2014-2016 MEDIUM TERM EXPENDITURE FRAMEWORK AND FISCAL STRATEGY PAPER

Supporting Growth and Employment Generation

1.1 Introduction

The Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) provide the basis for annual budget planning. They consist of a macroeconomic framework that indicates fiscal targets and estimates revenues and expenditure, including government financial obligations in the medium term. The documents also set out the underlying assumptions for these projections, provide an evaluation and analysis of the previous budget and present an overview of consolidated debt and potential fiscal risks.

The MTEF and FSP produce a number of important outcomes including the macroeconomic outlook; fiscal balance; and other key indicators. They fulfil a requirement of Section 11 of the Fiscal Responsibility Act (FRA) 2007 which stipulates that the Minister of Finance shallprepare the MTEF and FSP and getthemapproved by the Federal Executive Council and National Assembly.

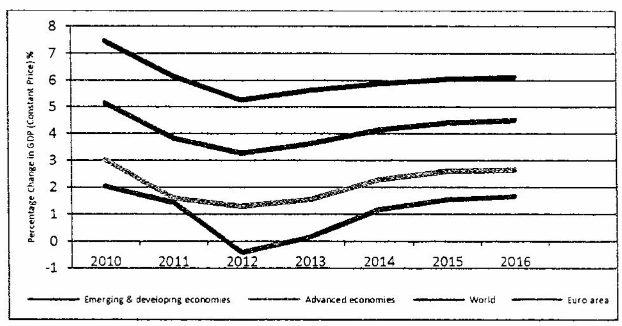
2. Macroeconomic Framework

2.1 An Overview of the Global Economy

Global economic recovery is slow, though certain countries such as US and Japan may be on the mend. Nevertheless, the recovery in these countries remains fragile. Growth in the US is forecast to average only 1.7% in 2013.A supportive financial market environment and the turnaround in the housing market have helped to improve the finances of households and should promote increased consumption growth in 2013. However, despite the slight improvement, risks remain for the US economy.

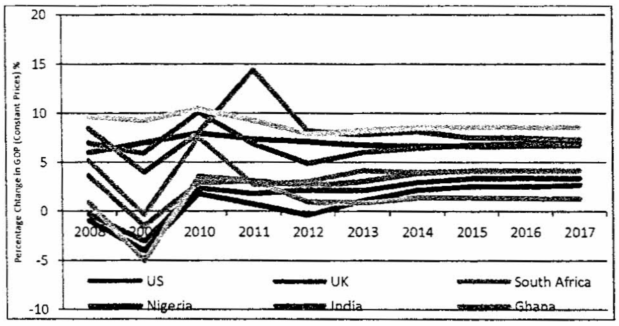
Similarly, the near-term outlook for the Euro area has been revised downwards, even though progress in national adjustment and a more robust Euro-wide policy response to the euro area crisis has reduced risks and improved financial conditions for the peripheral economies. Growth is expected to contract by 0.6% due to the lag in the transmission of lower sovereign spreads and enhanced banking sector liquidity to the private sector, as well as continuing high uncertainty about when the crisis would be resolved despite the progress that has been witnessed in recent times.

Figure 2.1a: Global Growth Rates and Selected Countries' Growth Rates



Source: WEO – IMF

Figure 2.1b: Global Growth Rates and Selected Countries' Growth Rates



Source: WEO – IMF

In Asia, the short-term outlook for Japan is for slow recovery, with the Japanese economy expected to expand by about 2% in 2013 due to substantial fiscal stimulus package, monetary easing, and improvement in net exports.

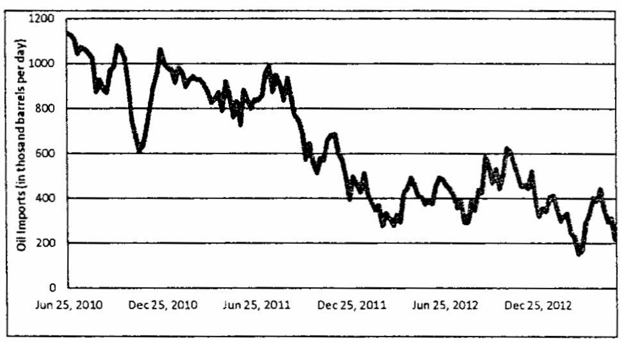
Growth in emerging market and developing economies is expected to average 5% in 2013, compared to 4.9% in 2012.This slight growth increase is attributable to expansive consumer demand, supportive macroeconomic policies and improvements in exports. The unimpressive growth in advanced economies is, however, expected to dampen external demand, thus, worsening the terms of trade of commodity exporters. Moreover, there is little space left for further policy easing, with policy uncertainty hampering growth in economies such as India and Brazil.

It is expected that Sub-Saharan Africa will see an improvement in output growth of 5.1% in 2013, from 4.9% in 2012. The major factors underpinning this sustained growth include the robust growth experienced by some oil-exporting countries, sustained fiscal spending on infrastructure projects, and improving economic ties with Asian economies. However, Africa remains plagued by several challenges, including armed conflicts in various parts of the region. Growth of income per capita will continue, but at a pace that might be insufficient to accelerate poverty eradication.

Given the foregoing, overall global growth is expected to average 3.1% in 2013, same as in 2012. A further increase to 3.8% in expected in 2014 if a robust recovery is experienced in the euro area. This is in spite of the present slowdown in emerging market economies.

Against this backdrop of global economic uncertainty, the international natural resources map is also changing. There has been rising output from non-conventional oil production sources – with shale formations in North America exceeding earlier expectations. This has resulted in a precipitous fall in the US import of Nigerian crude oil as shown in *Figure 2.2*, though India, China and other Asian countries have increased their demand for Nigeria's oil.

Figure 2.2: US Imports of Nigerian Crude (2010-2013)



In addition, increased exploitation of shale oil and gas resources in China, which is about double that already identified in the US, is projected to have enormous impact on the international oil market in the medium-term. This is in spite of the challenging geographic, technological and the monopolistic structure of China's oil and gas sector. This comes with rising oil output from the Brazilian deepwater fields. At the same time, new regional producers, including Ghana, Cote d'Ivoire, Liberia and Uganda are adding to the supply such that previous importers of Nigerian crude oil are now producing and exporting oil. Although India and China are presently making up for the falling US demand, these developments suggest that there could be significantly lower demand for Nigeria's crude oil over the medium to long term, and thus, suggests the need for more prudence in managing our available resources.

2.2 Overview: Nigerian Economic Performance

In spite of the turbulent global economic environment and changing global oil map, the Nigerian economy has been resilient, experiencing a robust growth of 6.58% in 2012 compared with average global growth of 3.1%.Our fiscal deficit in 2012, as a percentage of GDP, was 2.45%. GDP growth is estimated at 6.5% in 2013 and projected at 6.75% in 2014, driven by continued strong performance in Agriculture, wholesale & Retail, Construction, Real Estate, etc. This trend is expected to continue into the medium term. Inflation remained at single digit declining to 8.7% (at end-July 2013) from 9.5% in February, thus, reflecting the good agricultural harvest and tight fiscal and monetary stance, while interest and exchange rates have remained stable.

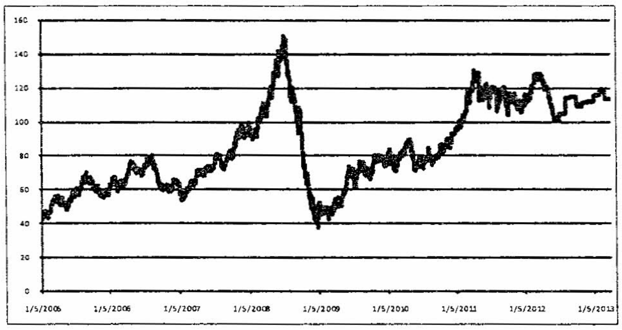
The country, however, has faced serious challenges since the first quarter of 2013 as a result of significant disruptions to oil production that has led to an output drop of almost 400,000 barrels per day. Though the revenue loss has affected the implementation of the budget, we have so far been able to cope, thanks to our fiscal buffer – the Excess Crude Account (ECA).

Government shall continue to build savings when circumstances permit to cushion the economy against a possible full-blown global recession, collapse of oil prices or challenges to oil production. The balance in the ECA increased from $4.22 billion in August 2011 to about $9 billion at the end of 2012. This has, however, declined to about $5 billion in June 2013, following a series of draw-downs to meet the revenue shortfalls arising from the disruption to oil production, with the ECA performing precisely the type of buffering it was designed to perform. In addition, we have $1 billion in the Sovereign Wealth Fund (SWF) and our foreign reserves inclusive of the ECA balance have also grown steadily, reaching about $47 billion as at mid-July2013.

There has been strong external validation of the management of Nigeria's economy on the back of the above achievements and strong macroeconomic fundamentals despite the global economic slowdown. This has come from leading international rating agencies and investment banks such as Standard & Poors; Fitch Ratings; and, JP Morgan.

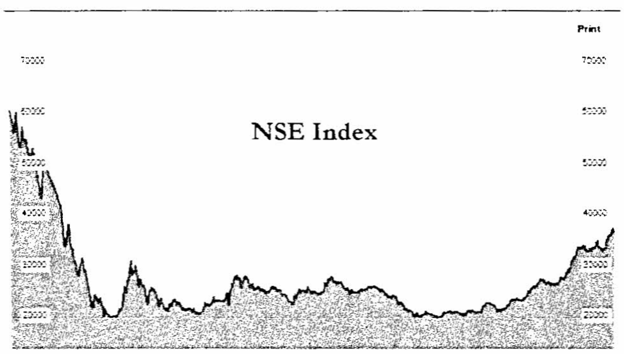
The strong fundamentals have not only improved our economic position vis-à-vis other emerging and developing economies but has also provided the platform for other positive domestic developments. These include the recovery of the Nigeria Stock Exchange (with the All Share Index growing by 32.7% between January and June 2013); a reduction in the rate of inflation to single digits (from 12.7% in May 2012 to 8.4% in June 2013); a fairly stable exchange rate; and strong inflow of Foreign Direct Investment. These developments, combined with large public investments and supportive fiscal policy measures, have combined to enable the economy to create a large number of jobs in agriculture, aviation, construction and manufacturing sectors.

Figure 2.3: Daily Price: Bonny Light (Jan 2005- Mar 2013)



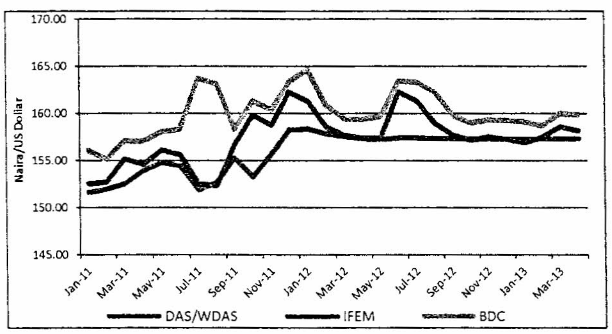
Source: EIA and CBN

Figure 2.4: Nigerian Stock Market(Sep 2008-May 2013)



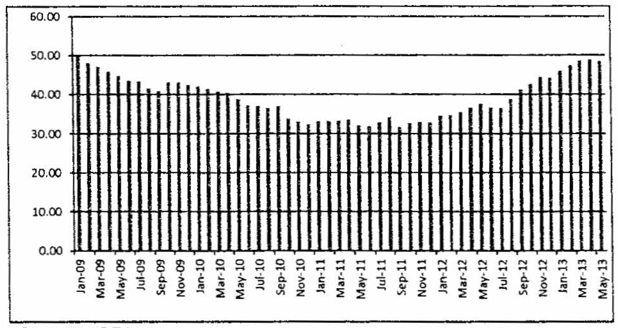
Source: Bloomberg

Figure 2.5: Exchange Rates (Jan 2011-Apr2013)



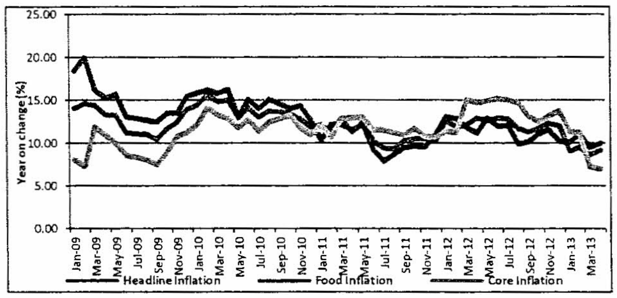
Source: CBN

Figure 2.6: External Reserves (Jan 2009- May 2013)



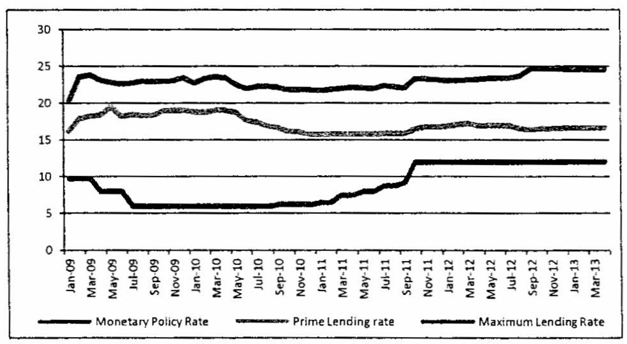
Source: CBN

Figure 2.7: Inflation Rates (Jan 2009- May2013)



Source: NBS

Figure 2.8: Key Interest Rates (Jan 09-April 2013)



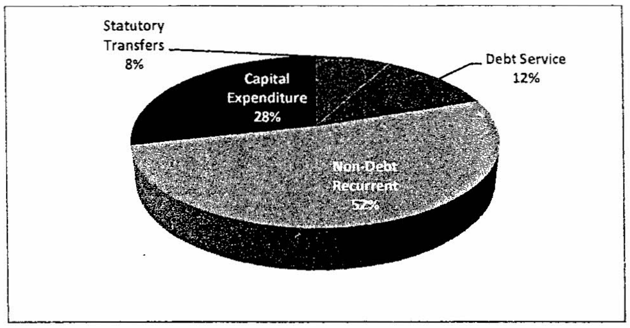
Source: CBN

3. Implementation of 2012and 2013 Budgets

The 2012 Budget with aggregate expenditure of N4.697 trillion was a continuation of our fiscal consolidation policy, with a deficit outturn of 2.45% of GDP.Thisaggregate expenditure included Statutory Transfers of N372.59 billion, Debt Service of N559.58billion, Personnel Costs of N1.658 trillion, Overheads of

N265.81billion and Capital Expenditure of N1.34 trillion.

Figure 3.1 2012 Budget Expenditure Breakdown



Source: BOF

3.1 2012 Budget Performance: Revenue Outturns

Crude oil prices in 2012 were robust, with Bonny Light crude oil averaging $113.47 per barrel (pb). This is slightly below the average of $113.76pb in 2011. After prices fell below $90pb in late June 2012, they rebounded in July 2012 on expectations of stronger world economic recovery. The Arab spring and disruptions in oil production in South Sudan, Yemen, Syria and the North Sea reduced available global supplies and helped sustain the oil price.

Similarly, the average crude oil production for the year was around 2.32 million barrels per day (mbpd), which was below the benchmark production of 2.48mbpd, a reflection of the losses arising from production disruptions and other illegal activities in the oil sector.

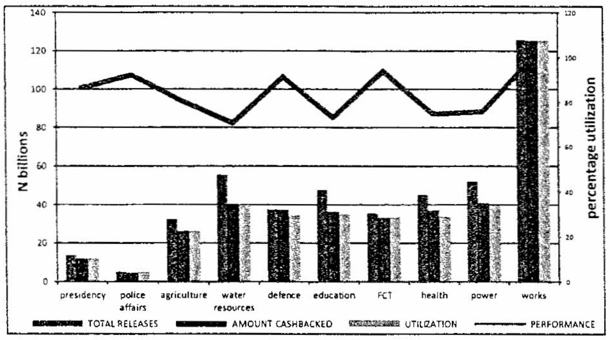
The total gross oil revenue outturn stood at N8.026 trillion, down from N8.849 trillion in 2011. Non oil receipts totalled N949.8 billion compared to N1.139 trillion in 2011. However, of N3.56 trillion projected to fund the Federal Budget, only N3.13 trillion was realized, implying a shortfall of about 12%. The shortfall in non-oil revenue is attributable to factors including reduced Customs receipts (due to government policy on rice importation) and reduced FIRS collections (due mainly to security challenges in some parts of the country) among others. Government is, however, making strong efforts to plug sources of revenue leakages in both the oil and non-oil sectors. A high-level dedicated Committee has been launched to tackle the losses associated with oil pipeline vandalization while work is ongoing to strengthen tax administration.

3.2 2012 Budget Performance: Expenditure Outturns

A total of N4.697 trillion was appropriated for Federal Government expenditure in 2012 out of which N4.131 trillion (or 88%) was utilized on non-debt recurrent spending, debt service, statutory transfers and capital expenditure. Of the N1.017 trillion released for implementation of the capital budget, 71.6% was utilized as at the end of the year. This was largely due to the fact that implementation of the capital budget effectively began in April 2012 as a result of the late passage of the Appropriation Act.

Aside from the main budget, the government had also provided N180 billion for social safety net and infrastructure development programmes under the Subsidy Reinvestment & Empowerment Programme (SURE-P) window, following the partial withdrawal of fuel subsidy. By the end of December 2012, the sum of N72.44 billion had been expended during the eleven months of operation (Feb-Dec) of the new programme.

Figure 3.2: 2012 Capital Budget Performance



Source BOF and OAGF

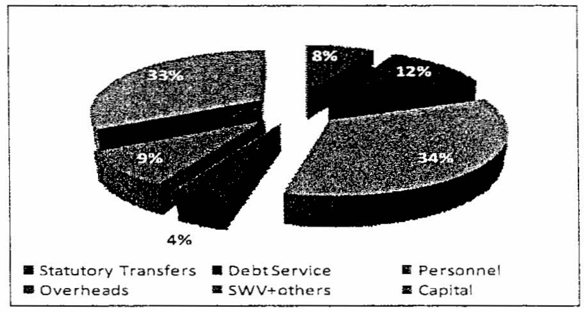
4. Review of the 2013 Budget

The 2013 Budget with FGN projected revenue of N4.1 trillion and aggregate expenditure of N4.987 trillion was signed into law in February 2013. It was a budget of further fiscal consolidation with a focus on inclusive growth. It had an implied deficit of 1.85% of GDP; a significant reduction from the 2.85% of GDP budgeted in 2012 and the actual 2.45% of GDP realized.

The aggregate expenditure is made up of Statutory Transfers of N387.98 billion, Debt Service of N591.76 billion, Personnel Costs of N1.688 trillion, Overheads of N238 billion and Capital Expenditure of N1.621 trillion.

Implementation of the 2013 Budget is on course. As at the end of the second quarter of 2013, a total of N600 billion had been released for implementation of capital projects with cash backing of N598.89 billion due to the revenue challenges occasioned by reduced inflows from oil and non-oil revenue sources. Of this amount, actual utilization as at end July 2013 was 71.5%. The pace of implementation is expected to pick up in the course of the year. In addition, another N250billion has been released in the third quarter capital warrant, bringing the total for the year so far to N850billion.

Figure 4.1: Distribution of Aggregate Spending for 2013 Budget



Source: BOF

In furtherance of government's desire to ensure that the gains of the partial withdrawal of petroleum products subsidy are well utilized, the National Assembly passed the SURE-P budget of N273.5 billion. This consists of an expected inflow of N180 billion and a rollover of N93.5 billion unspent balance from 2012. As of mid-July2013, N104.1 billion had been expended on various projects and programmes.

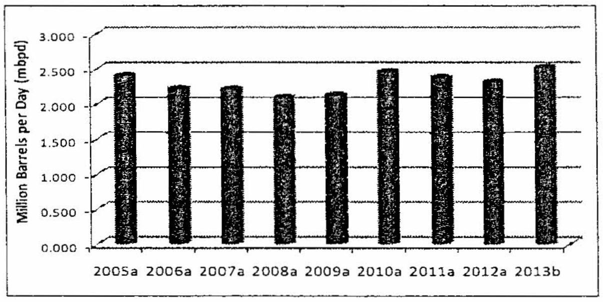
5. Assumptions Underlying Projections of Oil and Non-Oil Revenue in 2014

5.1 Oil Production

Sequel to extensive consultations with the NNPC and taking account of the lingering challenges of crude oil theft, illegal bunkering and production shut-ins which have continued to pose a challenge to Government's finances but with some expectation that government's remedial action will bear some fruit, we have projected crude oil production for 2014 at 2.3883mbpd. This figure is lower than the 2.526mbpd budgeted in 2013. It is hoped that Government's efforts at tackling the problem will yield further results in the medium term;

hence, production is estimated at 2.5007mbpd and 2.5497mbpd for 2015 and 2016 respectively.

Fig. 5.1: Oil Production (2005 – 2013)



Source: NNPC

5.2 Benchmark Price of Oil

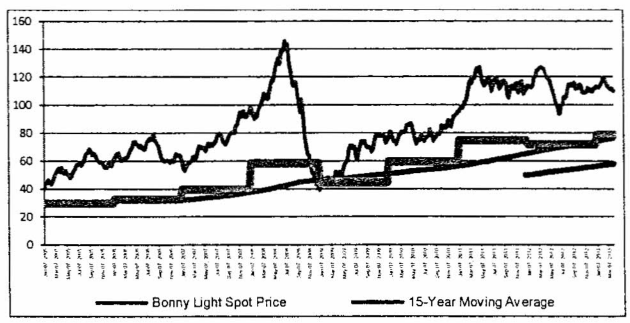
The last decade has seen oil prices rise to record levels, peaking in July 2008 at $148 per barrel but have been trending downwards since 2012 with looser demand-supply balance. As earlier indicated, the recent discovery and exploitation of shale oil and gas in the US has raised questions regarding the likely impact on global energy markets and the price of oil.

These developments suggest that there could be lower demand for Nigeria's crude oil in the near future, and thus, necessitates more prudent management of the limited available resources and the building of fiscal buffers to enable the country respond effectively to any negative impact that this development may have on the international oil price in the near term.

The benefits of having had adequate buffers during recent budget revenue challenges cannot be overemphasized. Therefore, it is necessary to avoid engaging in pro-cyclical policies that could necessitate spending cuts in the middle of a possible downturn which will unnecessarily damage the potential for economic recovery and growth.

The estimate from our model of 15-year and 10-year moving averages produced a figure of $71.96, which was adjusted in consideration of the behavior of futures prices. Accordingly, we propose a benchmark oil price of $74pb for 2014, $75pb for 2015 and $76pb in 2016 having taken account of the outlook of weakening futures prices occasioned by rising oil and unconventional oil supplies, as well as slow economic recovery.

Fig 5.2: Market Price, 15 and 10-year moving average and the benchmark price (2005-March 2013)



Source: EIA & BOF

5.3 Non-Oil Revenue Baseline Assumptions

The underlying assumptions for non-oil revenue are guided by the expected growth in non-oil GDP. The underlying tax bases are as follows:

- Customs collections are predicated on the CIF value of imports, applicable tariffs and an efficiency factor;
- Value Added Tax (VAT) is based on aggregate national consumption, but taking account of vatable items and collection efficiency;
- Companies Income Tax (CIT) is based on nominal non-oil GDP, Companies' Profitability Ratio and an efficiency factor;

- FGN Independent Revenue is derived based largely on a new government policy of restricting the expenditure of Government-Owned Enterprises to a maximum of 75% of their gross revenue. The implication is that 25% of such revenues are benchmarked as Government Revenue.

These projectionswere made taking into account the various measures to improve non-oil tax revenue, including: improved compliance and enforcement activities; launching of the National Tax Policy; implementation of the Integrated Tax Administration System project; commencement of full self-assessment regime for all taxpayers; increased deployment of ICT; and, stepping up of anti-smuggling activities by the Customs Service. However, for 2014, we have projected a slightly lower aggregate non-oil revenue based on conservative assumptions due to challenges of revenue collection in various parts of the country. However, as earlier indicated, determined efforts are ongoing to address the situation. and the impact of Government's fiscal policies that have reduced the importation of goods like rice; and zero duty for equipment for agriculture, power, etc. In addition, the delay in passing of the *Petroleum Industry Bill* may be affecting the auctioning of new oil acreages with the resultant non-realization of signature bonuses, which are part of the financing items.

Going forward, government intends to sustain the increase in contribution of tax revenue to the budget through continuous reforms to modernise and further improve tax administration.

The projected gross revenue figures for CIT and VAT receipts for the 2014–2016 period are presented below.

6. Fiscal Strategy for 2014-2016

6.1 The Fiscal Strategy & Economic Objectives of Government

In continuation of Government's efforts to transform the economy, the nation's fiscal strategy continues to be predicated on four main pillars, namely - macroeconomic stability, structural reforms, governance and institutions, and investing in priority sectors.

Table 5.1: CIT Collection Assumptions

	2014F	2015F	2016F
Tax rate (%)	30%	30%	30%
Corporate Tax (N' bn)	986.3	1,069.2	1,153.5
• CIT	967.58	1,049.2	1,131.0
• Stamp Duties	8.5	9.1	10.2
• Capital Gains Tax	10.2	10.9	12.3

Source: FIRS, NBS& BOF

Table 5.2: VAT Collection Assumptions

	2014F	2015F	2016F
Tax rate (%)	5%	5%	5%
Agg. consumption (Nbn)	34,255.8	36,629.7	39,054.6
Discounted consumption (Nbn)	16,909	17,519	19,277.7
VAT collection (Nbn)	845.4	876	963.9
Year on growth (%)	-10.6%	3.6%	10.0%

Source: FIRS, NBS& BOF

The focus remains on job creation and reduced unemployment, especially of women and youth as well as the provision of enabling environment for economic diversification and growth. Government is continuing with its reforms in the agricultural sector which are already yielding results, with large rice and cassava output, the successful take-off of the growth enhancement scheme with e-wallet, the reduction of corruption in fertilizer and seed distribution, and the attraction of private investors to the sector. Seasonal and non-seasonal jobs, on-farm and across the value-chain, of about 2.7 million have been recorded thus far in nine commodity sub-sectors, as at June 2013, via the *Agricultural Transformation Agenda* (ATA). This is about 77% of the overall job creation target for ATA by 2015. Other sources of job creation include the manufacturing, construction and housing sectors arising from increased activities related to the huge public and private investments in these areas of the economy.

In addition, direct government intervention programmes have resulted in the creation of other jobs: based on the 1,194 active awardees of the YouWIN initiative, over 19,000 jobs have been created as at August 2013. On average, the number of jobs created in each geopolitical zone was over 2,000. In the South-West, the number of jobs created was above the national average, at 3,299. It is hoped that the second round of the YouWIN initiative, which is specially targeted at women between the ages of 18 and 45, would yield more jobs. Furthermore, about 178,000 direct jobs have so far been created through the SURE-P scheme, while 1,900 unemployed graduates have been placed with various private sector companies under the Graduate Internship Scheme (GIS).

As part of its efforts to provide an enabling environment for economic diversification and growth, Government is accelerating the implementation of the Power sector reforms which have reached an advanced stage with growing successes including increase in power generation from about 3,000MW in 2011 to 4,500MW presently, with additional 2,500MW from the NIPP plants by end of 2013 or early 2014; and average hours of power availability in 10 major cities has increased from about 12 hours in 2011 to around 18 hours currently. This effort, among others, would further strengthen the domestic business environment, and secure both existing and new jobs.

The reforms in the housing sector will be accelerated with the planned increase in access to mortgage finance through the establishment of a mortgage refinance company. The supporting fiscal measures of the last two years will be sustained to support the growth of the real sector.

Government has made significant progress in ensuring macroeconomic stability, thus, laying the foundation for rapid and sustainable growth. We will remain focused in maintaining macroeconomic stability in Nigeria.

Our fiscal strategy in the last two years has included efforts to correct the imbalance between recurrent and capital spending, which, in 2011 had been at 74.4% recurrent and 25.6% for capital. Between 2011 and 2013, we were able to reduce the share of recurrent spending to about 68% and raise capital to about 32%. However, because of the new challenges occasioned by the projected significant reduction in revenue in 2014, there will be a temporary dip in the share of capital spending to about 26.22% (inclusive of the capital component of statutory transfer entities). This is because the brunt of the shortfall in revenue is borne by capital expenditure. It is essential to note that the level of outlay of personnel cost is crowding out expenditure on capital spending needed to develop the nation and constitutes a major drain on public resources. Even now, there continues to be pressure for higher emoluments, pensions, etc. This is clearly unsustainable and would need to be addressed; otherwise Government would spend higher and higher shares of available resources to pay salaries and allowances to staff who would have little or no work to do due to lack of capital. In this regard, government is taking steps to correct the situation as much as possible through the IPPIS and other efforts.

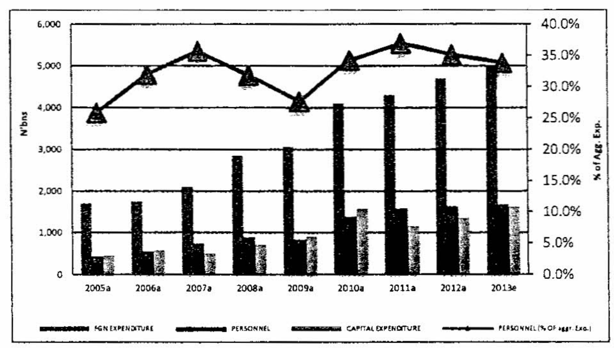
The biometric verification of government employees is being accelerated, and extended to all MDAs, with the inauguration of an implementation committee on IPPIS. It had been hoped that significant savings would be made from the implementation of Government's White Paper on rationalizing public agencies. Unfortunately, very little or no savings are likely to be made from the implementation of Government's White Paper on rationalizing public agencies due to the fact that many of the agencies recommended for closure or merger were allowed to remain partly due to the fact that some of them are underpinned by Law, which cannot be repealed in the short run.

In addition, the focus of government expenditure in the medium term continues to be on completing ongoing capital projects, particularly those with a high rate of return.

6.2 Fiscal Consolidation

As mentioned earlier, our efforts in the area of revenue increase has been hampered by declining oil and non-oil revenue. Government is, however, intensifying efforts aimed at stopping the illegalities in the oil sector; implementing a more ambitious non-oil revenue programme; and, tightening fiscal policy as government prioritises spending and continues to focus on completion of ongoing capital projects. Other measures include leveraging on private sector funds through Public Private Partnership (PPP) arrangements such as the second Niger Bridge, Lekki Port, etc. to complement its efforts through the budget; rationalization of recurrent spending through continued reduction or freezing of overheads and through the IPPIS project over the 2014-2016 period. The extra capital budget of about N273.14 billion under the SURE-P scheme will further complement the overall capital outlay in 2014. It is worth emphasizing that when the SURE-P budget is added to the outlay in the regular budget, the consolidated expenditure rises to N4.77 trillion, of which the consolidated capital budget in 2014 is N1.45 trillion (about 30.44% of total expenditure).[1]

Figure 6.1: Evolution of Personnel Cost (2005 – 2013)



Source: BOF

In furtherance of the policy objectives of the 2013 Budget, our focus on critical economic and social sectors will continue, includingWorks, Power, Education, Health, Security, housing, and Agriculture and Rural Development. Government's aim of investing in these sectors is to reduce the infrastructure gap, thereby, energising the economy in orderto create employment that ensures inclusive growth.

[1]The equivalent consolidated expenditure for 2013 was N5.26 trillion, of which capital was about 39%

6.3 Subsidy

Government will continue to streamline the management of the subsidy regime, including through a tighter payment regime. Accordingly, Government has provisioned some amount for petroleum product subsidy for the 2014 fiscal year. The SURE-P scheme will be sustained as an intervention window to manage and reinvest the Federal Government's share of the 'savings' from the partial removal of subsidies on petroleum products. The savings will continue to be invested in programmes and projects that will benefit the nation.

6.4 Diversification of the economy

The need to diversify the Nigerian economy away from oil continues to be an essential goal of public policy. The diversification is clearly aimed at creating jobs and reducing unemployment. Government will therefore sustain its efforts aimed at developing the real sector of the economy. This informed several of the supportive fiscal measures in the 2012 and 2013 Budgets aimed at developing the entire value chain in key areas of the real sector including agriculture, manufacturing and solid minerals, among others. Government acknowledges the importance of these non-oil sectors, particularly, the solid minerals sector in its economic diversification strategy including in the areas of revenue and job creation. This informed the Presidential Workshop on the Solid Minerals sector held in August this year, in order to design policies that would promote investment in the sector.

Consequently, and in line with the *Transformation Agenda* and the 1st *National Implementation Plan* of the *Vision20:2020,* Government will continue to lay emphasis on key sectors such as power, health, agriculture, solid minerals, education, housing, transport and security in the 2014–2016 period. Government will also continue to adopt some elements of the zero-base budgeting approach in the allocation of 2014 capital expenditure budget. This will entail a few priority sectors getting the bulk of the capital allocation and is aimed at better managing our scarce resources. This approach will reflect the trade-offs needed to ensure that flagship projects with high socio-economic returns in key sectors of the economy are accorded priority for early completion.

6.5 Fiscal Balance

The fiscal deficit is projected to rise slightly to about 1.9% of GDP in the 2014 Budget, up from 1.85% projected for 2013, as a direct consequence of the declining revenue but helped by the expenditure restraint.

As our concerted efforts to increase oil and non-oil revenue begin to yield benefits, government will redouble its efforts to reduce the fiscal deficit. This will create long-term economic gains because it will increase the pool of national savings and boost investment, thereby creating jobs and raising economic growth. It also yields near-term benefits by engendering lower interest rates, and increasing consumer and business confidence. An extract of the fiscal projection for 2014 through 2016 is shown in *Table 6.1*.

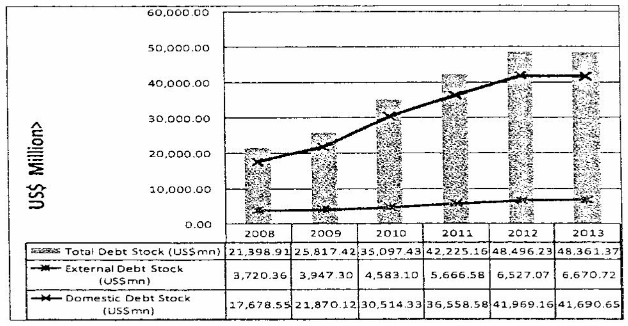
Table 6.1: Extract of Fiscal Framework (2014 – 2016)

FISCAL ITEMS	2013 Budget	Projection 2014	2015	2016
Oil Production Volume (Mill Barrels per day)	2.5260	2.3883	2.5007	2.5497
Average Budget price per barrel (in US$)	79.00	74.00	75.00	76.00
Average Exchange Rate	160.00	160.00	160.00	160.00
	₦'bns	₦'bns	₦'bns	₦'bns
Net Federation Account (Distributable)	6,655.915	5,929.517	6,247.913	6,434.714
Net VAT (Distributable)	907.466	811.631	840.928	925.331
Total FGN's Retained Revenue	4,100.176	3,583.158	3,852.608	3,980.658
FGN Expenditure (Regular Budget)	4,987.243	4,495.115	4,743.573	4,839.031
Statutory Transfers	*387.976*	*390.527*	*409.223*	*410.889*
Debt Service	*591.764*	*712.000*	*684.000*	*684.000*
Recurrent (Non-Debt)	*2,386.025*	*2,372.291*	*2,480.667*	*2,533.786*
Personnel Costs (MDAs)	*1,688.110*	*1,719.055*	*1,770.627*	*1,823.746*
Overheads	*237.874*	*220.000*	*240.000*	*240.000*
CRF Pensions	*143.236*	*153.236*	*153.236*	*153.236*
Other Service Wide Votes	*316.804*	*280.000*	*316.804*	*316.804*
Capital Expenditure (incl. of Trfs components)	*1,786.614*	*1,178.445*	*1,346.179*	*1,388.389*
Share of Capital as % of total expenditure	*35.82%*	*26.22%*	*28.38%*	*28.69%*
Share of recurrent as % of total expenditure	*64.18%*	*73.78%*	*71.62%*	*71.31%*
Fiscal Deficit (Based on Regular Budget)	-887.067	-911.958	-890.966	-858.372
GDP	47,843.76	48,066.29	52,355.87	57,078.67
Deficit as %age of GDP	*-1.85%*	*-1.90%*	*-1.70%*	*-1.50%*
SUBSIDY REINVESTMENT PROGRAM (SURE-P)	273.522	274.340	180.000	180.000
Estimated capital component	*272.522*	*273.140*	*179.000*	*179.000*
Capital Expenditure (incl. of Trfs & SURE-P components)	*2,059.136*	*1,451.585*	*1,525.179*	*1,567.389*
Agg. FGN Expenditure (Regular & SURE-P)	5,260.765	4,769.455	4,923.573	5,019.031
Share of Capital as % of total expenditure	*39.14%*	*30.44%*	*30.98%*	*31.23%*
Share of recurrent as % of total expenditure	*60.86%*	*69.56%*	*69.02%*	*68.77%*

7. Analysis & Statement on Consolidated Debt & Contingent Liabilities

As at March 2013, the total external debt stock stood at $6.67billion. FGN's share of this was 63.5%, while the 36 states and FCT accounted for the balance of 36.5%. Similarly, domestic debt for the same period stood at N6.49 trillion, bringing the total debt to N7.53 trillion, that is, 17.75% of GDP.

Figure 7.1: Total Public Debt Stock (2008-2013)

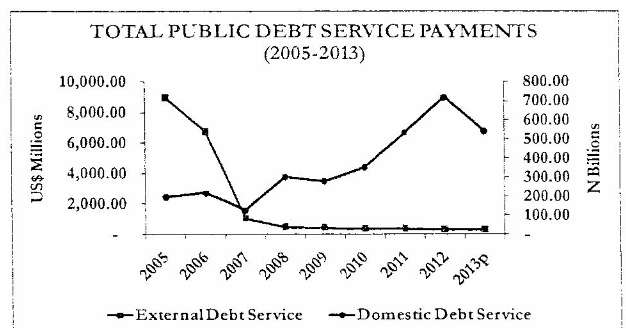


Source: DMO

7.1 Debt Service

Government will continue to exercise fiscal prudence and limit its borrowing requirements in compliance with the Fiscal Responsibility Act, 2007. In this regard, new borrowing in 2014 will be N572 billion, slightly down from N577 billion in 2013.

Figure 7.2: Public Debt Service Payments (2005-2013)



Source: DMO

7.2 Nature and Fiscal Implication of Contingent Liabilities

The creation of the Asset Management Company of Nigeria (AMCON), and the Central Bank of Nigeria's actions following the 2009 banking crisis have contained contingent liabilities from the banking sector. Also, given budgetary constraints, Government will as much as possible sustain its policy of not embarking on new capital projects in 2014 so as to minimize the risk of contractor arrears.Priority will continue to be given to ongoing capital projects, especially those already nearing completion.

8. Fiscal Risk

8.1 Impact of Global Economic Downturn

A worsening of the global economic situation in general and, particularly, of emerging market economies, is likely to have adverse effects on the Nigerian economy by causing a reduction in the demand for crude oil and other commodity exports. This would then affect foreign exchange earnings, which could possibly exert pressure on the exchange rate; increase the budget deficit and, perhaps, also increase government debt. However, the programme of fiscal consolidation and our fiscal and external buffers should help mitigate these risks.

8.2 Impact of Falling Crude Oil Prices

The risk of a sharp decline in oil prices remains. Even though buffers will continue to be built whenever possible, they are still below the 2008 peak. A large fall in oil prices will create financing problems and the high concentration of Nigerian exports on oil exposes the economy to risk of oil price volatility, with the implication that a sustained fall in oil prices would pose a challenge to both the current account and reserve positions. Again, this justifies caution in the choice of the benchmark oil price and in aggregate expenditure, as earlier indicated.

8.3 Risks to Oil Production

There is some risk to crude oil production despite the relative peace being experienced in the Niger Delta region as a result of the *Amnesty Programme* and government's efforts to combat oil theft. A worsening of the problem of illegal bunkering and pipeline vandalization will exacerbate the challenge of meeting oil revenue projections. This risk is, however, mitigated by our adoption of conservative crude oil production projections for the 2014-2016 period in addition to Governments measures to curb this menace.

8.4 Risks to Non-Oil Revenue

In 2012, and following the trend in recent years, the non-oil sector remained the main contributor to GDP growth, with agriculture, and wholesale & retail trades being the leading sectors. However, risks of declining non-oil revenue as highlighted earlier are becoming a concern. As the measures that have been put in place by Government to further diversify the economy begin to bear fruit, non-oil revenue is expected to contribute an increasingly greater share of the budget revenue compared to the current contribution of about 30%. Government remains committed to plugging tax loopholes and leakages and ensuring that revenue generating and collecting agencies improve receipts and remittance to the public purse.

8.5 Risks to Capital Inflow

There is some risk of capital flow reversals in the event of a change in risk appetite of foreign investors from either a decline in oil prices or spillover effects of deteriorating financial sector conditions in Europe. In this regard, the CBN is closely monitoring developments in the capital market, and has made provisions for this eventuality.

macroeconomic stability as inflation increases and fiscal buffers decline, thereby, undermining Government's fiscal consolidation plans. This risk is mitigated by the adoption of a cautious benchmark price for oil, strengthening our fiscal buffers whenever possible, fostering non-oil revenue drive and rationalizing expenditure.

8.7 Security risk in parts of the Country

The security challenges in some states, have had a deleterious impact on agriculture, commerce and industry. This inhibited growth and revenue collection in 2012. However, government's ongoing efforts which combine enforcement, socio-economic intervention and negotiations are expected to mitigate this risk.

9. Conclusion

The 2014-2016 MTEF and FSP is underpinned by heightened global economic uncertainty with the US economy forecast to grow by only 1.7% in 2013, and the Euro-zone's growth forecast to contract by 0.6%, while growth in emerging and developing economies is forecast to average 5.1% in 2013.

Added to these global challenges is the potential impact of the increasing exploitation of shale oil and gas by major oil importers, the rising oil output by hitherto oil importing countries; and the challenges of oil theft, pipeline vandalization and production shut-ins at our oil mining locations and reduced non-oil revenue. These are the realities that informed the crafting of the 2014- achieving its key development agenda through spending on priority sectors, the potential drop in revenues would temporarily setback the share of capital expenditure. Our strategy, however, is to continue to improve on the efficiency of capital expenditures. Though the wage bill, in particular, cannot be cut overnight, Government is expediting action towards the total deployment of the IPPIS to all MDAs in order to rationalise recurrent spending.

The policies outlined in this document are in consonance with the *Transformation Agenda* of the Administration. Government intends to continue to build on the macro-economic gains of the recent years, further strengthen macroeconomic stability, diversify the revenue base, and invest in critical infrastructure and job creation among other initiatives. These will continue to be the focus of Government's fiscal strategy over the medium term as a means to actualizing the overall policy of fiscal sustainability and inclusive growth.

2014 - 2016 MEDIUM TERM FISCAL FRAMEWORK (Billions of Naira)

1	FISCAL ITEMS	2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
2	**Oil Production Volume (Mill Barrels per day)**	**2.5260**	**2.3883**	**2.5007**	**2.5497**	2
3	**Average Budget price per barrel (in US$)**	**79.00**	**74.00**	**75.00**	**76.00**	3
4	**Average Exchange Rate**	**160.00**	**160.00**	**160.00**	**160.00**	4
5		**=N= Bills**	**=N= Bills**	=N= Bills	=N= Bills	5
6	**FEDERALLY COLLECTIBLE REVENUE**					6
7	Gross Oil Revenue	7,734.15	6,814.43	7,137.740	7,213.038	7
8	Gross Non-Oil Revenue	3,307.46	3,288.58	3,488.651	3,743.284	8
9	Non-Federation Account Levies for Targeted Expenditure	162.73	250.71	263.245	276.407	9
10	Education Tax	125.42	156.16	228.849	249.689	10
11	National Information Technology Development Fund	10.020	9.390	10.040	10.700	11
12	**Total Federally Collectible Revenue**	**11,339.77**	**10,519.27**	**11,128.525**	**11,493.117**	12
13	**GROSS FEDERATION ACCOUNT INFLOWS**	**11,041.61**	**10,103.01**	**10,626.391**	**10,956.321**	13
14	**OIL REVENUE**					14
15	Crude Oil Sales	4,243.901	3,659.910	3,924.269	3,737.194	15
16	Gas Sales	359.582	550.231	553.268	636.979	16
17	Petroleum Profits Tax	2,280.188	1,789.747	1,814.188	1,897.412	17
18	Gas Income @ 30% CITA	82.965	96.338	89.030	94.930	18
19	Oil Royalties	743.425	671.650	710.362	793.819	19
20	Gas Royalties	17.652	40.119	40.191	46.272	20
21	Concessional Rentals	0.880	0.880	0.880	0.880	21
22	Gas Flared Penalty	2.480	2.480	2.480	2.480	22
23	Miscellaneous (Pipeline Fees etc)	3.072	3.072	3.072	3.072	23
24	**Total Oil & Gas Revenue**	**7,734.145**	**6,814.427**	**7,137.740**	**7,213.038**	24
25	Less					25
26	Govt's Contribution to cost of production	858.588	858.588	890.588	906.588	26
27	National Domestic Gas Development	209.150	209.150	196.774	180.982	27
28	Gas Infrastructure Development	78.431	78.431	77.096	47.336	28

1	FISCAL ITEMS	2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
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5		**=N= Bills**	**=N= Bills**	**=N= Bills**	**=N= Bills**	5
29	Brass LNG Gas Supply Projects	16.960	16.960	62.918	64.164	29
30	Crude Oil Pre-Export Inspection Agency Expenses	3.200	3.200	3.200	3.200	30
31	Frontier Exploration Services	16.000	16.000	16.139	23.011	31
32	Subsidy Payments (NNPC/Private Marketers)	971.138	971.138	999.720	1,028.301	32
33	**Sub-total (Deductions)**	**2,153.468**	**2,153.468**	**2,246.435**	**2,253.582**	33
34	13% Derivation	726.008	605.925	635.870	644.729	34
35	**Net Oil Revenue after Costs, Deductions & Derivation**	**4,854.670**	**4,055.034**	**4,255.435**	**4,314.727**	35
36	**NON-OIL REVENUE**					36
37	Corporate Tax (CIT, Stamp Duties, WHT, Capital Gains)	992.038	986.250	1,069.212	1,153.470	37
39	Value-Added Tax	945.277	845.449	875.966	963.886	39
38	Customs Duty, Excise & Fees	792.949	782.381	821.499	862.574	38
40	Special levies (Federation Account)	121.418	222.469	233.592	245.272	40
41	FGN Independent Revenue	455.781	452.035	488.381	518.082	41
42	**Total Non-Oil Revenue**	**3,307.464**	**3,288.584**	**3,488.651**	**3,743.284**	42
43	**Less**	**1,514.345**	**1,416.874**	**1,498.252**	**1,624.856**	43
44	FIRS Tax Refunds	10.000	10.000	18.000	20.000	44
45	4% Collection Cost (CIT, Stamp Duties & Capital Gains)	39.282	39.050	42.048	45.339	45
46	4% Collection Cost (VAT)	37.811	33.818	35.039	38.555	46
47	Value-Added Tax Net of Cost of Collection	907.466	811.631	840.928	925.331	47
48	7% NCS (Regular) Collection Cost	55.506	54.767	57.505	60.380	48
49	7% NCS (Special Levies Fed. Acct.) Coll. Cost	8.499	15.573	16.351	17.169	49
50	FGN Independent Revenue	455.781	452.035	488.381	518.082	50
51	**Net Non-Oil Revenue after Costs & Deductions**	**1,793.118**	**1,871.710**	**1,990.399**	**2,118.428**	51

1	FISCAL ITEMS	2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
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4	**Average Exchange Rate**	**160.00**	**160.00**	**160.00**	**160.00**	4
5		**=N= Bills**	**=N= Bills**	**=N= Bills**	**=N= Bills**	5
52	**NET FEDERATION REVENUES DISTRIBUTABLE**					52
53	Net Oil Revenue after Costs, Deductions & Derivation	4,854.670	4,055.034	4,255.435	4,314.727	53
54	Net Corporate Tax Distributable	942.757	937.200	1,009.163	1,088.131	54
55	Net Customs Revenue Distributable	737.443	727.614	763.994	802.193	55
56	Net Special Levies Distributable	112.919	206.896	217.241	228.103	56
57	Actual Balances in Special Accounts	8.127	2.773	2.079	1.560	57
58	**NET FEDERATION ACCOUNT DISTRIBUTABLE**	**6,655.915**	**5,929.517**	**6,247.913**	**6,434.714**	58
59	**NET VAT POOL ACCOUNT DISTRIBUTABLE**					59
60	**Net VAT Distributable**	**907.466**	**811.631**	**840.928**	**925.331**	60
61	FGN's Share of Federation Account (52.68%)	3,506.336	3,123.669	3,291.401	3,389.807	61
62	States' Share of Federation Account (26.72%)	1,778.461	1,584.367	1,669.442	1,719.356	62
63	Local Govt.'s Share of Federation Account (20.60%)	1,371.119	1,221.480	1,287.070	1,325.551	63
64	FGN's' Share of VAT Pool Account (15%)	136.120	121.745	126.139	138.800	64
65	States' Share of VAT Pool Account (50%)	453.733	405.816	420.464	462.665	65
66	Local Govt.'s Share of VAT Pool Account (35%)	317.613	284.071	294.325	323.866	66
67	**TOTAL STATES**	**2,232.194**	**1,990.182**	**2,089.906**	**2,182.021**	67
68	States' Share of Federation Account (26.72%)	1,778.461	1,584.367	1,669.442	1,719.356	68
69	States' Share of VAT Pool Account (50%)	453.733	405.816	420.464	462.665	69
70	**TOTAL LGCs**	**1,688.732**	**1,505.551**	**1,581.395**	**1,649.417**	70
71	Local Govt.'s Share of Federation Account (20.60%)	1,371.119	1,221.480	1,287.070	1,325.551	71
72	Local Govt.'s Share of VAT Pool Account (35%)	317.613	284.071	294.325	323.866	72

1	FISCAL ITEMS	2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
2	**Oil Production Volume (Mill Barrels per day)**	**2.5260**	**2.3883**	**2.5007**	**2.5497**	2
3	**Average Budget price per barrel (in US$)**	**79.00**	**74.00**	**75.00**	**76.00**	3
4	**Average Exchange Rate**	**160.00**	**160.00**	**160.00**	**160.00**	4
5		**=N= Bills**	**=N= Bills**	**=N= Bills**	**=N= Bills**	5
73	**REDISTRIBUTE FGN'S SHARE OF FED. ACCT**					73
74	Gross FGN's Share of Federation Account (52.68%)	**3,506.336**	**3,123.669**	**3,291.401**	**3,389.807**	74
75	Less					75
76	FCT 1%	66.559	59.295	62.479	64.347	76
77	Ecology and Derivation 1%	66.559	59.295	62.479	64.347	77
78	Statutory stabilisation 0.5%	33.280	29.648	31.240	32.174	78
79	Development of Natural Resources 1.68%	111.819	99.616	104.965	108.103	79
80	Net FGN's Share of Federation Account (48.5%)	3,228.119	2,875.816	3,030.238	3,120.836	80
81	**REDISTRIBUTE FGN'S SHARE OF VAT**					81
82	Gross FGN's Share of VAT (15%)	136.120	121.745	126.139	138.800	82
83	Less					83
84	FCT 1%	9.075	8.116	8.409	9.253	84
85	Net FGN's Share of VAT Pool Account (14%)	127.045	113.628	117.730	129.546	85
86	**AMOUNT AVAILABLE FOR FGN BUDGET**	**4,100.176**	**3,583.158**	**3,852.608**	**3,980.658**	86
87	a **Share of Oil Revenue**	**2,354.515**	**1,966.692**	**2,063.886**	**2,092.642**	87
88	b **Share of Non-Oil**	**996.708**	**1,021.408**	**1,083.073**	**1,156.984**	88
89	Share of CIT	457.237	454.542	489.444	527.744	89
90	Share of VAT	127.045	113.628	117.730	129.546	90
91	Share of Customs	357.660	352.893	370.537	389.064	91
92	Share of Federation Acct. Levies	54.766	100.345	105.362	110.630	92
93	c Independent Revenue	455.781	452.035	488.381	518.082	93
94	d FGN's Share of Actual Bal. in Special Accts	3.942	1.345	1.008	0.756	94
95	e FGN's Balances in Special Levies Accounts	28.021	21.678	16.259	12.194	95
96	f FGN's Unspent Bal. of previous Fiscal Year	261.210	120.000	200.000	200.000	96
97	**TOTAL FGN'S RETAINED REVENUE**	**4,100.176**	**3,583.158**	**3,852.608**	**3,980.658**	97

1	FISCAL ITEMS		2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
2	Oil Production Volume (Mill Barrels per day)		2.5260	2.3883	2.5007	2.5497	2
3	Average Budget price per barrel (in US$)		79.00	74.00	75.00	76.00	3
4	Average Exchange Rate		160.00	160.00	160.00	160.00	4
5			=N= Bills	=N= Bills	=N= Bills	=N= Bills	5
98	**TOTAL FEDERAL GOVERNMENT EXPENDITURE**		**4,987.243**	**4,495.115**	**4,743.573**	**4,839.031**	98
99	STATUTORY TRANSFER						99
100	a	**Transfer (15% NDDC)**	61.347	46.598	48.908	49.281	100
101	b	**Transfer (Arrears ofr Q4 2012)**		12.912	25.825	25.825	101
102	c	**National Judicial Council**	**67.000**	**67.000**	**67.000**	**67.000**	102
103	d	**Universal Basic Education**	**76.279**	**67.667**	**71.141**	**72.434**	103
104	e	**Independent National Electoral Commission**	**32.000**	**45.000**	**45.000**	**45.000**	104
105	f	**National Assembly**	**150.000**	**150.000**	**150.000**	**150.000**	105
106	g	**Human Rights Commission**	**1.350**	**1.350**	**1.350**	**1.350**	106
107	**Sub-Total (Statutory Transfers)**		**387.976**	**390.527**	**409.223**	**410.889**	107
108	of which: Capital's Share in Statutory Transfers (%)		42.56%	40.50%	43.13%	43.33%	108
109	**DEBT SERVICE**						109
110	a	Service on Domestic Debt	543.376	663.613	635.613	635.613	110
111	b	Service on Foreign Debt	48.388	48.388	48.388	48.388	111
112	**Sub-Total**		**591.764**	**712.000**	**684.000**	**684.000**	112
113	**RECURRENT (NON-DEBT)**						113
114	a	Personnel Costs (MDAs)	1,688.110	1,719.055	1,770.627	1,823.746	114
115	b	Overheads	237.874	220.000	240.000	240.000	115
116	c	CRF Pensions	143.236	153.236	153.236	153.236	116
117	e	Other Service Wide Votes	316.804	280.000	316.804	316.804	117
118	**Sub-Total**		**2,386.025**	**2,372.291**	**2,480.667**	**2,533.786**	118

1	FISCAL ITEMS	2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
2	Oil Production Volume (Mill Barrels per day)	2.5260	2.3883	2.5007	2.5497	2
3	Average Budget price per barrel (in US$)	79.00	74.00	75.00	76.00	3
4	Average Exchange Rate	160.00	160.00	160.00	160.00	4
5		=N= Bills	=N= Bills	=N= Bills	=N= Bills	5
119	CAPITAL EXPENDITURE					119
120	FGN's (MDAs & Statutory Bodies) Capital	1,621.478	1,020.297	1,169.683	1,210.356	120
121	Share of Capital in Statutory Transfers	165.136	158.148	176.496	178.033	121
122	**Sub-Total (Inclusive of Transfers)**	**1,786.614**	**1,178.445**	**1,346.179**	**1,388.389**	122
123	**TOTAL FGN BUDGET (NET OF SURE-P)**	**4,987.243**	**4,495.115**	**4,743.573**	**4,839.031**	123
124	**Share of Capital as % of total expenditure**	**35.82%**	**26.22%**	**28.38%**	**28.69%**	124
125	**Share of recurrent as % of total expenditure**	**64.18%**	**73.78%**	**71.62%**	**71.31%**	125
126	**Fiscal Deficit (Based on Regular Budget)**	**-887.067**	**-911.958**	**-890.966**	**-858.372**	126
127	**GDP**	**47,843.76**	**48,066.29**	**52,355.87**	**57,078.67**	127
128	**DEFICIT/GDP**	**-1.85%**	**-1.90%**	**-1.70%**	**-1.50%**	128
129	SUBSIDY REINVESTMENT PROGRAM (SURE-P)					129
130	SURE - Program Board (Running Cost)	**1.000**	**1.200**	**1.000**	**1.000**	130
131	SURE - Program Capital Expenditure	**272.522**	**273.140**	**179.000**	**179.000**	131
132	**Sub-Total**	**273.522**	**274.340**	**180.000**	**180.000**	132
133	**Sub-Total (Capital Expenditure inclusive of SURE-P)**	**2,059.136**	**1,451.585**	**1,525.179**	**1,567.389**	133
134	**TOTAL FGN EXPENDITURE (INCLUSIVE OF SURE- P)**	**5,260.765**	**4,769.455**	**4,923.573**	**5,019.031**	134
135	**Share of Capital as % of total expenditure**	**39.14%**	**30.44%**	**30.98%**	**31.23%**	135
136	**Share of recurrent as % of total expenditure**	**60.86%**	**69.56%**	**69.02%**	**68.77%**	136

1	FISCAL ITEMS		2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
2	**Oil Production Volume (Mill Barrels per day)**		**2.5260**	**2.3883**	**2.5007**	**2.5497**	2
3	**Average Budget price per barrel (in US$)**		**79.00**	**74.00**	**75.00**	**76.00**	3
4	**Average Exchange Rate**		**160.00**	**160.00**	**160.00**	**160.00**	4
5			**=N= Bills**	**=N= Bills**	**=N= Bills**	**=N= Bills**	5
137	**Add Financing**						137
138	a	Sales of Government Property*	-	-	-	-	138
139	b	Privatization Proceeds*	10.000	15.000	20.000	25.000	139
140	c	FGN's Share of Signature Bonus	75.000	-	50.000	60.000	140
141	d	Sharing from Stabilisation Fund Account (ECA)	225.000	324.967	269.723	230.466	141
142	e	New Borrowings	577.066	571.991	551.243	542.906	142
143	**Sub-Total**		**887.066**	**911.958**	**890.966**	**858.372**	143
145	**Grand -Total (Revenue + Financing)**		**4,987.242**	**4,495.115**	**4,743.573**	**4,839.031**	145
147	**Financing Deficit**			**-**	**-0**	**-**	147
148	**MEMORANDUM ITEMS**						148
149	**SPECIAL TRANSFERS FOR TARGETED EXP./AGENCIES**						149
150	**Education Tax Net of Cost of Collection**		**125.418**	**154.107**	**224.014**	**244.312**	150
151	**Transfer of Levies Acct to CBN for Beneficiaries Net of Cost of Coll:**		**151.337**	**233.159**	**244.817**	**257.058**	151
152		7% Port Devt. Levy - NPA, Raw Materials, Shippers Council, NEXIM	32.354	59.280	62.244	65.356	152
153		10% Sugar Levy : Nat. Sugar Devt. Council	5.193	9.514	9.990	10.489	153
154		1% Com. Import Sup. Scheme (CISS): Scanning Service Providers	65.043	75.047	78.800	82.740	154
155		0.50% Ecowas Trade Liberalisation Scheme (ETLS): ECOWAS Sec.	36.135	66.209	69.519	72.995	155
156		10% Steel	1.272	2.330	2.447	2.569	156
157		Cement Levy	11.341	20.779	21.818	22.909	157

1	FISCAL ITEMS	2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
2	**Oil Production Volume (Mill Barrels per day)**	**2.5260**	**2.3883**	**2.5007**	**2.5497**	2
3	**Average Budget price per barrel (in US$)**	**79.00**	**74.00**	**75.00**	**76.00**	3
4	**Average Exchange Rate**	**160.00**	**160.00**	**160.00**	**160.00**	4
5		**=N= Bills**	=N= Bills	=N= Bills	=N= Bills	5
158	**Transfer of Nat. Information Tech. Devt. Fund Net of Cost of Collection**	**9.619**	**9.014**	**9.638**	**10.272**	158
159	**Grants & Aids for Technical/Donor Assistance**	**58.718**	**284.237**	**121.037**	**121.037**	159
160	**NNPC's Share of Incremental JV Funding**	**545.120**	**435.103**	**420.667**	**499.790**	160
161	Govt Equity Share of Alternative Funded JV Projects	545.120	350.303	372.667	451.790	161
162	Gas Infrastructure Development ($bn) (Alternative Funding)	-	84.800	48.000	48.000	162
163	**Govt. Share of MCA Escrowed for Cost Recovery**	**65.739**	**190.051**	**235.525**	**212.177**	163
164	**JVs Share MCA Receipts Payable as Tax & Royalties Escrowed for Cost Recovery**	**65.701**	**-**	**-**	**-**	164
165						165
166	**FGN Share of Subsidy**	**409.772**	**409.772**	**421.832**	**433.891**	166
167						167
168	**Estimated Balances in Special Accounts as at end Dec.**	**81.555**	**29.528**	**22.146**	**16.610**	168
169	0.5% ECOWAS Exes. Sect. (ETLS)	19.619	7.103	5.328	3.996	169
170	2% Education Pool Account	56.009	20.279	15.209	11.407	170
171	7% Port Levy Pool Account	5.927	2.146	1.610	1.207	171
172	**Transfer to FIRS & NCS for Costs of Collection, NDDC Share of ECA & SURE-P**	**450.254**	**460.055**	**383.010**	**395.486**	172
173	**FIRS**	**92.510**	**85.294**	**100.324**	**109.700**	173
174	FIRS Tax Refunds	10.000	10.000	18.000	20.000	174
175	4% Cost of Collection (CIT, Stamp Duties, etc)	39.282	39.050	42.048	45.339	175
176	4% Cost of Collection (VAT)	37.811	33.818	35.039	38.555	176
177	4% Cost of Collection (Education Tax & NITDF)	5.418	2.426	5.237	5.806	177

1	FISCAL ITEMS	2013 Budget	2014 Projection	2015 Projection	2016 Projection	1
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3	**Average Budget price per barrel (in US$)**	79.00	74.00	75.00	76.00	3
4	**Average Exchange Rate**	160.00	160.00	160.00	160.00	4
5		=N= Bills	=N= Bills	=N= Bills	=N= Bills	5
178	**NCS**	**75.397**	**87.889**	**92.284**	**96.898**	178
179	7% Cost of Collection (Duty, Excise & Fees)	55.506	54.767	57.505	60.380	179
180	7% Cost of Collection (Spec. Levies -Fed. Acct.)	8.499	15.573	16.351	17.169	180
181	7% Cost of Coll. (Spec. Levies - Non-Fed. Acct.)	11.391	17.550	18.427	19.348	181
182	**NDDC**	**4.325**	**5.783**	**4.800**	**4.101**	182
183	Share of Proposed ECA Distribution	4.325	5.783	4.800	4.101	183
184	**UBEC**	**4.500**	**6.750**	**5.603**	**4.787**	184
185	Share of Proposed ECA Distribution	4.500	6.750	5.603	4.787	185
186	**TRANSFER TO SURE - PROGRAM**	**273.522**	**274.340**	**180.000**	**180.000**	186
187	SURE - Program Board (Running Cost)	1.000	1.200	1.000	1.000	187
188	SURE - Program Capital Expenditure	272.522	273.140	179.000	179.000	188
189	**STATES AND LGCs SHARE OF FAAC, VAT POOL &**	**4,250.214**	**3,825.022**	**3,944.611**	**4,064.968**	189
190	**STATES**	**2,418.132**	**2,176.121**	**2,244.235**	**2,313.888**	190
191	States' Share of Federation Account	1,778.461	1,584.367	1,669.442	1,719.356	191
192	States' Share of VAT Pool Account	453.733	405.816	420.464	462.665	192
193	States' Share of Stabilisation (ECA)	185.938	185.938	154.329	131.867	193
194	**LOCAL GOVERNMENT COUNCILS**	**1,832.082**	**1,648.902**	**1,700.376**	**1,751.081**	194
195	Local Govt.'s Share of Federation Account	1,371.119	1,221.480	1,287.070	1,325.551	195
196	Local Govt.'s Share of VAT Pool Account	317.613	284.071	294.325	323.866	196
197	Local Govt.s' Share of Stabilisation (ECA)	143.351	143.351	118.981	101.664	197
198	**TOTAL MEMORANDUM ITEMS**	**6,213.447**	**6,030.049**	**6,027.297**	**6,255.601**	198