83	(69.87)	(46.88)
4	Overhead Cost	163.39	40.85	81.70	27.04	28.38	55.42	(12.47)	(30.52)	1.34	4.96	(26.28)	(32.16)
5	Other Service Wide Vote Including Presidential Amnesty	136.56	34.14	68.28	25.83	44.16	69.98	10.02	29.34	18.33	70.95	1.70	2.50
6	Special Intervention (Recurrent)	300.00	75.00	150.00	-	-	-	(75.00)	(100.00)	-	-	(150.00)	(100.00)
7	Sub-Total (Non-Debt)	2,646.39	661.60	1,323.19	449.57	645.32	1,095.90	(15.27)	(2.31)	196.75	43.76	(227.30)	(17.18)
8	Domestic Debts & Int. on Ways & Means	1,307.40	326.85	653.70	349.36	218.56	567.92	(108.29)	(33.13)	(130.80)	(37.44)	(85.79)	(13.12)
9	Foreign Debts	54.48	13.62	27.24	15.45	15.26	30.71	1.64	12.07	(0.18)	(1.18)	3.47	12.74
10	States Deferred Loan Deductd IFO DMO April '16	-	-	-	-	10.89	10.89	-	-	10.89	-	10.89	-
11	Sinking Fund to Retire Maturing Loans	113.44	28.36	56.72	-	-	-	(28.36)	(100.00)	-	-	(56.72)	(100.00)
12	Sub-Total (Debt)	1,475.32	368.83	737.66	364.81	244.71	609.52	(124.12)	(33.65)	(120.09)	(32.92)	(128.14)	(17.37)
13	CAPITAL EXPENDITURE:												
14	Capital Release 2015	-	-	-	59.19	9.09	68.28	9.09	-	(50.11)	(84.65)	68.28	-
15	*Capital Releases 2016	1,587.40	396.85	793.70	12.65	78.13	90.79	(318.72)	(80.31)	65.48	517.61	(702.92)	(88.56)
16	Sub-Total (Capital)	1,587.40	396.85	793.70	71.84	87.22	159.06	(309.63)	(78.02)	15.38	21.40	(634.64)	(79.96)
17	TRANSFERS:												
18	Niger Delta Development Commission (NDDC)	41.05	10.26	20.53	6.84	13.68	20.53	3.42	33.34	6.84	100.00	0.00	0.00
19	National Judicial Council (NJC)	70.00	17.50	35.00	11.67	23.33	35.00	5.83	33.33	11.67	100.00	(0.00)	(0.01)
20	Universal Basic Education Commission (UBEC)	77.11	19.28	38.56	12.85	25.70	38.56	6.43	33.34	12.85	100.00	0.00	0.00
21	Independent National Electoral Commission	45.00	11.25	22.50	7.50	11.25	18.75	-	-	3.75	50.00	(3.75)	(16.67)
22	National Assembly (NASS)	115.00	28.75	57.50	19.17	36.33	57.50	9.58	33.33	19.17	100.00	(0.00)	(0.00)
23	Public Complaint Commission (PCC)	2.00	0.50	1.00	-	0.50	0.50	0.00	0.20	0.50	-	(0.50)	(49.90)
24	National Human Right Commission (NHRC)	1.21	0.30	0.61	0.20	0.20	0.40	(0.10)	(33.22)	-	-	(0.20)	(33.22)
25	Sub-Total (Transfers)	351.37	87.84	175.69	58.23	113.01	171.23	25.16	28.65	54.78	94.07	(4.45)	(2.53)
30	TOTAL EXPENDITURE	6,060.48	1,515.12	3,030.24	944.45	1,091.26	2,035.71	(423.86)	(27.98)	146.81	15.54	(994.53)	(32.82)
31	Fiscal Deficit	(2,204.74)	(551.19)	(1,102.37)	(408.47)	(413.45)	(821.91)	137.72	(24.99)	(5.00)	1.22	280.43	(25.44)
F	FINANCING ITEMS												
1	Privitization Proceeds	10.00	2.50	5.00	5.92	-	5.92	(2.50)	(100.00)	(5.92)	(100.00)	0.92	18.44
2	Signature Bonus	0.74	0.19	0.37	-	-	-	(0.19)	(100.00)	-	-	(0.37)	(100.00)
3	Borrowing from Special Accounts	-	-	-	(3.49)	-	(3.49)	-	-	3.49	(100.00)	(3.49)	-
4	Securitization of Balance of 2015 Borrowing	-	-	-	-	224.60	224.60	224.60	-	224.60	-	224.60	-
5	Foreign Borrowing	635.88	158.97	317.94	-	-	-	(158.97)	(100.00)	-	-	(317.94)	(100.00)
6	Domestic Borrowing (FGN Bond)	1,182.80	295.70	591.40	300.00	-	300.00	(295.70)	(100.00)	(300.00)	(100.00)	(291.40)	(49.27)
7	Deficit Funding for 2015 Supplementary Appropriation Act	-	-	-	300.00	-	300.00	-	-	(300.00)	(100.00)	300.00	-
8	Recoveries of Misappropriated Funds	350.33	87.58	175.16	-	-	-	(87.58)	(100.00)	-	-	(175.16)	(100.00)
9	Proceed of Sale of Government Properties	25.00	6.25	12.50	-	-	-	(6.25)	(100.00)	-	-	(12.50)	(100.00)
10	Sub-Total	2,204.74	551.19	1,102.37	602.44	224.60	827.04	(326.58)	(59.25)	(377.83)	(62.72)	(275.34)	(24.98)
11	Net Deficit / Surplus	-	-	-	193.97	(188.85)	5.13	(188.87)	(197.38)	(382.83)	(197.38)	5.08	-

Source: OAGF and Budget Office of the Federation, 2016

### **3.5.3 Statutory Transfers:**

41. In the second quarter of 2016, a total of N113.01 billion was released as statutory transfers. A breakdown of the actual transfers in the second quarter shows that N13.68 billion was to Niger Delta Development Commission (NDDC), N23.33 billion was to National Judicial Council (NJC), N25.70 billion was to Universal Basic Education Commission (UBEC), N11.25 billion was to Independent Electoral Commission (INEC), N38.33 billion was to National Assembly(NASS), N0.50 billion was to Public Complaint Commission (PCC) and N0.20billion was to the National Human Right Commission (NHRC). It is worthy to note that quarterly releases under this subhead are made on demand by the beneficiaries subject to budgetary provisions and availability of funds.

### **3.5.4 Capital Expenditure Performance**

42. Government like in the previous budgets continued in 2016 to direct the greater part of its resources to structural reform of the economy and provision of critical infrastructure in the roads, power, housing, rail and aviation sectors as well as the delivery of physical and food security. With this in mind, a total of N1,587.40 billion was allocated to capital spending of MDAs in the 2016 Budget.

#### **MDAs' Capital Vote Utilization:**

43. Owing to the shortfall in projected revenue inflow and other demands for the limited resources available to the Government, the first and second quarter's Capital Development Warrants of 2016 were released but not to all the MDAs. Data from the OAGF reveals that as at 30th June, 2016 a total of N132.71 billion were released based on Government's priorities to specific MDAs for their 2016 capital projects and programmes. The sum of N107.95 billion was released in the First Quarter General Capital Development Warrant and N24.76 billion through Authority to Incur Expenditure (AIEs) in the second quarter. A hundred percent of the total sum released had been cash-backed. It is expected that more funds will be sourced and released for capital projects and programmes to take the aggregate releases to about N800 billion by the next quarter.

## Performance as at 30th June, 2016

44. The data also showed that N88.58 billion (or 66.75%) of the total amount released and cash-backed had been utilized by the MDAs as at 30th June, 2016. Appendix 1 to this Report shows the funds released to and utilized by MDAs in the period. An analysis of the six (6) MDAs reported upon by the Office of the Accountant-General of the Federation (OAGF) showed different levels of utilization among the MDAs. Five (or 83.33%) of the MDAs including: Finance, Office of the Head of Civil Service of the Federation, Transport, National Sports Commission and Office of National Security Adviser had utilized more than the overall average utilization rate of 66.75% of the amount cash-backed. Two out of these, including Transport and Office of National Security Adviser had 100% of their respective cash-backed funds utilized.

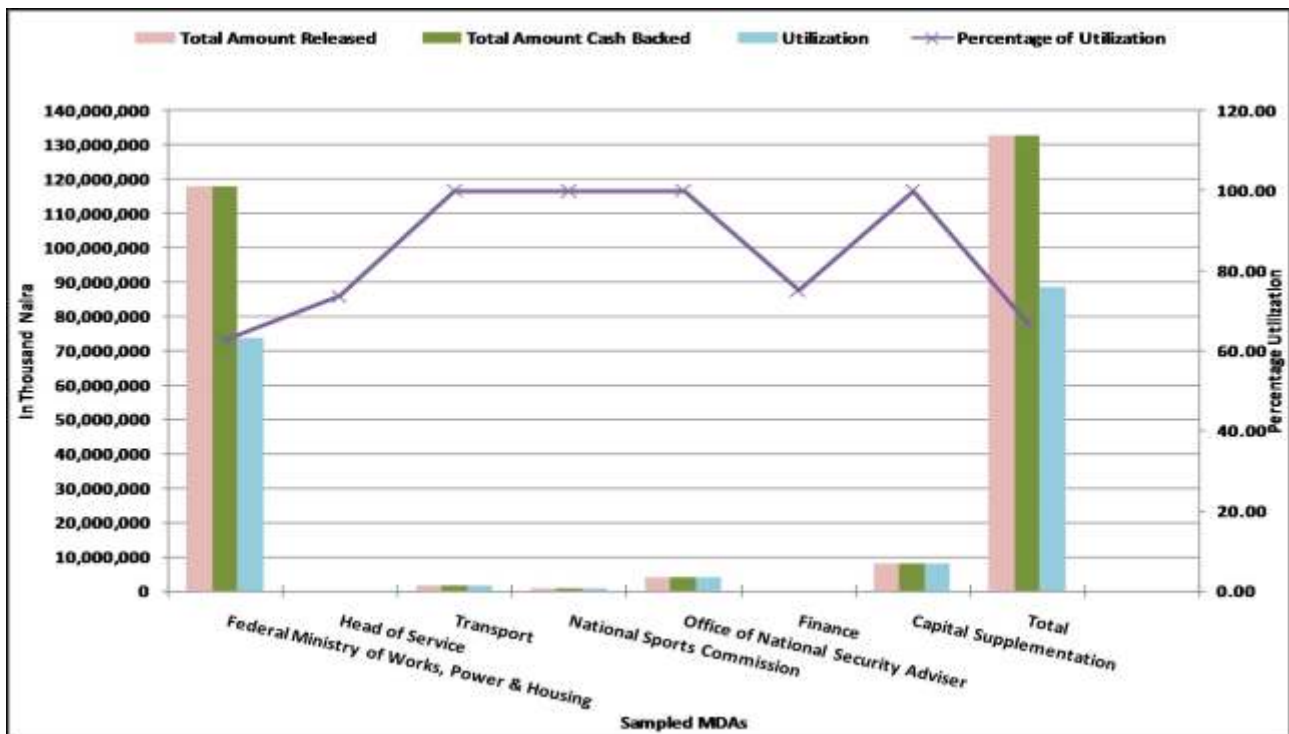
45. The utilization report also showed that three (3) MDAs (or 50%), which included: Transport, National Sports Commission and Office of National Security Adviser had utilized above 90% of their cash-backed funds. Two (2) (or 33.33%) of MDAs including Finance and Office of the Head of Civil Service of the Federation had utilization rate of above 70%, while Federal Ministry of Works, Power and Housing had an utilization rate of 62.63%. Table 3.10 is an extract from Appendix 1 highlighting the utilization rates of 6 MDAs which were allocated fund in the first and second quarters of 2016.

**Table 3.10:** Capital Budget Utilization by MDAs (as at 30<sup>th</sup> June, 2016)

MDA	Total Amount Released	Total Amount Cash Backed	Utilization	Percentage of Utilization
Federal Ministry of Works, Power & Housing	117,953,721,264	117,953,721,264	73,876,942,913	62.63
Head of Service	200,910,338	200,910,338	147,992,862	73.66
Transport	1,598,279,617	1,598,279,617	1,598,279,617	100.00
National Sports Commission	835,799,900	835,799,900	834,817,993	99.88
Office of National Security Adviser	4,000,000,000	4,000,000,000	4,000,000,000	100.00
Finance	13,530,700	13,530,700	10,169,035	75.16
Capital Supplementation	8,111,770,203	8,111,770,203	8,111,770,203	100.00
<b>Total</b>	<b>132,714,012,021</b>	<b>132,714,012,021</b>	<b>88,579,972,622</b>	<b>66.75</b>

Source: OAGF and BOF, 2016

Chart 3.9: Pictorial Representation of Selected MDAs Utilization



Source: BOF and OAGF, 2016

### 3.5.5 Performance of the Financing Items:

46. The 2016 Fiscal Framework projected a quarterly deficit of N551.19 billion to be financed through earnings from Privatization Proceeds of N2.50 billion, FGN's Share of Signature Bonus of N0.19 billion, Recovery of Misappropriated Funds of N87.58 billion, Foreign Borrowing of N158.97 billion, Domestic Borrowing (FGN Bond) of N295.70 billion and Sale of Government Properties of N6.25 billion.

47. In the second quarter of 2016, none of the financing items (Earnings of Privatization Proceeds, FGN's Share of Signature Bonus, Recovery of Misappropriated Funds, Foreign Borrowing, Domestic Borrowing (FGN Bond) and Sale of Government Properties) yielded anything. However, a total of N224.60 billion was realized from Securitization of Balance of 2015 Borrowing and this item was not provided for in the 2016 budget.

## 4.0 CONCLUSION

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The shocks generated by the negative growth reported in the first quarter of 2016 continued to reverberate through the quarter. Data from the National Bureau of Statistics (NBS) indicate that the real gross domestic product (GDP) grew by -2.06% (year-on-year) in the quarter. The oil sector grew by -17.48% (year-on-year) and contributed 8.26% to total GDP while the non-oil sector, declined by 0.38% in real terms and also contributed 91.74% to the nation's GDP in the quarter. Data from the Central Bank of Nigeria indicated that the external reserve remained at a sustainable level of about US\$26.51 billion.

49. Provisional data from the OAGF indicate that a net distributable sum of N800.31 billion accrued to the Federation Account for distribution among the three tiers of government in the quarter, indicating a shortfall of N629.60 billion when compared with N1,429.90 billion projected for the quarter. A total of N646.32 billion (or 98%) out of the N661.60 billion planned for recurrent (non-debt) expenditure was released while N87.22 billion out of the N396.85 billion projected for capital budget implementation in the period was also released to MDAs.

50. This provisional report presents the macroeconomic environment and fiscal outcome of the implementation of the Budget in the second quarter. The Budget Office of the Federation and staff of the National Monitoring and Evaluation Department in partnership with MDAs, Civil Society Organizations and representatives of media organizations will soon commence the physical monitoring and evaluation of selected capital projects for the quarter. The outcome of this effort will be reported in subsequent reports.



