# FEDERAL REPUBLIC OF NIGERIA

# 2015-2017 MEDIUM TERM EXPENDITURE FRAMEWORK AND FISCAL STRATEGY PAPER

**SEPTEMBER, 2014.**

## 1. Introduction

The Medium-Term Expenditure Framework (MTEF) sets out government strategic policies, fiscal outlook and financial programme in the medium term geared to delivering sustainable growth and development. It is based on the provisions of the Fiscal Responsibility Act (FRA) 2007 and forms an integral part of the economic management reform framework designed to guide annual budget planning. In this regard, the document sets out the underlying assumptions for revenue projections, proposed expenditure plans and fiscal targets. It also presents an overview of consolidated debt and potential fiscal risks.

The 2015-2017 MTEF and FSP is coming on the back of solid achievements of the last few years. These include a stable macroeconomic environment evidenced by a robust economic growth, single-digit inflation, a relatively stable exchange rate, and strong external validation by rating agencies. Government also had a successful privatization of 4 power generation companies and 10 distributing companies; and the attraction of over US$7 billion in Foreign Direct Investment (FDI). Other achievements are in the areas of job creation through the Agriculture Transformation Agenda (ATA), the Save One Million Lives programme, SURE-P, introduction of the National Industrial Revolution Plan (NIRP) and positive developments in the provision of critical infrastructure like power, communication technology, roads, rail and inland waterways. These have contributed, in part, to the reduced in poverty level to about 33% from an estimated 62.2% recorded in 2009/10 as indicated in the recent World Bank report.

However, like other nations, there have been some challenges including in the area of security, oil theft and pipeline vandalism, unemployment, and insufficient inclusiveness in our growth.

These have, however, not deterred the diligent and focused attention of the government on its ultimate goal, which is to continually improve the wellbeing of Nigerians.

Therefore, drawing on the lessons of the past 4 years, the 2015-2017 MTEF and FSP provide the consolidated fiscal profile of government. Specifically, it focuses on: improving revenue from non-oil sources; working down the recurrent- capital expenditure ratio so as to free up resources for infrastructure development; managing our debt profile; strengthening the investment climate; and promoting job creation as well as inclusive growth.

## 2. Macroeconomic Framework

### 2.1 Global Economic Overview

Global economic growth is projected to improve in the medium-term, mainly due to recovery in advanced economies. The recovery, however, is fragile as significant downside risks remain and new political risks have emerged. The upside global growth projection is partly attributable to stronger growth expected in some advance economies. Growth forecasts for the Euro area, although positive (from -0.4% in 2013 to 1.1% and 1.5% in 2014 and 2015 respectively) due to significant progress in macroeconomic adjustment and improved market confidence, is anticipated to remain uneven across the region as high debt burden and financial fragmentation hold back domestic demand. Japan's growth is expected to increase slightly from 1.5% in 2013 to 1.6% in 2014 before moderating to 1.1% in 2015 due to a tightening fiscal policy stance.

Growth in the US is projected to contract to 1.7% in 2014 from 1.9% in 2013 due to sharp decline in exports resulting from unfavourable weather conditions. However, as temporary factors diminish, growth is expected to rebound to 3.0% in 2015 (Table 1). In China, growth is expected to moderate to 7.4% and 7.1% in 2014 arid 2015 respectively from 7.7% in 2013 in response to the unwinding fiscal stimulus that boosted growth since the global financial crisis. Postelection recovery is expected to accelerate economic activity gradually in India, thus, raising growth prospects from 5.0% in 2013 to 5.4% and 6.4% in 2014 and 2015 respectively.

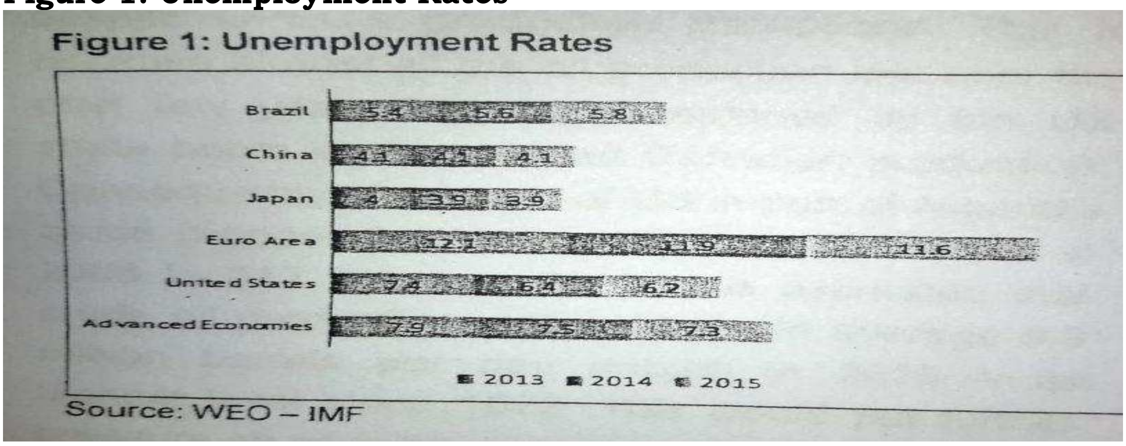
**Table 1**

| GLOBAL ECONOMIC GROWTH (% CHANGE) | | | |
|---|---|---|---|
| | Estimate | | Projections |
| | 2013 | 2014 | 2015 |
| **World Output** | 3.2 | 3.4 | 4.0 |
| **Advanced Economies** | 1.3 | 1.8 | 2.4 |
| **United States** | 1.9 | 1.7 | 3.0 |
| **Euro Area** | -0.4 | 1.1 | 1.5 |
| **Japan** | 1.5 | 1.6 | 1.1 |
| **Emerging Market and Developing Economies** | 4.7 | 4.6 | 5.2 |
| **China** | 7.7 | 7.4 | 7.1 |
| **India** | 5.0 | 5.4 | 6.4 |
| **Sub-Saharan Africa** | 5.4 | 5.4 | 5.8 |

Source: WEO – IMF

Overall, despite declines in inflation across the globe below expectation, the labor market is expected to benefit from the improved growth projections, with forecast unemployment rates anticipated to decline in advanced economies from 7.9% in 2013 to 7.5% and 7.3% in 2014 and 2015 respectively (Figure 1). This, however, increases the risk of deflation especially in the advent of an adverse shock to economic activity.

**Figure 1: Unemployment Rates**




**Source: WEO – IMF**

In emerging economies, activities have been rather disappointing as risks have increased posed by concerns about emerging market fundamentals as well as negative spillover effects from new political risks leading to worsening of financial conditions and a reversal in capital flows. Consequently, growth is expected to moderate from 4.7% in 2013 to 4.6% in 2014. However, growth is projected to rise to 5.2°Jo in 2015. Growth in Brazil, Russia, India, China and South Africa (BRICS) economies is projected to average 3.5% between 2013 and 2015 while it is expected to average 4.6% in Malaysia, Indonesia, Nigeria and Turkey (MINT) in same period.

**Figure 2: BRICS Growth Est. & Projections**

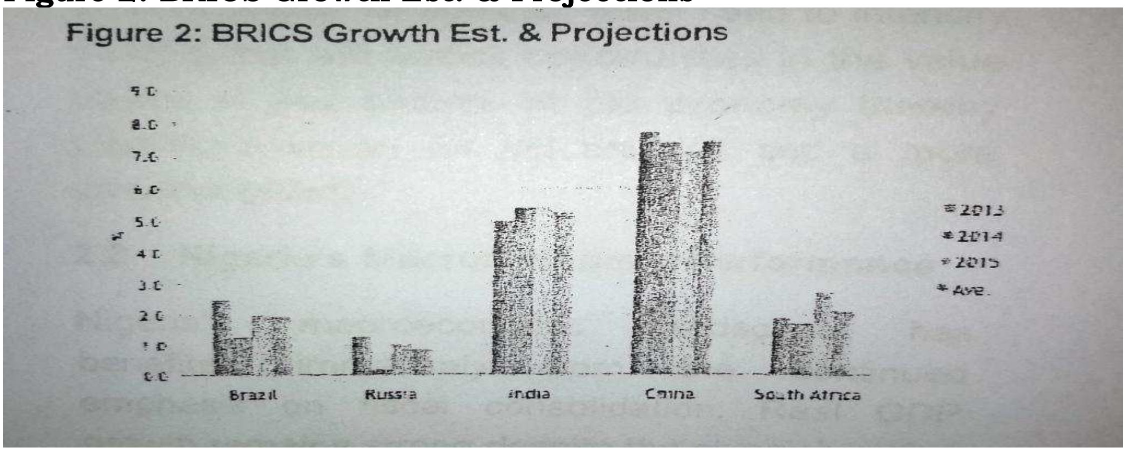
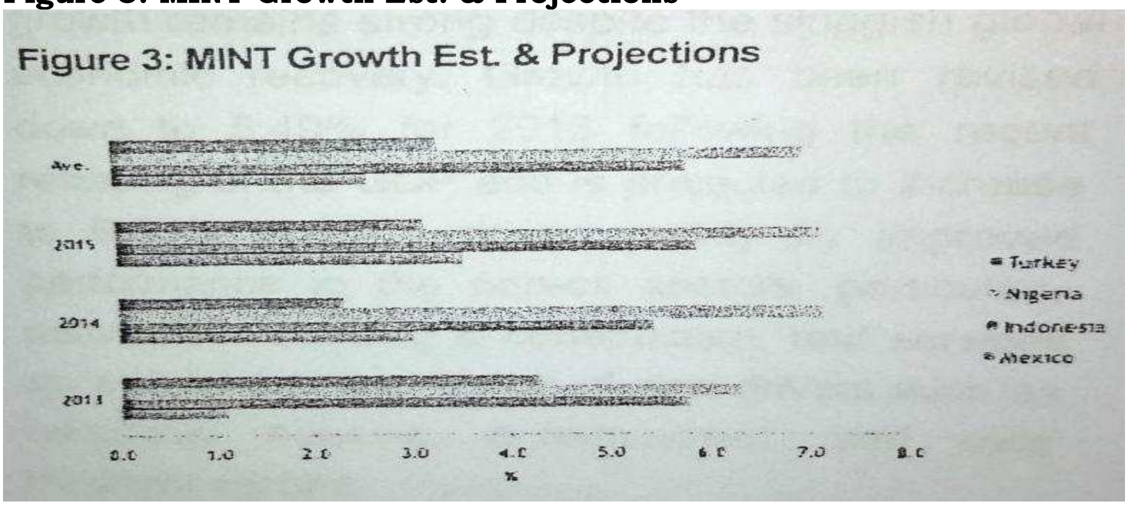



**Figure 3: MINT Growth Est. & Projections**




**Source: WEO – IMF**

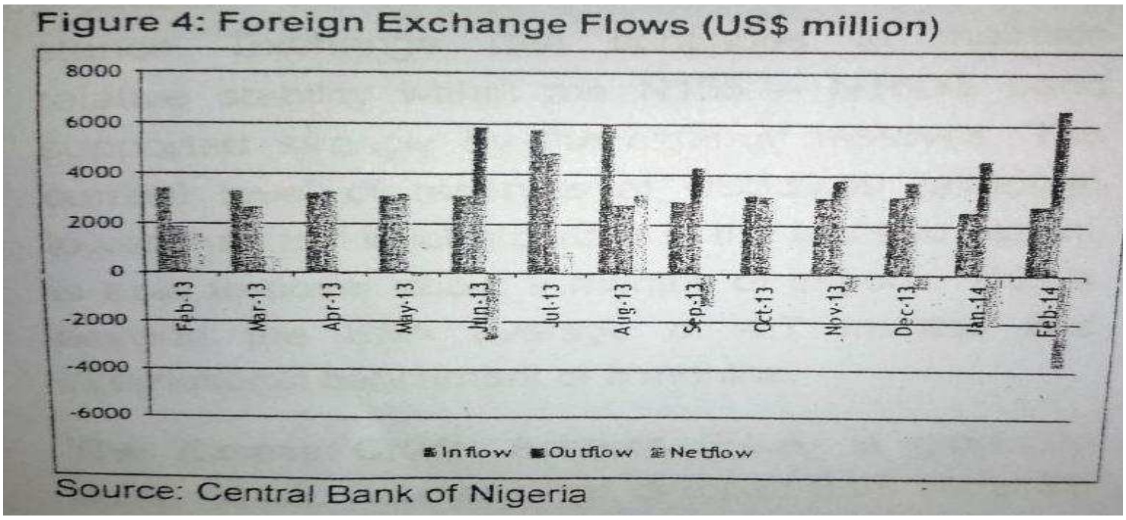
A bright outlook is anticipated for sub-Sahara Africa as growth is projected at 5.4% in 2014 (same as 2013) and 5.8% in 2015. Key drivers include increased infrastructure spending, strong domestic demand and the strengthening global recovery. However, downside risks include policy uncertainty, industrial tensions, capital outflows due to tapering, heightened insecurity and uneasy fiscal policy stance in advanced economies.

## 2.2 Implications of Global Developments for Nigeria

Nigeria's integration with the global economy means that it stands to be affected both directly and indirectly by activities in the international economic landscape.

Nigeria had benefited from the US policy of quantitative easing through increased capital inflows, with an estimated peak inflow of $5.95 billion recorded in August 2013 (Figure 4). However, the decision to accept this policy is already resulting in a reversal of these capital flows. Net flow of foreign exchange turned negative from September 2013, reaching $3.82 billion in February 2014.

**Figure 4: Foreign Exchange Flows (115$ million)**




**Source: Central Bank of Nigeria.**

It is hard to overstate the impact that rising US oil output has had on the oil market. Crude oil prices have hovered around $110/bp in the last 3 years despite OPEC's production disruptions. This is because almost all the oil production lost over the past few years has been replaced by the US shale boom and increased Canadian production. Consequently, the value of US import of Nigeria's crude dropped by about 69% from $38 billion in 2008 to $12 billion in 2013. It is estimated that crude oil production in the US would average 9.3 million barrels per day (mbpd) in 2015 — its highest level since 1972. This would put further pressure on oil price.

Juxtaposing the increasing US oil production with the spillover effects of Russia-Ukraine geopolitical risks would imply a lowering of trade activities given that the EU accounts for over 40% of Nigeria's export. In addition, the slowdown in growth in countries like Brazil and China may hurt external balances as well as foreign direct investment.
Thus, government needs to continue in its fiscal consolidation efforts including building fiscal buffers to enable it manage negative consequences in the event of any adverse external shock. In addition, it will need to intensify policies that will unlock opportunities in the value chains of key sectors of the economy thereby creating avenues for job creation and a more inclusive growth.

**2.3 Nigeria's Macroeconomic Performance**

Nigeria's macroeconomic landscape has benefited immensely from the continued emphasis on fiscal consolidation. Real GDP growth remains strong despite the sluggish global economic recovery. Growth has been revised down to 5.49% for 2013 following the recent rebasing of the GDP and is projected to increase to 6.56% in 2014 driven mainly by improved performance in the non-oil sectors, particularly activities in building & construction, and services as well as the emergence of new drivers such as telecoms, housing, entertainment, and solid minerals sectors.

With the rebasing of Nigeria's GDP, the growth rate is expected to tone down due to the larger base effect. However, there are a number of benefits and implications accruing from the rebasing (see Box A). Also, the impact of insurgency on economic activities in some parts of the North-East and the importation of Ebola Virus Diseases. (EVD) by the Liberian-American were also expected to affect economic growth.

This impact is estimated at 0.5% of GDP, thus. Growth in 2015 is projected at 6.35%. The need to grow even faster and more inclusively cannot be overemphasized! Thus, government will continue to support policies that will ensure improvement and sustenance of our macroeconomic stability as well as strengthen structural and institutional reforms all of which are germane for job creation and growth enhancing.

Other key macro indicators reveal some level of progress in Government's ongoing fiscal consolidation efforts. Inflation has declined from as high, as 13.5% in January 2010 to 8.2% (as at June, 2014) partly attributable to fiscal prudence, policy measures that have increased domestic food production as well as restrictive monetary policy stance. Exchange rate continues to maintain relative stability within the N155 — N160/$ band supported strongly by the external reserves. The current level of reserves of US$39.59 (although lower than the level recorded in the last two years), is able to cover about 9 months of imports. This is beyond the SSA average of 4.7 months and international benchmark of 3 months.

The Excess Crude Account (ECA) is gradually being rebuilt. Balances had dropped from about $9 billion as at early 2013, following draw downs to augment shortfalls in revenue in 2013, to about $2.28 billion in December 2013. With prudent management of the 2014 budget, we expect some build up in 2014. Currently, it stands at $4.09 billion.

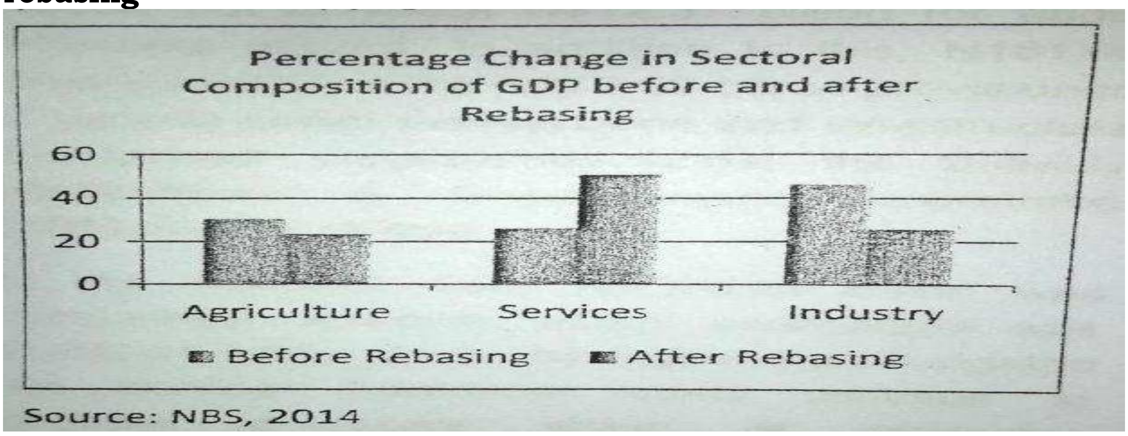
Aggregate banking system credit (net) to the domestic economy has improved. It rose by 1 .6% (as at April) compared to the level at end-

December 2013, due wholly, to the 3.1% growth in credit to the private sector as government became a net creditor to the banking system. Between 2010 and April 2014 it has grown by about 76%. In addition, the positive economic profile has helped in attracting local and foreign direct investment (FDI) in sectors such as Petrochemicals, Cement, Sugar, Real Estate and Agro processing, making Nigeria, for the second year running, the preferred destination for foreign direct investment in Africa.

**Box A: The GDP Rebasing and Policy implications**

The rebased GDP for 2013, estimated at N8OO9 trillion (US$509 billion), represents about 67% increase compared to the old GDP of N42.4 trillion (US$269.5 billion) based on the 1990 base-year; thus, making Nigeria the largest economy in Africa, and the 26th largest economy in the world. The rebased GDP provides up-to-date realities of activities in the economy. It shows that the structure of the Nigerian economy has changed significantly — it is more diversified! Agriculture now accounts for 22% of GDP while the share of services sector has increased to 51% of GDP compared to previous estimates of 33% and 26% respectively. Also, new sectors like entertainment (Nollywood), telecom, patents and copyrights are contributing to the GDP.

**Percentage change in Sectoral composition of GDP before and after rebasing**




**Source: NBS, 2014**

The rebasing shows a better debt/GDP ratio (from 19% to 12.8%). However, the tax revenue-to-6DP ratio has fallen highlighting the need for stronger tax administration efforts which are already underway. In addition, since we have a larger denominator, social sector spending as a ratio of GDP decreased slightly. Government's strategy is to plug revenue leakages while improving revenue generation so as to make more resources available for critical spending. It will also continue to promote policies that will support diversification in different sectors as well as small businesses transitioning from the informal to the formal sector.

## 3. 2013 Budget Performance Review

### 3.1 Revenue Outturns

The 2013 revenue performance was reflective of both international and domestic economic realities. On the international scene, the balance between weakened oil demand and continued supply surge in North America as well as mounting supply pressures from elsewhere have tended to keep crude oil prices in check. Crude oil prices (Bonny Light) in 2013 averaged $110.99 per barrel (pb), $2.48 and $2.77 lower than the average of $113.47pb and $113.76pb in 2012 and 2013 respectively. On the domestic front, crude oil production averaged 2.19 mbpd due to oil production shut-in resulting from illegal activities in the oil sector. Consequently, actual gross oil revenue stood at N6.795 trillion, down from N8.026 trillion in 2012 while non-oil receipt was Nt418 trillion compared to N949.8 billion in 2012.

The total revenue that accrued to the FGN in 2013 was N3,362.19 billion, 18% lower than the Budget projection of N4,100.18 billion. This comprised FGN's share from the Federation Account amounting to N2,935.17 billion, N274.368 billion from Independent Revenue, N106.927 billion from VAT, N24.726 billion from unspent balance and N21 billion from Special Accounts balance (see Table 2).

**Table 2:**

| FGN Revenue Profile for FY 2013 (N'billion) | | | |
|---|---|---|---|
| | Budget | Actual | Variance (%) |
| FGN Share of Fed Acct | 3,228.12 | 2,935.17 | -9.08 |
| FGN Independent Revenue | 455.78 | 274.37 | -39.80 |
| FGN Share of VAT | 127.05 | 106.93 | -15.84 |
| Unspent Balance | 261.21 | 24.73 | -90.53 |
| Special Accounts | 28.02 | 21.00 | -25.06 |
| Total | 4,100.18 | 3,362.19 | -18.00 |

Source: BOF & OAGF

The fall in receipts in 2013 is partly attributable to homegrown challenges in the oil sector including pipeline vandalism and oil theft, and non-oil revenue collection setbacks due to reduced customs duty collection as well as lower economic activities attributable to security challenges. In addition, Government's fiscal policies aimed at stimulating activities in the non- oil sectors such as higher effective import duty on rice, zero duty on machinery and equipment in the agriculture and power sectors as well as the duty- and VAT-free policies on machinery for the development of the solid minerals sector implied a reduction in total non-oil revenue.

### 3.2 Expenditure Outturns

The FGN actual expenditure for the year was N4.515 trillion as against the Budget provision of N4.986 trillion. In spite of the revenue challenges, N1.01 trillion (or about 64% of the N1.56 trillion budgeted) was released for various capital projects out of which N912.87 billion (or about 89%) was utilized. In addition to this, N181.09 billion (or 66%) of the N273.52 billion provisioned for various social interventions and infrastructure development programmes under the Subsidy Reinvestment & Empowerment Programme (SURE-P) was utilized.

On the recurrent side, N3,396.24billion was appropriated; however, actual expenditure was N3,602.81billion driven by higher-than-budgeted debt service. Personnel costs continue to constitute a major share of aggregate expenditure, thus reducing the amount available for capital expenditure.

**Table 3:**

| FGN Expenditure Profile for FY 2013 (N'billion) | | | |
|---|---|---|---|
| | Budget | Actual | Variance (%) |
| Recurrent non-debt | 2,415.75 | 2,386.84 | -1.2 |
| Debt Service | | | |
| Domestic Debts | 543.38 | 772.39 | 42.15 |
| Foreign Debts | 48.39 | 55.71 | 15.14 |
| Transfers | 388.05 | 387.87 | -0.05 |
| Capital Expenditure | 1,590.74 | 912.87 | -42.61 |
| Total | 4,986.31 | 4,515.69 | -9.44 |

Source: BOF & OAGF

### 3.3 Fiscal Deficit

Despite revenue shortfalls and relatively higher expenditure, the actual fiscal deficit as a percentage of GDP was 2.41%, somewhat higher than the Budget projection of 1.85%, reflective of the impact of higher debt service. This is still within the 3% threshold prescribed in the FRA 2007 reflecting government's ongoing fiscal consolidation efforts.

## 4. Review of the 2014 Budget so far

### 4.1 Revenue Outturns

The 2014 Budget had a revenue projection of N3,731 billion and an expenditure outlay of N4,724.69 billion. As at June, the prorated revenue inflow was N1,552.7billion (or 8323% of target) as against N1,865.50 billion budgeted as oil and non-oil revenue sources fell short of their budget targets. Oil production averaged 2.25mbpd due to pockets of setbacks in the industry. Consequently, net oil revenue after derivation was N22.62 billion short of the half-year prorated budget revenue of N2,179.93 billion. Although the net oil revenue is lower than the budget projection, it is higher than the estimate for the same period in 2013. This is attributable to various efforts of government in reducing the activities of pipeline vandalism and oil theft.

On the non-oil side, the lower than budgeted outturn can be linked to reduction in. The overall volume of imports due to fiscal policies to boost domestic production as well as security challenges in parts of the North-East that have affected economic activity in that region. However, with Government's new policy on rice that is expected to significantly reduce smuggling, we expect improvements in customs collections going forward.

### 4.2 Expenditure Outturns

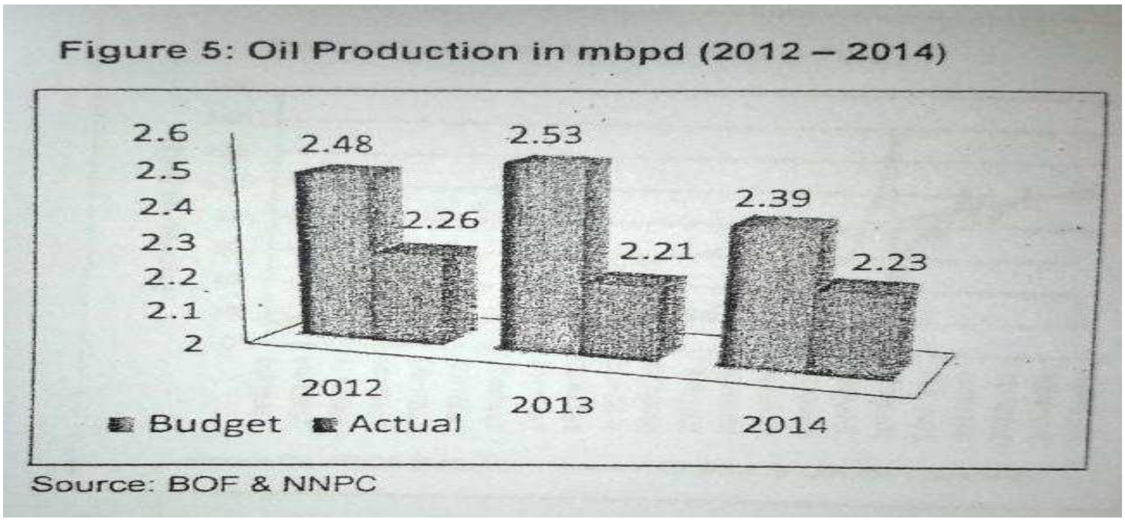
The expenditure has largely been on track notwithstanding the delayed passage of the 2014 Appropriation Bill. Of the total capital expenditure of N1,135.17 billion, N410.01 billion had been released as at the second quarter while the sum of N226.97 billion (or 61.98%) had been utilized as at July. In addition, N140.45 billion of the N268.37 provisioned for SURE-P has so far been utilized. With respect to recurrent expenditure, implementation is largely on track with personnel and other costs being met.

## 5. Assumptions Underlying Projections of Oil and Non-Oil Revenue in 2015

### 5.1 Oil Production

Our projection for crude oil production for 2015 is predicated on present realities in the oil sector and extensive consultations with relevant stakeholders. For 2014, we applied a risk factor (production losses) of 300,000bpd to the oil production projection due to production shut-in resulting from activities of oil thieves and pipeline vandals in late 2012 and early 2013. This has come down to about 150,000bpd as Government's efforts at tackling the setbacks in the sector continue to yield results. However, oil production projection for 2015 is set at 2.2782mbpd. This figure, although lower than the 2.3883mbpd programmed for 2014, is about the reported actual production at present. This is reflective of lack of new investments in the oil sector due to uncertainties owing to delay in the passage of the Petroleum industry Bill (PIG). For the outer years, production is estimated at 2.3271mbpd and 2.4067mbpd for 2016 and 2017 respectively. These projections are indicative of Government's position to improve actual production capacity of the oil sector.

**Figure 5: Oil Production in mbpd (2012-2014)**




**Source: BOF & NNPC**

### 5.2 Oil Price Benchmark

The global supply-demand balance of crude oil is edging out the recent spikes in oil price. With increasing supply arising from the exploitation of shale oil and gas, Iranian oil sanctions suspension as well as the emergence of new regional producers, global surplus crude oil production capacity has increased modestly in recent times. The import of this is that the high oil price recorded in recent past may not be long- lived. Against this backdrop and the need to rebuild our fiscal buffers we approached the estimation of our benchmark price with caution (see Box B).

We estimate the benchmark oil price to be $73.28pb based on the 15-year moving average, while the 10-year moving average gives a price of $92.34pb. However, we propose the benchmark oil price of $78pb for 2015. This is lower than the average of the 15 and 10-year moving average having taken account of the projected balance between increasing global supply resulting from rising oil and unconventional oil production, and production disruptions that may result from geopolitical risks.

Our proposal is also driven by the need to be cautious in our revenue projections given the volatile nature of oil prices and the need to rebuild our fiscal buffers, which have been very useful in periods of revenue shocks. It should be recalled that the country has had painful experiences with regard to crude oil price swings. For instance, oil price fell to about \$8pb from over \$30pb in 1986, from \$20pb to \$11pb in 1998 and from \$147pb to \$38pb in 2008. These are some of the reasons why commodity-dependent countries are generally advised to be cautious in fixing the benchmark price for their products. It is instructive to learn from the experiences of Ghana and Zambia who experienced adverse commodity price shocks and have now turned to the IMF for bailout. For the outer years, 2016 and 2017, we propose a benchmark oil price of \$79pb.

**Box B: Estimating the Benchmark Oil Price**

In estimating the benchmark oil price, we first make a forecast of the future oil price. This is executed with an Autoregressive Integrated Moving Average (ARIMA) model. The model consists of two parts. an autoregressive (AR) part, which includes lagged terms of the series (in this case, oil price),

$$X_t = \beta_1 X_{t-1} + \beta_2 X_{1-2} + \ldots + \beta_p X_{t-p} + e_t$$

and a moving average (MA) part, which includes lagged terms of the residuals

$$X_t = e_t + \beta_1 e_{t-1} + \beta_2 e_{t-2} + \ldots + \beta_q e_{t-q}$$

A third element in this model is the order in which our oil price series is integrated to achieve stationarity.

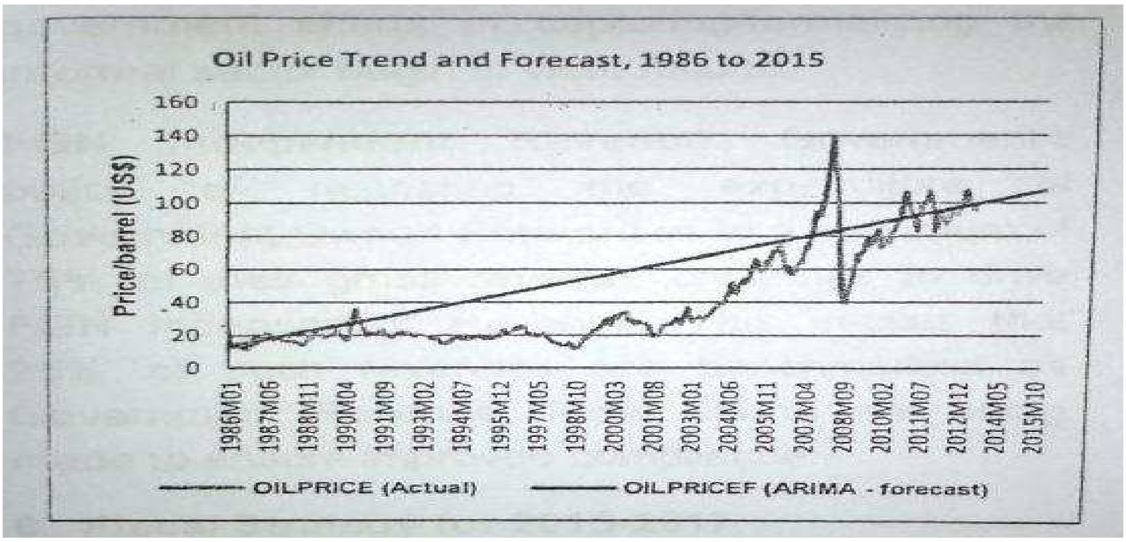
We estimate the ARIMA process of the order (p,d,q)

$$X_t = \beta_t X_{t-1} + \ldots \beta_p X_{t-p} + e_t + \alpha_1 e_{t-1} + \ldots + \alpha_q e_{t-q}$$

The above equation shows that the current value of X (oil price) depends on its past values, a random shock $e_t$, past shocks/error $(e_{t-1})$plus new stochastic errors $(e_{t-1})$.

The lag-length criteria for the ARIMA model specification was based on modified Likelihood Ratio, Final Prediction Errors Akaike Information Criterion and Schwarz-information Criterion. We then achieved a parsimonious model through sequential reduction based on the Schwarz Criterion.

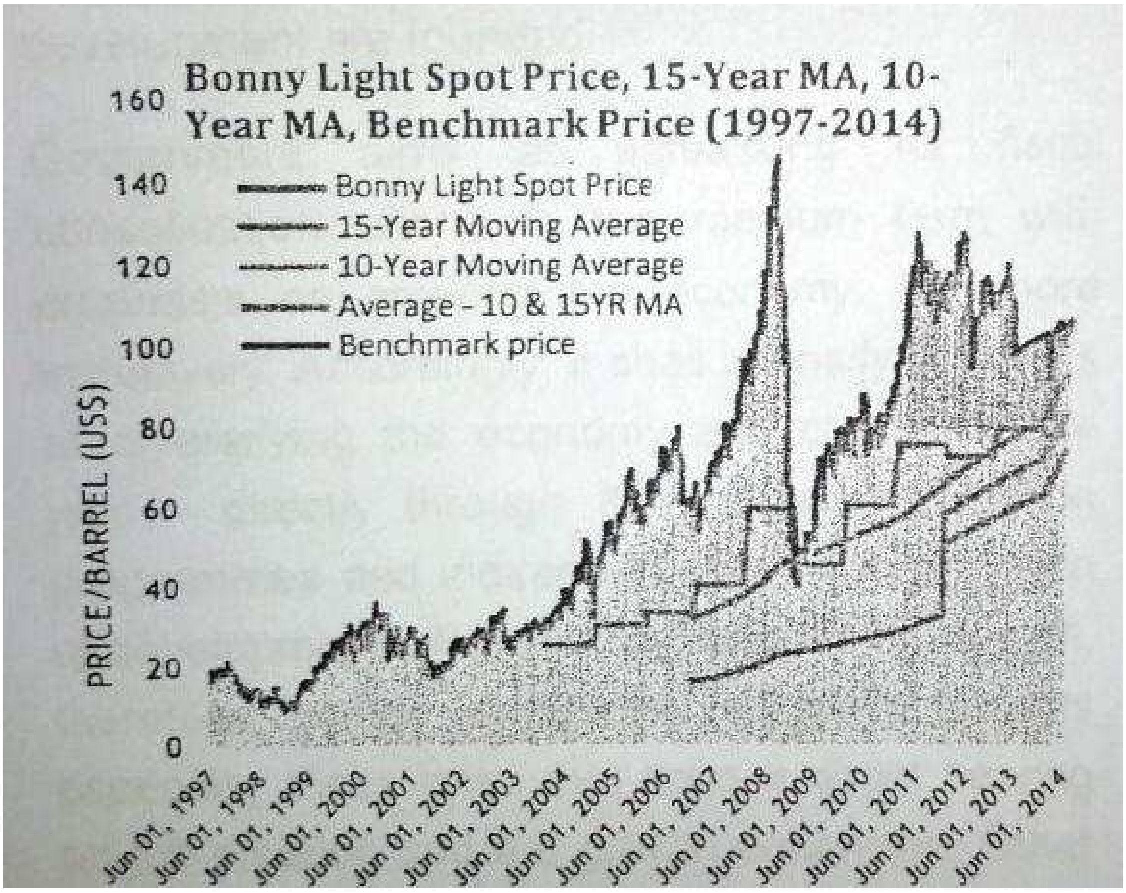
**Oil Price trend and forecast, 1986 to 2015**




At the second level, we estimate a moving-average model to determine the benchmark oil price. We estimate a 15-year and 10-year moving average because it smoothes out short-term fluctuations and highlight longer-term trends or cycles.

Also, the lag length is justified on the basis of the fact that oil prices in the more recent years have greatly been influenced by geopolitical events that make the data of the last few years more of outliers.

**Bonny Light Spot Price, 15-Year MA, 10- Year MA, Benchmark Price (1997 - 2014)**




Finally, we apply an adjustment factor in full realization that several other economic and non-economic considerations can affect the eventual benchmark price chosen including futures prices as well as interactions and negotiations with stakeholders.

### 5.3 Non-Oil Revenue Baseline Assumptions

The underlying assumptions for the non-oil revenue remain guided by the expected growth in non-oil GDP which now has a broader structure following the rebasing of the GDP. New growth- contributing non-oil sectors have emerged from the new GDP structure, and these have implications for the components of our non-oil revenue including Corporate Tax and Value Added Tax, which should now be accorded due attention.

Customs collections are based on the CIF value of imports, applicable tariffs and an efficiency factor. As the impact of the re-adjustments of government's policies that reduced the volume of import (of rice, particularly) begins to take effect, we expect better Customs returns in the medium term. We have, however, programmed a somewhat lower Customs collection for 2015 due to some lag effect that may follow the policy reversal. In addition, with the implementation of the new ECOWAS CET, coordinated border management strategy as well as strengthened anti-smuggling activities through intelligence gathering and networking, we expect actual returns to match projections.

Companies Income Tax (COT) is based on nominal GDP; Companies' Profitability Ratio; and an efficiency factor. Projections for CIT are promising as the efficiency factor is expected to improve, given the on-going efforts of the FIRS and McKinsey in broadening and strengthening the tax net.

Value Added Tax (VAT) is based on aggregate national consumption of N67.5 trillion for 2015 (based on the revised GDP estimates), but taking account of VATable items and collection efficiency. Despite the upward revision of aggregate national consumption, VAT collection is projected to grow by about 3.5% in 2015 as government efforts in capturing/formalizing the informal sector begin to yield results.

**FGN Independent Revenue:** Government's policy of restricting the expenditure of Government-Owned Enterprises to a maximum of 75% of their gross revenue continues to drive FGN Independent Revenue. This implies that 25% of such revenues are benchmarked as Government Revenue. More efforts are being made to ensure improved compliance.

## 6. Fiscal Strategy for 201 5-2017

Within the last four years some progress has been made in strengthening the macroeconomic fundamentals, structural reforms, good governance and institutions as well as investment in priority sectors. These elements remain the pillars on which Government's drive for job creation, inclusive growth and sustainable development are founded.

Government aims at actualizing its fiscal consolidation efforts in the medium term with emphasis on growing the economy, but more inclusively. Accordingly, it shall intensify its efforts at diversifying the economy and creating more jobs - directly through its special intervention programmes and indirectly through the provision of development-infrastructure. Special focus shall, therefore, be on completing on-going projects especially those ones that have a direct bearing on job creation and are growth enhancing. Other areas of focus shall include improving and sustaining a stable macroeconomic environment that would support domestic businesses while attracting foreign investors, improve revenue generation and collection as well as create more room for private sector participation in the entire development agenda.

### 6.1 Macroeconomic and Fiscal Stability

The importance of a stable macroeconomic environment cannot be overemphasized. It is the bedrock for inclusive growth and sustainable development! In recent years, through a pragmatic approach at fiscal consolidation, government has been able to promote economic growth while keeping other key macro variables within acceptable levels. Growth has averaged about 6.5% in the past 3 years and inflation has remained at single digit while the exchange rate has remained relatively stable. The peculiarity of 2015 as an election year with potential fiscal implications makes it strategically important to continue to drive policies that will ensure strong macroeconomic fundamentals. In this regard, government will further stimulate domestic activities by creating a favourable business environment and through its various incentives to promote broad-based growth.

Also, concrete steps would be taken to keep new borrowings at manageable levels in the medium term. Although, the rebased GDP creates room for fiscal expansion as some critical ratios like the debt to GDP are well within the international threshold, government is mindful of the implications of higher government borrowings on the economy. Thus, it will continue to strive to improve revenue generation and collection as a way of limiting borrowing requirements. The fiscal space created would engineer opportunities for private investment, real sector development and a more inclusive growth.

## 6.2 Increasing Economic Diversification and Strengthening Linkages in the Economy

The outcome of the GDP rebasing exercise indicates that the structure of the economy is now more diversified. This means that economic opportunities that were, hitherto, hidden are now visible thereby paving the way for Nigerians to exploit these opportunities. This also allows for more focused and targeted policies that will improve economic performance. In this regard, while Government will continue to promote policies that will deliver a more diversified economy, it will work at strengthening the linkages in the productive activities of the economy. The objective is to increase the value- addition in the non-oil sectors as well as develop value chains across productive sectors thereby creating more opportunities for jobs. Concerted efforts shall also be made to strengthen the links between the oil and non-oil sectors (particularly the petro-chemical sub-sector). Government understands that a well-diversified economy with strong linkages can significantly reduce unemployment.

As part of its strategy to diversify the economy away from oil and create more job opportunities, the government will continue to energize the solid minerals sector. This will involve the use of policies that will meet global best practices and incentives to boost economic activities in the sector. Already, government has divested its interest in direct mining activities and a new legislative framework that will enhance private sector leadership in the sector is being implemented. This sector has a lot of potential for creating jobs and increased benefit streams! Consequently, as the regulator, Government would consciously foster' an enabling environment for mining business to thrive in the country.

### 63 Infrastructure for Development

Government's strategic objective of infrastructure for development is to make more room for job creation and inclusive growth while reducing the cost of doing business in the country. Thus, government remains committed to bridging the infrastructure deficit in the country. It had, in the last few years, aggressively embarked on reforms in critical sectors like Power and Housing while supporting programmes and measures that will enhance Public Private Partnership in infrastructure development.

In the medium term the emphasis would be on the completion of on-going capital projects including railways, roads and bridges as well as airport and seaport infrastructures that are at different Levels of completion. These projects would continue to receive extra support from the SURE-P Budget. For instance, through the SURE-P intervention window, 874 buses have been provided to 22 transport operators. This has created opportunities for 3,000 drivers and conductors, and indirectly provided transportation to over 200,000 Nigerians. In addition, government will introduce a mass transit programme to complement the Mass Transit under the Social Safety Nets window of the SURE-P. This will be piloted in the FCT and is designed to improve the welfare of Nigerians by providing affordable, subsidized transportation.

The government will continue to energize the housing sector via the Nigeria Mortgage Refinance Company (NMRC). By increasing the liquidity within the mortgage sub-sector and availability of credit in Nigeria, the NMRC, which has recently been launched with an initial 10,000 mortgage-refinance plan, is expected to help bridge Nigeria's housing gap by raising mortgages from an annual average of 20,000 to at least 200,000 in the medium term. This also implies more job opportunities for players in the housing industry including bricklayers, plumbers, painters, architects, engineers, etc.

Also, following the most comprehensive, ambitious and transparent power sector privatization and liberalization programmes globally, government will remain only partially involved in the power sector through its retention and funding of the Transmission Company of Nigeria (TCN). With the initial mobilization of $1.5 billion in financing from multilateral sources for investment and upgrade of the transmission network, government is working towards increasing power generation and distribution. Power generation peaked at about 4,500 megawatts from the 2,500 megawatts in 2011. This will be supplemented with the development of clean and alternative energy, particularly as a way to extend power supply to rural areas. In addition, government will focus on developing creative means of increasing the supply of gas to support power generation.

Government will continue to pay attention to the information and Communication Technology sector which is already benefiting from a number of reforms. With the installation of 500km of fibre- optic cables in rural areas, 156 Rural IT centres, 266 Public Access Venues, 110 Community Communication Centres and the launching of a Venture capital fund of US$15 million for ICT business, government is working to enhance the sector's contribution to the nation's growth and economic development.

### 6.4 Job Creation and Social Inclusion

In continuance of the goals of the 2014 Budget, government will extend and intensify its intervention programmes and initiatives directed at tackling unemployment through job creation. This includes: the You WIN programme which has funded 2,400 entreprenuers (with half being women), trained 12,000 aspiring or existing young entrepreneurs and created over 26,000 new jobs: the Graduate Internship Scheme (GIS) which has engaged about 8,000 youths in collaborating firms to enhance skill developments; and the Community Service Scheme which has engaged over 119,000 women and youth in various community services. In general, the SURE-P intervention has generated about 172.690 direct jobs and over 500,000 jobs indirectly through its various intervention programmes.

In addition to these, the Sugar Master Plan, which aims at creating about 40,000 jobs, as well as the new automobile policy that would attract major international companies including Toyota, Nissan, Hyundai, Tata, etc., would see full implementation. These initiatives will add new jobs to the economy. Other job creation programmes will stem from the Agricultural Transformation Agenda, and the National Industrial Revolution Plan (NIRP) - a private sector-led industrialization initiative geared at strengthening the value chain of various manufacturing industries in order to products that can boost the economy.

Government is working, through its various policies and incentives as well as the improvement of institutional and legal frameworks. To ensure that the agricultural sector is repositioned as a major source of income and employer of labour especially among the growing youth population. For instance, the provision of inputs (seeds and fertilizers) through the F-Wallet system of the Growth Enhancement Support (GES) Scheme in 10 Northern States enabled dry season farming and engaged over 250,000 farmers and youth in those states. Consequently, rice production has increased by 1.1 million metric tonnes in Northern states. In addition, it is expected that the sector at large would deliver an additional 20 million metric tonnes of food production by 2015; 15.5 million metric tonnes has already been produced by 2014.

Government will also strengthen the national social safety nets especially for vulnerable women, children and disabled through the SURE-P window and gender budgeting initiative. So far, across the country, 500 Public Healthcare Centres (PHCs) have been renovated and 625 boreholes sunk, 700 other PHCs are being renovated, 50 new ambulances have been provided and over 20,000 more local women now visit the public healthcare centres under the conditional cash transfer scheme. The Safe School initiative that will be piloted in states currently experiencing insecurity will continue to receive support.

Also, as part of its efforts to maintain a national identity database, the government, through the National Identity Management Commission, has introduced the National Identity Number as well as the National Electronic Identity Card. Besides other potential benefits of this new system to users including a more convenient way to access financial and government services, this scheme would enhance government's service delivery especially along the national social safety net path.

### 6.5 Improving Revenue Generation and Collection

Government has already initiated steps towards boosting revenue generation especially in the non-oil sectors of the economy through its various reforms and incentives directed at boosting domestic activities in the economy. These efforts will need further bolstering and expansion including through a reconsideration of some of the existing revenue sources. Therefore, as part of its fiscal consolidation efforts, government will intensify its works at improving revenue generation and collection. In this regard, effective monitoring and audit of revenue collections will be enforced; smuggling activities will be curbed through appropriate tariff policies, coordinated border management, and intelligence gathering and networking; continuous enlightenment of stakeholders targeted at improving the level of compliance in revenue remittance; and intensified collaboration between the FIRS and McKinsey.

These measures would plug revenue leakages from trade flow, government and corporate businesses, as well as bring, to the extent possible, some activities of the informal sector into the tax net.

In addition, as a way of enhancing non-oil mineral revenue, government is paying more attention at the development of the solid minerals sector with focus on seven strategic solid minerals which have high economic potential and capable of creating jobs including gold, coal, bitumen, iron ore, limestone, lead/zinc and barites. As a way of tracking progress in the solid minerals sector, the sector is now explicitly captured in the medium term framework.

In order to ensure the sustenance of a sound macro-fiscal environment it will be necessary to explore these areas of non-oil revenue as a way to increasing the fiscal space of the government.

### 6.6 Managing Expenditure

In the medium term, government will continue to curtail inefficiencies in expenditure. More efforts would be geared towards fighting corruption in the public service, for instance, through a defined benefits system now restructured under the Pension Transition Arrangement Department (PTAD) and the enforcement of disciplinary measures for defaulters of the public service rule. It will also continue to reduce fraud in personnel costs through the implementation of the IPPIS. So far, N139.6 billion has been saved and 46,821 ghost workers identified. Thus, government will continue to push for efficient personnel cost planning and budgeting, as personnel cost will be based on actual verified numbers and not estimates.

It is important to note that despite the deployment of the IPPIS, the share of personnel costs in total expenditure is high, and there are still mounting pressures for wage increases. The large number of claims for increases in salaries and allowances including pensions and other benefits will need to be curtailed as part of the fiscal consolidation exercise.

**Figure 6.1: Trend in Wage Bill (2006.2014)**

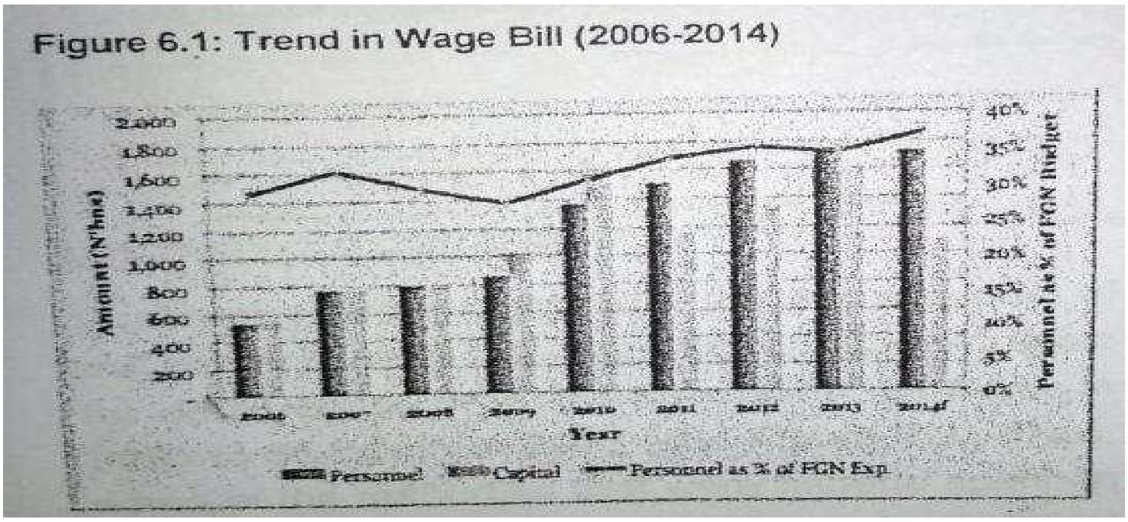



**Figure 6.2: Extract of 2015-2017 Fiscal Framework**

| Fiscal Items | Approved 2014 Budget | Projections | | |
|---|---|---|---|---|
| | | 2015 Budget Proposal | 2016 | 2017 |
| Oil Production (Mill Barrels per day) | 2,3883 | 2,2782 | 2,3271 | 2,4067 |
| Average Budget Price Per Barrel (in US$) | 78.50 | 78.00 | 79.00 | 79.00 |
| Average Exchange Rate | 160.00 | 160.00 | 160.00 | 160.00 |
| | **N'Bn** | **N'Bn** | **N'Bn** | **N'Bn** |
| Net Federation Account (Distributable) | 6,234.35 | 6,268.72 | 6,453.23 | 6,870.84 |
| New VAT (Distributable) | 811.63 | 840.90 | 922.21 | 1,010.34 |
| Total FGN's Retained Revenue | 3,731.00 | 3867.76 | 4,016.59 | 5,028.75 |
| **FGN Expenditure (Regular Budget)** | **4,724.69** | **4,817.76** | **4,896.59** | **5,028.75** |
| ***Statutory Transfers*** | ***408.69*** | ***416.18*** | ***403.68*** | ***412.44*** |
| ***Debt Service*** | ***712.00*** | ***750.00*** | ***712.00*** | ***712.00*** |
| ***Recurrent (Non Debt)*** | ***2,468.83*** | ***2,622.42*** | ***2,657.21*** | ***2,657.21*** |
| *Personnel Cost (MDAs)* | *1,727.61* | *1,801.00* | *1,900.00* | *1,900.00* |
| *Overheads* | *251.93* | *216.56* | *216.56* | *216.56* |
| *CRF Pensions* | *187.45* | *228.81* | *228.81* | *228.81* |
| *Other Service Wide Votes* | *301.84* | *376.05* | *311.84* | *311.84* |
| ***Capital Expenditure*** | ***1,552.99*** | ***1,436.33*** | ***1,531.25*** | ***1,662.89*** |
| *MDA's Capital Expenditure* | *1,135.17* | *1,029.17* | *1,123.70* | *1,247.11* |
| *Capital Expenditure in Statutory Transfer* | *150.65* | *148.16* | *148.98* | *157.21* |
| *SURE-P Capital Expenditure* | *267.17* | *259.00* | *258.57* | *258.57* |
| *Capital as a % of total expenditure(Net of SURE-P)* | *27.21%* | *24.44%* | *25.99%* | *27.93%* |
| **Fiscal Deficit (Based on Regular Budget)** | **(993.68)** | **(950.00)** | **(880.00)** | **(748.81)** |
| **GDP** | **80,222.13** | **95,843.16** | **104,972.88** | **115,091.06** |

| | | | | |
|---|---|---|---|---|
| *Deficit as a % of GDP* | *-1.24%* | *-0.99%* | *-0.84%* | *-0.65%* |
| **SUBSIDY REINVESTMENT PROGRAM (SURE-P)** | **268.37** | **260.00** | **260.00** | **260.00** |
| **Agg. FGN expenditure (Regular & SURE-P)** | **4,993.06** | **5,077.76** | **5,156.59** | **5,288.75** |
| *Capital as % of total expenditure (Inclusive of SURE-P)* | *31.10%* | *28.29%* | *29.70%* | *311.44%* |

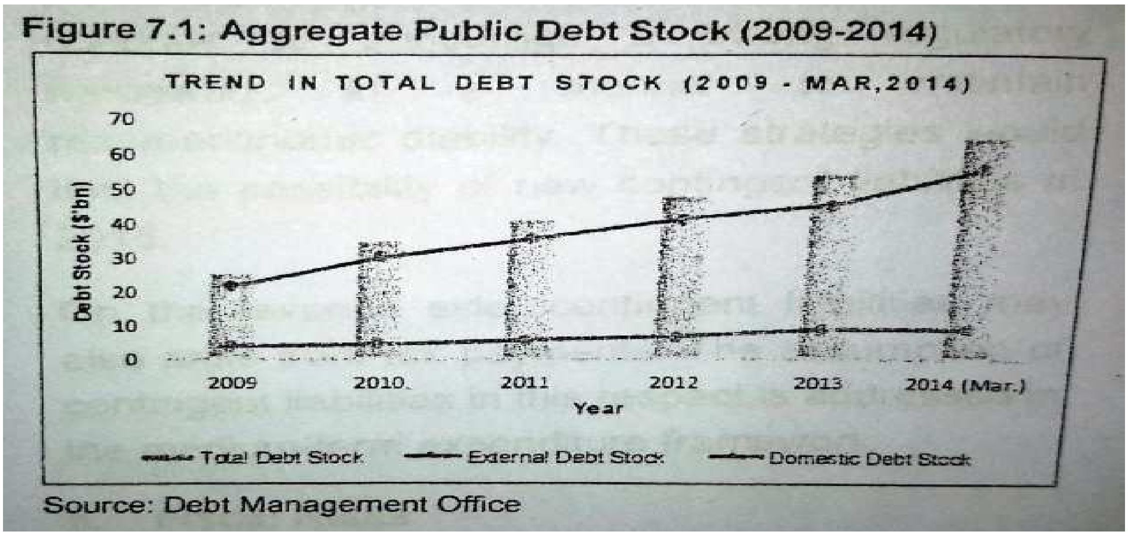
Source: MTEF 2015 - 2017

## 7. Analysis & Statement on Consolidatec Debt & Contingent Liabilities

### 7.1 Total debt stock and breakdown

Overall, Ningana's public debt stock was the equivalent of about $65.26 billion as at March 31, 2014. Of this amount, the FGN was responsible for about 80% while the 36 states and FCT accounted for the balance of 20%, and implies a debt to GDP ratio of 12.8%. The total debt stock is comprised of external debt stock of $9.17 billion and domestic debt stock of $56.09 billion.

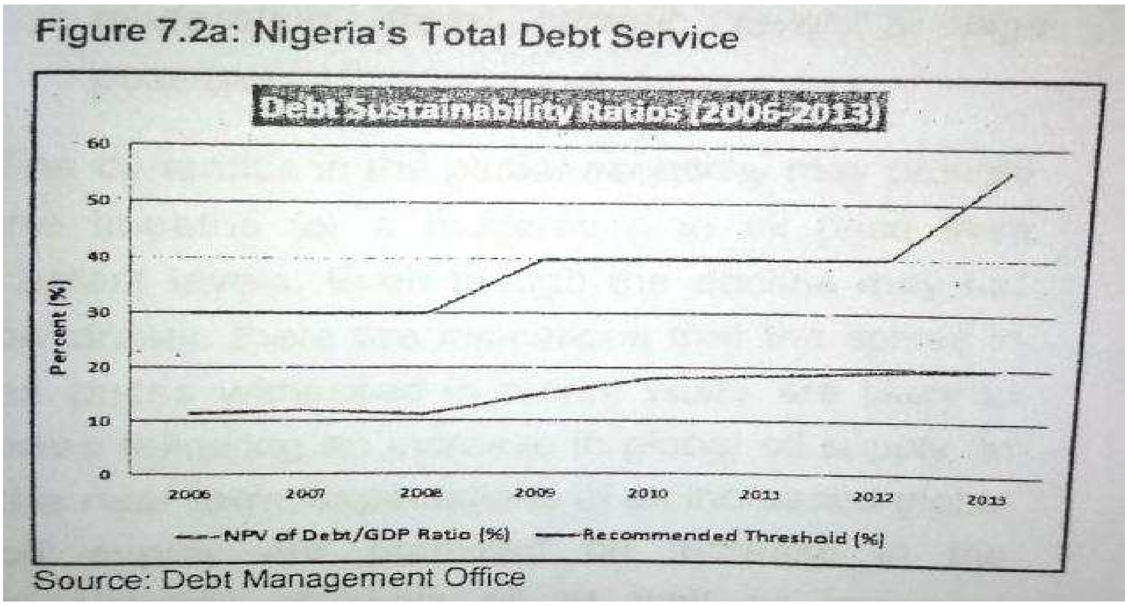
**Figure 7.1: Aggregate Public Debt Stock (2009-2014)**




### 7.2 Debt Management Strategy, Service & Sustainability

In spite of the increased borrowing space arising from the country's rebased GDP and the increased options to borrow in order to fund growth and development projects, Government will continue to be prudent in its borrowing programme. Government will strive to stay well below the old NPV of debt to GDP threshold of 40% despite the new threshold of 56% prescribed for the country's peer group.

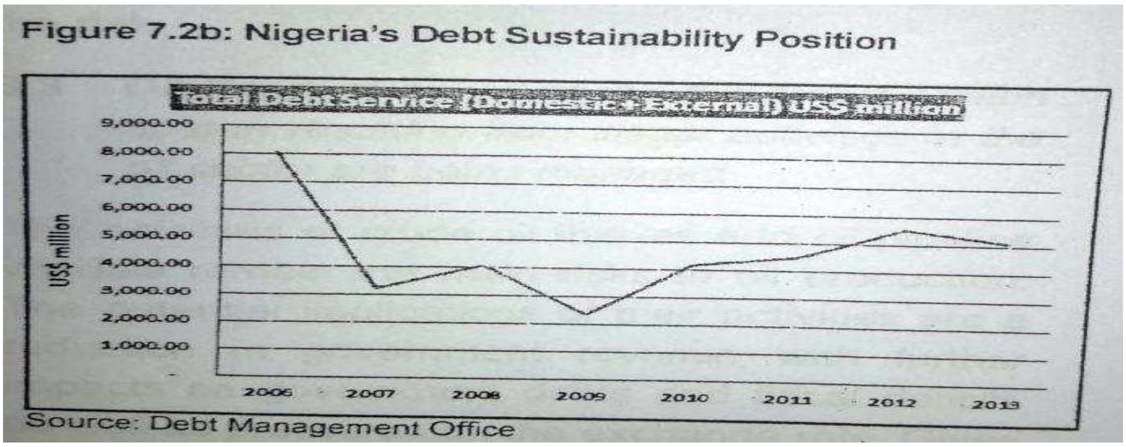
**Figure 7.2a: Nigeria's Total Debt Service**




**Source: Debt Management Office**

In recent years, prudence in the management of the country's debt has seen the amount set aside for debt service dropping from about $8 billion in 2006 to $5 billion in 2013 (see Figure 7.2). Thus, some of the resources that were hitherto spent on debt service are now available to fund critical infrastructure projects. The strategy is to continue to guide government's borrowing decisions in a way that matches only critical need for funds with its current and prospective ability to service debt, tailored to the specific circumstances. Prudence and efficiency will continue to be the bed-rock upon which the country's debt management is based.

**Figure 7.2b: Nigeria’s Debt Sustainability Position**




## 7.3 Nature & Fiscal Implication of Contingent Liabilities

Contingent liabilities are obligations that could potentially crystallise at the occurrence of certain future events. In particular, these liabilities may arise in the public sector from government’s guarantees with regard to MDAs’ contractual agreement or revenue receipts. However, as indicated earlier, Government will endeavor to maintain the development strategy of the recent years and focus expenditure on the completion and exit from ongoing capital projects while limiting the introduction of new capital investments in the 2015 Budget. Also, while the gradual move towards public-private-type development partnerships would complement government’s development efforts, they could potentially raise liabilities. Government will continue to encourage a strong regulatory framework in a manner to maintain macroeconomic stability. These strategies would limit the possibility of new contingent liabilities in 2015.

On the revenue side, contingent liabilities may also arise from tax payments. The assumption of contingent liabilities in this respect is addressed in the medium-term expenditure framework.

## 8. Fiscal Risks

### 8.1 Global Development - Fragile Recovery and the Emergence Political Risks

Despite improved growth forecasts, the general uncertainty and fragility surrounding the global economic recovery are potential risks to the Nigerian economy. In addition, some specific developments like policy tapering and emergence of shale oil are already having negative effect on Nigeria. Apart from the US, the Euro zone remains enmeshed in slow recovery and huge fiscal burdens while growth in China is slowing. However, Government's development of other markets for our crude oil and its programme of fiscal consolidation should help mitigate these risks.

### 8.2 Crude Oil Prices – Sharp drop unlikely but moderation from current level a high possibility

The dynamics in the global economy may provide the impetus for a moderation in oil price from current levels. Even though the decline may not be drastic there are indications that the spikes in oil prices witnessed in recent years are likely to ease following an increase in global oil supply. In the near term, expectations of an increased global oil supply are premised on increase in the exploitation of shale oil as well as improved Iranian oil supply as a result of the diplomatic resolution of Iran's nuclear programme and the potential resolution of political crisis in some major oil producing countries like Libya. These would pose dual risks to the economy: risk to oil price as well as the demand for our crude oil. Persistent negative shocks to oil price and a lowered oil demand may result in adverse implications on the country's critical balances like the external reserves (including the ECA) and current account balance. This justifies the need to save the excess over the chosen benchmark oil price as a way to manage the potential consequences of revenue shortfall resulting from the risk.

**8.3 Oil Production** - Losses due to production shut-in resulting from illegal activities in the oil sector are being managed

The activities of crude oil thieves and oil pipeline vandals remain the main risks to oil production. The potential implications of their activities are a reduction in government revenue with further impacts on government debts and fiscal deficits as well as pressures on the exchange rate. Given the role of oil production volume on government finances, government remains committed to curbing these nefarious activities. Consequently, it is intensifying security, particularly ground and aerial surveillance, around oil facilities through the combined efforts of security agencies and local communities participation. These security forces under the National Executive Council Committee are being better equipped to checkmate the activities of oil thieves and pipeline vandals. There would also be better engagements of the Ministry of Justice and lawyers for faster prosecution of oil thieves. In addition, a quick passage of the PIB will undo the uncertainties undermining new investments in the oil industry, thereby raising the oil production.

### 8.4 Non-Oil Revenue Risks

In recent years, Government's efforts have continued to yield results in improving the non-oil revenue collections. This has taken the form of broadening the tax base, improving on collection efficiency and measuring up to international best practice in tax collection plug. Notwithstanding these efforts, there is still the possibility of posting lower tax revenue than projected. Therefore, Government has, in projecting revenue for 2015, discounted the potential impact of the country's rebased GDP which implies higher tax projections which may not be wholly realized.

### 8.6 Insurgency and the outbreak of Ebola Virus Diseases (EVD)

The issue of insurgency in parts of the North-East is still a risk to economic and commercial activities, and by extension, government tax revenue. Consequently, government will intensify the utilization of its three-pronged approach including a firm security response, continued political dialogue and a package of development assistance to checkmating the security situation. Already, a Presidential Initiative for the North East (PINE) Committee is working together with some development partners to finding a lasting solution to the insurgency.

Also, there are possibilities that the importation of the EVD into Nigeria could impact the pace of economic activities in cities where infected persons have been identified. However, the spread has been largely contained as government through the improvement of processes including information sharing, and procurement and deployment of protective gears and detective equipment for health workers.

## 9. Conclusion

The 2015 — 2017 Medium Term Expenditure Framework was prepared against the backdrop of global and domestic developments and provides a detailed macroeconomic framework and the Fiscal Strategy of Government in line with provisions of the Fiscal Responsibility Act 2007.
Events in the global economy such as the US policy tapering, the increasing exploitation of shale oil and gas, the Russia-Ukraine crisis and its impact on the EU's economy, and a fragile global economic recovery as well as the activities in advanced economies on emerging economies all have implications for Nigeria.

On the domestic front, the rebasing of the GDP has provided current insight into the size and structure of the Nigerian economy. Although growth momentum will slow due to base effect, government will continue to initiate and implement broad-based policies that will strengthen structural and institutional frameworks while putting in place growth enhancing and job creating policies. Macroeconomic performance shows that Nigeria continues to post robust growth, low and stable inflation, relative stability in the exchange rate and a resilient stock market.

The 2015 – 2017 medium term will see continued emphasis on fiscal consolidation, increased diversification of the revenue base, higher quality spending (especially on projects with job creation and growth potential), stronger fiscal buffers and efficient utilization of the savings from the partial removal of petroleum subsidy. During the period, government will make efforts to minimize the country's exposure to fiscal risks while working to increase the level of buffers for inadvertent occurrence.

| 2015- 2017 MEDIUM TERM FISCAL FRAMEWORK_(Billions of Naira) | | | | | | |
|---|---|---|---|---|---|---|
| 1 | **FISCAL ITEMS** | **Approved 2014 Budget** | **2015 Budget Proposal** | **2016F** | **2017F** | 1 |
| 2 | Oil Production Volume (Mill Barrels per day) | 2.3883 | 2.2782 | 2.3271 | 2.4067 | 2 |
| 3 | Average Budget price per barrel (in USS) | 77.50 | 78.00 | 79.00 | 79.00 | 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 | **Oil Production** | | | | | |
| 7 | Joint Ventures | 0.84 | 0.797 | 0.8053 | 0.8594 | 7 |
| 8 | Alternative Funding | 0.14 | 0.141 | 0.1421 | 0.1517 | 8 |
| 9 | Modified Carry Arrangement | 0.32 | 0.223 | 0.2859 | 0.3236 | 9 |
| 10 | Production Sharing Contracts | 0.88 | 0.875 | 0.8482 | 0.8357 | 10 |
| 11 | Service Contracts | 0.01 | 0.007 | 0.0060 | 0.0046 | 11 |
| 12 | Independents | 0.16 | 0.176 | 0.1798 | 0.1738 | 12 |
| 13 | Marginal Fields | 0.05 | 0.059 | 0.0599 | 0.0579 | 13 |
| 14 | **Total Production (mbpd)** | **2.39** | **2.2782** | **2.3271** | **2.4067** | 14 |
| | | | | | | |
| 15 | **FEDERALLY COLLECTIBLE REVENUE** | | | | | |
| 16 | **Gross Minerals Revenue** | | | | | |
| 17 | Gross Oil Revenue | **7,164.81** | **7,286.89** | **7,558.70** | **7,950.12** | 17 |
| 18 | Solid Minerals | - | 15.68 | 18.02 | 20.72 | 18 |
| 19 | **Gross Non-Oil Revenue** | **3,288.59** | **3,549.61** | **3,812.68** | **4,054.96** | 19 |
| 20 | Non-Federation Account Levies for Targeted Expenditure | 270.05 | 67.65 | 67.32 | 64.84 | 20 |
| 21 | Education Tax | 162.01 | 233.65 | 238.09 | 240.99 | 21 |
| 22 | National Information Technology Development Fund | 9.39 | 10.04 | 10.70 | 11.96 | 22 |
| 23 | **Total Federally Collectible Revenue** | **10,894.84** | **11,163.52** | **11,705.51** | **12,343.58** | 23 |
| | | | | | | |
| 24 | **GROSS FEDERATION ACCOUNT INFLOWS** | **10,453.39** | **10,852.17** | **11,389.40** | **12,025.78** | 24 |
| 25 | **OIL REVENUE** | | | | | |
| 26 | Crude Oil Sales | **3,840.73** | **3,716.82** | **3,830.49** | **4,042.85** | 26 |
| 27 | Joint Venture Crude Oil | 2,574.43 | 2,500.06 | 2,557.41 | 2,721.72 | 27 |
| 28 | MCA Crude Oil Sales (Net of Escrowed Amount) | 647.94 | 339.72 | 441.59 | 498.50 | 28 |
| 29 | PSC Crude Oil (Profit Oil) | 616.40 | 875.46 | 830.17 | 821.73 | 29 |
| 30 | SC Crude Oil (Profit Oil) | 1.96 | 1.57 | 1.32 | 0.90 | 30 |
| 31 | Gas Sales | **550.23** | **515.46** | **557.81** | **579.97** | 31 |
| 32 | Petroleum Profits Tax | **1,927.54** | **2,196.73** | **2,267.81** | **2,401.31** | 32 |
| 33 | JV Oil PPT | 630.54 | 768.57 | 774.37 | 875.22 | 33 |
| 34 | PSC PPT (Tax Oil) | 616.40 | 621.63 | 608.90 | 601.48 | 34 |
| 35 | SC PPT (Tax Oil) | 12.56 | 11.86 | 10.43 | 9.02 | 35 |
| 36 | Independent Producers' Tax | 366.78 | 448.09 | 458.45 | 441.00 | 36 |
| 37 | MCA Profits Tax | 207.44 | 248.44 | 316.12 | 378.97 | 37 |
| 38 | Marginal Fields Profits Tax | 93.81 | 98.14 | 99.54 | 95.61 | 38 |
| 39 | Gas Income @ 30% CITA | **96.34** | **80.82** | **87.23** | **90.69** | 39 |
| 40 | Oil Royalties | **703.42** | **703.30** | **736.05** | **753.08** | 40 |
| 41 | JV Oil Royalty | 340.97 | 311.12 | 340.81 | 362.71 | 41 |
| 42 | PSC Royalty | 103.93 | 104.63 | 90.20 | 74.34 | 42 |
| 43 | SC Royalty | 6.41 | 5.58 | 5.12 | 3.95 | 43 |
| 44 | Independent Producers' Royalty | 133.90 | 148.25 | 153.86 | 148.35 | 44 |
| 45 | Marginal Fields Royalty | 6.03 | 6.68 | 6.93 | 6.68 | 45 |
| 46 | MCA Royalty | 112.18 | 107.03 | 139.13 | 157.06 | 46 |
| 47 | Gas Royalties | **40.12** | **67.34** | **72.88** | **75.77** | 47 |
| 48 | Concessional Rentals | **0.88** | **0.88** | **0.88** | **0.88** | 48 |
| 49 | Gas Flared Penalty | **2.48** | **2.48** | **2.48** | **2.48** | 49 |
| 50 | Miscellaneous (Pipeline Fees etc) | **37.07** | **3.07** | **3.07** | **3.07** | 50 |
| 51 | **Total Oil & Gas Revenue** | **7,164 81** | **7,286 89** | **7,5870** | **7,950.12** | 51 |
| 52 | Less | | | | | |
| 53 | Govt's Contribution to cost of production | **858.59** | **858.59** | **889.36** | **899.64** | 53 |
| 54 | National Domestic Gas Development | 209.15 | 209.15 | 257.29 | 257.33 | 54 |
| 55 | Gas Infrastructure Development | 78.43 | 78.43 | 69.46 | 47.02 | 55 |
| 56 | Brass LNG Gas Supply Projects | 16.96 | 16.96 | 69.49 | 85.09 | 56 |
| 57 | Crude Oil Pre-Export Inspection Agency Expenses | 3.20 | 3.20 | 6.48 | 6.48 | 57 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 58 | Frontier Exploration Services | 16.00 | 16.00 | 24.00 | 24.00 | 58 |
| 59 | EGTL Operating Expense | - | - | 64.00 | 80.00 | 59 |
| 60 | Subsidy Payments (PMS) | 971.14 | 971.14 | 971.14 | 971.14 | 60 |

| 1 | **FISCAL ITEMS** | **Approved 2014 Budget** | **2015 Budget Proposal** | **2016F** | **2017F** | 1 |
|---|---|---|---|---|---|---|
| 2 | Oil Production Volume (Mill Barrels per day) | 2.3883 | 2.2782 | 2.3271 | 2.4067 | 2 |
| 3 | Average Budget price per barrel (in USS) | 77.50 | 78.00 | 79.00 | 79.00 | 3 |
| 4 | Average Exchange Rate | 160.00 | 160.00 | 160.00 | 160.00 | 4 |
| 5 | | **=N= Bills** | **=N= Bills** | **=N= Bills** | **=N= Bills** | 5 |
| 63 | Subsidy Payment (Kerosene) | - | 250.00 | 250.00 | 250.00 | 63 |
| 64 | **Sub-total_(Deductions)** | **2,153 .47** | **2.4O3.47** | **2,601.22** | **2,620.70** | 64 |
| 65 | 13%Derivation | 651.47 | 634.85 | 644.47 | 692.82 | 65 |
| 66 | Net Oil Revenue after Costs, Deductions & Derivation | 4,359 87 | 4 ,248.58 | 4,313 00 | 4 ,636.59 | 66 |
| 67 | **SOLID MINERAL & OTHER MIMWING RE VENUES** | | | | | 67 |
| 68 | Royalties on Mining & Other Minerals | | 0.66 | 0.76 | 0.87 | 68 |
| 69 | Taxes on Minerals & Other Mining | | 14.95 | 17.19 | 19.77 | 69 |
| 70 | Mining Licences | - | - | - | - | 70 |
| 71 | Mining Leases | **-** | **-** | **-** | **-** | 71 |
| 72 | ‘Mining Rents, Premium & Fees | | 0.07 | 0.07 | 0.08 | 72 |
| 73 | **Total Solid Minerals Revenue** | **-** | **15.68** | **18.02** | **20.72** | 73 |
| 74 | **Less** | | | | | 74 |
| 75 | 13% Derivation | - | 2.04 | 2.34 | 2.69 | 75 |
| 76 | Net Solid Minerals after Derivation | - | 13.64 | 15.68 | 18.02 | 76 |
| 77 | **NON-OIL REVENUE** | | | | | 77 |
| 78 | Corporate Tax (CIT, Stamp Duties, WHT, Capital Gains) | 986.25 | 1,274.60 | 1,373.95 | 1,422.84 | 78 |
| 79 | Value-Added Tax | 845.45 | 875.93 | 960.63 | 1,052.44 | 79 |
| 80 | Customs Duty, Excise & Fees | 782.38 | 700.53 | 730.29 | 787.33 | 80 |
| 81 | Special levies (Federation Account) | 222.47 | 148.54 | 147.82 | 142.35 | 81 |
| 82 | FGN Independent Revenue | 452.04 | 550.00 | 600.00 | 650.00 | 82 |
| 83 | Ministries and Agencies | 34.42 | 30.46 | 33.00 | 35.00 | 83 |
| 84 | OperTrigSurp1us&Dividends | 358.54 | 451.60 | 468.87 | 529.18 | 84 |
| 85 | Consolidated Revenue (PIT) | 59.08 | 67.94 | 98.13 | 85.82 | 85 |
| 86 | **Total Non-Oil Revenue** | 3,288.59 | 3,549.61 | 3,812.68 | 4,054.96 | 86 |
| 87 | **Less** | **1,416.87** | **1,560.35** | **1,701.06** | **1,848.43** | 87 |
| 88 | FIRS Tax Refunds | **10.00** | **25.00** | **25.00** | **25.00** | 88 |
| 89 | 4% Collection Cost (CIT. Stamp Duties & Capital Gains) | 39.05 | 49.98 | 53.96 | 55.91 | 89 |
| 90 | 4% Collection Cost (VAT) | 33.82 | 35.04 | 38.43 | 42.10 | 90 |
| 91 | Value-Added Tax Net of Cost of Collection | 811.63 | 840.89 | 922.21 | 1,010.34 | 91 |
| 92 | 7%NCS (Regular) Collection Cost | 54.77 | 49.04 | 51.12 | 55.11 | 92 |
| 93 | 7%NCS (Special Levies Fed. Acct.) Coil Cost | 15.57 | 10.40 | 10.35 | 9.96 | 93 |
| 94 | FGN Independent Revenue | 452.04 | 550.00 | 600.00 | 650.00 | 94 |
| 95 | **Net Non Revenue after Costs &** | **1,871.71** | **1,989.26** | **2,111.62** | **2,206.53** | 95 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **Deductions** | | | | | |
| 96 | **NET FEDERATION REVENUES DISTRIBUTABLE** | | | | | 96 |
| 97 | Net Oil Revenue after Costs, Deductions & Derivation | 4,359.87 | 4,248.58 | 4,313.00 | 4,636.59 | 97 |
| 98 | Net Solid Minerals Revenue after Derivation | - | 13.64 | 15.68 | 18.02 | 98 |
| 99 | Net Corporate Tax Distributable | 937.20 | 1,199.62 | 1,294.99 | 1,341.92 | 99 |
| 100 | Net Customs Revenue Distributable | 727.61 | 651.50 | 679.17 | 732.22 | 100 |
| 101 | Net Special Levies Distributable | 206.90 | 138.14 | 137.47 | 132.39 | 101 |
| 102 | Actual Balance special Accounts | 2.77 | 17.24 | 12.93 | 9.70 | 102 |
| 103 | **NET FEDERATION ACCOUNT DISTRIBUTABLE** | **6,234.35** | **6,268.72** | **6,453.23** | **6,870.84** | 103 |

| 1 | **FISCAL ITEMS** | **Approved 2014 Budget** | **2015 Budget Proposal** | **2016F** | **2017F** | 1 |
|---|---|---|---|---|---|---|
| 2 | Oil Production Volume (Mill Barrels per day) | 2.3883 | 2.2782 | 2.3271 | 2.4067 | 2 |
| 3 | Average Budget price per barrel (in USS) | 77.50 | 78.00 | 79.00 | 79.00 | 3 |
| 4 | Average Exchange Rate | 160.00 | 160.00 | 160.00 | 160.00 | 4 |
| 5 | | **=N= Bills** | **=N= Bills** | **=N= Bills** | **=N= Bills** | 5 |
| 104 | **NET VAT POOL ACCOUNT DISTRIBUTABLE** | | | | | 104 |
| 105 | **Net VAT Distributable** | **811.63** | **840.89** | **922.21** | **1,010.34** | 105 |
| 106 | FGN's Share of Federation Account (52.68%) | 3,284.26 | 3,302.36 | 3,399.56 | 3,619.56 | 106 |
| 107 | States' Share of Federation Account (26.72%) | 1,665.82 | 1,675.00 | 1,724.30 | 1,835.89 | 107 |
| 108 | Local Govt.'s Share of Federation Account (20.60%) | 1,284.28 | 1,291.361 | 1,329.37 | 1,41539 | 108 |
| 109 | FGN's Share of VAT Pool Account (15%) | 121.74 | 126.13 | 138.33 | 151.55 | 109 |
| 110 | States' Share of VAT Pool Account (50o) | 405.82 | 420.44 | 461.10 | 505.17 | 110 |
| 111 | Local Govt.'s Share of VAT Pool Account (35%) | 284.07 | 294.31 | 322.77 | 353.62 | 111 |
| 112 | TOTAL STATES | 2,071.63 | 2,095.45 | 2,185.41 | 2,341.06 | 112 |
| 113 | States' Share of Federation Account(26.72°/ | 1,665.82 | 1,675.00 | 1,724.30 | 1,835.89 | 113 |
| 114 | States' Share of VAT Pool Account (50%) | 405.82 | 420.44 | 461.10 | 505.17 | 114 |
| 115 | TOTAL LGCs | 1,568.35 | 1,585.67 | 1,652.14 | 1,769.01 | 115 |
| 116 | Local Govt's Share of Federation Account (2O.6Q | 1,284.28 | 1,291.36 | 1,329.37 | 1,415.39 | 116 |
| 117 | Local Govt.'s Share of VAT Pool Account (35%) | 284.07 | 294.31 | 322.77 | 353.62 | 117 |
| 118 | **REDISTRIBUTE FGN'S SHARE OF FED. ACCT** | | | | | 118 |
| 119 | Gross FGN's Share of Federation Account (52.68%) | 3,284.26 | 3,302.36 | 3,399.56 | 3,619.56 | 119 |
| 120 | Less | | | | | 120 |
| 121 | FCT 1% | 62.34 | 62.69 | 64.53 | 68.71 | 121 |
| 122 | Ecology and Derivation 1% | 62.34 | 62.69 | 64.53 | 68.71 | 122 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 123 | Statutory stabilisation 0.5% | 31.17 | 31.34 | 32.27 | 34.35 | 123 |
| 124 | Development of Natural Resources 1.68% | 104.74 | 105.31 | 108.41 | 115.43 | 124 |
| 125 | Net FGN's Share of Federation Account (48.5%) | 3,023.66 | 3,040.33 | 3,129.82 | 3,332.36 | 125 |
| 126 | **REDISTRIBUTE FGN'S SHARE OF VAT** | | | | | 126 |
| 127 | Gross FGN's Share of VAT (15%) | 121.74 | 126,13 | 138.33 | 151.55 | 127 |
| 128 | Less | | | | | 128 |
| 129 | FCT 1% | 8.12 | 8.41 | 9.22 | 10.10 | 129 |
| 130 | Net FGNs Share of VAT Pool Account(14%) | 113.63 | 117.72 | 129.11 | 141.45 | 130 |
| 131 | **AMOUNT AVAILABLE FOR FGN BUDGET** | 3,731.00 | 3,867.76 | 4,016,59 | 4,279.94 | 131 |
| 132 | Share of Oil Revenue | 2,114.53 | 2,060.56 | 2,091.81 | 2,248.75 | 132 |
| 133 | Share of Minerals & Manning | - | 6.61 | 7.60 | 8.74 | 133 |
| 134 | Share of Non-Oil | 1,021.41 | 1,082.52 | 1,153.25 | 1,211.61 | 134 |
| 135 | Share of CIT | 454.54 | 581.82 | 628.07 | 650.83 | 135 |
| 136 | Share of VAT | 113.63 | 117.72 | 129.11 | 141.45 | 136 |
| 137 | Share of Customs | 352.89 | 315.98 | 329.40 | 355.13 | 137 |
| 138 | Share of Federation Acct. Levies | 100.35 | 67.00 | 66.67 | 64.21 | 138 |
| 139 | Independent Revenue | 452.04 | 550.00 | 600.00 | 650.00 | 139 |
| 140 | FGNs Share of Actual Bal. in Special Accts. | 1.34 | 8.36 | 6.27 | 4.70 | 140 |
| 141 | FGN's Balances in Special Levies Accounts | 21.68 | 8.16 | 6.12 | 4.59 | 141 |
| 142 | FGNs Unspent Bal. of previous Fiscal Year | 120.00 | 50.00 | 50.00 | 50.00 | 142 |
| 143 | FGN1s Share of Kerosene Subsidy remittance by NNPC | | 101.55 | 101.55 | 101.55 | 143 |
| 144 | **TOTAL FGN's RETAINED REVENUE** | 3,731.00 | 3,867.76 | 4,016.59 | 4,279.94 | 144 |

| 1 | FISCAL ITEMS | Approved 2014 Budget | 2015 Budget Proposal | 2016F | 2017F | 1 |
|---|---|---|---|---|---|---|
| 2 | Oil Production Volume (Mill Barrels per day) | 2.3883 | 2.2782 | 2.3271 | 2.4067 | 2 |
| 3 | Average Budget price per barrel (in USS) | 77.50 | 78.00 | 79.00 | 79.00 | 3 |
| 4 | Average Exchange Rate | 160.00 | 160.00 | 160.00 | 160.00 | 4 |
| 5 | | **=N= Bills** | **=N= Bills** | **=N= Bills** | **=N= Bills** | 5 |
| 145 | **TOTAL FEDERAL GOVERNMENT EXPENDITURE** | **4,724.69** | **4,817.76** | **4,896.59** | **5,028.75** | 145 |
| 146 | Transfer (15% NDDC) | 49.03 | 52.70 | 54.25 | 57.77 | 147 |
| 147 | Transfer (Arrears of Q4 2012) | 12.91 | - | - | - | 148 |
| 148 | National Judicial Council | 73.00 | 73.00 | 73.00 | 73.00 | 149 |
| 150 | Universal Basic Education | 70.47 | 74.19 | 77.15 | 82.39 | 150 |
| 151 | Independent National Electoral Commission | 45.00 | 62.00 | 45.00 | 45.00 | 151 |
| 152 | National Assembly | 150.00 | 150.00 | 150.00 | 150.00 | 152 |
| 153 | Public Complaint Commission | 6.93 | 2.93 | 2.93 | 2.93 | 153 |
| 154 | Human Rights Commission | 1.35 | 1.35 | 1.35 | 1.35 | 154 |
| 155 | Sub-Total (Statutory Transfers) | 408.688 | 416.18 | 402.68 | 412.44 | 155 |
| 156 | of which: Capital's Share in Statutory Transfers (%) | 36.86% | 35.60% | 36.90% | 0.38 | 156 |
| 157 | **DEBT SERVICE** | | | | | 157 |
| 158 | Service on Domestic Debt | 663.61 | 701.61 | 663.61 | 663.61 | 158 |
| 159 | Service on Foreign Debt | 48.39 | 48.39 | 48.39 | 48.39 | 159 |
| 160 | **Sub-Total** | **712.00** | **750.00** | **712.00** | **712.00** | 160 |
| 161 | **RECURRENT (NON-DEBT)** | | | | | |
| 162 | Personnel Costs (MDAs) | 1727.61 | 1,801.00 | 1,900.00 | 1,900.00 | 162 |
| 163 | Overheads | 251.93 | 216.56 | 216.56 | 216.56 | 163 |
| 164 | CRF Pensions | 187.45 | 228.81 | 228.81 | 228.81 | 164 |
| 165 | Other Service Wide Votes | 301.84 | 376.05 | 311.84 | 311.84 | 165 |
| 166 | Sub-Total | 2,468.83 | 2,622.42 | 2,657.21 | 2,657.21 | 166 |
| 167 | **CAPITAL EXPENDITURE** | | | | | 167 |
| 168 | MDAs' Capital Expenditure | 1,135.17 | 1,029.17 | 1,123.70 | 1,247.11 | 168 |
| 169 | Capital Expenditure in Statutory Transfers | 150.65 | 148.16 | 148.98 | 157.21 | 169 |
| 170 | Sure – Program Capital Expenditure | 267.17 | 259.00 | 258.57 | 258.57 | 170 |
| 171 | **Sub-Total** | **1,552.99** | **1,436.33** | **1,531.25** | **1,662.88** | 171 |
| 172 | Total FGN Budget (Net of Sure-P) | 4,724.69 | 4,817.76 | 1,896.59 | 5,028.75 | 172 |
| 173 | Share of Capital as % of total Expenditure | 27.21% | 24.44% | 25.99% | 27.93% | 173 |
| 174 | Share of Recurrent as % of total expenditure | 72.79% | 75.56% | 74.01% | 72.07% | 174 |
| 175 | Fiscal deficit (Based on Regular Budget) | (993.68) | (950.00) | 880.00) | (748.81) | 175 |
| 176 | DEFICIT/GDP | -1.24% | -0.99% | -0.84% | -0.65% | 176 |
| 177 | SUBSIDY REINVESTMENT PROGRAM (SURE-P) | | | | | 177 |
| 178 | Sure – Program Board (Running cost) | 1.20 | 1.00 | 1.43 | 1.43 | 178 |
| 179 | Sure – Program Capital Expenditure | 267.17 | 259.00 | 258.57 | 258.57 | 179 |
| 180 | **Sub-Total** | **268.37** | **260.00** | **260.00** | **260.00** | 180 |
| 181 | **Total FGN Expenditure (Inclusive of Sure-** | **4,993.06** | **5,077.76** | **5,156.59** | **5,288.75** | 181 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **P)** | | | | | |
| 182 | Share of Capital as % of total expenditure | 31.10% | 28.29% | 29.69% | 31.44% | 182 |
| 183 | Share of recurrent as % of total expenditure | 68.90% | 71.71% | 70.31% | 68.56% | 183 |
| 184 | **Add Financing** | | | | | 184 |
| 185 | Sales of Government Property* | - | 20.00 | 25.00 | 25.00 | 185 |
| 186 | Privatization Proceeds* | 15.00 | 10.00 | 5.00 | 5.00 | 186 |
| 187 | FGN's Share of Signature Bonus | - | 100.00 | 100.00 | 100.00 | 187 |
| 188 | Sharing from Stabilization Fund Account (ECA) | 324.97 | 250.00 | 200.00 | 150.00 | 188 |
| 189 | New Borrowings | 653.72 | 570.00 | 550.00 | 468.81 | 189 |
| 190 | Domestic Borrowing | 500.00 | 570.00 | 550.00 | 468.81 | 190 |
| 191 | Foreign Borrowing | 153.72 | - | - | - | 191 |
| 192 | Sub-Total | 993.68 | 950.00 | 880.00 | 748.81 | 192 |
| 193 | **GRAND TOTAL (REVENUE + FINANCING)** | **4,724.69** | **4,817.76** | **4,896.59** | **5,028.75** | 193 |

| 1 | FISCAL ITEMS | Approved 2014 Budget | 2015 Budget Proposal | 2016F | 2017F | 1 |
|---|---|---|---|---|---|---|
| 2 | Oil Production Volume (Mill Barrels per day) | 2.3883 | 2.2782 | 2.3271 | 2.4067 | 2 |
| 3 | Average Budge price barrel (in US$) | 77.50 | 78.00 | 79.00 | 79.00 | 3 |
| 4 | Average Exchange Rate | 160.00 | 160.00 | 160.00 | 160.00 | 4 |
| 5 | | =N=Bills | =N=Bills | =N=Bills | =N=Bills | 5 |
| 194 | **MEMORANDUM ITEMS** | | | | | 194 |
| 195 | **Special transfer to targeted** | | | | | 195 |
| 196 | **Education Tax net cost of collection** | **159.96** | **228.78** | **233.10** | **235.96** | 196 |
| 197 | **Transfer of levies Acct to CBN for Beneficiaries Net of Cost of Coil** | **251.15** | **62.92** | **62.61** | **60.30** | 197 |
| 198 | 7% Port Devt. Levy – NPA, Raw Materials, Shippers Council, NEXIM | 59.28 | 15.08 | 15.01 | 14.45 | 198 |
| 199 | 10 Sugar Levy: Nat. Sugar Devt. Council | 9.51 | 3.95 | 3.93 | 3.79 | 199 |
| 200 | 10% Com. Import Sup. Scheme (CISS): Scanning Service Providers | 75.05 | 24.71 | 24.59 | 23.68 | 200 |
| 201 | 0.50% Ecowas Trade Liberalization Sch. (ETLS): ECOWAS Sec. | 66.21 | 12.16 | 12.10 | 11.66 | 201 |
| 202 | 10% Steel | 39.80 | 6.47 | 6.44 | 6.20 | 202 |
| 203 | Cement Levy | 1.30 | 0.54 | 0.54 | 0.52 | 203 |
| 204 | **Transfer of Nat. Information Tech. Devt. Fund Net of Cost of Collection** | **9.01** | **9.64** | **10.27** | **11.48** | 204 |
| 205 | **Grants & Aids for Technical/Donor Assistance** | **284.24** | **53.80** | **59.45** | **67.20** | 205 |
| 206 | **NNPC's Share of Incremental JV Funding** | **435.10** | **500.10** | **367.77** | **337.50** | 206 |
| 207 | Govt Equity Share of Alternative Funded JV Projects | 350.30 | 280.58 | 169.66 | 122.97 | 207 |
| 208 | Gas Infrastructure Development ($bn) (Alternative Funding) | 84.80 | 219.52 | 198.11 | 214.53 | 208 |
| 209 | Subsidy on Kerosene (NNPC) | | 250.00 | 250.00 | 250.00 | 209 |
| 210 | Govt. Share of MCA Escrowed for Cost Recovery | 199.04 | 104.36 | 135.65 | 153.13 | 210 |
| 211 | JVs Share MCA Receipts Payable as Tax & Royalties Escrowed for Cost Recovery | - | - | - | - | 211 |
| 212 | **FGN Share of Subsidy** | **409.77** | **409.77** | **409.77** | **409.77** | 212 |
| | | | | | | |
| 213 | **Estimated Balances in Special Accounts as at end Dec.** | 29.53 | 14.57 | 10.93 | 8.20 | 213 |
| 214 | 0.5% ECOWAS Exes. Sect. (ETLS) | 7.10 | - | - | - | 214 |
| 215 | 2% Education Pool Account | 20.28 | 5.24 | 3.93 | 2.95 | 215 |
| 216 | 7% Port Levy Pool Account | 2.15 | 9.33 | 7.00 | 5.25 | 216 |
| 217 | **Transfer to FIRS & NCS for Costs of Collection, NDDC Share of ECA & SURE-P** | **495.44** | **466.11** | **473.70** | **480.93** | 217 |
| 218 | **FIRS** | **85.29** | **115.30** | **122.81** | **128.52** | 218 |
| 219 | FIRS Tax Refunds | 10.00 | 25.00 | 25.00 | 25.00 | 219 |
| 220 | 4% Cost of Collection (CIT, Stamp Duties, etc) | 39.05 | 49.98 | 53.96 | 55.91 | 220 |
| 221 | 4% Cost of Collection (VAT) | 33.82 | 35.04 | 38.43 | 42.10 | 221 |
| 222 | 4% Cost of Collection (Education Tax & NITDF) | 2.43 | 5.28 | 5.42 | 5.51 | 222 |
| 223 | **NCS** | 129.24 | 81.17 | 83.18 | 86.62 | 223 |
| 224 | 7% Cost of Collection (Duty, Excise & Fees) | 54.77 | 49.04 | 51.12 | 55.11 | 224 |
| 225 | 7% Cost of Collection (Spec. Levies-Fed. Acct.) | 15.57 | 10.40 | 10.35 | 9.96 | 225 |
| 226 | 7% Cost of Coll. (Spec. Levies-Non-Fed. Acct.) | 18.90 | 4.74 | 4.71 | 4.54 | 226 |
| 227 | Additional Funding from CISS Account | 40.00 | 17.00 | 17.00 | 17.00 | 227 |
| 228 | **NDDC** | **5.78** | **4.45** | **3.56** | **2.67** | 228 |
| 229 | Share of Proposed ECA Distribution | 5.78 | 4.45 | 3.56 | 2.67 | 229 |
| 230 | **UBEC** | **6.75** | **5.19** | **4.15** | **3.12** | 230 |
| 231 | Share of Proposed ECA Distribution | 6.75 | 5.19 | 4.15 | 3.12 | 231 |
| 232 | **TRANSFER TO SURE-PROGRAM** | **268.37** | **260.00** | **260.00** | **260.00** | 232 |
| 233 | SURE-Program Board (Running Cost) | 1.20 | 1.00 | 1.43 | 1.43 | 233 |
| 234 | SURE-Program Capital Expenditure | 267.17 | 259.00 | 258.57 | 258.57 | 234 |

| 1 | FISCAL ITEMS | Approved 2014 Budget | 2015 Budget Proposal | 2016F | 2017F | 1 |
|---|---|---|---|---|---|---|
| 2 | Oil Production Volume (Mill Barrels per day) | 2.3883 | 2.2782 | 2.3271 | 2.4067 | 2 |
| 3 | Average Budge price barrel (in US$) | 77.50 | 78.00 | 79.00 | 79.00 | 3 |
| 4 | Average Exchange Rate | 160.00 | 160.00 | 160.00 | 160.00 | 4 |
| 5 | | =N=Bills | =N=Bills | =N=Bills | =N=Bills | 5 |
| 235 | STATES AND LGCs SHARE OF FAAC, VAT POOL & | 3,969.27 | 3,934.44 | 4,040.21 | 4,262.07 | 235 |
| 236 | STATES | 2,575.57 | 2,238.49 | 2,299.84 | 2,426.89 | 236 |
| 237 | States' Share of Federation Account | 1,665.82 | 1,675.00 | 1,724.30 | 1,835.89 | 237 |
| 238 | States' Share of VAT Pool Account | 405.82 | 420.44 | 461.10 | 505.17 | 238 |
| 239 | States' Share of Stabilization (ECA) | 185.94 | 143.04 | 114.43 | 8/5.83 | 239 |
| 240 | LOCAL GOVERNMENT COUNCILS | 1,711.70 | 1,695.95 | 1,740.36 | 1,835.18 | 240 |
| 241 | Local Govt.'s Share of Federation Account | 1,284.28 | 1,291.36 | 1,329.37 | 1,415,.39 | 241 |
| 242 | Local Govt.'s Share of VAT Pool Account | 284.07 | 294.31 | 322.77 | 353.62 | 242 |
| 243 | Local Govt.'s Share of Stabilization (ECA) | 143.35 | 110.28 | 88.22 | 66.17 | 243 |
| 244 | **TOTAL MEMORANDUM ITEMES** | **6,242.51** | **5,784.49** | **5,803.49** | **6,026.52** | 244 |